STATE OF RHODE ISLAND

GOVERNOR DANIEL J. MCKEE

2026
TAX EXPENDITURES REPORT

Office of Revenue Analysis

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Acknowledgements

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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 *2026 Tax Expenditures Report* contains information on 236 tax expenditure items enacted in the Rhode Island General Laws as of January 1, 2025, 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 $3.00 billion in 2022 and $3.23 billion in 2023.

The *2026 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 2022:

Summary Table by Tax Expenditure Category for 2022

Tax Expenditure Category	Number of Items	Tax Year 2022 Revenue Forgone[1]	Average Reliability Index Level
Credits	30	$377,814,757	1.1
Deductions	23	279,078,494	1.5
Exclusions	26	522,948,834	3.7
Exemptions	108	1,724,608,117	3.1
Modifications	27	55,123,937	1.6
Other Items	6	---	5.0
Preferential Tax Rates	2	39,659,880	3.0

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

Summary Table by Tax Expenditure Category for 2022			
Tax Expenditure Category	**Number of Items**	**Tax Year 2022 Revenue Forgone[1]**	**Average Reliability Index Level**
Tax Abatements	4	2,683,893	2.0
Tax Deferrals	1	---	5.0
2022 TOTAL	**227**	**$3,001,917,912**	**2.6**

The tax expenditure category with the highest number of tax expenditure items in 2022 was Exemptions with 108. Exemptions also had the highest number of items for which no reliable data exists from which to estimate revenue forgone with 32 or 29.6% of all Exemptions. Finally, Exemptions are also the tax expenditure category with the largest amount of revenue forgone at $1.72 billion or 57.5% of the estimated total revenue forgone for 2022.

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 101 or 44.5% of all 2022 tax expenditure items received a reliability index level score of one, while 64 or 28.2% of the 227 tax expenditure items were assigned a reliability index score of five. The remaining 62 or 27.3% tax expenditure items were assigned a reliability index level score of two, three, or four.

The following table shows the number of tax expenditure items by tax expenditure category, the revenue forgone by tax expenditure category, and the average reliability index level by tax expenditure category for 2023:

Summary Table by Tax Expenditure Category for 2023			
Tax Expenditure Category	**Number of Items**	**Tax Year 2023 Revenue Forgone[2]**	**Average Reliability Index Level**
Credits	31	$378,312,829	1.1
Deductions	23	293,522,858	1.5
Exclusions	27	635,533,318	3.6
Exemptions	110	1,830,668,158	3.1
Modifications	28	71,056,461	1.6
Other Items	6	---	5.0

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

Summary Table by Tax Expenditure Category for 2023

Tax Expenditure Category	Number of Items	Tax Year 2023 Revenue Forgone[2]	Average Reliability Index Level
Preferential Tax Rates	2	23,375,374	3.0
Tax Abatements	4	1,622,201	2.0
Tax Deferrals	1	---	5.0
2023 TOTAL	**232**	**$3,234,091,199**	**2.6**

The tax expenditure category with the highest number of tax expenditure items in 2023 was Exemptions with 110. Exemptions also had the highest number of items for which no reliable data exists from which to estimate revenue forgone with 32 or 29.1% of all Exemptions. Finally, Exemptions are also the tax expenditure category with the largest amount of revenue forgone at $1.83 billion or 56.6% of the estimated total revenue forgone for 2023.

A total of 105 or 45.3% of all tax expenditure items in 2023 received a reliability index level score of one, while 64 or 27.6% of the 232 tax expenditure items were assigned a reliability index score of five. The remaining 63 or 27.2% tax expenditure items were assigned a reliability index level score of two, three or four.

The following table shows the number of tax expenditure items grouped by tax type, the revenue forgone grouped by tax type, and the average reliability index level grouped by tax type for 2022:

Summary Table by Tax Type for 2022

Tax Type	Number of Items *	Tax Year 2022 Revenue Forgone[3]	Average Reliability Index Level
Alcoholic Beverage Tax	4	$ 218,636	3.0
Bank Deposits Tax	5	0	2.6
Bank Tax	22	46,365,328	1.5
Beverage Containers Tax	2	330,664	3.5
Business Corporation Tax	50	71,902,896	2.8
Cigarettes Tax	3	8,368,571	2.7
Estate and Transfer Tax	3	16,415,795	2.3
Hotel Tax	1	3,760,897	1.0
Ins Co Gross Premiums Tax	22	14,659,186	1.7

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

Summary Table by Tax Type for 2022

Tax Type	Number of Items *	Tax Year 2022 Revenue Forgone[3]	Average Reliability Index Level
Motor Carrier Fuel Use Tax	1	$ 3,250,114	1.0
Motor Fuel Tax	3	475,363,011	1.3
Non-Profit Refund	1	0	1.0
Personal Income Tax	61	742,969,132	1.4
Public Service Corporation Tax	21	1,336,734	2.0
Real Estate Conveyance Tax	5	13,790	4.2
Refund Option	3	7,912,570	1.0
Rental Vehicle Surcharge	1	5,878,876	1.0
Sales and Use Tax	88	1,596,376,992	3.2
Shared Responsibility Payment Penalty Tax	9	6,794,720	2.3
2022 TOTAL	**305**	**$3,001,917,912**	**2.3**

* 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 2022 was the Sales and Use Tax with 88. The tax type with the largest amount of revenue forgone in 2022 was also the Sales and Use Tax at $1.60 billion or 53.2% of the estimated total revenue forgone. Finally, the tax type with the highest number of tax expenditure items for which no reliable data existed was again the Sales and Use Tax at 26 items, or 29.5% of all tax expenditure items in this tax type.

The individual tax expenditure with the largest amount of revenue forgone is the motor fuel tax exclusion for lubricating oils, marine diesel fuel, aviation fuel, and heating oil at nearly $471.7 million or 15.7% of the estimated total revenue forgone. This tax expenditure item was assigned a reliability index level of two. There were 67 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 2023:

Summary Table by Tax Type for 2023

Tax Type	Number of Items *	Tax Year 2023 Revenue Forgone[4]	Average Reliability Index Level
Alcoholic Beverage Tax	4	$ 166,086	3.0
Bank Deposits Tax	5	0	2.6
Bank Tax	23	59,649,029	1.5
Beverage Containers Tax	2	328,463	3.5
Business Corporation Tax	51	102,456,435	2.7
Cannabis Excise Tax	1	1,964,884	1.0
Cigarettes Tax	4	7,486,844	2.3
Estate and Transfer Tax	3	17,789,215	2.3
Hotel Tax	1	4,113,258	1.0
Ins Co Gross Premiums Tax	23	14,449,918	1.7
Motor Carrier Fuel Use Tax	1	4,033,132	1.0
Motor Fuel Tax	3	526,376,241	1.3
Non-Profit Refund	1	900,000	1.0
Personal Income Tax	63	788,321,679	1.4
Public Service Corporation Tax	22	1,434,279	2.0
Real Estate Conveyance Tax	5	349	4.2
Refund Option	3	4,261,601	1.0
Rental Vehicle Surcharge	1	1,866,196	1.0
Sales and Use Tax	89	1,691,678,023	3.2
Shared Responsibility Payment Penalty Tax	9	6,815,567	2.3
2023 TOTAL	**314**	**$3,234,091,199**	**2.3**

* 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 amount of revenue forgone was the Sales and Use Tax at $1.69 billion or 52.3% of the estimated total revenue forgone. It also had the highest number of tax expenditure items with 89.

The individual tax expenditure with the largest amount of revenue forgone is the motor fuel tax exclusion for lubricating oils, marine diesel fuel, aviation fuel, and heating oil at nearly $523.4 million or 16.2% of the estimated total revenue forgone. This tax expenditure item was assigned a

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

reliability index level of two. There were 73 individual tax expenditure items which had the smallest possible revenue forgone of $0 and all were assigned a reliability index level of one.

II. Foreword

The *2026 Tax Expenditures Report* generally uses data for 2022 as its base year and includes estimates of forgone revenue for 2022 through 2027. 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 maximum Tax of $0.50 per cigar is reported on a fiscal year basis while the tax expenditure amount for the tax credit received for Investment is reported on a calendar year basis. The Office of Revenue Analysis (ORA) has tried to make it clear throughout the report when a tax expenditure amount is for a fiscal year versus a calendar year, and when a summary tax expenditure amount is provided by tax expenditure category or by tax type, a note is provided that breaks out the tax expenditure amount by fiscal and calendar year.

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

The *2024 Tax Expenditures Report* included information on tax expenditure items for Tax Years 2020 through 2025, with Tax Year 2020 as its base tax year. Technically, the *2026 Tax Expenditures Report* is mandated to provide information on all tax expenditure items in effect on January 1, 2025, as well as an estimate of forgone revenue for 2026 and 2027. For a complete and more accurate picture for 2022 through 2023 forgone revenue to be provided, ORA reported current data or an updated estimate of forgone revenue as appropriate.

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

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

III. Introduction

Purpose of the Tax Expenditures Report

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

Current Rhode Island Law on Tax Expenditures Reporting

R.I. Gen. Laws Ch. 44-48.1 – Tax Expenditure Reporting[6]

R.I. Gen. Laws § 44-48.1-1(a) mandates that the Chief of the Office of Revenue Analysis deliver to the General Assembly by the second Tuesday in January of each even numbered year a tax expenditure report. The tax expenditure report must include the minimum information for 100% of the tax expenditures in place on January 1 of the odd numbered year preceding the report's publication. Thus, the *2026 Tax Expenditures Report* covers the tax expenditures that were in place on January 1, 2025.

R.I. Gen. Laws § 44-48.1-1(b) defines a tax expenditure as "any tax credit, deduction, exemption, exclusion, credit preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers." The term "credit preferential tax rate" is not defined in the statute. The Chief of the Office of Revenue Analysis has chosen to interpret this item to mean a "modification" or "preferential tax rate" and reports on each of these tax expenditure items separately. The Office of Revenue Analysis has determined that, as of January 1, 2026, there were 237 tax expenditure items in effect in 2025[7] either directly through Rhode Island General Laws, constitutional provisions, or indirectly through adoption of other tax codes.

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

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

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

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

being the most reliable; (3) the identification of the beneficiaries of the tax expenditure by "number, income, class and industry;" (4) a comparison of the Rhode Island tax expenditure items to tax expenditure items of the other New England states, but particularly Connecticut and Massachusetts; (5) "the data source(s) and analysis methodology" for each tax expenditure item estimate; and (6) "identification of similar taxpayers or industries" that do not benefit from the tax expenditure item. To the greatest extent possible, the Office of Revenue Analysis has tried to comply with each of these informational mandates.

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

R.I. Gen. Laws Ch. 44-48.2 – Rhode Island Economic Development Tax Incentives Evaluation Act of 2013[8]

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

The Office of Revenue Analysis produced the first round of tax incentive evaluation reports containing the analysis required in R.I. Gen. Laws § 44-48.2-5(a) for all 21 of the tax expenditure economic development incentives listed in § 44-48.2-3(a)(1) between March 2018 and July 2018. The second round of tax incentive evaluation reports was produced between June 2020 and May 2022. The third round of tax incentive evaluation reports was produced between April 2023 and August 2024.

History of Rhode Island Law on Tax Expenditures Reporting

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

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

expenditures report for 1998 was to provide the “minimum information” for 25% of existing tax expenditures. The report for 1999 would cover an additional 25% of the tax expenditures, so that 50% of tax expenditures will have been reported. Similar 25% increments were required for 2000 and 2001, such that by January 2001, 100% of tax expenditures will have been reported. Beginning in January 2002, the cycle repeated itself so that no report on a tax expenditure item was more than four years old.

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

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

On June 30, 2006, R.I. Gen. Laws Ch. 44-48.1 was amended to shift the responsibility for the delivery of the tax expenditure report from “the state tax administrator, to the extent possible within the appropriations provided for the purpose” to the Chief of the Office of Revenue Analysis. There have been no further amendments to R.I. Gen. Laws Ch. 44-48.1 since 2006.

IV. Interpreting the Report

The Index of Reliability

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

The *2026 Tax Expenditures Report* continues to use the reliability index that was developed in the *2010 Tax Expenditures Report*. The reliability index of is shown below:

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

The end points of the reliability index (i.e., level 1 and level 5) are consistent with their statutory mandates. An estimate of revenue forgone for a tax expenditure item that is assigned a reliability index of level 1 will be based on actual Rhode Island tax return data. Given the fact that reliability index of 5 indicates that no reliable data exists from which to derive an estimate, tax expenditure items assigned this level will not have an estimate of revenue forgone presented.

The reliability index levels 2 - 4 requires some further explanation. An estimate of revenue forgone with reliability index of 2 is based on data that can be directly sourced to Rhode Island or an update of a previously derived estimate of the tax expenditure item. Some examples of data that can be directly sourced to Rhode Island include data provided by the U.S. Census Bureau, the U.S. Bureau of Labor Statistics, and the U.S. Bureau of Economic Analysis. In addition, state government agencies, quasi-public agencies, and non-governmental organizations can provide reliable Rhode Island-specific data from which to estimate the revenue forgone of a tax expenditure item. In the case of updating a previously derived estimate, the original estimate may be from a previously published tax expenditures report, a fiscal note that was completed for a particular piece of legislation during a session of the General Assembly, or an estimate that was derived by the Office of Management and Budget, the Division of Taxation, the Office of Revenue Analysis, or some other state agency for a purpose other than that of the tax expenditures report. When a reliability index of 2 is assigned to the revenue forgone estimate of a tax expenditure item, the source of the Rhode Island data will be specified.

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

An estimate of revenue forgone for a tax expenditure item with a reliability index of 3 is derived from a micro simulation model of a particular tax that has been developed and provided by a third-party vendor. In some cases, a micro simulation model will generate estimates based on underlying Rhode Island economic data rather than actual tax data. The main example of this type of micro simulation model is the *Rhode Island Interactive Sales and Use Tax Simulation Model* that was purchased by the General Assembly in 2008 and made available to the Office of Revenue Analysis for the purpose of estimating the revenue impacts from changing sales tax rates, sales tax exemptions, and/or the sales tax base. This model is used extensively to estimate the revenue forgone from the numerous transactions that are exempt from the State's sales and use tax.

Finally, an estimate of revenue forgone for a tax expenditure item with a reliability index of 4 is based on federal / national data that is scaled to Rhode Island. Alternatively, the estimate may be based on federal data that is then adjusted by a factor that allows for the extrapolation of the federal data to Rhode Island. When a reliability index of 4 is assigned to the revenue forgone estimate of a tax expenditure item, the date on which the original estimate was derived will be stated if it is known as will the method used to update the original estimate. In the case of an estimate that is based on federal data that is scaled to Rhode Island, the base federal data will be identified as will the scaling factor.

Structure of the Report

Beginning with the *2010 Tax Expenditures Report*, the Office of Revenue Analysis adopted a revised presentation format for this report. Rather than list the tax expenditure items by the tax type to which they apply, the *2010 Tax Expenditures Report* used the category of tax expenditure item as the organizing key. That is, each category of tax expenditure items listed each individual tax expenditure item and the tax types to which the individual tax expenditure item applies. For example, the Motion Picture Production Tax Credit would be categorized under "Credits" with the business corporation tax, bank excise tax, insurance company gross premiums tax, and the personal income tax as the relevant tax types. The *2026 Tax Expenditures Report* follows the same approach as was adopted for the *2010 Tax Expenditures Report*.

To assist readers in the use of the *2026 Tax Expenditures Report*, two sets of summary tables are included. The first set of summary tables lists the value of tax expenditures by tax expenditure item. Thus, for example, under the category "Credits" the total value of each individual tax expenditure credit item, without regard to the tax type under which it was used, will be shown. The second set of summary tables lists the value of tax expenditures by tax type. Thus, for example, under the tax type "Personal Income" the total value of each individual tax expenditure item that is used under the personal income tax will be displayed.

Definition of Terms

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

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

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

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

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

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

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

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

Tax Deferral: Paying taxes in the future for income earned in the current year.

Categorization of Tax Expenditure Items

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

IV. Interpreting the Report

2026 TAX EXPENDITURE ITEMS										
			Tax Type Against Which Tax Expenditure Item May Be Applied ^							
Number	**Credits:**	RI Statutory Reference:	Bank 44-14	Bank Dep 44-15	Bus Corp 44-11	Ins Co 44-17	PIT 44-30	Pub Serv 44-13	SUT 44-18	Other Taxes
1	Accommodations under Americans with Disabilities Act	44-54-1			X			X		
2	Adult and Child Daycare	44-47	X		X	X	*	X		
3	Adult Education	44-46	X	X	X	X	*	X		
4	Apprenticeship	44-11-41			X					
5	Biotechnology Investment	44-31-1.1			X		*			
6	Child and Dependent Care (Federal)	44-30-2.6(c)(3)(F)(I)(g)					X			
7	Contribution to Scholarship Organizations	44-62	X	X	X	X	X	X		
8	Earned Income (Federal)	44-30-2.6(c)(2)(N)					X			
9	Educational Assistance and Development	44-42	X		X	X		X		
10	Employment – Welfare Bonus Program	44-39.1	X	X	X	X	*	X		
11	Historic Homeownership Assistance	44-33.1					X			
12	Historic Preservation	44-33.6	X		X	X	X	X		X
13	Historic Structures	44-33.2	X		X	X	X	X		
14	Hydroelectric Power	44-30			X		*			
15	Investment	44-31-1	X		X	X	*			
16	Juvenile Restitution	14-1-32.1(c)			X					
17	Lead Paint Abatement	44-30.3					X			
18	Low-Income Housing	44-71	X		X	X	X	X		
19	Motion Picture Production	44-31.2-5	X		X	X	X			
20	Motor Carrier Fuel Use Taxes Paid to Rhode Island	31-36.1-15								X
21	Musical and Theatrical Production	44-31.3-2	X		X	X	X	X		
22	New Qualifed Jobs Incentive Act	44-48.3	X		X	X	X	X		X
23	Property Tax Relief	44-33					X			
24	Rebuild Rhode Island	42-64.20	X		X	X	X	X		X
25	Research and Development Expense	44-32-3			X	X	*			
26	Research and Development Property	44-32-2			X	X	*			
27	Residential Renewable Energy System	44-57			X		*			
28	Rhode Island Small Business Development Fund	42-64.33-3				X				
29	Stay Invested in RI Wavemaker Fellowship	42-64.26					X			X
30	Tax on Net Estate of Decedent	44-22-1.1								X
31	Taxes Paid to Other States	44-30-18					X			

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IV. Interpreting the Report

2026 TAX EXPENDITURE ITEMS

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

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IV. Interpreting the Report

2026 TAX EXPENDITURE ITEMS

		Tax Type Against Which Tax Expenditure Item May Be Applied ^								
Number	**Exclusions:**	RI Statutory Reference:	Bank 44-14	Bank Dep 44-15	Bus Corp 44-11	Ins Co 44-17	PIT 44-30	Pub Serv 44-13	SUT 44-18	Other Taxes
1	Biodiesel Portion of Blended Gallon of Diesel Fuel	31-36-1(6)								X
2	Citizens Living Abroad and Certain Noncitizens (Federal)	44-30-101(a)(1)								X
3	Conveyance of Mobile/Manufactured Homes for Consideration of $100 or less	31-44-20								X
4	Conveyance of Real Estate for Consideration of $100 or less	44-25-1(a) / 44-25-1(c)								X
5	Corporations Exempt from Taxation by Charter	44-11-1(4)(vi)			X					
6	Corporations Not Doing Business for Profit	44-11-1(4)(iv)			X					
7	Corporations that Maintain and Manage Intangible Investments	44-11-1(4)(vii)			X					
8	Dividends Received from Shares of Stock	44-11-12 / 44-14-15	X		X			*		
9	Financial Institutions	44-11-1(4)(i)			X					
10	Fraternal Benefit Societies	44-17-1(a) / 44-11-1(4)(v)			X	X				
11	Gain or Loss on Sale of Property Other Than Securities	44-14-11	X							
12	Incarceration (Federal)	44-30-101(a)(1)								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	Long-Term Gain from Capital Investment in Small Business	44-43-5	X		X		X	X		
16	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	31-36-1(4)								X
17	Maximum Tax of $0.50 per Cigar	44-20-13.2(a)								X
18	Medical Cannabis	21-28.11-3(2) / 21-28.11-13(a)(2)								X
19	Members of a Healthcare Sharing Ministry (Federal)	44-30-101(e)(2)								X
20	Paycheck Protection Program Loan Forgiveness	44-14-11 / 44-30-12(b)(8)	X		X		X			
21	Possession of Ten Packs of Cigarettes with Out-of-State Tax Stamps	44-20-16								X
22	Public Service Corporations	44-11-1(4)(ii)			X					
23	Securities Exempt from Taxation	44-13-14	X	X	X	X	X	X		
24	Taxed Gross Earnings and Associated Costs of Certain Public Service Corporations	44-13-2.2			X		X			
25	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	44-18-12(b)(iv)							X	
26	Value-Added Non-Voice Services that Use Computer Processing Applications	44-13-4(4)						X		
27	Veterinary and Testing Laboratory Services	44-18-7.3(b)(3)							X	

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IV. Interpreting the Report

2026 TAX EXPENDITURE ITEMS

Number	Exemptions:	Tax Type Against Which Tax Expenditure Item May Be Applied ^								
		RI Statutory Reference:	Bank 44-14	Bank Dep 44-15	Bus Corp 44-11	Ins Co 44-17	PIT 44-30	Pub Serv 44-13	SUT 44-18	Other Taxes
1	Affordable Housing Development	44-25-2(f)								X
2	Agricultural Products for Human Consumption	44-18-30(61)							X	
3	Air and Water Pollution Control Facilities	44-18-30(15)							X	
4	Aircraft and Aircraft Parts	44-18-30(56)							X	
5	Banks and Regulated Investment Companies Interstate Toll-Free Calls	44-18-30(49)							X	
6	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair, or Sale	44-18-30(46)							X	
7	Boats or Vessels Generally	44-18-30(48)							X	
8	Boats to Non-Residents	44-18-30(30)							X	
9	Breast Pumps Collection and Storage Supplies	44-18-30(67)							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	Cannabis Sold in Rolling Papers or ENDS	44-20-59 / 44-20-60								X
14	Casual Sales	44-18-20(d-g)							X	
15	Charitable, Educational, or Religious Organizations	44-18-30(5)							X	
16	Clothing and Footwear	44-18-30(27)							X	
17	Coffins, Caskets, Urns, Shrouds, and Burial Garments	44-18-30(12)							X	
18	Coins	44-18-30(43)							X	
19	Commercial Fishing Vessels in Excess of Five Net Tons	44-18-30(26)							X	
20	Commercial Vessels of 50 Tons Burden or More	44-18-30(25)							X	
21	Compressed Air	44-18-30(33)							X	
22	Containers	44-18-30(4)							X	
23	Coverage Considered Unaffordable (Federal)	44-30-101(d)								X
24	Deed, Instrument, or Writing where Grantor is U.S. Government or State of Rhode Island	44-25-2(b)								X
25	Diesel Emission Control Technology	44-18-30(62)							X	
26	Dietary Supplements	44-18-30(59)							X	
27	Educational Institutions Rental Charges	44-18-30(18)							X	
28	Electricity and Gas	44-18-30(21)							X	
29	Equipment for Research and Development	44-18-30(42)							X	
30	Estates of Persons Declared Missing in Action by the U.S. Armed Forces	44-22-2								X
31	Farm Equipment	44-18-30(32)							X	
32	Farm Structure Construction Materials	44-18-30(44)							X	
33	Feed for Certain Animals Used in Commercial Farming	44-18-30(63)							X	
34	Feminine Hygiene Products	44-18-30(66)							X	
35	First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months	3-10-1(d)								X
36	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	3-10-1(c)								X
37	Flags	44-18-30(34)							X	
38	Food and Food Ingredients	44-18-30(9)							X	
39	Food Items Paid for by Food Stamps	44-18-30(39)							X	
40	Gasoline	44-18-30(6)							X	

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IV. Interpreting the Report

2026 TAX EXPENDITURE ITEMS

Number	Exemptions:	Tax Type Against Which Tax Expenditure Item May Be Applied ^								
		RI Statutory Reference:	Bank 44-14	Bank Dep 44-15	Bus Corp 44-11	Ins Co 44-17	PIT 44-30	Pub Serv 44-13	SUT 44-18	Other Taxes
41	Hardship	44-30-101(e)(2)								X
42	Heating Fuels	44-18-30(20)							X	
43	Horse Food Products	44-18-30(53)							X	
44	Human Blood	44-18-30(60)							X	
45	Installation Labor Charges When Separately Stated	44-18-12(b)(ii)							X	
46	Jewelry Display Product	44-18-30(47)							X	
47	Lottery Prizes	42-61-17							X	
48	Manufacturers' Machinery and Equipment	44-18-30(22)							X	
49	Medicines, Drugs, and Durable Medical Equipment	44-18-30(10)							X	
50	Members of Tribes (Federal)	44-30-101(d)								X
51	Milk Sales Exempt from Beverage Container Tax	44-44-2 / 44-44-3								X
52	Mobile and Manufactured Homes Generally	44-18-30(50)							X	
53	Motor Vehicle and Adaptive Equipment for Amputee Veterans	44-18-30(35)							X	
54	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	44-18-30(19)							X	
55	Newspapers	44-18-30(2)							X	
56	Ocean Marine Insurance	44-17-1(a) / 44-17-6				X				
57	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	3-10-2								X
58	Personal and Dependent	44-30-2.6(c)(3)(C)					X			
59	Personal Holding Company, Regulated Investment Company, or Real Estate Investment Trust	44-11-2(c)			X					
60	Precious Metal Bullion	44-18-30(24)							X	
61	Promotional and Product Literature of Boat Manufacturers	44-18-30(38)							X	
62	Property Otherwise Exempted	44-18-36(3)							X	
63	Property Purchased from Federal Government	44-18-35							X	
64	Property Purchased Outside of State by Non-Resident and Brought into State	44-18-36(2)							X	
65	Property Returned Within 120 Days from the Date of Delivery	44-18-30(58)							X	
66	Prosthetic Devices and Mobility Enhancing Equipment	44-18-30(11)							X	
67	Purchases Used for Manufacturing Purposes	44-18-30(7)							X	
68	Qualified Sales of Manufactured and Mobile Home Parks	31-44-3.3								X
69	Rebuild Rhode Island Sales and Use Tax	42-64.20-5(q)							X	
70	Refillable and Reusable Beverage Containers	44-44-3								X
71	Religious Conscience	44-30-101(e)(3)								X
72	Renewable Energy Products	44-18-30(57)							X	
73	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home	44-18-30(17)							X	
74	Rental Properties Rented More than 183 Days *(new)*	44-72-5								X
75	Rhode Island Industrial Facilities Corporation Lessees	45-37.1-9 / 45-37.1-9.1							X	
76	Sacramental Wines Sold Directly to Member of Clergy	3-10-1(b)								X
77	Sales and Use Taxes Paid to Other Jurisdictions	44-18-30A(a)							X	
78	Sales beyond Constitutional Power of State	44-18-30(1)							X	
79	Sales by Writers, Composers, and Artists	44-18-30B							X	
80	Sales in Municipal Economic Development Zones	44-18-30C							X	

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IV. Interpreting the Report

2026 TAX EXPENDITURE ITEMS										
		Tax Type Against Which Tax Expenditure Item May Be Applied ^								
Number	**Exemptions:**	RI Statutory Reference:	Bank 44-14	Bank Dep 44-15	Bus Corp 44-11	Ins Co 44-17	PIT 44-30	Pub Serv 44-13	SUT 44-18	Other Taxes
81	Sales in Public Buildings by Blind People	44-18-30(14)							X	
82	Sales of Motor Vehicles to Non-Residents	44-18-30(13)							X	
83	Sales of Non-Motorized Recreational Vehicles to Non-Residents	44-18-30(54)							X	
84	Sales of Trailers Ordinarily Used for Residential Purposes	44-18-20(d)(3)							X	
85	Sales to Common Carriers for Use Outside of the State	44-18-33							X	
86	Sales to Federal Government	44-18-31							X	
87	Sales to the State or its Political Subdivisions	44-18-30(8)							X	
88	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	31-36-13								X
89	School Meals	44-18-30(3)							X	
90	Seeds and Plants used to Grow Food and Food Ingredients	44-18-30(65)							X	
91	Short Coverage Gap (Federal)	44-30-101(d)								X
92	Special Adaptations for Wheelchair Accessible Taxicabs	44-18-30(19)(iii)							X	
93	Stay Invested in RI Wavemaker Fellowship Awards	42-64.26-8					X			
94	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	44-18-30(37)							X	
95	Supplies Used in Preparing Floral Products and/or Arrangements	44-18-30(52)							X	
96	Taxpayers with Income Below Filing Threshold	44-30-101(e)(4)								X
97	Telecommunications Carrier Access Service	44-18-30(45)							X	
98	Textbooks	44-18-30(36)							X	
99	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	44-18-21(c)							X	
100	Trade-In Value of Boats	44-18-30(41)							X	
101	Trade-In Value of Motorcycles	44-18-30(68)							X	
102	Trade-In Value of Private Passenger Automobiles	44-18-30(23)							X	
103	Transfers or Sales Made to Immediate Family Members	44-18-20(d)(1)							X	
104	Transfers or Sales Related to Business Dissolution or Partial Liquidation	44-18-20(d)(2)							X	
105	Transportation Charges of Motor Carriers to Haul Goods	44-18-30(40)							X	
106	Vacation Homes Rented in Entirety	44-18-36.1(a)								X
107	Vehicles Purchased by Nonresident Military Personnel Subject to Sales Tax Elsewhere	44-18-30A(b)							X	
108	Video Lottery Terminal, Table Games, and Sports Wagering Prizes	42-61.2-10							X	
109	Water for Residential Use	44-18-30(28)							X	
110	Wine and Spirits	44-18-30(64)							X	
111	Youth Activities Equipment Sold for $20 or less by Nonprofit Organizations	44-18-30(31)							X	

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IV. Interpreting the Report

2026 TAX EXPENDITURE ITEMS

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

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2026 TAX EXPENDITURE ITEMS										
			Tax Type Against Which Tax Expenditure Item May Be Applied ^							
Number	**Other Items:**	**RI Statutory Reference:**	**Bank 44-14**	**Bank Dep 44-15**	**Bus Corp 44-11**	**Ins Co 44-17**	**PIT 44-30**	**Pub Serv 44-13**	**SUT 44-18**	**Other Taxes**
1	Allocation and Apportionment of Airlines	44-11-15 / 280-RICR-20-25-9.11(C)			X					
2	Allocation and Apportionment of Brokerage Services	44-11-14.2(b) / 280-RICR-20-25-9.11(D)(2)			X					
3	Allocation and Apportionment of Credit Card Banks	44-11-14.3 / 280-RICR-20-25-9.11(E)			X					
4	Allocation and Apportionment of Motor Carriers	44-11-15 / 280-RICR-20-25-9.11(B)			X					
5	Allocation and Apportionment of Net Income of Banks *(new)*	44-14-14.1			X					
6	Allocation and Apportionment of Regulated Investment Companies	44-11-14.2(a) / 280-RICR-20-25-9.11(D)(1)			X					
7	Allocation and Apportionment of Retirement and Pension Plans	44-11-14.4 / 280-RICR-20-25-9.11(F)			X					
			Tax Type Against Which Tax Expenditure Item May Be Applied ^							
Number	**Preferential Tax Rates:**	**RI Statutory Reference:**	**Bank 44-14**	**Bank Dep 44-15**	**Bus Corp 44-11**	**Ins Co 44-17**	**PIT 44-30**	**Pub Serv 44-13**	**SUT 44-18**	**Other Taxes**
1	Jobs Development Act	42-64.5-3 / 44-48.3-12	X		X	X		X		
2	Life Science Rate Reduction	42-64.14-10 / 42-64.14-11			X					
			Tax Type Against Which Tax Expenditure Item May Be Applied ^							
Number	**Tax Abatements:**	**RI Statutory Reference:**	**Bank 44-14**	**Bank Dep 44-15**	**Bus Corp 44-11**	**Ins Co 44-17**	**PIT 44-30**	**Pub Serv 44-13**	**SUT 44-18**	**Other Taxes**
1	Child Tax Rebate	44-30-103					X			
2	Cigarette Tax Stamping Discount	44-20-19								X
3	Political Check-Off	44-30-2(d)(1)					X			
4	Temporary Relief from Gross Earnings Tax on Electricity and Gas	44-13-37						X		
5	Value of Farmland Included in Estate	44-23-5(b)								X
			Tax Type Against Which Tax Expenditure Item May Be Applied ^							
Number	**Tax Deferrals:**	**RI Statutory Reference:**	**Bank 44-14**	**Bank Dep 44-15**	**Bus Corp 44-11**	**Ins Co 44-17**	**PIT 44-30**	**Pub Serv 44-13**	**SUT 44-18**	**Other Taxes**
1	Write-Downs or Reserves for Securities Losses	44-14-14	X							

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V. Laws Changes that Impact Tax Expenditures

There were several law changes enacted during the 2024 and 2025 sessions by the General Assembly that impact tax expenditures. Law changes that impacted tax expenditures enacted in the 2022 and 2023 sessions of the General Assembly were included in the *2024 Tax Expenditures Report*. The following list of revised, added, and deleted tax expenditure items is in alphabetical order by tax expenditure category. In the case of a sunset that has been extended in more than one session, only the last enacted change is listed.

CREDITS

- **Employment – Welfare Bonus Program**

  Statutory Reference: R.I. Gen. Laws §§ 44-39.1-1, 44-39.1-2, and 40-6.3-4 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 14

  Year Enacted / Last Year Amended: 2006 / 2025

  Description of Change: The enacted change adds a sunset to the tax credit program.

  Sunset: January 1, 2026

  Effective Date: January 1, 2026

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

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

- **Historic Preservation 2013**

  Statutory Reference: R.I. Gen. Laws ch. 44-33.6 / R.I. Pub. Laws 2024, ch. 117, art. 7, § 23 / R.I. Pub. Laws 2025, ch. 278, art. 6, § 15 / R.I. Gen. Laws. 2025, ch. 454, § 2

  Year Enacted / Last Year Amended: 1996 / 2025

  Description of Change: The 2025 General Assembly increased the threshold for the prevailing wage requirement from $10 million to $25 million, effective July 1, 2025. Additionally, the sunset was extended to December 31, 2026.

  Sunset: No credits shall be reserved on or after December 31, 2026 or upon the exhaustion of the maximum aggregate credits, whichever comes first.

  Effective Date: June 17, 2024 / July 1, 2025

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

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

- **Motion Picture Production Tax Credit**

  Statutory Reference: R.I. Gen. Laws § 44-31.2-5 / R.I. Pub. Laws 2024, ch. 117, art. 7, § 21 / R.I. Pub. Laws 2024, ch. 211, § 1 and ch. 212 § 1 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 12

  Year Enacted / Last Year Amended: 2005 / 2025

  Description of Change: In the 2024 session, the sunset was extended to July 1, 2029. Additionally, the qualification requirements for state-certified production costs were amended to no longer require a production company to maintain a place of business in Rhode Island. In the 2025 session, the cap for tax year 2022 was retroactivity increased from $30 million to $35 million and the cap for tax year 2023 was decreased from $40 million to $35 million. Finally, a provision was added to require motion picture production companies to notify the Rhode Island Film Office and the Division of Taxation if a production is delayed beyond the expected calendar year of completion.

  Sunset: No credits shall be issued on or after July 1, 2029 unless the production has received initial certification prior to July 1, 2029.

  Effective Date: June 17, 2024 / June 24, 2024 / June 29, 2025

  Tax Expenditures Impacted: The retroactive increase of the 2022 cap, the changes to the definition of production costs, and the extension of the sunset may increase the tax expenditures for the business corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax.

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

- **Musical and Theatrical Production Tax Credit**

  Statutory Reference: R.I. Gen. Laws § 44-31.3-2 / R.I. Pub. Laws 2024, ch. 117, art. 7, § 22 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 12

  Year Enacted / Last Year Amended: 2012 / 2025

  Description of Change: In the 2024 session, the sunset was extended to July 1, 2029. In the 2025 session, the cap for tax year 2022 was retroactivity increased from $30 million to $35 million and the cap for tax year 2023 was decreased from $40 million to $35 million.

Sunset: No credits shall be issued on or after July 1, 2029 unless the production has received initial certification prior to July 1, 2029.

Effective Date: June 17, 2024 / June 29, 2025

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

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

- **New Qualified Jobs Incentive Act**

  Statutory Reference: R.I. Gen. Laws ch. 44-48.3 / R.I. Pub. Laws 2025, ch. 278, art. 6, § 16

  Year Enacted / Last Year Amended: 2015 / 2025

  Description of Change: The New Qualified Jobs Incentive Act sunset was extended to December 31, 2026 in the 2025 session.

  Sunset: No credits can be authorized to be reserved after December 31, 2026.

  Effective Date: June 29, 2025

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

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

- **Rebuild Rhode Island Tax Credit**

  Statutory Reference: R.I. Gen. Laws ch. 42-64.20 / R.I. Pub. Laws 2025, ch. 278, art. 6, § 5 / R.I. Pub. Laws 2025, ch. 454, § 1

  Year Enacted / Last Year Amended: 2015 / 2025

  Description of Change: The prevailing wage requirement threshold was increased from $10 million to $25 million. For projects involving the development of housing or mixed use projects with housing, sales and tax exemptions of 30% of the maximum project credit will be allowed, in addition to the $15 million cap per project, if the project meets certain affordable housing or workforce housing development requirements and the purchases are made by June 30, 2028. The sunset was also extended to December 31, 2026.

  Sunset: No credits can be authorized to be reserved after December 31, 2026.

Effective Date: June 29, 2025

Tax Expenditures Impacted: The extension of the sunset will increase the tax expenditures for the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax. The overall program is capped at $225 million of tax credits, which has not changed since the 2023 session.

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

- **Research and Development Expense**

  Statutory Reference: R.I. Gen. Laws ch. 44-32-3 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 13

  Year Enacted / Last Year Amended: 1994 / 2025

  Description of Change: The number of years credits can be carried forward increases from seven to 15 years for tax years beginning on or after January 1, 2026.

  Sunset: N/A

  Effective Date: January 1, 2026

  Tax Expenditures Impacted: The tax expenditures taken against the business corporation tax and the insurance gross premiums tax for this item may be increased.

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

- **Research and Development Property**

  Statutory Reference: R.I. Gen. Laws ch. 44-32-2 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 13

  Year Enacted / Last Year Amended: 1994 / 2025

  Description of Change: The enacted change eliminates any new deductions for tax years beginning on or after January 1, 2026. Any carryforwards for deductions allowed for tax years ending on or before December 31, 2025 are allowed up to three years.

  Sunset: No credits shall be issued for tax years beginning on or after January 1, 2026.

  Effective Date: January 1, 2026

  Tax Expenditures Impacted: The tax expenditures taken against the business corporation tax and the insurance gross premiums tax for this item will be reduced and eventually eliminated.

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

- **Stay Invested in RI Wavemaker Fellowship**

  Statutory Reference: R.I. Gen. Laws ch. 42-64.26 / R.I. Pub. Laws 2024, ch. 117, art. 7, § 11 / R.I. Pub. Laws 2025, ch. 278, art. 6, §§ 11-12

  Year Enacted / Last Year Amended: 2015 / 2025

  Description of Change: The 2024 session dedicated $500,000 from the Wavemaker Fellowship Program to healthcare applicants who provide primary care. In the 2025 session, sole proprietors, partners in a healthcare partnership, and single member limited liability companies were made eligible to be healthcare applicants for this program. Additionally, the program's sunset was extended to December 31, 2026.

  Sunset: No credits can be authorized to be reserved after December 31, 2026.

  Effective Date: June 17, 2024 / June 29, 2025

  Tax Expenditures Impacted: Because the Wavemaker Fellowship program is subject to appropriation, these enacted changes will shift the composition of applicants but not the total amount of tax expenditures for personal income tax.

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

DEDUCTIONS

- **Cannabis Business Expenses Deduction:**

  Statutory Reference: R.I. Gen. Laws § 44-11-11(a)(1)(vii) / R.I. Gen. Laws § 44-30-12(c)(13) / R.I. Pub. Laws 2024, ch. 117, art. 6, §§ 11 and 21

  Year Enacted / Last Year Amended: 2024 / N/A

  Description of Change: Allows a deduction for cannabis business expenses that are disallowed federally under 26 U.S.C. § 280E.

  Effective Date: January 1, 2025

  Tax Expenditures Impacted: The enacted change will increase the tax expenditures taken against the business corporation tax and the personal income tax.

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

- **Qualifying Investment in a Certified Venture Capital Partnership:**

  Statutory Reference: R.I. Gen. Laws § 44-43-2(a)(5) / R.I. Pub. Laws 2025, ch. 278, art. 5, § 15

Year Enacted / Last Year Amended: 1987 / 2025

Description of Change: This deduction was sunset during the 2025 legislative session and will not be allowed for tax years beginning on or after January 1, 2026.

Effective Date: January 1, 2026

Tax Expenditures Impacted: The enacted change eliminates the tax expenditures taken against the business corporation tax, public service corporation tax, bank excise tax, and insurance company gross premiums tax.

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

EXEMPTIONS

- **Cannabis Sold in Rolling Paper or ENDS**

  Statutory Reference: R.I. Gen. Laws §§ 44-20-59 and 44-20-60 / R.I. Pub. Laws 2024, ch. 117, art. 6, §§ 16-17

  Year Enacted / Last Year Amended: 2023 / 2024

  Description of Change: Products taxed by the cannabis tax are exempt from the new tax on electronic nicotine delivery products (ENDS), effective January 1, 2025.

  Effective Date: January 1, 2025

  Tax Expenditures Impacted: This change increases the tax expenditure against the cigarettes tax.

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

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

  Statutory Reference: R.I. Gen. Laws ch. 42-64.20 / R.I. Pub. Laws 2025, ch. 278, art. 6, § 5 / R.I. Pub. Laws 2025, ch. 454, § 1

  Year Enacted / Last Year Amended: 2015 / 2025

  Description of Change: In the 2024 session, the Commerce Corporation was authorized to provide sales and use tax exemptions as part of Rebuild Rhode Island awards. In the 2025 session, the prevailing wage requirement threshold was increased from $10 million to $25 million. For projects involving the development of housing or mixed use projects with housing, sales and tax exemptions of 30% of the maximum project credit will be allowed, in addition to the $15 million cap per project, if the project meets certain affordable housing or workforce housing development requirements and the purchases are made by June 30, 2028. The sunset was also extended to December 31, 2026.

Sunset: No credits can be authorized to be reserved after December 31, 2026.

Effective Date: June 29, 2025 / July 1, 2025

Tax Expenditures Impacted: The enacted changes will likely increase the tax expenditures for the sales and use tax. The overall program is capped at $225 million of tax credits, which has not changed since the 2023 session. Sales and use tax exemptions fall under this program cap.

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

- **Rental Properties Rented More than 183 Days**

Statutory Reference: R.I. Gen. Laws § 44-72-5 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 18

Year Enacted / Last Year Amended: 2025 / N/A

Description of Change: In the 2025 session, a new statewide property tax on non-owner occupied properties assessed at $1 million or more was enacted. This new tax adds a tax expenditure against the non-owner occupied property tax for rental properties rented more than 183 days within each fiscal year, including short-term rentals that must charge the taxes imposed under the sales and use tax chapter (44-18). The imposition of this tax begins in July 1, 2026.

Effective Date: June 29, 2025

Tax Expenditures Impacted: This change creates a new tax expenditure against the non-owner occupied property tax.

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

- **Sales by Writers, Composers, Artists**

Statutory Reference: R.I. Gen. Laws § 44-18-30B / R.I. Pub. Laws 2025, ch. 184, § 5

Year Enacted / Last Year Amended: 1996 / 2025

Description of Change: For the certificates of exemption issued for this tax expenditure item, the enacted change adds an expiration of four years from the issue date. All certificates issued prior to July 1, 2025 will expire four years from that date.

Effective Date: June 24, 2025

Tax Expenditures Impacted: The enacted change may decrease the tax expenditure for the sales and use tax.

Purpose: No explicit purpose provided in the statute.

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

Statutory Reference: R.I. Gen. Laws ch. 42-64.26 / R.I. Pub. Laws 2024, ch. 117, art. 7, § 11 / R.I. Pub. Laws 2025, ch. 278, art. 6, §§ 11-12

Year Enacted / Last Year Amended: 2015 / 2025

Description of Change: The 2024 session dedicated $500,000 from the Wavemaker Fellowship Program to healthcare applicants who provide primary care. In the 2025 session, sole proprietors, partners in a healthcare partnership, and single member limited liability companies were made eligible to be healthcare applicants for this program. Additionally, the program's sunset was extended to December 31, 2026.

The amount of the award is exempt from the personal income tax for the tax year in which the award was received.

Sunset: No credits can be authorized to be reserved after December 31, 2026.

Effective Date: June 17, 2024 / June 29, 2025

Tax Expenditures Impacted: Because the Wavemaker Fellowship program is subject to appropriation, these enacted changes will shift the composition of applicants but not the total amount of tax expenditures for personal income tax.

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

MODIFICATIONS

- **New Research and Development Facilities**

Statutory Reference: R.I. Gen. Laws ch. 44-32-1 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 13

Year Enacted / Last Year Amended: 1974 / 2025

Description of Change: The enacted change eliminates any new deductions for tax years beginning on or after January 1, 2026. Any carryforwards for deductions allowed for tax years ending on or before December 31, 2025 are allowed up to three years.

Sunset: No credits shall be issued for tax years beginning on or after January 1, 2026.

Effective Date: January 1, 2026

Tax Expenditures Impacted: The tax expenditures taken against the business corporation tax and the personal income tax for this item will be reduced and eventually eliminated.

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

- **Qualifying Investment in a Certified Venture Capital Partnership:**

  Statutory Reference: R.I. Gen. Laws § 44-43-2(a)(5) / R.I. Pub. Laws 2025, ch. 278, art. 5, § 15

  Year Enacted / Last Year Amended: 1987 / 2025

  Description of Change: This modification was sunset during the 2025 legislative session and will not be allowed for tax years beginning on or after January 1, 2026.

  Effective Date: January 1, 2026

  Tax Expenditures Impacted: The enacted change eliminates the tax expenditures taken against the personal income tax.

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

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

  Statutory Reference: R.I. Gen. § 44-30-12(c)(9) / R.I. Pub. Laws 2024, ch. 117, art. 6, § 21

  Year Enacted / Last Year Amended: 2016 / 2024

  Description of Change: The maximum modification amount was increased from $20,000 to $50,000 (or $100,000 for filers married filing jointly).

  Effective Date: January 1, 2025

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

  Purpose: No explicit purpose provided in the statute.

VI. Summary Results by Tax Expenditure Item

Forgone revenue in any given year can be either on a calendar year or a fiscal year basis. Unless otherwise marked, tax expenditures items are reported for FY 2022 and FY 2023. Tax expenditure items marked with a † indicate forgone revenue is on a calendar year basis. Additionally, tax expenditure items marked with a ^ indicate that FY 2023 and FY 2024 are reported. Finally, tax expenditure items marked with a * indicate forgone revenue is included with another tax expenditure item.

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 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
69	Apprenticeship †	0	1	0	1
71	Biotechnology Investment †	*	5	*	5
72	Child and Dependent Care (Federal)†	3,610,698	1	3,720,400	1
73	Contributions to Scholarship Organizations †	1,239,600	1	1,182,119	1
76	Earned Income (Federal) †	23,977,548	1	26,193,666	1
78	Educational Assistance and Development†	0	1	0	1
81	Employment – Welfare Bonus Program †	0	1	0	1
83	Historic Homeownership Assistance †	7,232	1	4,282	1
85	Historic Preservation †	4,410,154	1	5,190,616	1
88	Historic Structures †	4,511,284	1	1,648,046	1
91	Hydroelectric Power †	0	1	0	1
92	Investment †	10,299,202	1	7,358,218	1
95	Juvenile Restitution †	0	1	0	1
96	Lead Paint Abatement †	235,176	1	160,836	1
97	Low-Income Housing †	*n/a*	*n/a*	0	1
100	Motion Picture Production †	5,851,444	1	12,474,218	1
104	Motor Carrier Fuel Use Taxes Paid to Rhode Island †	3,250,114	1	4,033,132	1
105	Musical and Theatrical Productions †	360,000	1	294,736	1
108	New Qualified Jobs Incentive Act †	3,852,221	1	1,794,645	1
112	Property Tax Relief †	5,293,600	1	5,868,369	1
114	Rebuild Rhode Island †	12,825,584	1	14,186,732	1
117	Research and Development Expense †	6,223,619	1	5,669,170	1
120	Research and Development Property †	268,386	1	41,911	1
122	Residential Renewable Energy System †	0	1	0	1
123	Rhode Island Small Business Development Fund †	0	1	0	1
125	Stay Invested in RI Wavemaker Fellowship †	534,105	1	449,637	1

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
128	Tax on Net Estate of Decedent †	$ 16,415,795	1	$ 17,789,215	1
129	Taxes Paid to Other States †	274,648,995	1	270,252,881	1
	Total Credits	***$ 377,814,757***	***1.1***	***$ 378,312,829***	***1.1***

Deductions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
133	Accelerated Amortization for Certain Manufacturers	$ ---	5	$ ---	5
133	Alimony Paid (Federal) †	1,198,764	1	994,502	1
135	Amortization of Air or Water Pollution Prevention and Treatment Facilities †	351,036	1	0	1
136	Archer Medical Savings Account (Federal) †	450	1	451	1
138	Cannabis Business Expenses Deduction *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
139	Certain Business Expenses of Reservists, etc. (Federal) †	97,775	1	108,664	1
141	Connecting Fees, Switching and Carrier Access Charges †	1,336,734	1	1,434,279	1
142	Educator Expenses (Federal) †	189,049	1	194,678	1
144	Electricity for Resale	---	5	---	5
145	Health Savings Account (Federal) †	814,860	1	859,295	1
146	Individual Retirement Arrangement Contributions (Federal) †	1,881,459	1	1,989,029	1
148	Keogh and SEP Contributions (Federal) †	6,138,429	1	6,218,561	1
150	Merchandise Sold †	0	1	0	1
151	Moving Expenses (Federal) †	11,070	1	10,038	1
152	Net Operating Losses †	29,607,582	1	25,821,150	1
154	One-Half of Self-Employment Tax (Federal) †	5,320,319	1	5,371,327	1
156	Other Adjustments (Federal) *(new)*	268,672	1	293,438	1
158	Penalty of Early Withdrawal of Savings (Federal) †	44,044	1	83,323	1
159	Qualifying Investment in a Certified Venture Capital Partnership †	77,764	1	12,766	1
161	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed	---	5	---	5
163	Self-employed Health Insurance (Federal) †	5,759,223	1	5,844,508	1
164	Standard Deduction †	225,278,149	1	243,327,325	1
166	Student Loan Interest (Federal) †	694,642	1	946,620	1
168	Tax Incentives for Employers †	8,473	1	12,904	1
	Total Deductions	***$ 279,078,494***	***1.5***	***$ 293,522,858***	***1.5***

VI. Summary Results by Tax Expenditure Item

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
173	Biodiesel Portion of Blended Gallon of Diesel Fuel	$ 1,546,350	1	$ 0	1
174	Citizens Living Abroad and Certain Noncitizens (Federal) †	2,673,360	2	2,868,174	2
175	Conveyance of Mobile/Manufactured Homes for Consideration of $100 or less	---	5	---	5
176	Conveyance of Real Estate for Consideration of $100 or less	---	5	---	5
177	Corporations Exempt from Taxation by Charter	---	5	---	5
177	Corporations Not Doing Business for Profit	---	5	---	5
178	Corporations that Maintain and Manage Intangible Investments	---	5	---	5
179	Dividends Received from Shares of Stock †	25,708,238	1	91,133,875	1
181	Financial Institutions	---	5	---	5
182	Fraternal Benefit Societies	---	5	---	5
183	Gain or Loss on Sale of Property Other Than Securities	2,279,940	1	594,916	1
184	Incarceration (Federal) †	10,800	2	11,534	2
185	Income from the Sale of International Investment Management Services	---	5	---	5
186	Insurance and Surety Companies	---	5	---	5
187	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
188	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	471,659,310	2	523,384,405	2
189	Maximum Tax of $0.50 per Cigar	6,653,058	2	5,871,326	2
191	Medical Cannabis	*n/a*	*n/a*	1,964,884	1
192	Members of a Healthcare Sharing Ministry (Federal) †	112,000	2	75,366	2
194	Paycheck Protection Program Loan Forgiveness †	3,679,805	1	313,277	1
196	Possession of Ten Packs of Cigarettes with Out-of-State Tax Stamps	---	5	---	5
197	Public Service Corporations	---	5	---	5
197	Securities Exempt from Taxation	---	5	---	5
198	Taxed Gross Earnings and Associated Costs of Certain Public Service Corporations	---	5	---	5
198	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	---	5	---	5
199	Value-Added Non-Voice Services that Use Computer Processing Applications	---	5	---	5
200	Veterinary and Testing Laboratory Services ^	8,625,973	3	9,315,561	3
	Total Exclusions	***$ 522,948,834***	***3.7***	***$ 635,533,318***	***3.6***

VI. Summary Results by Tax Expenditure Item

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
203	Affordable Housing Development	$ ---	5	$ ---	5
204	Agricultural Products for Human Consumption ^	6,663,869	3	7,105,071	3
205	Air and Water Pollution Control Facilities	---	5	---	5
206	Aircraft and Aircraft Parts ^	5,470,094	3	5,694,794	3
208	Banks and Regulated Investment Companies Interstate Toll-Free Calls	31,699	2	36,920	2
209	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair, or Sale ^	*	5	*	5
210	Boats or Vessels Generally ^	11,489,309	3	11,090,311	3
211	Boats Sold to Non-Residents ^	*	5	*	5
212	Breast Pumps Collection and Storage Supplies	*n/a*	*n/a*	250,962	4
213	Building Materials Used to Rebuild After Disaster	---	5	---	5
214	Buses, Trucks, or Trailers Used in Interstate Commerce ^	4,826,800	3	4,871,500	3
215	Camps ^	2,080,904	3	2,098,473	3
216	Cannabis Sold in Rolling Papers or ENDS	*n/a*	*n/a*	67,349	1
218	Casual Sales	7,023	1	5,942	1
220	Charitable, Educational, or Religious Organizations ^	98,268,700	3	102,157,100	3
221	Clothing and Footwear ^	52,992,451	3	56,755,446	3
222	Coffins, Caskets, Urns, Shrouds, and Burial Garments ^	1,182,614	3	1,204,789	3
224	Coins	1,001,923	4	923,388	4
225	Commercial Fishing Vessels in Excess of Five Net Tons	1,159,274	4	642,219	4
227	Commercial Vessels of 50 Tons Burden or More	---	5	---	5
227	Compressed Air	---	5	---	5
228	Containers ^	16,068,962	3	16,753,948	3
229	Coverage Considered Unaffordable (Federal) †	1,709,200	2	1,525,016	2
231	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	13,790	1	349	1
232	Diesel Emission Control Technology	---	5	---	5
233	Dietary Supplements	3,505,352	4	3,503,027	4
234	Educational Institutions Rental Charges ^	8,837,941	3	9,612,908	3
236	Electricity and Gas ^	93,230,750	3	97,363,590	3
237	Equipment for Research and Development ^	7,216,300	3	7,340,600	3
239	Estates of Persons Declared Missing in Action by the U.S. Armed Forces	0	1	0	1

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
240	Farm Equipment ^	$ 697,200	3	$ 755,500	3
241	Farm Structure Construction Materials ^	768,748	3	804,589	3
242	Feed for Certain Animals Used in Commercial Farming ^	251,187	3	261,487	3
244	Feminine Hygiene Products	893,389	4	905,522	4
245	First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months †	37,800	1	10,800	1
246	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	180,836	1	155,286	1
248	Flags	69,148	4	68,799	4
249	Food and Food Ingredients ^	230,381,992	3	242,228,969	3
250	Food Items Paid for by Food Stamps	17,451,164	1	20,294,008	1
252	Gasoline	112,796,550	2	117,513,242	2
253	Hardship †	109,920	2	80,027	2
255	Heating Fuels	34,383,062	4	43,950,997	4
256	Horse Food Products ^	27,345	3	29,311	3
257	Human Blood	906,676	4	985,445	4
259	Installation Labor Charges, When Separately Stated ^	54,024,109	3	57,634,224	3
260	Jewelry Display Product	---	5	---	5
261	Lottery Prizes	0	1	0	1
261	Manufacturers' Machinery and Equipment ^	39,596,508	3	39,758,328	3
263	Medicines, Drugs, and Durable Medical Equipment ^	110,968,224	3	120,609,349	3
264	Members of Tribes (Federal) †	23,200	2	23,700	2
266	Milk Sales Exempt from the Beverage Container Tax †	330,664	2	328,463	2
267	Mobile and Manufactured Homes Generally	328,450	1	598,616	1
268	Motor Vehicle and Adaptive Equipment for Amputee Veterans	*	5	*	5
269	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	3,341	1	6,055	1
271	Newspapers ^	7,899,580	3	8,809,953	3
272	Ocean Marine Insurance	506,907	4	530,288	4
273	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	---	5	---	5
274	Personal and Dependent †	125,852,921	1	136,234,286	1
277	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	---	5	---	5
278	Precious Metal Bullion	---	5	---	5
279	Promotional and Product Literature of Boat Manufacturers ^	30,200	3	30,400	3

Exemptions

Page Number	**Item**	**2022 Forgone Revenue**	**Reliability Level**	**2023 Forgone Revenue**	**Reliability Level**
280	Property Otherwise Exempted	$ ---	5	$ ---	5
281	Property Purchased from Federal Government ^	10,353,405	3	10,855,954	3
283	Property Purchased Outside of State by Non-Resident and Brought into State	---	5	---	5
283	Property Returned Within 120 Days from the Date of Delivery	106,991	1	72,935	1
285	Prosthetic Devices and Mobility Enhancing Equipment ^	13,050,398	3	14,097,063	3
286	Purchases Used for Manufacturing Purposes †	434,457,646	2	455,762,272	2
288	Qualified Sales of Manufactured and Mobile Home Parks	---	5	---	5
288	Rebuild Rhode Island Sales and Use Tax	3,854,370	1	4,527,161	1
290	Refillable and Reusable Beverage Containers	---	5	---	5
290	Religious Conscience †	*	5	*	5
291	Renewable Energy Products †	3,317,067	2	4,406,992	2
292	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home ^	41,037,154	3	44,815,102	3
294	Rental Properties Rented More than 183 Days *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
295	Rhode Island Industrial Facilities Corporation Lessees	0	1	0	1
296	Sacramental Wines Sold Directly to Member of Clergy	---	5	---	5
296	Sales and Use Taxes Paid to Other Jurisdictions	22,523,367	1	25,707,007	1
298	Sales beyond Constitutional Power of State	---	5	---	5
299	Sales by Writers, Composers, and Artists †	1,091,570	2	1,168,499	2
300	Sales in Municipal Economic Development Zones	0	1	0	1
302	Sales in Public Buildings by Blind People	37,801	1	48,177	1
303	Sales of Motor Vehicles to Non-Residents	1,521,705	2	1,585,584	2
304	Sales of Non-Motorized Recreational Vehicles to Non-Residents	---	5	---	5
305	Sales of Trailers Ordinarily Used for Residential Purposes	*	5	*	5
306	Sales to Common Carriers for Use Outside of the State	---	5	---	5
306	Sales to Federal Government ^	8,023,683	3	8,319,688	3
308	Sales to the State or its Political Subdivisions ^	59,361,397	3	60,251,491	3
309	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	2,157,351	1	2,991,836	1
311	School Meals ^	6,248,029	3	6,611,056	3

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
312	Seeds and Plants used to Grow Food and Food Ingredients ^	*	5	*	5
313	Short Coverage Gap (Federal) †	$ 261,440	2	$ 327,060	2
314	Special Adaptations for Wheelchair Accessible Taxicabs	---	5	---	5
315	Stay Invested in RI Wavemaker Fellowship Awards †	17,372	1	13,288	1
316	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	---	5	---	5
317	Supplies Used in Preparing Floral Products and/or Arrangements ^	310,100	3	318,600	3
318	Taxpayers with Income Below Filing Threshold †	1,894,800	2	1,904,690	2
319	Telecommunications Carrier Access Services ^	8,438,900	3	8,572,900	3
320	Textbooks ^	1,247,126	3	1,294,946	3
322	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	106,991	1	72,935	1
323	Trade-in Value of Boats	---	5	---	5
324	Trade-in Value of Motorcycles	*n/a*	*n/a*	117,037	1
325	Trade-In Value of Private Passenger Automobiles	21,395,963	1	25,313,303	1
327	Transfers or Sales Made to Immediate Family Members	---	5	---	5
328	Transfers or Sales Related to Business Dissolution or Partial Liquidation	---	5	---	5
329	Transportation Charges of Motor Carriers to Haul Goods	---	5	---	5
329	Vacation Homes Rented in Entirety	3,760,897	1	4,113,258	1
330	Vehicles Purchased by Non-Resident Military Personnel Subject to Sales Tax Elsewhere	---	5	---	5
331	Video Lottery Terminal, Table Games, and Sports Wagering Prizes	0	1	0	1
332	Water for Residential Use	4,559,843	2	4,378,395	2
333	Wine and Spirits	21,079,637	1	21,302,409	1
334	Youth Activities Equipment Sold for $20 or less by Non-Profit Organizations	---	5	---	5
	Total Exemptions	***$1,724,608,117***	***3.1***	***$1,830,668,158***	***3.1***

Modifications

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
337	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ 0	1	$ 0	1

Modifications

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
340	Companies Engaged in Buying, Selling, Dealing in or Holding Securities on Own Behalf	$ ---	5	$ ---	5
341	Contribution to Medical Savings Account by Scituate Residents †	342	1	157	1
342	Contributions to an Account under Tuition Savings Program †	192,789	1	196,391	1
344	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone †	0	1	0	1
345	Federally Taxable Qualified Withdrawals from Tuition Savings Program Account †	*	5	*	5
346	Gain from Stock Options in Qualifying Corporations †	*	5	*	5
347	Income Earned on a Rhode Island Family Education Account †	23,234	1	30,829	1
348	Income from the Assignment or Transfer of Historic Preservation Tax Credits †	33,586	2	18,240	2
350	Income from the Assignment or Transfer of Historic Structures Tax Credits †	34,356	2	5,791	2
351	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits †	44,562	2	43,834	2
353	Income from the Assignment or Transfer of Musical and Theatrical Tax Credits †	2,742	2	1,036	2
354	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation †	7,785	1	3,551	1
355	Interest on Obligations of the United States and its Possessions †	3,466,666	1	11,169,694	1
357	Military Pay of Non-Resident Individuals†	847,012	1	904,096	1
358	New Research and Development Facilities †	203,035	1	64,284	1
360	Organ Transplantation †	1,711	1	3,189	1
362	Performance-Based Income of Eligible Employees via the Jobs Growth Act †	4,444	1	2,733	1
363	Profits or Gains from Sales of Work by Artists, Writers, and Composers †	24,310	1	29,306	1
364	Provision of Insurance Benefit to Dependent or Domestic Partner †	52,709	1	54,290	1
365	Qualifying Investment in a Certified Venture Capital Partnership †	1,174	1	21,830	1
366	Railroad Retirement Benefits †	220,067	1	227,261	1
368	Rental Vehicle Surcharge Retained by Rental Car Companies	5,878,876	1	1,866,196	1
369	Rhode Island Fiduciary Adjustment †	0	1	0	1
371	Tax Incentives for Employers †	4,993	1	2,605	1
372	Taxable Military Pension Income †	*n/a*	*n/a*	5,863,229	1

VI. Summary Results by Tax Expenditure Item

Modifications

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
373	Taxable Pension Plan and/or Annuity Income †	$ 15,723,654	1	$ 18,651,569	1
376	Taxable Social Security Income †	28,355,890	1	31,896,350	1
	Total Modifications	***$ 55,123,937***	***1.6***	***$ 71,056,461***	***1.6***

Other Items

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
380	Allocation and Apportionment of Airlines	$ ---	5	$ ---	5
381	Allocation and Apportionment of Brokerage Services	---	5	---	5
382	Allocation and Apportionment of Credit Card Banks	---	5	---	5
383	Allocation and Apportionment of Motor Carriers	---	5	---	5
385	Allocation and Apportionment of Net Income of Banks *(new)*	---	5	---	5
386	Allocation and Apportionment of Regulated Investment Companies	---	5	---	5
388	Allocation and Apportionment of Retirement and Pension Plans	---	5	---	5
	Total Other Items	***$ ---***	***5.0***	***$ ---***	***5.0***

Preferential Tax Rates

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
391	Jobs Development Act	$ 39,659,880	1	$ 23,375,374	1
393	Life Science Rate Reduction	*	5	*	5
	Total Preferential Tax Rate	***$ 39,659,880***	***3.0***	***$ 23,375,374***	***3.0***

Tax Abatements

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
396	Child Tax Rebate †	$ 891,270	1	$ 117	1
396	Cigarette Tax Stamping Discount	1,715,513	1	1,548,169	1
398	Political Check-Off †	77,110	1	73,915	1
400	Temporary Relief from Gross Earnings Tax on Electricity and Gas	*n/a*	*n/a*	*n/a*	*n/a*
400	Value of Farmland Included in Estate	---	5	---	5
	Total Tax Abatements	***$ 2,683,893***	***2.0***	***$ 1,622,201***	***2.0***

Tax Deferrals

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
403	Write-Downs or Reserves for Securities Losses	$ ---	5	$ ---	5
	Total Tax Deferrals	***$ ---***	***5.0***	***$ ---***	***5.0***
	TOTAL TAX EXPENDTURES	***$3,001,917,912***	***2.6***	***$3,234,091,199***	***2.6***

VII. Summary Results by Tax Type

Forgone revenue in any given year can be either on a calendar year or a fiscal year basis. Unless otherwise marked, tax expenditures items are reported for FY 2022 and 2023. Tax expenditure items marked with a † indicate forgone revenue is on a calendar year basis. Additionally, tax expenditure items marked with a ^ indicate that FY 2023 and FY 2024 are reported. Finally, tax expenditure items marked with a * indicate forgone revenue is included with another tax expenditure item.

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

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
245	First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months †	$ 37,800	1	$ 10,800	1
246	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	180,836	1	155,286	1
273	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	---	5	---	5
296	Sacramental Wines Sold Directly to Member of Clergy	---	5	---	5
	Total Exemptions	***$ 218,636***	***3.0***	***$ 166,086***	***3.0***
	Total Alcoholic Beverage Tax	***$ 218,636***	***3.0***	***$ 166,086***	***3.0***

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

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
67	Adult Education †	$ 0	1	$ 0	1
73	Contributions to Scholarship Organizations †	0	1	0	1
81	Employment – Welfare Bonus Program †	0	1	0	1
	Total Credits	***$ 0***	***1.0***	***$ 0***	***1.0***

Deductions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
168	Tax Incentives for Employers	$ ---	5	$ ---	5
	Total Deductions	***$ ---***	***5.0***	***$ ---***	***5.0***

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
197	Securities Exempt from Taxation	$ ---	5	$ ---	5
	Total Exclusions	***$ ---***	***5.0***	***$ ---***	***5.0***
	Total Bank Deposits Tax	***$ 0***	***2.6***	***$ 0***	***2.6***

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

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
64	Adult and Child Daycare †	$ 0	1	$ 0	1
67	Adult Education †	0	1	0	1
73	Contributions to Scholarship Organizations †	0	1	0	1
78	Educational Assistance and Development †	0	1	0	1
81	Employment – Welfare Bonus Program †	0	1	0	1
85	Historic Preservation †	0	1	0	1
88	Historic Structures †	0	1	0	1
92	Investment †	2,947,381	1	4,848,417	1
97	Low-Income Housing †	*n/a*	*n/a*	0	1
100	Motion Picture Production †	0	1	4,800,000	1
105	Musical and Theatrical Production †	0	1	0	1
108	New Qualified Jobs Incentive Act †	0	1	0	1
114	Rebuild Rhode Island †	0	1	0	1
	Total Credits	***$ 2,947,381***	***1.0***	***$ 9,648,417***	***1.0***

Deductions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
159	Qualifying Investment in a Certified Venture Capital Partnership †	$ 0	1	$ 0	1
168	Tax Incentives for Employers †	0	1	0	1
	Total Deductions	***$ 0***	***1.0***	***$ 0***	***1.0***

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
179	Dividends Received from Shares of Stock †	$ 2,822,545	1	$ 29,150,417	1
183	Gain or Loss on Sale of Property Other Than Securities	2,279,940	1	594,916	1
187	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
194	Paycheck Protection Program Loan Forgiveness †	0	1	0	1
197	Securities Exempt from Taxation	---	5	---	5
	Total Exclusions	***$ 5,102,485***	***2.6***	***$ 29,745,333***	***2.6***

Modifications

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
337	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ 0	1	$ 0	1
	Total Modifications	***$ 0***	***1.0***	***$ 0***	***1.0***

VII. Summary Results by Tax Type

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

Preferential Tax Rates

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
391	Jobs Development Act	$ 38,315,462	1	$ 38,315,462	1
	Total Preferential Tax Rates	***$ 38,315,462***	***1.0***	***$ 38,315,462***	***1.0***

Tax Deferrals

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
403	Write-Downs or Reserves for Securities Losses	$ ---	5	$ ---	5
	Total Tax Deferrals	***$ ---***	***5.0***	***$ ---***	***5.0***
	Total Bank Tax	***$ 46,365,328***	***1.5***	***$ 59,649,029***	***1.5***

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

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
266	Milk Sales Exempt from the Beverage Container Tax †	$ 330,664	2	$ 328,463	2
290	Refillable and Reusable Beverage Containers	---	5	---	5
	Total Exemptions	***$ 330,664***	***3.5***	***$ 328,463***	***3.5***
	Total Tax on Beverage Containers	***$ 330,664***	***3.5***	***$ 328,463***	***3.5***

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

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 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
69	Apprenticeship †	0	1	0	1
71	Biotechnology Investment †	*	5	*	5
73	Contributions to Scholarship Organizations †	0	1	0	1
78	Educational Assistance and Development†	0	1	0	1
81	Employment – Welfare Bonus Program †	0	1	0	1
85	Historic Preservation †	330,626	1	307,317	1
88	Historic Structures †	0	1	0	1
91	Hydroelectric Power †	0	1	0	1
92	Investment †	7,141,644	1	2,320,283	1
95	Juvenile Restitution †	0	1	0	1
97	Low-Income Housing †	*n/a*	*n/a*	0	1
100	Motion Picture Production †	3,159,321	1	2,964,053	1

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

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
105	Musical and Theatrical Production †	$ 0	1	$ 0	1
108	New Qualified Jobs Incentive Act †	821,461	1	627,754	1
114	Rebuild Rhode Island †	330,626	1	307,317	1
117	Research and Development Expense†	5,373,158	1	4,869,980	1
120	Research and Development Property †	268,386	1	41,911	1
122	Residential Renewable Energy System †	0	1	0	1
	Total Credits	***$ 17,425,222***	***1.2***	***$ 11,441,858***	***1.2***

Deductions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
133	Accelerated Amortization for Certain Manufacturers	$ ---	5	$ ---	5
135	Amortization of Air or Water Pollution Prevention and Treatment Facilities †	351,036	1	0	1
138	Cannabis Business Expenses Deduction *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
152	Net Operating Losses †	29,607,582	1	25,821,150	1
159	Qualifying Investment in a Certified Venture Capital Partnership †	77,764	1	12,766	1
168	Tax Incentives for Employers †	8,473	1	12,904	1
	Total Deductions	***$ 30,044,855***	***1.8***	***$ 25,846,820***	***1.8***

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
177	Corporations Exempt from Taxation by Charter	$ ---	5	$ ---	5
177	Corporations Not Doing Business for Profit	---	5	---	5
178	Corporations that Maintain and Manage Intangible Investments	---	5	---	5
179	Dividends Received from Shares of Stock †	22,885,693	1	61,983,458	1
181	Financial Institutions	---	5	---	5
182	Fraternal Benefit Societies	---	5	---	5
185	Income from the Sale of International Investment Management Services	---	5	---	5
186	Insurance and Surety Companies	---	5	---	5
187	Long-Term Gain from Capital Investment in Small Business	---	5	---	5
194	Paycheck Protection Program Loan Forgiveness †	0	1	0	1
197	Public Service Corporations	---	5	---	5
197	Securities Exempt from Taxation	---	5	---	5

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

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
198	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	$ ---	5	$ ---	5
	Total Exclusions	***$ 22,885,693***	***4.4***	***$ 61,983,458***	***4.4***

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
277	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	$ ---	5	$ ---	5
	Total Exemptions	***$ ---***	***5.0***	***$ ---***	***5.0***

Modifications

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
337	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ 0	1	$ 0	1
340	Companies Engaged in Buying, Selling, Dealing in or Holding Securities on Own Behalf	---	5	---	5
358	New Research and Development Facilities †	202,708	1	64,204	1
	Total Modifications	***$ 202,708***	***2.3***	***$ 64,204***	***2.3***

Other Items

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
380	Allocation and Apportionment of Airlines	$ ---	5	$ ---	5
381	Allocation and Apportionment of Brokerage Services	---	5	---	5
382	Allocation and Apportionment of Credit Card Banks	---	5	---	5
383	Allocation and Apportionment of Motor Carriers	---	5	---	5
385	Allocation and Apportionment of Net Income of Banks *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
386	Allocation and Apportionment of Regulated Investment Companies	---	5	---	5
388	Allocation and Apportionment of Retirement and Pension Plans	---	5	---	5
	Total Other Items	***$ ---***	***5.0***	***$ ---***	***5.0***

Preferential Tax Rates

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
391	Jobs Development Act	$ 1,344,418	1	$ 3,120,095	1
393	Life Science Rate Reduction	*	5	*	5
	Total Preferential Tax Rates	***$ 1,344,418***	***3.0***	***$ 1,344,418***	***3.0***
	Total Business Corporation Tax	***$ 71,902,896***	***2.8***	***$ 102,456,435***	***2.7***

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

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
191	Medical Cannabis	*n/a*	*n/a*	$ 1,964,884	1
	Total Exclusions	***n/a***	***n/a***	***$ 1,964,884***	***1.0***
	Total Cannabis Excise Tax	***n/a***	***n/a***	***$ 1,964,884***	***1.0***

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

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
189	Maximum Tax of $0.50 per Cigar	$ 6,653,058	2	$ 5,871,326	2
196	Possession of Ten Packs of Cigarettes with Out-of-State Tax Stamps	---	5	---	5
	Total Exclusions	***$ 6,653,058***	***3.5***	***$ 5,871,326***	***3.5***

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
216	Cannabis Sold in Rolling Papers or ENDS	*n/a*	n/a	$ 67,349	1
	Total Exemptions	***n/a***	***n/a***	**$ 67,349**	**1.0**

Tax Abatements

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
396	Cigarette Tax Stamping Discount	$ 1,715,513	1	$ 1,548,169	1
	Total Tax Abatements	***$ 1,715,513***	***1.0***	***$ 1,548,169***	***1.0***
	Total Cigarette Tax	***$ 8,368,571***	***2.7***	***$ 7,486,844***	***2.3***

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

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
128	Tax on Net Estate of Decedent †	$ 16,415,795	1	$ 17,789,215	1
	Total Credits	***$ 16,415,795***	***1.0***	***$ 17,789,215***	***1.0***

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
239	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 Abatements

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
400	Value of Farmland Included in Estate	$ ---	5	$ ---	5
	Total Tax Abatements	***$ ---***	***5.0***	***$ ---***	***5.0***
	Total Estate and Transfer Tax	***$ 16,415,795***	***2.3***	***$ 17,789,215***	***2.3***

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

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
329	Vacation Homes Rented in Entirely	$ 3,760,897	1	$ 4,113,258	1
	Total Exemptions	***$ 3,760,897***	***1.0***	***$ 4,113,258***	***1.0***
	Total Hotel Tax	***$ 3,760,897***	***1.0***	***$ 4,113,258***	***1.0***

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

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
64	Adult and Child Daycare †	$ 0	1	$ 0	1
67	Adult Education †	0	1	0	1
73	Contributions to Scholarship Organizations †	175,050	1	139,050	1
78	Educational Assistance and Development†	0	1	0	1
81	Employment – Welfare Bonus Program †	0	1	0	1
85	Historic Preservation †	0	1	0	1
88	Historic Structures †	4,500,000	1	1,644,803	1
92	Investment †	210,177	1	189,518	1
97	Low-Income Housing †	*n/a*	*n/a*	0	1
100	Motion Picture Production †	840,483	1	3,226,875	1
105	Musical and Theatrical Production †	360,000	1	0	1
108	New Qualified Jobs Incentive Act †	0	1	0	1
114	Rebuild Rhode Island †	7,216,108	1	7,920,194	1
117	Research and Development Expense †	850,461	1	799,190	1
120	Research and Development Property †	0	1	0	1
123	Rhode Island Small Business Development Fund †	0	1	0	1
	Total Credits	***$ 14,152,279***	***1.0***	***$ 13,919,630***	***1.0***

Deductions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
159	Qualifying Investment in a Certified Venture Capital Partnership †	$ 0	1	$ 0	1
161	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed	---	5	---	5
168	Tax Incentives for Employers †	0	1	0	1
	Total Deductions	***$ 0***	***2.3***	***$ 0***	***2.3***

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
182	Fraternal Benefit Societies	$ ---	5	$ ---	5
197	Securities Exempt from Taxation	---	5	---	5
	Total Exclusions	***$ ---***	***5.0***	***$ ---***	***5.0***

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

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
272	Ocean Marine Insurance	$ 506,907	4	$ 530,288	4
	Total Exemptions	***$ 506,907***	***4.0***	***$ 530,288***	***4.0***

Preferential Tax Rates

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
391	Jobs Development Act	$ 0	1	$ 0	1
	Total Preferential Tax Rates	***$ 0***	***1.0***	***$ 0***	***1.0***
	Total Insurance Company Gross Premiums Tax	***$ 14,659,186***	***1.7***	***$ 14,449,918***	***1.7***

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

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
104	Motor Carrier Fuel Use Taxes Paid to Rhode Island †	$ 3,250,114	1	$ 4,033,132	1
	Total Credits	***$ 3,250,114***	***1.0***	***$ 4,033,132***	***1.0***
	Total Motor Carrier Fuel Use Tax	***$ 3,250,114***	***1.0***	***$ 4,033,132***	***1.0***

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

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
173	Biodiesel Portion of Blended Gallon of Diesel Fuel	$ 1,546,350	1	$ 0	1
188	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	471,659,310	2	523,384,405	2
	Total Exclusions	***$ 473,205,660***	***1.5***	***$ 523,384,405***	***1.5***

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
309	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	$ 2,157,351	1	$ 2,991,836	1
	Total Exemptions	***$ 2,157,351***	***1.0***	***$ 2,991,836***	***1.0***
	Total Motor Fuel Tax	***$ 475,363,011***	***1.3***	***$ 526,376,241***	***1.3***

VII. Summary Results by Tax Type

Non-owner Occupied Property Tax (R.I. Gen. Laws Ch. 44-72)

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
294	Rental Properties Rented More than 183 Days *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
	Total Exemptions	***n/a***	***n/a***	***n/a***	***n/a***
	Total Non-owner Occupied Property Tax	***n/a***	***n/a***	***n/a***	***n/a***

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

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
85	Historic Preservation †	$ 0	1	$ 0	1
	Total Credits	***$ 0***	***1.0***	***$ 0***	***1.0***
	Total Non-Profit Refund	***$ 0***	***1.0***	***$ 0***	***1.0***

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

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
72	Child and Dependent Care (Federal) †	$ 3,610,698	1	$ 3,720,400	1
73	Contributions to Scholarship Organizations †	1,064,550	1	1,043,069	1
76	Earned Income (Federal) †	23,977,548	1	26,193,666	1
83	Historic Homeownership Assistance †	7,232	1	4,282	1
85	Historic Preservation †	4,079,528	1	3,983,299	1
88	Historic Structures †	11,284	1	0	1
96	Lead Paint Abatement †	235,176	1	160,836	1
97	Low-Income Housing †	*n/a*	*n/a*	0	1
100	Motion Picture Production †	1,851,640	1	1,483,290	1
105	Musical and Theatrical Production †	0	1	294,736	1
108	New Qualified Jobs Incentive Act †	488,420	1	1,166,891	1
112	Property Tax Relief †	5,293,600	1	5,868,369	1
114	Rebuild Rhode Island †	417,223	1	2,107,968	1
125	Stay Invested in RI Wavemaker Fellowship †	25,502	1	39,289	1
129	Taxes Paid to Other States †	274,648,995	1	270,252,881	1
	Total Credits	***$ 315,711,396***	***1.0***	***$ 316,318,976***	***1.0***

Deductions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
133	Alimony Paid (Federal) †	$ 1,198,764	1	$ 994,502	1
136	Archer Medical Savings Account (Federal) †	450	1	451	1

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

Deductions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
138	Cannabis Business Expenses Deduction *(new)*	*n/a*	*n/a*	*n/a*	*n/a*
139	Certain Business Expenses of Reservists, etc. (Federal) †	$ 97,775	1	$ 108,664	1
142	Educator Expenses (Federal) †	189,049	1	194,678	1
145	Health Savings Account (Federal) †	814,860	1	859,295	1
146	Individual Retirement Arrangement Contributions (Federal) †	1,881,459	1	1,989,029	1
148	Keogh and SEP Contributions (Federal) †	6,138,429	1	6,218,561	1
151	Moving Expenses (Federal) †	11,070	1	10,038	1
154	One-Half of Self-employment Tax (Federal) †	5,320,319	1	5,371,327	1
156	Other Adjustments (Federal) *(new)*	268,672	1	293,438	1
158	Penalty of Early Withdrawal of Savings (Federal) †	44,044	1	83,323	1
163	Self-employed Health Insurance (Federal) †	5,759,223	1	5,844,508	1
164	Standard Deduction †	225,278,149	1	243,327,325	1
166	Student Loan Interest (Federal) †	694,642	1	946,620	1
	Total Deductions	***$ 247,696,905***	***1.0***	***$ 266,241,759***	***1.0***

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
187	Long-Term Gain from Capital Investment in Small Business	$ ---	5	$ ---	5
194	Paycheck Protection Program Loan Forgiveness †	3,679,805	1	313,277	1
197	Securities Exempt from Taxation	---	5	---	5
198	Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations	---	5	---	5
	Total Exclusions	***$ 3,679,805***	***4.0***	***$ 313,277***	***4.0***

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
274	Personal and Dependent †	$ 125,852,921	1	$ 136,234,286	1
315	Stay Invested in RI Wavemaker Fellowship Awards †	17,372	1	13,288	1
	Total Exemptions	***$ 125,870,293***	***1.0***	***$ 136,247,574***	***1.0***

Modifications

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
337	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003 †	$ 0	1	$ 0	1
341	Contribution to Medical Savings Accounts by Scituate Residents †	342	1	157	1

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

Modifications

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
342	Contributions to an Account under Tuition Savings Program †	$ 192,789	1	$ 196,391	1
344	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone†	0	1	0	1
345	Federally Taxable Withdrawals from Tuition Savings Program Account †	*	5	*	5
346	Gain from Stock Options in Qualifying Corporations †	*	5	*	5
347	Income Earned on a Rhode Island Family Education Account †	23,234	1	30,829	1
348	Income from the Assignment or Transfer of Historic Preservation Tax Credits †	33,586	2	18,240	2
350	Income from the Assignment or Transfer of Historic Structures Tax Credits †	34,356	2	5,791	2
351	Income from the Assignment or Transfer of Motion Picture Production Tax Credits†	44,562	2	43,834	2
353	Income from the Assignment or Transfer of Musical and Theatrical Production Tax Credits †	2,742	2	1,036	2
354	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation †	7,785	1	3,551	1
355	Interest on Obligations of the United States and its Possessions †	3,466,666	1	11,169,694	1
357	Military Pay of Non-Resident Individuals†	847,012	1	904,096	1
358	New Research and Development Facilities †	327	1	80	1
360	Organ Transplantation †	1,711	1	3,189	1
362	Performance-Based Income of Eligible Employees via the Jobs Growth Act †	4,444	1	2,733	1
363	Profits or Gains from Sales of Work by Artists, Writers, and Composers †	24,310	1	29,306	1
364	Provision of Insurance Benefit to Dependent or Domestic Partner †	52,709	1	54,290	1
365	Qualifying Investment in a Certified Venture Capital Partnership †	1,174	1	21,830	1
366	Railroad Retirement Benefits †	220,067	1	227,261	1
369	Rhode Island Fiduciary Adjustment †	0	1	0	1
371	Tax Incentives for Employers †	4,993	1	2,605	1
372	Taxable Military Pension Income †	*n/a*	*n/a*	5,863,229	1
373	Taxable Pension Plan and/or Annuity Income †	15,723,654	1	18,651,569	1
376	Taxable Social Security Income †	28,355,890	1	31,896,350	1
	Total Modifications	***$ 49,042,353***	***1.5***	***$ 69,126,061***	***1.5***

VII. Summary Results by Tax Type

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

Tax Abatements

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
395	Child Tax Rebate †	$ 891,270	1	$ 117	1
398	Political Check-Off †	77,110	1	73,915	1
	Total Tax Abatements	***$ 968,380***	***1.0***	***$ 74,032***	***1.0***
	Total Personal Income Tax	***$ 742,969,132***	***1.4***	***$ 788,321,679***	***1.4***

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

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 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
73	Contributions to Scholarship Organizations †	0	1	0	1
78	Educational Assistance and Development †	0	1	0	1
81	Employment – Welfare Bonus Program †	0	1	0	1
85	Historic Preservation †	0	1	0	1
88	Historic Structures †	0	1	0	1
97	Low-Income Housing †	*n/a*	*n/a*	0	1
105	Musical and Theatrical Production †	0	1	0	1
108	New Qualified Jobs Incentive Act †	0	1	0	1
114	Rebuild Rhode Island †	0	1	0	1
	Total Credits	***$ 0***	***1.0***	***$ 0***	***1.0***

Deductions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
141	Connecting Fees, Switching and Carrier Access Charges †	$ 1,336,734	1	$ 1,434,279	1
144	Electricity for Resale	---	5	---	5
150	Merchandise Sold †	0	1	0	1
159	Qualifying Investment in a Certified Venture Capital Partnership †	0	1	0	1
168	Tax Incentives for Employers	---	5	---	5
	Total Deductions	***$ 1,336,734***	***2.6***	***$ 1,434,279***	***2.6***

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
187	Long-Term Gain from Capital Investment in Small Business	$ ---	5	$ ---	5
197	Securities Exempt from Taxation	---	5	---	5

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

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
199	Value-Added Non-Voice Services That Use Computer Processing Applications	$ ---	5	$ ---	5
	Total Exclusions	***$ ---***	***5.0***	***$ ---***	***5.0***

Preferential Tax Rates

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
391	Jobs Development Act	$ 0	1	$ 0	1
	Total Preferential Tax Rate	***$ 0***	***1.0***	***$ 0***	***1.0***

Tax Abatements

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
400	Temporary Relief from Gross Earnings Tax on Electricity and Gas	*n/a*	*n/a*	*n/a*	*n/a*
	Total Tax Abatements	***n/a***	***n/a***	***n/a***	***n/a***
	Total Public Service Corporation Tax	***$ 1,336,734***	***2.0***	***$ 1,434,279***	***2.0***

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

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
175	Conveyance of Mobile/Manufactured Homes for Consideration of $100 or less	$ ---	5	$ ---	5
176	Conveyance of Real Estate for Consideration of $100 or less	---	5	---	5
	Total Exclusions	***$ ---***	***5.0***	***$ ---***	***5.0***

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
203	Affordable Housing Development	$ ---	5	$ ---	5
231	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	13,790	1	349	1
288	Qualified Sales of Manufactured and Mobile Home Parks	---	5	---	5
	Total Exemptions	***$ 13,790***	***3.7***	***$ 349***	***3.7***
	Total Real Estate Conveyance Tax	***$ 13,790***	***4.2***	***$ 349***	***4.2***

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

Modifications

Page Number	Item	2022 Forgone Revenue	Reliability Level	2022 Forgone Revenue	Reliability Level
368	Rental Vehicle Surcharge Retained by Rental Car Companies	$ 5,878,876	1	$ 1,866,196	1
	Total Modifications	***$ 5,878,876***	***1.0***	***$ 1,866,196***	***1.0***
	Total Rental Vehicle Surcharge	***$ 5,878,876***	***1.0***	***$ 1,866,196***	***1.0***

Refund Option (Multiple)

Credits

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
108	New Qualified Jobs Incentive Act †	$ 2,542,340	1	$ 0	1
114	Rebuild Rhode Island †	4,861,627	1	3,851,253	1
125	Stay Invested in RI Wavemaker Fellowship †	508,603	1	410,348	1
	Total Credits	***$ 7,912,570***	***1.0***	***$ 4,261,601***	***1.0***
	Total Refund Option	***$ 7,912,570***	***1.0***	***$ 4,261,601***	***1.0***

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

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
198	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	$ ---	5	$ ---	5
200	Veterinary and Testing Laboratory Services ^	8,625,973	2	9,315,561	2
	Total Exclusions	***$ 8,625,973***	***3.5***	***$ 9,315,561***	***3.5***

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
204	Agricultural Products for Human Consumption ^	$ 6,663,869	3	$ 7,105,071	3
205	Air and Water Pollution Control Facilities	---	5	---	5
206	Aircraft and Aircraft Parts ^	5,470,094	3	5,694,794	3
208	Banks and Regulated Investment Companies Interstate Toll-Free Calls	31,699	2	36,920	2
209	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair, or Sale ^	*	5	*	5
210	Boats or Vessels Generally ^	11,489,309	3	11,090,311	3
211	Boats Sold to Non-Residents ^	*	5	*	5
212	Breast Pumps Collection and Storage Supplies	*n/a*	*n/a*	250,962	4
213	Building Materials Used to Rebuild After Disaster	---	5	---	5

VII. Summary Results by Tax Type

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

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
214	Buses, Trucks, or Trailers Used in Interstate Commerce ^	$ 4,826,800	3	$ 4,871,500	3
215	Camps ^	2,080,904	3	2,098,473	3
218	Casual Sales	7,023	1	5,942	1
220	Charitable, Educational, or Religious Organizations ^	98,268,700	3	102,157,100	3
221	Clothing and Footwear ^	52,992,451	3	56,755,446	3
222	Coffins, Caskets, Urns, Shrouds, and Burial Garments ^	1,182,614	3	1,204,789	3
224	Coins	1,001,923	4	923,388	4
225	Commercial Fishing Vessels in Excess of Five Net Tons	1,159,274	4	642,219	4
227	Commercial Vessels of 50 Tons Burden or More	---	5	---	5
227	Compressed Air	---	5	---	5
228	Containers ^	16,068,962	3	16,753,948	3
232	Diesel Emission Control Technology	---	5	---	5
233	Dietary Supplements	3,505,352	4	3,503,027	4
234	Educational Institutions Rental Charges ^	8,837,941	3	9,612,908	3
236	Electricity and Gas ^	93,230,750	3	97,363,590	3
237	Equipment for Research and Development ^	7,216,300	3	7,340,600	3
240	Farm Equipment ^	697,200	3	755,500	3
241	Farm Structure Construction Materials ^	768,748	3	804,589	3
242	Feed for Certain Animals Used in Commercial Farming ^	251,187	3	261,487	3
244	Feminine Hygiene Products	893,389	4	905,522	4
248	Flags	69,148	4	68,799	4
249	Food and Food Ingredients ^	230,381,992	3	242,228,969	3
250	Food Items Paid for by Food Stamps	17,451,164	1	20,294,008	1
252	Gasoline	112,796,550	2	117,513,242	2
255	Heating Fuels	34,383,062	4	43,950,997	4
256	Horse Food Products ^	27,345	3	29,311	3
257	Human Blood	906,676	4	985,445	4
259	Installation Labor Charges When Separately Stated ^	54,024,109	3	57,634,224	3
260	Jewelry Display Product	---	5	---	5
261	Lottery Prizes	0	1	0	1
261	Manufacturers' Machinery and Equipment ^	39,596,508	3	39,758,328	3
263	Medicines, Drugs, and Durable Medical Equipment ^	110,968,224	33	120,609,349	3
267	Mobile and Manufactured Homes Generally	328,450	1	598,616	1

VII. Summary Results by Tax Type

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

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
268	Motor Vehicle and Adaptive Equipment for Amputee Veterans	$ *	5	$ *	5
269	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	3,341	1	6,055	1
271	Newspapers ^	7,899,580	3	8,809,953	3
278	Precious Metal Bullion	---	5	---	5
279	Promotional and Product Literature of Boat Manufacturers ^	30,200	3	30,400	3
280	Property Otherwise Exempted	---	5	---	5
281	Property Purchased from Federal Government ^	10,353,405	3	10,855,954	3
283	Property Purchased Outside of State by Non-Resident and Brought into State	---	5	---	5
283	Property Returned Within 120 Days from the Date of Delivery	106,991	1	72,935	1
285	Prosthetic Devices and Mobility Enhancing Equipment ^	13,050,398	3	14,097,063	3
286	Purchases Used for Manufacturing Purposes †	434,457,646	2	455,762,272	2
288	Rebuild Rhode Island Sales and Use Tax	3,854,370	1	4,527,161	1
291	Renewable Energy Products †	3,317,067	2	4,406,992	2
292	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home ^	41,037,154	3	44,815,102	3
295	Rhode Island Industrial Facilities Corporation Lessees	0	1	0	1
296	Sales and Use Taxes Paid to Other Jurisdictions	22,523,367	1	25,707,007	1
298	Sales beyond Constitutional Power of State	---	5	---	5
299	Sales by Writers, Composers, and Artists †	1,091,570	2	1,168,499	2
300	Sales in Municipal Economic Development Zones	0	1	0	1
302	Sales in Public Buildings by Blind People	37,801	1	48,177	1
303	Sales of Motor Vehicles to Non-Residents	1,521,705	2	1,585,584	2
304	Sales of Non-Motorized Recreational Vehicles to Non-Residents	---	5	---	5
305	Sales of Trailers Ordinarily Used for Residential Purposes	*	5	*	5
306	Sales to Common Carriers for Use Outside of the State	---	5	---	5
306	Sales to Federal Government ^	8,023,683	3	8,319,688	3
308	Sales to the State or its Political Subdivisions ^	59,361,397	3	60,251,491	3
311	School Meals ^	6,248,029	3	6,611,056	3
312	Seeds and Plants used to Grow Food and Food Ingredients ^	*	5	*	5

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

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
314	Special Adaptations for Wheelchair Accessible Taxicabs	$ ---	5	$ ---	5
316	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	---	5	---	5
317	Supplies Used in Preparing Floral Products and/or Arrangements ^	310,100	3	318,600	3
319	Telecommunications Carrier Access Services ^	8,438,900	3	8,572,900	3
320	Textbooks ^	1,247,126	3	1,294,946	3
322	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	106,991	1	72,935	1
323	Trade-in Value of Boats	---	5	---	5
324	Trade-in Value of Motorcycles	*n/a*	*n/a*	117,037	1
325	Trade-In Value of Private Passenger Automobiles	21,395,963	1	25,313,303	1
327	Transfers or Sales Made to Immediate Family Members	---	5	---	5
328	Transfers or Sales Related to Business Dissolution or Partial Liquidation	---	5	---	5
329	Transportation Charges of Motor Carriers to Haul Goods	---	5	---	5
330	Vehicles Purchased by Non-Resident Military Personnel Subject to Sales Tax Elsewhere	---	5	---	5
331	Video Lottery Terminal, Table Games, and Sports Wagering Prizes	0	1	0	1
332	Water for Residential Use	4,559,843	2	4,378,395	2
333	Wine and Spirits	21,079,637	1	21,302,409	1
334	Youth Activities Equipment Sold for $20 or less by Nonprofit Organizations	---	5	---	5
	Total Exemptions	***$1,587,751,019***	***3.2***	***$1,682,362,462***	***3.2***
	Total Sales and Use Tax	***$1,596,376,992***	***3.2***	***$1,691,678,023***	***3.2***

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

Exclusions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
174	Citizens Living Abroad and Certain Noncitizens (Federal) †	$ 2,673,360	2	$ 2,868,174	2
184	Incarceration (Federal) †	10,800	2	11,534	2
192	Members of a Healthcare Sharing Ministry (Federal) †	112,000	2	75,366	2
	Total Exclusions	***$ 2,796,160***	***2.0***	***$ 2,955,074***	***2.0***

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

Exemptions

Page Number	Item	2022 Forgone Revenue	Reliability Level	2023 Forgone Revenue	Reliability Level
229	Coverage Considered Unaffordable (Federal) †	$ 1,709,200	2	$ 1,525,016	2
253	Hardship †	109,920	2	80,027	2
264	Members of Tribes (Federal) †	23,200	2	23,700	2
290	Religious Conscience †	*	5	*	5
313	Short Coverage Gap (Federal) †	261,440	2	327,060	2
318	Taxpayers with Income Below Filing Threshold †	1,894,800	2	1,904,690	2
	Total Exemptions	***$ 3,998,560***	***2.5***	***$ 3,860,493***	***2.5***
	Total Shared Responsibility Payment Penalty Tax	***$ 6,794,720***	***2.3***	***$ 6,815,567***	***2.3***
	TOTAL TAX EXPENDTURES	***$3,001,917,912***	***2.3***	***$3,234,091,199***	***2.3***

VIII. Detail of Tax Expenditure Items

CREDITS

VIII. Credits

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

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1997 / 2010

Description: A small business taxpayer that pays for or incurs expenses to provide access to persons with disabilities to comply with federal or state laws is allowed a credit against the business corporation tax and the public service corporation tax equal to 10% of the total amount expended. The credit cannot exceed $1,000 each tax year.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Business Corporation Tax	$0	0
2022 Public Service Corporation Tax	$0	0
2022 Total	**$0**	**0**
2023 Business Corporation Tax	$0	0
2023 Public Service Corporation Tax	$0	0
2023 Total	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Business Corporation Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Projected Total	**$0**	**0**
2025 Business Corporation Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Projected Total	**$0**	**0**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Business Corporation Tax	$0	0
2026 Public Service Corporation Tax	$0	0
2026 Projected Total	**$0**	**0**
2027 Business Corporation Tax	$0	0
2027 Public Service Corporation Tax	$0	0
2027 Projected Total	**$0**	**0**

Law Comparison: Massachusetts has a similar provision.

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

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

2. Adult and Child Daycare:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / 1994

Description: A credit is allowed against the business corporation tax, public service corporation tax (except the taxation of certain tangible property), bank excise tax, and insurance company gross premiums tax for 30% of the total amount expended in the state by a taxpayer (a) for day care services purchased to provide care for the dependent children or dependent adult family members of the taxpayer's employees or employees of commercial tenants of the taxpayer during the employees' hours of employment; (b) in the establishment and/or operation of a day care facility used primarily by the dependent children of the taxpayer's employees or employees of commercial tenants of the taxpayer during the employees' hours of employment; (c) in conjunction with one or more other taxpayers for the establishment and/or operation of a day care facility used primarily by the dependent children of the taxpayer's employees or employees of commercial tenants of the taxpayer during the employees' hours of employment; or (d) the total amount forgone in rent or lease payments related to the dedication of rental or lease space to child day care services.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$0	0
2022 Ins Co Gross Premiums Tax	$0	0
2022 Public Service Corporation Tax	$0	0
2022 Total	**$0**	**0**
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$0	0
2023 Ins Co Gross Premiums Tax	$0	0
2023 Public Service Corporation Tax	$0	0
2023 Total	**$0**	**0**

Projection Methodology: TY 2024 data is as of November 2025 and may not include any extensions or amended returns that have not yet been processed by the Division of Taxation. Amount of credit and number of taxpayers held constant with TY 2024.

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

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$0	0
2026 Ins Co Gross Premiums Tax	$0	0
2026 Public Service Corporation Tax	$0	0
2026 Projected Total	**$0**	**0**
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$0	0
2027 Ins Co Gross Premiums Tax	$0	0
2027 Public Service Corporation Tax	$0	0
2027 Projected Total	**$0**	**0**

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: Connecticut allows a corporation subject to the corporation business tax to claim a credit for expenditures made as a human capital investment. Eligible expenditures include planning, site preparation, construction, renovation, or acquisition of facilities for the purpose of establishing a day care facility in Connecticut to be used primarily by the children of employees who are employed in the state, as well as subsidies to employees who are employed in the state for childcare to be provided in the state. The tax credit is equal to 5% of the amount paid or incurred by the corporation for a human capital investment. Corporation business tax credits cannot, in general, exceed 50% of corporation business tax liability, and unused amounts may be carried forward for up to five succeeding income years.

Beginning in TY 2026, the credit increases to 10% for most eligible investments and 25% for currently eligible childcare-related investments. It also makes additional childcare-related investments eligible for the 25% credit. Taxpayers eligible for the 25% credit may use the credit to reduce their corporate business tax liability up to 70%.

Connecticut also offers a tax credit to businesses that invest in establishing or improving child care centers primarily for their employees' children. This credit can cover up to 60% of the costs spent during the taxable year on planning, construction, renovation, acquisition, and necessary equipment like kitchen appliances, provided the center is licensed by the state's early childhood authority and operated on a nonprofit basis. The maximum credit a business can claim in any one year is $50,000. If multiple businesses share the costs of a center, each can claim a credit proportional to their investment. However, businesses cannot claim this credit if they are already claiming a similar tax credit for the same year.

Connecticut Statute: Conn. Gen. Stat. §§ 12-217x and 12-634

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

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

3. Adult Education:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 1999

Description: An employer is allowed a credit against the business corporation tax, public service corporation tax, bank excise tax, bank deposits tax, and the insurance company gross premiums tax for 50% of the costs incurred solely and directly for non-worksite or worksite-based adult education programs. The employees for whom the employer claims an adult education tax credit must remain in the employ of the business for a minimum period of 13 consecutive weeks and a minimum of 455 hours of paid employment before an employer is eligible for the credit.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Bank Deposits Tax	$0	0
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$0	0
2022 Ins Co Gross Premiums Tax	$0	0
2022 Public Service Corporation Tax	$0	0
2022 Total	**$0**	**0**

VIII. Credits

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

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Bank Deposits Tax	$0	0
2024 Bank Tax	$0	0
2024 Business Corporation Tax	$0	0
2024 Ins Co Gross Premiums Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Projected Total	**$0**	**0**
2025 Bank Deposits Tax	$0	0
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Projected Total	**$0**	**0**
2026 Bank Deposits Tax	$0	0
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$0	0
2026 Ins Co Gross Premiums Tax	$0	0
2026 Public Service Corporation Tax	$0	0
2026 Projected Total	**$0**	**0**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2027 Bank Deposits Tax	$0	0
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$0	0
2027 Ins Co Gross Premiums Tax	$0	0
2027 Public Service Corporation Tax	$0	0
2027 Projected Total	**$0**	**0**

Law Comparison: Only Connecticut has a similar provision.

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

Beginning in TY 2026, the credit increases to 10% for most eligible investments and 25% for currently eligible childcare-related investments. It also makes additional childcare-related investments eligible for the 25% credit. Taxpayers eligible for the 25% credit may use the credit to reduce their corporate business tax liability up to 70%.

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

4. Apprenticeship:

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

Stated Purpose: No stated purpose given in law.

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

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

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

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

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2023.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Business Corporation Tax	$0	0
2025 Business Corporation Tax	$0	0
2026 Business Corporation Tax	$0	0
2027 Business Corporation Tax	$0	0

Law Comparison: Only Connecticut and Massachusetts have similar provisions.

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

The tax credit allowed per apprentice in the manufacturing trades and plastics and plastics-related trades is the lesser of $6 per hour multiplied by the total number of hours worked during the income year by apprentices in the first half of a two-year term of apprenticeship or the first three-quarters of a four-year term of apprenticeship. The total amount of credit allowed per apprentice is $7,500 or 50% of actual wages paid in the first half of a two-year term of apprenticeship or in the first three-quarters of a four-year term of apprenticeship, whichever is less. The tax credit allowed per apprentice in construction trades shall be the lesser of: (1) $2 per hour multiplied by the total number of hours completed by the apprentice during a four-year qualifying apprenticeship training program; (2) 50% of the total wages paid to the apprentice during a four-year qualifying apprenticeship training program; or (3) $4,000. The credit is transferable but is not refundable or able to be carried forward.

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

Massachusetts: Massachusetts allows a refundable credit awarded to employers who are apprenticeship-program sponsors and who have entered into an apprentice agreement with each apprentice for whom the credit is claimed. The credit is equal to $4,800 or 50% of the wages paid to the apprentice for each apprentice. The total amount of credits authorized annually is $2.5

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

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

5. Biotechnology Investment:

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

Stated Purpose: No stated purpose given in law.

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

Description: Any company primarily engaged in commercial biological research and development or manufacturing and sale of biotechnology products or active pharmaceutical ingredients shall be allowed a credit of 10% of the cost or other basis for federal tax purposes of tangible personal property, excluding vehicles and furniture, and other tangible property with situs in Rhode Island and principally used in the production of biotechnology products. This credit can be used against the business corporation tax, and unused credit amounts can be carried forward for up to 15 succeeding tax years.

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

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

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

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

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut has a modification reducing taxable income for general partners of a qualified venture capital fund that invest in a Connecticut bioscience business.

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

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

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

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

6. Child and Dependent Care (Federal):

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: A taxpayer entitled to the federal child and dependent care credit is entitled to a credit against the Rhode Island personal income tax. In general, if a taxpayer can claim the federal credit for expenses paid for someone to care for a dependent that is under age 13 or to care for a spouse or dependent who is unable to care for themselves, then the taxpayer can claim a credit for the same expenses against the personal income tax. The child and/or dependent care expenses must be paid in order for the taxpayer to work or look for work. The amount of the credit is equal to 25% of the federal credit that is claimed.

The One Big Beautful Bill Act (Public Law No. 119-21) enhanced the federal child and dependent care tax credit rate from 35% to 50%, which phases down to 35% for taxpayers with an AGI between $43,000 and $75,000, and then phases down to 20% for taxpayers with an AGI between $75,000 to $105,000 (these AGI amounts are doubled for joint filers). This change is effective for TY 2026, and the additional forgone revenue is included in the projection.

Data Source: Office of Revenue Analysis (ORA) calculations based on TY 2022 and TY 2023 personal income tax data.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$3,610,698	23,703
2023 Personal Income Tax	$3,720,400	24,406

Projection Methodology: The number of taxpayers is held constant with TY 2023. The average credit amount per taxpayer for TY 2022 – TY 2023 was applied to the projected number of taxpayers to project revenue forgone for TY 2024 – TY 2027. For TYs 2026 and 2027, additional revenue loss was added due to One Big Beautiful Bill Act

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$3,719,093	24,406
2025 Personal Income Tax	$3,719,093	24,406
2026 Personal Income Tax	$4,219,513	24,406
2027 Personal Income Tax	$4,969,183	24,406

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

Maine: Taxpayers are allowed a credit against the tax otherwise due in the amount of 25% of the federal tax credit allowable for child and dependent care expenses in the same tax year.

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

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

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

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

The separate low-income child and dependent care credit was repealed in 2022. The Vermont child and dependent care credit was increased to 72% of the federal credit and made refundable. Beginning in TY 2023, Vermont switched to a simple apportionment ratio for part-year residents claiming the credit.

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

7. Contributions to Scholarship Organizations:

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

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

Year Enacted / Last Year Amended: 2006 / 2024

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

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

The tax credit must be used in the tax year the contribution was made. The tax credit is not refundable, assignable, transferable, or able to be carried forward.

Data Source: Rhode Island Division of Taxation and November 2025 Revenue Estimating Conference.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Bank Deposits Tax	$0	0
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$0	0
2022 Ins Co Gross Premiums Tax	$175,050	< 10
2022 Personal Income Tax	$1,064,550	53
2022 Public Service Corporation Tax	$0	0
2022 Total	**$1,239,600**	**> 53**

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Bank Deposits Tax	$0	0
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$0	0
2023 Ins Co Gross Premiums Tax	$139,050	< 10
2023 Personal Income Tax	$1,043,069	47
2023 Public Service Corporation Tax	$0	0
2023 Total	**$1,182,119**	**> 47**

Projection Methodology: TY 2024 amount of credit and number of taxpayers is what was reported at the November 2025 REC. Forgone revenue amounts and the number of taxpayers for TY 2025 – TY 2027 are equal to the 3-year average using the TY 2022 - TY 2024 amount of revenue forgone and number of taxpayers.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Bank Deposits Tax	$0	0
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$0	0
2023 Ins Co Gross Premiums Tax	$116,700	< 10
2023 Personal Income Tax	$1,278,666	45
2023 Public Service Corporation Tax	$0	0
2024 Total	**$1,395,366**	**> 45**
2025 Bank Deposits Tax	$0	0
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$0	0
2025 Ins Co Gross Premiums Tax	$116,700	< 10
2025 Personal Income Tax	$1,128,762	48
2025 Public Service Corporation Tax	$0	0
2025 Projected Total	**$1,245,462**	**> 48**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Bank Deposits Tax	$0	0
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$0	0
2026 Ins Co Gross Premiums Tax	$116,700	< 10
2026 Personal Income Tax	$1,128,762	48
2026 Public Service Corporation Tax	$0	0
2026 Projected Total	**$1,245,462**	**> 48**
2027 Bank Deposits Tax	$0	0
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$0	0
2027 Ins Co Gross Premiums Tax	$116,700	< 10
2027 Personal Income Tax	$1,128,762	48
2027 Public Service Corporation Tax	$0	0
2027 Projected Total	**$1,245,462**	**> 48**

Law Comparison: Only New Hampshire has a similar provision.

New Hampshire: A tax credit is allowed for business organizations and business enterprises that contribute to scholarship organizations which award scholarships to be used by students to defray educational expenses. For each contribution made to a scholarship organization, a business may claim a credit equal to 85% of the contribution against the business profits tax, the business enterprise tax, or the tax on interest and dividends. Credits cannot exceed the maximum education tax credit allowed, and no business organization or business enterprise shall receive more than 10% of the aggregate amount of tax credits permitted. The credit may be carried forward five years but cannot exceed $1 million in any given year. The aggregate of tax credits issued is capped at $5,100,000.

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

8. Earned Income (Federal):

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2023

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

In general, a taxpayer can claim the federal credit if he/she is employed and meets certain income criteria and rules including those having to do with children living in the home.

Data Source: Rhode Island Division of Taxation, November 2025 Revenue Estimating Conference (REC) testimony.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$23,977,548	72,289
2023 Personal Income Tax	$26,193,666	73,463

Projection Methodology: TY 2024 revenue forgone amount and the number of taxpayers figures are as provided at the November 2025 REC. The Office of Revenue Analysis (ORA) applied the growth rates in Rhode Island personal income provided by Moody's Analytics at the November 2025 REC to project the TY 2025-TY 2027 revenue forgone. The number of taxpayers is held constant for TY 2025-TY 2027.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$29,839,777	74,340
2025 Personal Income Tax	$30,750,746	74,340
2026 Personal Income Tax	$31,830,497	74,340
2027 Personal Income Tax	$32,593,897	74,340

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

Connecticut: Connecticut allows for a refundable earned income tax credit equal to 23% of the federal earned income tax credit to resident taxpayers who work and earn incomes below certain levels. Beginning in TY 2021, the percentage increased from 23% to 30.5%. In the FY 2024 budget, the percentage was further increased to 40%, effective January 1, 2023.

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

Maine: Prior to TY 2021, the Maine earned income tax credit amount was 12% of the federal earned income tax credit amount for eligible taxpayers with qualifying children and 25% of the federal earned income tax credit amount for eligible taxpayers without qualifying children. For the 2021 tax year, the credit was simplified to 20% of the federal credit for everyone who qualified, including residents, part-year residents, and nonresidents. Effective for tax years beginning on or after January 1, 2022, the amount of Maine earned income credit increases to 25% of the federal earned income tax credit amount for eligible taxpayers with qualifying children and to 50% of the federal earned income tax credit amount for eligible taxpayers without qualifying children. In addition, taxpayers aged 18 to 24 years without qualifying children are eligible for the Maine earned income tax credit calculated as if they were eligible for the federal earned income tax credit. The credit is fully refundable (prorated for part-year residents).

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

Massachusetts: Massachusetts' provisions include a credit against the taxes imposed if the taxpayer qualified for and claimed the federal earned income credit. The refundable credit is 30% of the federal credit through TY 2023 and increases to 40% beginning with TY 2024. If the taxpayer claims and receives other state income tax credits, this credit must be applied last. Taxpayers who are victims of domestic abuse that file a Massachusetts personal income tax return as married filing separately may be eligible for the credit, despite not being eligible for the federal earned income tax credit if they meet certain criteria.

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

Vermont: The refundable credit is 36% of the individual's federal earned income tax credit multiplied by the percentage of the individual's earned income earned or received while a Vermont resident to the individual's total earned income prior to TY 2022 and 38% thereafter. If the taxpayer's earnings come from periods of part-year residency, then the credit is prorated. Beginning in TY 2023, Vermont switched to a simple apportionment ratio for part-year residents claiming the credit.

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

9. Educational Assistance and Development:

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

Stated Purpose: No stated purpose given in law.

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

Description: An 8% credit is allowed against the business corporation tax, public service corporation tax (except the taxation of certain tangible personal property), bank excise tax, and insurance company gross premiums tax for contributions in excess of $10,000 made to an institution of higher education in Rhode Island (a) for the establishment or maintenance of a faculty chair, department, or program for scientific research or education; (b) for a work fellowship program that is providing training connected with scientific research or education for the students of the institution; or (c) for tangible personal property contributed for use in an educational, training, or research program for scientific research or education, excluding sale discounts and sale-gift or similar arrangements for the purchase of equipment.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$0	0
2022 Ins Co Gross Premiums Tax	$0	0
2022 Public Service Corporation Tax	$0	0
2022 Total	**$0**	**0**
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$0	0
2023 Ins Co Gross Premiums Tax	$0	0
2023 Public Service Corporation Tax	$0	0
2023 Total	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2023.

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

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Projected Total	**$0**	**0**
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$0	0
2026 Ins Co Gross Premiums Tax	$0	0
2026 Public Service Corporation Tax	$0	0
2026 Projected Total	**$0**	**0**
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$0	0
2027 Ins Co Gross Premiums Tax	$0	0
2027 Public Service Corporation Tax	$0	0
2027 Projected Total	**$0**	**0**

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

Connecticut: Connecticut allows a corporation subject to the corporation business tax to claim a credit for expenditures made as a human capital investment. Eligible expenditures include donations or capital contributions to institutions of higher education in Connecticut for improvements or advancements of technology, including physical plant improvements. The tax credit is equal to 5% of the amount paid or incurred by the corporation for a human capital investment. A credit cannot exceed the amount of corporation business tax otherwise payable, although unused amounts can be carried forward for up to five succeeding income years. Beginning in TY 2024, the credit increases to 10% for most eligible investments and 25% for currently eligible childcare-related investments. It also makes additional childcare-related investments eligible for the 25% credit. Taxpayers eligible for the 25% credit may use the credit to reduce their corporate business tax liability up to 70%.

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

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

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

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

New Hampshire: New Hampshire allows businesses to receive a tax credit against the Business Profits Tax for qualifying charitable donations to regional Career and Technical Education (CTE) centers. The credit may be claimed only in the tax year the donation is made and is limited to 25% of the taxpayer's tax liability before other credits. The program is subject to an annual statewide cap of $500,000 in total credits. Donations eligible for the credit may support apprenticeship and training programs, including compensation for employees, interns, apprentices, and trainees engaged in CTE center programs. The statute is currently scheduled for repeal on June 30, 2026, unless extended or amended by future legislation.

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

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

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

10. Employment − Welfare Bonus Program:

Statutory Reference: R.I. Gen. Laws §§ 44-39.1-1, 44-39.1-2, and 40-6.3-4 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 14

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 2025

Description: Any employer participating in the Bonus Program under R.I. Gen. Laws Ch. 40-6.3 is entitled to apply for the employment tax credit. This credit is awarded to employers that hire individuals who had previously received Aid to Families with Dependent Children (AFDC) for 30 consecutive months prior to the law's enactment and employ such individuals for at least 24 consecutive months prior to application for the credit. The credit is equal to $250 per eligible employee and can be applied against the business corporation tax, public service corporation tax, bank excise tax, bank deposits tax, and insurance company gross premiums tax.

The credit cannot be applied until all other credits for which the taxpayer is eligible to use have been applied, and it cannot reduce the tax due below $100 in a given tax year or the minimum tax for each tax type established in law. The credit is not refundable, and any unused credit amounts cannot be carried forward to succeeding tax years. This tax credit sunsets on January 1, 2026.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Bank Deposits Tax	$0	0
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$0	0
2022 Ins Co Gross Premiums Tax	$0	0
2022 Public Service Corporation Tax	$0	0
2022 Total	**$0**	**0**
2023 Bank Deposits Tax	$0	0
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$0	0
2023 Ins Co Gross Premiums Tax	$0	0
2023 Public Service Corporation Tax	$0	0
2023 Total	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2023.

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

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Bank Deposits Tax	$0	0
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Projected Total	**$0**	**0**
2026 Bank Deposits Tax	$0	0
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$0	0
2026 Ins Co Gross Premiums Tax	$0	0
2026 Public Service Corporation Tax	$0	0
2026 Projected Total	**$0**	**0**
2027 Bank Deposits Tax	$0	0
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$0	0
2027 Ins Co Gross Premiums Tax	$0	0
2027 Public Service Corporation Tax	$0	0
2027 Projected Total	**$0**	**0**

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

11. Historic Homeownership Assistance:

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

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

Year Enacted / Last Year Amended: 1989 / 2017

Description: The historic homeownership tax credit is equal to up to 20% of the certified costs of maintenance or rehabilitation in the year in which the work is completed for a taxpayer who owns and lives in a Rhode Island historical residence. It was eliminated as part of the reform of the personal income tax system that was enacted in June 2010. At that time, taxpayers with unused amounts of credits were denied the opportunity to use these carryforward amounts in tax years beginning after December 31, 2010. In the 2017 session, the General Assembly amended the law to allow the use of these unused amounts of historic homeownership tax credits against personal income tax liabilities effective for tax years beginning after December 31, 2016.

Data Source: Rhode Island Division of Taxation Testimony, November 2025 Revenue Estimating Conference.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$7,232	< 10
2023 Personal Income Tax	$4,282	< 10

Projection Methodology: The revenue forgone amount and the number of taxpayers for TY 2024 are as reported by the Division of Taxation at the November 2025 REC. TY 2025 – TY 2027 credit amounts are an average of TY 2022 – TY 2024 and the number of taxpayers is held constant with TY 2024.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$1,443	< 10
2025 Personal Income Tax	$4,319	< 10
2026 Personal Income Tax	$4,319	< 10
2027 Personal Income Tax	$4,319	< 10

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: An owner of an historic home who incurs qualified rehabilitation expenditures exceeding $15,000 is eligible for a tax credit in an amount equal to 30% of the qualified rehabilitation expenditures not to exceed $30,000 per dwelling ($50,000 for nonprofit organizations). The owner must occupy at least one unit in the home as a primary residence for at least five years after completion of the rehabilitation work. Unused credit may be carried forward for four years. Of the $3 million of total credits reserved for this credit, 70% must be for owners rehabilitating historic homes located in a regional center as designated in the state plan of conservation and development adopted by the General Assembly. In the FY 2025 budget, Connecticut enacted changes to allow the credit against the individual income tax to be refundable and allow the credit to be carried forward an additional four years against all other eligible taxes.

Conn. Gen. Stat. § 10-416

Vermont: Under the Vermont Downtown and Village Center Tax Credit program, a qualified applicant of a qualified historic rehabilitation project may claim against his or her individual income tax liability a nonrefundable historic rehabilitation tax credit of 10% of the qualified rehabilitation expenditures. To qualify for this tax credit, expenditures for the qualified project must exceed $5,000. The total credit program (along with three other credits under this program umbrella) is capped at $3,000,000 annually. Unused credits can be carried forward for nine years.

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

12. Historic Preservation:

Statutory Reference: R.I. Gen. Laws ch. 44-33.6 / R.I. Pub. Laws 2025, ch. 278, art. 6, § 15 / R.I. Gen. Laws. 2025, ch. 454, § 2

Stated Purpose: "The purpose of this chapter is to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic structures, 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 / 2025

Description: A taxpayer that incurs qualified rehabilitation expenditures for the substantial rehabilitation of a certified historic structure, provided the taxpayer is not a social club, is entitled to a credit against the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax. The credit is equal to 20% of the qualified rehabilitation expenditures for any certified historic structure or 25% of the qualified rehabilitation expenditures, provided that either (i) at least 25% of the total rentable area of the certified historic structure is available for a trade or business or (ii) the entire rentable area located on the first floor of the certified historic structure is available for a trade or business.

Tax credits are allowed for the tax year in which the structure or an identifiable portion of the structure is placed into service and unused amounts can be carried forward for up to ten years from the first tax year the credits were utilized. The maximum credit per project cannot exceed $5 million for all phases of any certified rehabilitation project, and the maximum total credits authorized cannot exceed the sum of the estimated credits available in the historic preservation tax credit trust fund. No credits shall be authorized to be reserved under this tax credit program on or after December 31, 2026 or upon the exhaustion of the maximum aggregate credits, whichever comes first. Credits may be allocated to partners, members, or owners that are exempt from taxation under § 501(c)(4) or § 501(c)(6) and are listed as non-profit refund under tax type.

Additionally, constructions projects over $10 million are subject to prevailing wage requirements and must receive certification of compliance with these requirements in order to receive tax credits under this program. The 2025 General Assembly increased the threshold for the prevailing wage requirement from $10 million to $25 million, effective July 1, 2025.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$330,626	< 10
2022 Ins Co Gross Premiums Tax	$0	0
2022 Non-Profit Refund	$0	0
2022 Personal Income Tax	$4,079,528	62
2022 Public Service Corporation Tax	$0	0
2022 Total	**$4,410,154**	**> 62**
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$307,317	< 10
2023 Ins Co Gross Premiums Tax	$0	0
2023 Non-Profit Refund	$900,000	< 10
2023 Personal Income Tax	$3,983,299	86
2023 Public Service Corporation Tax	$0	0
2023 Total	**$5,190,616**	**> 86**

Projection Methodology: TY 2024 figures are as provided by the Division of Taxation. Data is as of November 2025 and is subject to amendments. TY 2025 – TY 2027 revenue forgone amounts and number of taxpayers are the three-year average of TY 2022 – TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Bank Tax	$0	0
2024 Business Corporation Tax	$257	< 10
2024 Ins Co Gross Premiums Tax	$350,000	< 10
2024 Non-Profit Refund	$0	0
2024 Personal Income Tax	$351,539	17
2024 Public Service Corporation Tax	$0	0
2024 Total	**$1,051,796**	**> 17**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$212,733	< 10
2025 Ins Co Gross Premiums Tax	$116,667	< 10
2025 Non-Profit Refund	$300,000	< 10
2025 Personal Income Tax	$2,804,789	55
2025 Public Service Corporation Tax	$0	0
2025 Projected Total	**$3,550,855**	**> 55**
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$212,733	< 10
2026 Ins Co Gross Premiums Tax	$116,667	< 10
2026 Non-Profit Refund	$300,000	< 10
2026 Personal Income Tax	$2,804,789	55
2026 Public Service Corporation Tax	$0	0
2026 Projected Total	**$3,550,855**	**> 55**
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$212,733	< 10
2027 Ins Co Gross Premiums Tax	$116,667	< 10
2027 Non-Profit Refund	$300,000	< 10
2027 Personal Income Tax	$2,804,789	55
2027 Public Service Corporation Tax	$0	0
2027 Projected Total	**$3,550,855**	**> 55**

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

Connecticut: A tax credit is available to individuals, limited liability companies, non-profit and for-profit corporations, or other business entities for expenses associated with rehabilitating certain historic properties. The credit is equal to 25% of the actual rehabilitation expenditures, or 30% of the actual qualified rehabilitation expenditures for projects including affordable housing. The per-project cap is $4.5 million, and the annual limit for all taxpayers is $31.7 million. Unused credits may be carried forward for 5 years. Beginning on or after January 1, 2024, nonprofit corporations will be able to claim the credits against the unrelated business income tax and all other taxpayers may claim it against the personal income tax. Nonprofits may also carry forward unused credits for four years.

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

Maine: Taxpayers are allowed historic rehabilitation credits for the certified qualified rehabilitation expenditures incurred. A refundable rehabilitation credit is allowed against the income tax in an amount equal to 25% of the taxpayer's certified qualified rehabilitation expenditures for which a tax credit is claimed under the Internal Revenue Code § 47 for a certified historic structure located in Maine. There is an enhanced credit for a certified affordable housing project (34% in 2020). In the 2022 session, Maine elected to extend the credit sunset date from December 31, 2025 to December 31, 2030.

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

Massachusetts' provisions include a 20% credit of qualified rehabilitation expenditures incurred in the rehabilitation of a certified historic structure. The credit is not refundable, but a carryforward is allowed for five tax years. Credits may be authorized annually until December 31, 2030 in an aggregate amount up to $110 million per year.
Massachusetts Statute: Mass. Gen. Laws ch. 62, § 6J and ch. 63, § 38R

Vermont: Under the Vermont Downtown and Village Center Tax Credit program, a qualified applicant of a qualified historic rehabilitation project may claim against his or her individual income tax liability a nonrefundable historic rehabilitation tax credit of 10% of the qualified rehabilitation expenditures. To qualify for this tax credit, expenditures for the qualified project must exceed $5,000. The total credit program (along with three other credits under this program umbrella) is capped at $3,000,000 annually. Unused credits can be carried forward for nine years.

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

13. Historic Structures:

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

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

Year Enacted / Last Year Amended: 2001 / 2008

Description: A credit equal to 30% of the qualified rehabilitation expenditures (QREs) incurred to rehabilitate the historic structure is allowed against the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax for the redevelopment and reuse of Rhode Island's historic structures. The structure must have been certified as historic by the Rhode Island Historical Preservation and Heritage Commission and placed into service prior to January 1, 2008. The credit processing fee for these projects is 2.25% of the QREs. Projects that are in progress as of January 1, 2008 but not yet placed into service are eligible to receive a credit equal to either 27% of the QREs incurred with a credit processing fee of 5%, 26% of the QREs incurred with a credit processing fee of 4%, or 25% of the QREs incurred with a credit processing fee of 3%.

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$0	0
2022 Ins Co Gross Premiums Tax	$4,500,000	< 10
2022 Personal Income Tax	$11,284	< 10
2022 Public Service Corporation Tax	$0	0
2022 Total	**$4,511,284**	**< 20**
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$3,243	< 10
2023 Ins Co Gross Premiums Tax	$1,644,803	< 10
2023 Personal Income Tax	$0	0
2023 Public Service Corporation Tax	$0	0
2023 Total	**$1,648,046**	**< 20**

Projection Methodology: TY 2024 figures are as provided by the Division of Taxation. Data is as of December 2025 and is subject to amendments. TY 2025 – TY 2027 revenue forgone amounts and number of taxpayers are the three-year average of TY 2022 – TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Bank Tax	$0	0
2024 Business Corporation Tax	$746	< 10
2024 Ins Co Gross Premiums Tax	$865,414	< 10
2024 Personal Income Tax	$3,761	< 10
2024 Public Service Corporation Tax	$0	0
2024 Total	**$866,160**	**< 20**
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$1,330	< 10
2025 Ins Co Gross Premiums Tax	$1,442,174	< 10
2025 Personal Income Tax	$3,761	< 10
2025 Public Service Corporation Tax	$0	0
2025 Projected Total	**$1,447,265**	**< 20**
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$1,330	< 10
2026 Ins Co Gross Premiums Tax	$1,442,174	< 10
2026 Personal Income Tax	$3,761	< 10
2026 Public Service Corporation Tax	$0	0
2026 Projected Total	**$1,447,265**	**< 20**
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$1,330	< 10
2027 Ins Co Gross Premiums Tax	$1,442,174	< 10
2027 Personal Income Tax	$3,761	< 10
2027 Public Service Corporation Tax	$0	0
2027 Projected Total	**$1,447,265**	**< 20**

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

Connecticut: A tax credit is available to individuals, limited liability companies, non-profit and for-profit corporations, or other business entities for expenses associated with rehabilitating certain historic properties. The credit is equal to 25% of the actual rehabilitation expenditures, or 30% of the actual qualified rehabilitation expenditures for projects including affordable housing. The per-project cap is $4.5 million, and the annual limit for all taxpayers is $31.7 million. Unused credits may be carried forward for 5 years. Beginning on or after January 1, 2024, nonprofit corporations will be able to claim the credits against the unrelated business income tax and all other taxpayers may claim it against the personal income tax. Nonprofits may also carry forward unused credits for four years.

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

Maine: Taxpayers are allowed historic rehabilitation credits for the certified qualified rehabilitation expenditures incurred. The credit is refundable against Maine income tax and generally equals 25% of expenditures that qualify under IRC § 47 for certified historic structures located in Maine. Projects that include certified affordable housing are eligible for an enhanced credit (34% in 2020). The credit is claimed over multiple years, and projects receiving the enhanced affordable housing credit must remain in compliance for 30 years or risk partial recapture. In the 2022 session, Maine elected to extend the credit sunset date from December 31, 2025 to December 31, 2030.

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

Massachusetts: Massachusetts' provisions include a 20% credit of qualified rehabilitation expenditures incurred in the rehabilitation of a certified historic structure. The credit is not refundable, but a carryforward is allowed for five tax years. Credits may be authorized annually until December 31, 2030 in an aggregate amount up to $110 million per year.

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

Vermont: Under the Vermont Downtown and Village Center Tax Credit program, a qualified applicant of a qualified historic rehabilitation project may claim against his or her individual income tax liability a nonrefundable historic rehabilitation tax credit of 10% of the qualified rehabilitation expenditures. To qualify for this tax credit, expenditures for the qualified project must exceed $5,000. The total credit program (along with three other credits under this program umbrella) is capped at $3,000,000 annually. Unused credits can be carried forward for nine years.

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

14. Hydroelectric Power:

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

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

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

Description: A hydroelectric power developer will be allowed a non-refundable state income tax credit in the amount of 10% of the installation costs of a small hydroelectric power production facility at an existing dam site in Rhode Island. The credit can be used against the business corporation tax. This credit is limited to $500,000 in costs to develop a small hydroelectric power production facility for a maximum credit of $50,000. Unused portions of the credit may be carried forward up to five succeeding tax years.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

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

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Business Corporation Tax	$0	0
2025 Business Corporation Tax	$0	0
2026 Business Corporation Tax	$0	0
2027 Business Corporation Tax	$0	0

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

15. Investment:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1974 / 2002

Description: A credit is allowed against the business corporation tax, bank excise tax, and insurance company gross premiums tax for the cost of realty and tangible property in Rhode Island, which are principally used by the taxpayer in the production of goods by manufacturing, processing or assembling. General manufacturers are provided with a credit of 4% of the cost or qualified amounts for leased assets of tangible personal property, buildings, and structural components of buildings provided that the assets have a useful life of at least four years. A credit equal to 10% of the cost or qualified amounts for leased assets of tangible personal property, excluding motor vehicles and furniture, provided that the assets have a useful life of at least four years, is granted to manufacturers that are classified in major groups 20 through 39, 50 and 51, 60 through 67, 73, 76, 80 through 82, 87, and 89 in the Standard Industrial Classification manual (SIC

Codes). A 10% credit of the cost or qualified amounts for leased assets of buildings and structural components is also provided to high performance manufacturers, which are defined as businesses described in major groups 28, 30, 34 to 36, and 38 of the SIC Codes. For leased buildings and structural components, the lease must have a term of at least 20 years. High performance manufacturers must also meet certain wage requirements to qualify. The above noted credit percentages also apply to computers, software, and telecommunications hardware even if these assets have useful lives of less than four years.

The 4% credit can reduce the tax due to the amount of the corporate minimum tax, as set forth in R.I. Gen. Laws § 44-11-2(e). The 10% credit can only reduce a tax liability by 50% unless it has been applied by a high-performance manufacturer to the acquisition of buildings by purchase or by a lease of 20 years or more, in which case the tax liability can be reduced to the amount of the corporate minimum tax. Credits are non-refundable, and unused amounts of the credits can be carried forward up to seven succeeding tax years.

Data Source: Rhode Island Division of Taxation testimony from the November 2025 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***
2022 Bank Tax	$2,947,381	< 10
2022 Business Corporation Tax	$7,141,644	39
2022 Ins Co Gross Premiums Tax	$210,177	< 10
2022 Total	**$10,299,202**	**> 39**
2023 Bank Tax	$4,848,417	< 10
2023 Business Corporation Tax	$2,320,283	34
2023 Ins Co Gross Premiums Tax	$189,518	< 10
2023 Total	**$7,358,218**	**> 34**

Projection Methodology: TY 2024 amount of credit and number of taxpayers is what was reported at the November 2025 REC. Forgone revenue amounts and the number of taxpayers for TY 2025 - TY 2027 are equal to the 3-year average using the TY 2022 - TY 2024 amount of revenue forgone and number of taxpayers. If the count of taxpayers provided by the Division of Taxation was < 10, ORA held it constant using TY 2024.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Bank Tax	$299,547	< 10
2024 Business Corporation Tax	$2,208,913	19
2024 Ins Co Gross Premiums Tax	$275,816	< 10
2024 Total	**$2,784,276**	**> 19**
2025 Bank Tax	$4,096,536	< 10
2025 Business Corporation Tax	$2,492,192	31
2025 Ins Co Gross Premiums Tax	$225,170	< 10
2025 Projected Total	**$6,813,899**	**> 31**
2026 Bank Tax	$4,096,536	< 10
2026 Business Corporation Tax	$2,492,192	31
2026 Ins Co Gross Premiums Tax	$225,170	< 10
2026 Projected Total	**$6,813,899**	**> 31**
2027 Bank Tax	$4,096,536	< 10
2027 Business Corporation Tax	$2,492,192	31
2027 Ins Co Gross Premiums Tax	$225,170	< 10
2027 Projected Total	**$6,813,899**	**> 31**

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

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

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

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

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

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

Massachusetts: Massachusetts provisions include manufacturers, corporations engaged primarily in research and development, and corporations engaged primarily in agriculture or commercial fishing. The credit is 3% of the cost or other basis of the property, including buildings and leased tangible property, and has a three-year carry forward of unused credit. The credit may not exceed 50% of the corporate excise tax liability.

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

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

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

Vermont: Vermont entitles taxpayers to a credit against the tax imposed of 24% of the federal investment tax credit allowed for the taxable year attributable to the Vermont-property portion of the investment in the following activities: rehabilitation, energy, advanced coal products, and gasification products. Only solar energy investment may be carried forward for up to five years.

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

16. Juvenile Restitution:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1980 / 1989

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

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

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

Projection Methodology: Amount of credit and number of taxpayers held constant with TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Business Corporation Tax	$0	0
2025 Business Corporation Tax	$0	0
2026 Business Corporation Tax	$0	0
2027 Business Corporation Tax	$0	0

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

17. Lead Paint Abatement:

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

Stated Purpose: No stated purpose given in law.

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

Description: A property owner or lessee who resides in Rhode Island is entitled to tax relief for residential lead removal or lead hazard reduction when they obtain a Housing Resources Commission regulated certification or obtain a Department of Health regulated lead safe certification, and fulfill all requirements, including certain income requirements as provided by this law. The tax relief can be used against the personal income tax.

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

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

Data Source: Office of Revenue Analysis (ORA) calculations based on TY 2022 and TY 2023 personal income tax data.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$235,176	52
2023 Personal Income Tax	$160,836	44

Projection Methodology: The number of taxpayers is held constant with TY 2023. The average credit amount per taxpayer for TY 2022 – TY 2023 was applied to the projected number of taxpayers to project revenue forgone for TY 2024 – TY 2027.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$179,916	44
2025 Personal Income Tax	$179,916	44
2026 Personal Income Tax	$179,916	44
2027 Personal Income Tax	$179,916	44

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Massachusetts' provisions allow a credit to an owner of a residence who pays for the containment or abatement of any paint, plaster, or other accessible structural materials containing dangerous levels of lead or who pays for the replacement of one or more window units in a dwelling constructed before 1978 in order to bring the dwelling into full compliance with the provisions of Mass. Gen. Laws ch. 111, § 197 (concerning materials containing dangerous levels of lead). The taxpayer may claim a credit for the lesser of the cost of the removal, containment, or replacement or $1,500 per dwelling. The credit is not transferable or refundable but may be carried forward for seven years. This credit was increased to $3,000 for full abatement and $1,000 for a partial abatement, retroactive to January 1, 2023.

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

18. Low-Income Housing:

Statutory Reference: R.I. Gen. Laws Ch. 44-71

Stated Purpose: No stated purpose given in law.

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

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

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

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

Data Source: Rhode Island Division of Taxation, Rhode Island Office of Management and Budget, and Office of Revenue Analysis (ORA) calculations based on TY 2023 personal income tax data.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$0	0
2023 Ins Co Gross Premiums Tax	$0	0
2023 Personal Income Tax	$0	0
2023 Public Service Corporation Tax	$0	0
2023 Total	**$0**	**0**

Projection Methodology: Revenue forgone amounts and number of taxpayers for TY 2024 are held constant using TY 2023. For TY 2025 – TY 2027, revenue forgone amounts and number of taxpayers are projected using a forecast provided by Office of Management and Budget. We are unable to determine the tax type under which this credit will be claimed due to lack of historical data; ORA assumed that majority will be claimed under Business Corporation Tax.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Bank Tax	$0	0
2024 Business Corporation Tax	$0	0
2024 Ins Co Gross Premiums Tax	$0	0
2024 Personal Income Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2024 Projected Total	**$0**	**0**
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$1,300,000	< 10
2025 Ins Co Gross Premiums Tax	$0	0
2025 Personal Income Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Projected Total	**$0**	**< 10**
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$4,805,000	< 10
2026 Ins Co Gross Premiums Tax	$0	0
2026 Personal Income Tax	$0	0
2026 Public Service Corporation Tax	$0	0
2026 Projected Total	**$0**	**< 10**
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$18,505,000	< 10
2027 Ins Co Gross Premiums Tax	$0	0
2027 Personal Income Tax	$0	0
2027 Public Service Corporation Tax	$0	0
2027 Projected Total	**$0**	**< 10**

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

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

Massachusetts also allows a nonrefundable low-income housing tax credit for corporate excise and personal income taxpayers that donate real or personal property to certain nonprofit organizations for use in purchasing, constructing, or rehabilitating a qualified low-income housing project in the state. This credit is generally limited to 50% of the amount of donation but may be taken up to 65% if authorized. Credits under for low-income housing donations are not able to be carried forward. For tax years 2021 – 2022, the annual cap is $40 million. Effective for TY 2023 and thereafter, the annual cap is increased to $60 million plus an extra $5 million targeting preservation/improvement of existing assisted housing.

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

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

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

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

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

19. Motion Picture Production:

Statutory Reference: R.I. Gen. Laws § 44-31.2-5 / R.I. Pub. Laws 2024, ch. 117, art. 7, § 21 / R.I. Pub. Laws 2024, ch. 211, § 1 and ch. 212 § 1 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 12

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 / 2025

Description: A 30% tax credit based on the amount of state-certified production costs directly attributable to activities within the state may be awarded to a motion picture production company, provided that the primary locations are within the state. The credit can be used against the business corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax. To qualify, the minimum total production budget must be at least $100,000 and the maximum credit allowed is $7 million per production. The tax administrator is granted authority to waive that cap for feature-length films or TV series. The credit can be transferred or sold to another Rhode Island taxpayer, and unused amounts of the credit can be carried forward for up to three succeeding tax years.

No more than $20 million in total credits may be issued for any tax year for motion picture production tax credits and/or musical and theatrical production tax credits. No specific amount shall be set aside for either type of production. The 2021 session increased the cap on credits for TY 2022 to $30 million. The 2022 session increased the cap to $40 million for each of TYs 2023 and 2024. In the 2025 session, the cap for TY 2022 was retroactivity increased from $30 million to $35 million and the cap for tax year 2023 was decreased from $40 million to $35 million. No credits shall be issued on or after July 1, 2029, unless the production has received initial certification prior to July 1, 2029.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$3,159,321	< 10
2022 Ins Co Gross Premiums Tax	$840,483	< 10
2022 Personal Income Tax	$1,851,640	41
2022 Total	**$5,851,444**	**> 41**
2023 Bank Tax	$4,800,000	< 10
2023 Business Corporation Tax	$2,964,053	< 10
2023 Ins Co Gross Premiums Tax	$3,226,875	< 10
2023 Personal Income Tax	$1,483,290	18
2023 Total	**$12,474,218**	**> 18**

Projection Methodology: TY 2024 actual amounts were provided by the Division of Taxation. The projection for TY 2025 - TY 2027 motion picture production tax credits is based on estimates prepared by the Office of Revenue Analysis for the November 2025 Revenue Estimating Conference for FY 2022 - FY 2025 for motion picture production projects that qualify under R.I. Gen. Laws Ch. 44-31.2 The allocation of the total amount of motion picture production tax credits to TY 2025 - TY 2027 was executed using the percentages derived for the allocation of motion picture production tax credits and the applying these percentages to the estimates for FY 2022 - FY 2025 for the included motion picture productions. Each fiscal year estimate was assumed be equally split into each calendar year within that fiscal year (e.g. FY 2025 includes CY 2024 and CY 2025). 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 22.5%; for business corporation tax the percentage is 48.7%; for bank (financial institutions) tax the percentage is 6.6%; and for insurance company gross premiums tax the percentage is 22.2%.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Bank Tax	$0	0
2024 Business Corporation Tax	$48,950	< 10
2024 Ins Co Gross Premiums Tax	$3,712,559	18
2024 Personal Income Tax	$4,912,014	60
2024 Total	**$8,673,523**	**> 78**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Bank Tax	$3,622,634	< 10
2025 Business Corporation Tax	$9,664,305	< 10
2025 Ins Co Gross Premiums Tax	$6,317,015	< 10
2025 Personal Income Tax	$6,149,174	40
2025 Projected Total	**$25,753,128**	**> 40**
2026 Bank Tax	$2,035,099	< 10
2026 Business Corporation Tax	$14,978,285	< 10
2026 Ins Co Gross Premiums Tax	$6,827,696	< 10
2026 Personal Income Tax	$6,940,742	40
2026 Projected Total	**$30,781,823**	**> 40**
2027 Bank Tax	$1,532,581	< 10
2027 Business Corporation Tax	$11,279,760	< 10
2027 Ins Co Gross Premiums Tax	$5,141,762	< 10
2027 Personal Income Tax	$5,226,893	40
2027 Projected Total	**$23,180,996**	**> 40**

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

Connecticut: Production companies incurring production expenses or costs between $100,000 and $500,000 may be eligible for a credit equal to 10% of production expenses or costs, between $500,000 and $1 million may be eligible for a credit equal to 15% of production expenses or costs, and more than $1 million may be eligible for a credit equal to 30% of production expenses or costs. To qualify for the credit, production companies must conduct at least 50% of the principal photography days within the state, expend at least 50% of post-production costs within the state, or expend at least $1 million of post-production costs within the state. No expenses or costs incurred outside the state and used within the state are eligible for the credit. No credit may be sold, assigned, or otherwise transferred, in whole or in part, more than three times. Issued credits can be carried forward for five income years. For income tax years commencing on or after January 1, 2019, for credits that are sold, assigned, or otherwise transferred, the taxpayer may only claim 92% to 95% of the credit value determined by the relationship between the buyer and the seller of the credit. Beginning in TY 2022, eligible production companies or other taxpayers claiming the credit (i.e., transferees) may only claim 78% of the credit's value when using it against the sales and use tax, and transferees may claim the credit against the tax only if there is at least 50% common ownership between the transferee and eligible production company that transferred the credit. The limitation on the amount of credit that can be claimed against sales and use tax increases from 78% to 92% for TY 2024 and TY 2025.

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

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

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

Massachusetts: A taxpayer engaged in the making of a motion picture is allowed a credit equal to 25% of the total aggregate payroll paid by a motion picture production company and constitutes Massachusetts source income (excluding any employee whose salary is equal to or greater than $1 million) if total in-state production costs are at least $50,000. In addition, a taxpayer whose in-state production expenses exceed 50% of the total production expenses for a motion picture or who shoots at least 50% of the total principal photography days of the film in Massachusetts is entitled to an additional credit equal to 25% of all Massachusetts production expenses, excluding the payroll expenses. They are also allowed a credit equal to 25% of the total aggregate payroll paid by a motion picture production company that constitutes Massachusetts source income. Effective January 1, 2022, a taxpayer must have 75% of production expenses attributable to Massachusetts to be eligible for the additional credit. These tax credits are refundable, may be carried forward up to five subsequent taxable years, and have been made permanent.

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

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

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

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

Year Enacted / Last Year Amended: 1981 / 2006

Description: All motor carriers are entitled to a credit against the motor carrier fuel use tax imposed on motor fuel purchased within the state but used outside of the state for its operations, provided that the tax imposed by the laws of the State of Rhode Island has been paid by the motor carrier on said fuel. The credit is equal to the tax rate per gallon of motor fuel in effect when the fuel was purchased. The tax rate per gallon of motor fuel was $0.37 since July 2023. The rate increased to $0.40 per gallon as of July 1, 2025.

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

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

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Motor Carrier Fuel Use Tax	$3,250,114	1,114
2023 Motor Carrier Fuel Use Tax	$4,033,132	1,094

Projection Methodology: The number of taxpayers and revenue forgone for TY 2024 is the number of IFTA carriers as provided by Taxation as of November 2025. The projected revenue forgone for TY 2025 – TY 2027 is the average amount of revenue forgone for each taxpayer in TY 2024 multiplied by the number of IFTA carriers for TY 2024. TY 2025 – TY 2027 revenue forgone amounts and number of taxpayers are held constant.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Motor Carrier Fuel Use Tax	$4,076,943	1,048
2025 Motor Carrier Fuel Use Tax	$3,970,246	1,048
2026 Motor Carrier Fuel Use Tax	$3,970,246	1,048
2027 Motor Carrier Fuel Use Tax	$3,970,246	1,048

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

21. Musical and Theatrical Production:

Statutory Reference: R.I. Gen. Laws § 44-31.3-2 / R.I. Pub. Laws 2024, ch. 117, art. 7, § 22 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 12

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 / 2025

Description: This credit is equal to 30% of the production and performance expenditures and transportation expenditures directly attributable to activities in the state for a live stage production in a qualified production facility. The credit is allowed against the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and the personal income tax. To qualify, the minimum production budget must be $100,000, and the maximum credit allowed is $5 million per production.

No more than $20 million 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. The 2021 session increased the cap on credits for TY 2022 to $30 million. The 2022 session increased the cap to $40 million for each of TYs 2023 and 2024. In the 2025 session, the cap for TY 2022 was retroactivity increased from $30 million to $35 million and the cap for tax year 2023 was decreased from $40 million to $35 million. No credits shall be issued on or after July 1, 2029, unless the production has received initial certification prior to July 1, 2029.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$0	0
2022 Ins Co Gross Premiums Tax	$360,000	< 10
2022 Personal Income Tax	$0	0
2022 Public Service Corporation Tax	$0	0
2022 Total	**$360,000**	**< 10**
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$0	0
2023 Ins Co Gross Premiums Tax	$0	0
2023 Personal Income Tax	$294,736	< 10
2023 Public Service Corporation Tax	$0	0
2023 Total	**$294,736**	**< 10**

Projection Methodology: TY 2024 amount of credit and number of taxpayers is what was reported at the November 2025 REC. The projection for TY 2025 - 2027 musical and theatrical production tax credits is based on a three year average of TY 2022 – TY 2024. The projected number of taxpayers is held constant using TY 2022 and TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Bank Tax	$0	0
2024 Business Corporation Tax	$0	0
2024 Ins Co Gross Premiums Tax	$339,890	< 10
2024 Personal Income Tax	$59,454	< 10
2024 Public Service Corporation Tax	$0	0
2024 Total	**$399,344**	**< 10**
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$0	0
2025 Ins Co Gross Premiums Tax	$233,297	< 10
2025 Personal Income Tax	$118,063	< 10
2025 Public Service Corporation Tax	$0	0
2025 Projected Total	**$351,360**	**< 10**
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$0	0
2026 Ins Co Gross Premiums Tax	$233,297	< 10
2026 Personal Income Tax	$118,063	< 10
2026 Public Service Corporation Tax	$0	0
2026 Projected Total	**$351,360**	**< 10**
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$0	0
2027 Ins Co Gross Premiums Tax	$233,297	< 10
2027 Personal Income Tax	$118,063	< 10
2027 Public Service Corporation Tax	$0	0
2027 Projected Total	**$351,360**	**< 10**

Law Comparison: Only Connecticut has a similar provision.

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

Connecticut Statutes: Conn. Gen. Stat. § 10-419

22. New Qualified Jobs Incentive Act:

Statutory Reference: R.I. Gen. Laws Chapter 44-48.3 / R.I. Pub. Laws 2025, ch. 278, art. 6, § 16

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 / 2025

Description: A qualifying business may receive a tax credit of at least $2,500 a year for each new full-time job created where the employee works at least 35 hours a week and whose wages are subject to withholding. The credit amount can increase if the business meets certain criteria. For each application approved after July 1, 2019, the tax credit is capped at 75% of the reasonable withholding received by the state for each new full-time job created or $7,500, whichever is greater.

Administered by CommerceRI, the program may provide tax credits to eligible businesses for a period of up to 10 years. An eligible business under the program is allowed a credit against the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax. The tax can be carried forward for the succeeding four years. In addition, the tax credit can be redeemed for cash in whole or in part for 90% of the value of the tax credit (reported below as refund option).

The New Qualified Jobs Incentive tax credit sunset is December 31, 2026.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$821,461	< 10
2022 Ins Co Gross Premiums Tax	$0	0
2022 Personal Income Tax	$488,420	< 10
2022 Public Service Corporation Tax	$0	0
2022 Refund Option	$2,542,340	< 10
2022 Total	**$3,852,221**	**< 10**

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$627,754	< 10
2023 Ins Co Gross Premiums Tax	$0	0
2023 Personal Income Tax	$1,166,891	13
2023 Public Service Corporation Tax	$0	0
2023 Refund Option	$0	0
2023 Total	**$1,794,645**	**> 13**

Projection Methodology: TY 2024 is as provided by the Division of Taxation, with data as of November 2025. The projection for TY 2025 – TY 2027 is based on information provided by CommerceRI in their testimony at the November 2025 REC. CommerceRI reported future credit activity in fiscal years. ORA calculated a CY amount by taking half of each fiscal year the calendar year spanned. The distribution between tax types of projected revenue forgone was calculated based on data from TY 2022 - TY 2024. ORA assumed no tax type would have more than 10 taxpayers in any given calendar year.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Bank Tax	$0	0
2024 Business Corporation Tax	$358,523	< 10
2024 Ins Co Gross Premiums Tax	$0	0
2024 Personal Income Tax	$160,257	< 10
2024 Public Service Corporation Tax	$0	0
2024 Refund Option	$182,189	< 10
2024 Total	**$700,969**	**< 10**
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$1,152,052	< 10
2025 Ins Co Gross Premiums Tax	$0	0
2025 Personal Income Tax	$1,996,971	< 10
2025 Public Service Corporation Tax	$0	0
2025 Refund Option	$709,958	< 10
2025 Projected Total	**$3,858,981**	**< 10**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$1,463,057	< 10
2026 Ins Co Gross Premiums Tax	$0	0
2026 Personal Income Tax	$2,536,068	< 10
2026 Public Service Corporation Tax	$0	0
2026 Refund Option	$901,616	< 10
2026 Projected Total	**$4,900,741**	**< 10**
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$1,630,621	< 10
2027 Ins Co Gross Premiums Tax	$0	0
2027 Personal Income Tax	$2,826,524	< 10
2027 Public Service Corporation Tax	$0	0
2027 Refund Option	$1,004,878	< 10
2027 ProjectedTotal	**$5,462,023**	**< 10**

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

Connecticut: Under the Jobs CT tax rebate program, effective January 1, 2023, qualified businesses that create jobs in the state may be allowed a tax rebate, which may be treated as a credit against the corporation business tax or pass-through entity tax or an offset of the insurance companies tax on premiums, for reaching certain job creation targets. A qualified business may be allowed a rebate of 50% of the income tax that would be paid on the average wage for new FTEs that were created or maintained in an opportunity zone or distressed municipality or 25% of the income tax that would be paid on the average wage for new FTEs that were created or maintained in a location other than an opportunity zone or distressed municipality. On and after January 1, 2025, an approved qualified business that employs at least one new FTE who resides in a concentrated poverty census tract may be allowed an additional rebate equal to 50% of the income tax that would be paid on the wages paid to such individual. A maximum of $40 million in credits may be issued in a given fiscal year. Rebates are limited to seven consecutive years.

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

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

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

Massachusetts: The Economic Development Incentive Program credit provisions include certified job creation projects, with a credit up to $5,000 per job created. Criteria such as job creation or capital investment used to certify credit eligible projects are dependent upon the type of project. Credits are not transferable but may be refundable only for certain designated projects. Credits are subject to a yearly cap of $30 million per year, with a max maximum of $5 million per year in refundable credits.

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

New Hampshire: New Hampshire provides for a tax credit to businesses who hire new, full-time, year-round employees in Coos County for work directly in one or more business activities. To qualify, an employee must be paid actual wages equal to or greater than 150% of the current state minimum wage. A qualified tax credit employee does not include an employee who is: (a) shifted to a new position because of a merger, acquisition, or restructuring; (b) laid-off and rehired within 270 days to the same or a similar position; or (c) not on the employer's payroll for at least 90 days prior to the date on which the employer claims the credit for the first tax period. The tax credit is renewable for four consecutive additional tax years and can be carried forward for up to five years. No credits may be granted after December 31, 2027.

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

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

Vermont also provides a performance-based employment growth incentive to be taken against a business' withholding tax due upon approval. The value of the incentives is dependent upon the net fiscal benefit resulting from projected qualifying payroll and qualifying capital investment. An incentive ratio is applied to the net fiscal benefit generated by a cost-benefit model in order to determine the maximum award for each application it approves. An incentive percentage for each approved application is calculated by dividing the authorized award amount by the five-year sum of all payroll targets. The council may authorize incentives in excess of net fiscal benefit multiplied by the incentive ratio not to exceed an annual authorization established by law.

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

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

23. Property Tax Relief:

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

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

Year Enacted / Last Year Amended: 1977 / 2022

Description: Rhode Island full-year residents with total annual household income of $35,000 or less are entitled to a refundable credit against the personal income tax equal to the amount by which the property taxes accrued or rent constituting property taxes accrued upon the claimant's homestead for the taxable year exceeds a certain percentage of the claimant's total household income. The percentage is based upon income level and household size. This credit is available only to those taxpayers who were over the age of 65 and/or disabled. The credit is computed based on the following table:

Income Range	1 Person	2 or More Persons
Less than $6,000	3%	3%
$6,001 to $9,000	4%	4%
$9,001 to $12,000	5%	5%
$12,001 to $15,000	6%	5%
$15,001 to $35,000	6%	6%

The credit is capped at $600 per household as of TY 2022, with that cap indexed to inflation. For TY 2025, the cap was $700.

Data Source: Division of Taxation, November 2025 Revenue Estimate Conference (REC) testimony.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$5,293,600	12,321
2023 Personal Income Tax	$5,868,369	12,221

Projection Methodology: TY 2024 is as reported at the November 2025 REC. Revenue forgone for TY 2025 - TY 2027 is grown by Moody's Analytics CPI-U forecast as adopted at the November 2025 REC. The number of taxpayers is held constant.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$5,965,115	11,748
2025 Personal Income Tax	$6,147,222	11,748
2026 Personal Income Tax	$6,363,069	11,748
2027 Personal Income Tax	$6,515,677	11,748

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

Connecticut: The tax credit is a maximum of $200 with a phase out income schedule based on filing status through TY 2021. Beginning in TY 2022, the credit maximum is $300 for TY 2022. For the tax years 2017-2021, eligibility for the credit is limited to taxpayers who are 65 years of age or older or validly claim at least one dependent on their federal income tax return for that year.

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

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

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

For tax years beginning on or after January 1, 2024, the property tax fairness credit is increased for individuals 65 years of age or older by 1) increasing the maximum benefit base to $4,000, regardless of the individual's filing status and number of qualifying children and other dependents, and 2) increasing the maximum benefit from $1,500 to $2,000. The benefit base amount is adjusted annually for inflation for tax years beginning after 2024. Effective October 25, 2023.

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

Massachusetts: Massachusetts' provisions include a credit available only to taxpayers 65 and older who rent or own a residential property located in Massachusetts (owners must reside in the property as a principal residence). The credit is equal to the amount by which the real estate tax payment, or 25% of the rent constituting the real estate tax payment, exceeds 10% of the taxpayer's total income, not to exceed a certain threshold ($1,170 for TY 2021). There are income limits based on filing status, as well as a property value limitation. All threshold figures are subject to inflation. For TY 2021, income limits are: $62,000 for single filers, $78,000 for head of household filers, and $93,000 for joint filers. The assessed valuation of the residence cannot exceed $884,000. This credit was increased to $2,400 and indexed to inflation, retroactive to January 1, 2023.

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

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

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

24. Rebuild Rhode Island:

Statutory Reference: R.I. Gen. Laws ch. 42-64.20 / R.I. Pub. Laws 2025, ch. 278, art. 6, § 5 / R.I. Pub. Laws 2025, ch. 454, § 1

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 / 2025

Description: In general, this program offers tax credits against the business corporation tax, public service corporation tax, bank excise tax, insurance company gross premiums tax, and personal income tax for certain commercial developments that have a financing gap. The project cost must be at least $5 million. The maximum credit is the lesser of 30% of the total project cost, or the amount needed to close a project financing gap. The credit is capped at $15 million for any qualified development project, including projects completed in phases or in multiple projects and the amounts awarded for any sales and use tax exemptions. However, projects that would develop land or buildings on the I-195 land as a separate qualified development project may be exempt from the maximum credit allowed of 30% of the total project cost if it is less than the amount needed to close a project funding gap. The maximum aggregate tax credit amount is set at $210 million, excluding credits issued for projects on the I-195 land, but was increased to $225 million in the 2023 session. For projects involving the development of housing or mixed use projects with housing, sales and tax exemptions of 30% of the maximum project credit will be allowed, in addition to the $15 million cap per project, if the project meets certain affordable housing or workforce housing development requirements and the purchases are made by June 30, 2028.

The credit allowed cannot reduce the tax due for any taxable year by more than 50% of the tax liability that would be payable and, for corporations, to no less than the corporate minimum tax as set in R.I. Gen. Laws § 44-11-2(e). The amount that exceeds the taxpayer's tax liability may be carried forward for up to four years, and credits may also be assigned or sold. The program is administered by CommerceRI. At the discretion of CommerceRI, projects eligible for the tax credit may be exempt from sales and use tax on certain items used in the project. Finally, the credit recipient may also request a refund of their credits in whole or in part for 90% of the credit amount.

The sunset date was extended to December 31, 2026.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$330,626	< 10
2022 Ins Co Gross Premiums Tax	$7,216,108	24
2022 Personal Income Tax	$417,223	17
2022 Public Service Corporation Tax	$0	0
2022 Refund Option	$4,861,627	< 10
2022 Total	**$12,825,584**	**> 41**
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$307,317	< 10
2023 Ins Co Gross Premiums Tax	$7,920,194	25
2023 Personal Income Tax	$2,107,968	17
2023 Public Service Corporation Tax	$0	0
2023 Refund Option	$3,851,253	< 10
2023 Total	**$14,186,732**	**> 42**

Projection Methodology: TY 2024 projected revenue forgone amounts and the number of taxpayers were reported by the Division of Taxation and are accurate as of November 2025. For TY 2025 - TY 2027 projections of revenue forgone, ORA applied the three-year average of growth of anticipated Rebuild tax credits as reported by CommerceRI to TY 2024 amounts. For the projected number of taxpayers for all tax types except the refund option, ORA applied the three-year average of growth of the number of certified Rebuild projects as reported by CommerceRI to TY 2024 number of taxpayers or held the number of taxpayers constant with TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Bank Tax	$0	0
2024 Business Corporation Tax	$257	< 10
2024 Ins Co Gross Premiums Tax	$4,749,238	12
2024 Personal Income Tax	$264,366	< 10
2024 Public Service Corporation Tax	$0	0
2024 Refund Option	$3,385,923	< 10
2024 Total	**$8,399,784**	**> 12**
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$84,203	< 10
2025 Ins Co Gross Premiums Tax	$4,352,170	20
2025 Personal Income Tax	$910,386	< 10
2025 Public Service Corporation Tax	$0	0
2025 Refund Option	$2,261,490	< 10
2025 Projected Total	**$7,608,249**	**> 20**
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$97,901	< 10
2026 Ins Co Gross Premiums Tax	$5,060,184	20
2026 Personal Income Tax	$1,058,489	< 10
2026 Public Service Corporation Tax	$0	0
2026 Refund Option	$2,629,391	< 10
2026 Projected Total	**$8,845,964**	**> 20**
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$159,035	< 10
2027 Ins Co Gross Premiums Tax	$8,220,000	20
2027 Personal Income Tax	$1,719,459	< 10
2027 Public Service Corporation Tax	$0	0
2027 Refund Option	$4,271,306	< 10
2027 Projected Total	**$14,369,800**	**> 20**

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

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

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

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

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

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

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

25. Research and Development Expense:

Statutory Reference: R.I. Gen. Laws ch. 44-32-3 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 13

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / 2025

Description: A taxpayer is allowed a credit against the business corporation tax and insurance company gross premiums tax for the excess, if any, of the qualified research expenses for the taxable year over the base period research expenses, where qualified and base period research expenses are as defined in 26 U.S.C. § 41. The amount of credit is equal to 22.5% of expenses for the first $25,000 worth of credit taken and 16.9% of expenses for any amount of applicable credit above $25,000.

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

Effective January 1, 2026, carryforwards are allowed up to 15 years.

Data Source: Rhode Island Division of Taxation's testimony at the November 2025 Revenue Estimating Conference

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Business Corporation Tax	$5,373,158	82
2022 Ins Co Gross Premiums Tax	$850,461	< 10
2022 Total	**$6,223,619**	**> 82**
2023 Business Corporation Tax	$4,869,980	77
2023 Ins Co Gross Premiums Tax	$799,190	< 10
2023 Total	**$5,669,170**	**> 77**

Projection Methodology: TY 2024 credit amount and number of taxpayers are what was reported at the November 2025 REC. TY 2025 - TY 2027 forgone revenue amounts and number of taxpayers are equal to the TY 2022 – TY 2024 average amount of revenue forgone and count of taxpayers. If the count of taxpayers provided by the Division of Taxation was < 10 and otherwise unknown, ORA held it constant using TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Business Corporation Tax	$3,240,312	69
2024 Ins Co Gross Premiums Tax	$1,001,301	< 10
2024 Total	**$4,241,613**	**> 69**
2025 Business Corporation Tax	$4,494,483	76
2025 Ins Co Gross Premiums Tax	$883,651	< 10
2025 Projected Total	**$5,378,134**	**> 76**
2026 Business Corporation Tax	$4,494,483	76
2026 Ins Co Gross Premiums Tax	$883,651	< 10
2026 Projected Total	**$5,378,134**	**> 76**
2027 Business Corporation Tax	$4,494,483	76
2027 Ins Co Gross Premiums Tax	$883,651	< 10
2027 Projected Total	**$5,378,134**	**> 76**

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

Connecticut: A corporation may receive a credit against its corporation business tax equal to 20% of the amount by which research and experimental expenditures, as defined in § 174 of the Internal Revenue Code, in the current income year exceed expenditures in the preceding year. Unused credits may be carried forward for 15 years.

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

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

Connecticut Statute: Conn. Gen. Stat. §§ 12-217j, 12-217n, 12-217ee, 12-217zz(a)(4)

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

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

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

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

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

New Hampshire: There is a research and development tax credit for qualified manufacturing research and development expenditures made or incurred during the fiscal year. The aggregate of tax credits is capped at $7,000,000 for any fiscal year. Credit can be carried forward for the subsequent five tax years. The amount of the credit is lesser of: (A) 10% of the excess of the qualified manufacturing research and development expenses for the taxable year over the base amount; (B) the proportional share of the maximum aggregate credit amount; and (C) $50,000.

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

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

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

26. Research and Development Property:

Statutory Reference: R.I. Gen. Laws ch. 44-32-2 / R.I. Pub. Laws 2025, ch. 278, art. 5, § 13

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / 2025

Description: A taxpayer is allowed a credit against the business corporation tax and insurance company gross premiums tax for tangible personal property and other tangible property, including buildings and structural components of buildings. The property must be depreciable or a recovery property as determined under 26 U.S.C. § 167 and § 168, have a useful life of at least three years, have a situs in the state, and be used principally for purposes of research and development in the experimental or laboratory sense. The amount of credit is equal to 10% of the cost or other basis for federal income tax purposes of the property.

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

No credits are allowed after January 1, 2026. Credits allowed for tax years though 2025 can still be carried forward.

Data Source: Rhode Island Division of Taxation's testimony at the November 2025 Revenue Estimating Conference

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Business Corporation Tax	$268,386	< 10
2022 Ins Co Gross Premiums Tax	$0	0
2022 Total	**$268,386**	**< 10**
2023 Business Corporation Tax	$41,911	< 10
2023 Ins Co Gross Premiums Tax	$0	0
2023 Total	**$41,911**	**< 10**

Projection Methodology: TY 2024 amount of credit and number of taxpayers are what was reported at the November 2025 REC. TY 2025 forgone revenue amounts and number of taxpayers are equal to the TY 2022 – TY 2024 average amount of revenue forgone and count of taxpayers. If the count of taxpayers provided by the Division of Taxation was < 10 and otherwise unknown, ORA held it constant using TY 2024. Since no credits are allowed after January 1, 2026, the projection for TY 2026 – TY 2027 is held at 0. There might be small unknown usage for prior carryforwards.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Business Corporation Tax	$56,417	< 10
2024 Ins Co Gross Premiums Tax	$0	0
2024 Total	**$56,417**	**< 10**
2025 Business Corporation Tax	$122,238	< 10
2025 Ins Co Gross Premiums Tax	$0	0
2025 Projected Total	**$122,238**	**< 10**
2026 Business Corporation Tax	$0	0
2026 Ins Co Gross Premiums Tax	$0	0
2026 Projected Total	**$0**	**0**
2027 Business Corporation Tax	$0	0
2027 Ins Co Gross Premiums Tax	$0	0
2027 Projected Total	**$0**	**0**

Law Comparison: Only Maine has a similar provision.

Maine: Maine has a capital investment credit based on the amount of federal bonus depreciation for eligible property. For individual and corporate taxpayers, the credit percentage is 1.2% for tax years through 2024. For credits for investments, taxpayers can recapture the disallowed federal depreciation that represents the credit base in future tax years. The credit is not refundable, but any unused portions may be carried forward for a period not to exceed 20 years. The credit is not limited to research and development property. This credit was repealed for tax years beginning on or after January 1, 2025, except that unused credit amounts may be utilized to the fullest extent allowed by the carryforward provisions for the credit.

For tax years beginning on or after January 1, 2025, the Dirigo Business Incentives program (DIRIGO) income tax credit may be claimed by qualified businesses that have been certified under the program and who make eligible capital investments in eligible business property or provide qualified training to its employees within Maine. An eligible capital investment includes that portion of expenditures exceeding $50,000 by a certified business for eligible business property placed in service during the tax year. Eligibility is limited to certain sectors. The credit is 10% of the eligible capital investment for property placed in service in Maine during the taxable year outside of Cumberland, Sagadahoc, and York counties; plus 5% of eligible capital investment in property placed in service during the taxable year in Cumberland, Sagadahoc, and York counties; and plus $2,000 for each qualified employee that completes a qualified training program during the tax year. The credit is limited to $2 million and is refundable up to $500,000 for any given tax year. Unused portions may be carried forward up to 4 succeeding tax years.

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

27. Residential Renewable Energy System:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2000 / 2009

Description: An eligible person who pays all or part of the cost of an eligible renewable energy system is allowed a credit of 25% of the cost of the system against the business corporation tax. The eligible renewable energy systems and their respective maximum costs are: $15,000 for a photovoltaic system, $7,000 for a solar domestic hot water system, $15,000 for an active solar heating system, $7,000 for a geothermal system, and $15,000 for a wind-energy system. Renewable energy systems with cost in excess of these maximums will receive a credit of 25% of the maximum allowable system cost. The tax credit cannot lower the claimant’s tax liability to below the corporate minimum, and unused amounts of the credit cannot be carried forward.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

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

Projection Methodology: Amount of credit and number of taxpayers is held constant with TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Business Corporation Tax	$0	0
2025 Business Corporation Tax	$0	0
2026 Business Corporation Tax	$0	0
2027 Business Corporation Tax	$0	0

Law Comparison: Only Massachusetts has a similar provision.

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

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

28. Rhode Island Small Business Development Fund:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2019 / R.I. Pub. Laws 2024, ch. 117, art. 7, § 16

Description: Under the Rhode Island Small Business Development Fund tax credit program, a small business fund investor upon making a capital investment is eligible for a nonrefundable tax credit against the insurance company gross premiums tax. An eligible business is defined as a business that at the time of initial qualified investment had less than 250 employees, had its principal business operations in the state, had $15 million or less in net income from the preceding tax year, and was engaged in industries listed in R.I. Gen. Laws § 42-64.33-2(6)(iv).

The credit amount is equal to 64.5% of the investment, spread in equal installments during the fourth, fifth, and sixth year after the investment (no credit is allowed in for year of the investment and the subsequent two years). Total investments under this program were initially capped at $65 million, equating to credits of $41.9 million. The 2024 session lowered the investment cap to $40 million, which caps total credits at $25.8 million. Any unused amount of credit may be carried forward for a period of seven years.

This tax credit program allows the State to recapture tax credit amounts if the small business fund investor fails to meet some or all requirements of the program.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Ins Co Gross Premiums Tax	$0	0
2023 Ins Co Gross Premiums Tax	$0	0

Projection Methodology: Investments totaling $20 million for the fund were announced in 2020, with a second fund of an additional $20 million announced in 2024. The law allows a credit equal to 21.5% of the investment in the fourth through sixth year after the initial investment.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Ins Co Gross Premiums Tax	$4,300,000	< 10
2025 Ins Co Gross Premiums Tax	$4,300,000	< 10
2026 Ins Co Gross Premiums Tax	$4,300,000	< 10
2027 Ins Co Gross Premiums Tax	$4,300,000	< 10

Law Comparison: Maine has a similar provision.

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

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

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

29. Stay Invested in RI Wavemaker Fellowship:

Statutory Reference: R.I. Gen. Laws ch. 42-64.26 / R.I. Pub. Laws 2024, ch. 117, art. 7, § 11 / R.I. Pub. Laws 2025, ch. 278, art. 6, §§ 11-12

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 / 2025

Description: The Stay Invested in RI Wavemaker Fellowship (Wavemaker) program provides a tax credit that can be claimed by an applicant who graduated from an accredited post-secondary institution of higher learning with an associate's, bachelor's, graduate, or post-graduate degree and at which the applicant incurred education loan repayment expenses. The taxpayer must be a full-time employee with a Rhode Island-based employer located in the State for a term of up to four consecutive 12-month periods and work in one or more of the following covered fields: life, natural or environmental sciences; computer, information or software technology; advanced mathematics or finance; engineering; industrial design or other commercially related design field; or medicine or medical device technology. The 2023 session expanded the program to teachers and healthcare applicants.

The maximum amount of credit that can be granted by CommerceRI to an applicant is $1,000 for an associate degree holder, $4,000 for a bachelor's degree holder, and $6,000 for a graduate or post-graduate degree holder. Credit amounts may not exceed the education loan repayment expenses incurred by such applicant during each 12-month period. The credit is allowed against the personal income tax. The fellowship recipient may also request a refund of their credits, in whole or in part, for 100% of the credit amount.

The Stay Invested in RI Wavemaker Fellowship tax credit sunsets after December 31, 2026.

Data Source: Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$25,502	< 10
2022 Refund Option	$508,603	158
2022 Total	**$534,105**	**> 158**
2023 Personal Income Tax	$39,289	13
2023 Refund Option	$410,348	117
2023 Total	**$449,637**	**130**

Projection Methodology: TY 2024 revenue forgone amounts and number of taxpayers are as provided by the Division of Taxation. For TY 2025 - TY 2027, revenue forgone and number of taxpayers use the TY 2022 – TY 2024 average amount of revenue forgone and count of taxpayers. In addition, ORA added revenue forgone amounts according to additional appropriations made to the Stay Invested in RI Wavemaker Fellowship Fund, compared to FY 2023, of $4,000,000 for FY 2024 and $4,076,400 for FY 2025. FY 2026 and FY 2027 are assumed to be $2,566,621. These additional appropriations are assumed to be entirely due to the expansion of the program to new taxpayers. For the FY 2025 additional amount, half was assumed to be taken in TY 2025 and was added to the base projection. For FY 2026, half was assumed to be taken in TY 2026 and the other half in TY 2027. ORA followed the same methodology to calculate the additional revenue forgone amounts based on the FY 2026 and FY 2027 figures. These figures were then allocated to personal income tax and the refund option by applying the average three-year revenue forgone figures for each tax type. To estimate the additional number of taxpayers impacted by this expansion, ORA calculated the three-year revenue forgone amount for each taxpayer who had a tax benefit from the Wavemaker program and divided the additional revenue forgone totals by this figure.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$85,205	28
2024 Refund Option	$409,222	117
2024 Total	**$494,427**	**145**
2025 Personal Income Tax	$181,212	19
2025 Refund Option	$3,199,682	163
2025 Projected Total	**$3,380,895**	**182**
2026 Personal Income Tax	$134,790	19
2026 Refund Option	$2,316,675	163
2026 Projected Total	**$2,451,465**	**182**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2027 Personal Income Tax	$133,736	19
2027 Refund Option	$1,975,193	163
2027 Projected Total	**$2,108,929**	**182**

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

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

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

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

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

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

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

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

30. Tax on Net Estate of Decedent:

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

Year Enacted / Last Year Amended: 1985 / 2014

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

Year of Death of Decedent	*Credit Amount*	*Threshold Amount*
2021	$70,490	$1,595,156
2022	$74,300	$1,648,611
2023	$80,395	$1,733,264
2024	$83,370	$1,774,583

Data Source: Rhode Island Division of Taxation

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Estate and Transfer Tax	$16,415,795	234
2023 Estate and Transfer Tax	$17,789,215	243

Projection Methodology: Projected revenue forgone amounts and number are taxpayers were grown by the Moody's Analytics forecast of the consumer price index – for all urban consumers (CPI-U) and Rhode Island population 65+, respectively, provided for the November 2025 Revenue Estimating Conference.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Estate and Transfer Tax	$21,204,836	271
2025 Estate and Transfer Tax	$21,852,192	280
2026 Estate and Transfer Tax	$22,619,488	287
2027 Estate and Transfer Tax	$23,161,977	293

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

Connecticut: For decedents dying on or after January 1, 2021, if the taxable estate is not over $7.1 million than there is no estate tax owed. For anything over $7.1 million, Connecticut taxes the amount in a graduated rate schedule from 10% to 12% on the excess over $10.1 million. Through tax year 2022, the estate tax threshold increased annually until it matched the federal threshold ($12.92 million for TY 2023) and is then indexed to inflation.

Connecticut Statute: Conn. Gen. Stat. § 12-391

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

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

Massachusetts: Massachusetts has an exclusion amount of $1.0 million. ORA calculates the Rhode Island credit equivalent of such an exemption would be $33,200. For estates in which the death occurred after January 1, 2023, the exclusion amount is increased to $2.0 million. This exclusion is effectuated through a new tax credit, capped at $99,600, that is available to all estate tax filers.

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

Vermont: Vermont has an independent estate tax rate schedule and exemption amount. Estates have an exemption amount of $5 million and are taxed at 16% for any value over that.

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

31. Taxes Paid to Other States:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / 1972

Description: A resident shall be allowed a credit against the personal income tax for the aggregate of net income taxes imposed for the taxable year by other states and the District of Columbia, provided that such taxes are imposed irrespective of the residence of the taxpayer. The credit shall not exceed the proportion of the taxpayer's Rhode Island personal income tax derived from Rhode Island income and taxed by the other state in the same taxable year.

Data Source: Office of Revenue Analysis (ORA) calculations based on TY 2022 and TY 2023 personal income tax data.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$274,648,995	99,023
2023 Personal Income Tax	$270,252,881	96,845

Projection Methodology: The average two-year growth rate for revenue forgone was applied to TY 2023 amounts to project TY 2024 – TY 2027. The number of taxpayers were held constant to TY 2023.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$269,430,501	96,845
2025 Personal Income Tax	$269,430,501	96,845
2026 Personal Income Tax	$269,430,501	96,845
2027 Personal Income Tax	$269,430,501	96,845

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

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

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

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

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

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

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

<u>Vermont</u>: Vermont's provisions also include credit for the income taxes of all territories or possessions of the United States, the District of Columbia, and a limited credit for the income taxes of the Canadian provinces.

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

DEDUCTIONS

1. Accelerated Amortization for Certain Manufacturers:

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

Stated Purpose: No stated purpose given in law.

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

Description: Any business corporation taxpayer engaged in manufacturing in Rhode Island may elect to amortize the unrecovered basis of all or part of its depreciable assets over a 60-month period in equal monthly installments if said taxpayer is anticipating the need to reduce its dependence on sales to the United States Armed Services. Eligible taxpayers must have on average over the five previous years, annually produced goods at facilities located in Rhode Island that generated net sales of at least $10 million and where at least 80% of that production has been for eventual sale to a branch of the United States armed services. Once this election is made, the company must maintain an average of 1,000 employees. For every reduction of 100 full-time employees below that level, the company forfeits 20% of the tax benefit derived from this election.

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

Reliability Index: 5

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

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

2. Alimony Paid (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / U.S. Public Law 115–97

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2017

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

Federal AGI includes a deduction for alimony paid under divorce or separate maintenance decrees or written separation agreements between the taxpayer and the taxpayer's spouse or former spouse that were entered into prior to January 1, 2019. The Tax Cuts and Jobs Act of 2017 eliminated the federal deduction for alimony paid effective for divorce or separation agreements entered into in tax years beginning after December 31, 2018. The passage of this act effectively eliminated the deduction of alimony paid for Rhode Island personal income tax purposes for these same divorce and separation agreements. Any revenue forgone is the result of agreements from 2018 and earlier.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$1,198,764	967
2023 Personal Income Tax	$994,502	796

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers applies the percentage decline in revenue forgone and number of taxpayers realized from TY 2022 to TY 2023 to the revenue forgone and number of taxpayers reported for TY 2023. ORA utilized half of the decline realized from TY 2022 to TY 2023 and applied it consecutively to estimate a further decline in usage for TY 2025, TY 2026, and TY 2027.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$825,046	655
2025 Personal Income Tax	$754,755	597
2026 Personal Income Tax	$690,452	544
2027 Personal Income Tax	$631,628	496

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 alimony paid.

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

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

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

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

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1966 / 2000

Description: A business corporation taxpayer may elect a special 60-month amortization deduction for the cost of facilities used to prevent or treat air or water pollution, or to control hazardous solid waste from industrial processes. Instead of taking standard depreciation, taxpayers may amortize the adjusted basis of qualifying ”treatment” or ”prevention” facilities over 5 years. Eligibility requires certification and approval from the state Department of Environmental Management. The total amortization and depreciation deduction cannot exceed the cost and requires recapture of excess deductions as taxable income upon sale or disposition.

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

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Business Corporation Tax	$351,036	< 10
2023 Business Corporation Tax	$0	0

Projection Methodology: TY 2024-TY 2027 forgone revenue amounts and number of taxpayers is the average forgone revenue and number of taxpayers from TY 2020-TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Business Corporation Tax	$87,899	< 10
2025 Business Corporation Tax	$87,899	< 10
2026 Business Corporation Tax	$87,899	< 10
2027 Business Corporation Tax	$87,899	< 10

Law Comparison: Only Maine and Massachusetts have similar provisions.

Maine: Sales of parts or accessories of a certified facility, materials for the construction, repair or maintenance and chemicals or supplies that are integral to the effectiveness of a certified air or water pollution control facilities are exempt from sales and use taxes.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(29)–(30)

Massachusetts: Taxpayers may elect to amortize the cost of a certified pollution control facility over a 5-year period, allowing for an accelerated recovery of these costs.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 30.3 and 26 U.S.C. § 169

4. Archer Medical Savings Account (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 26 U.S.C. § 220

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2020

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

The determination of federal AGI includes a deduction for Archer Medical Savings Accounts (MSAs), which allows eligible individuals to deduct contributions made to an Archer MSA whether made by the individual or on their behalf by an employer. The deductible amount is limited to a percentage of the health plan's annual deductible and employer contributions must be taken into account when calculating the allowable deduction. Earnings in an Archer MSA grow tax-free and distributions used for qualified medical expenses are excluded from income, while nonqualified withdrawals are taxable and generally subject to an additional penalty. Although Archer MSAs were largely superseded by Health Savings Accounts (HSAs) and no new MSAs may be established, eligible taxpayers who maintain existing Archer MSAs may continue to claim the deduction.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$450	< 10
2023 Personal Income Tax	$451	< 10

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers applies the percentage decline in revenue forgone and number of taxpayers realized from TY 2022 to TY 2023 to the revenue forgone and number of taxpayers reported for TY 2023. TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$451	< 10
2025 Personal Income Tax	$451	< 10
2026 Personal Income Tax	$451	< 10
2027 Personal Income Tax	$451	< 10

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 Archer MSAs.

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

Massachusetts: Massachusetts' provisions include a deduction for Archer Medical Savings Account contributions for individuals who were active MSA participants before January 1, 2001.

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

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of Archer MSAs.

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

5. Cannabis Business Expenses Deduction:

Statutory Reference: R.I. Gen. Laws § 44-11-11(a)(1)(vii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2024

Description: Under federal law 26 U.S.C. § 280E, businesses who deal in schedule I or II controlled substances are prohibited from deducting ordinary business expenses from taxable income. In the 2024 legislative session, Rhode Island updated the definition of net income to allow Rhode Island businesses and individuals licensed under the state's medical marijuana or adult-use cannabis statutes to claim this deduction for state tax purposes.

This deduction is allowed for tax years that begin on or after January 1, 2025.

Projection Methodology: Estimates were prepared by ORA for the Governor's FY 2025 budget submission. ORA utilized published information by the state of Colorado to calculate an average deduction of 14.4% of retail sales as ordinary business expenses. ORA applied that percentage to cannabis retail sales reported by the Department of Business Regulation. Finally ORA utilized Colorado reported deductions amounts which reported that 42% of deductions were claimed by individuals paying personal income tax and 58% of reported deductions were claimed under the business tax to split the estimate into personal income and business corporation taxes. The number of taxpayers is currently indeterminable. It should be noted that in 2025 only the seven licensed compassion centers who also have retail sales would be allowed this deduction. As of November 2025, the Cannabis Control Commission is still accepting applications for retail sales licenses. Legislation passed authorizing licensing up to 24 new retail cannabis operations which ORA estimates will begin sales in 2026. There are also two compassion center licenses that have yet to be awarded.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Business Corporation Tax	$479,068	< 10
2025 Personal Income Tax	$345,574	< 10
2025 Projected Total	**$824,642**	**< 10**
2026 Business Corporation Tax	$991,671	*No estimate possible*
2026 Personal Income Tax	$715,339	*No estimate possible*
2026 Projected Total	**$1,707,010**	*No estimate possible*
2027 Business Corporation Tax	$991,671	*No estimate possible*
2027 Personal Income Tax	$715,339	*No estimate possible*
2027 Projected Total	**$1,707,010**	*No estimate possible*

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

Connecticut: Connecticut amended its income tax law for tax years beginning on or after January 1, 2023 to allow state-legal cannabis businesses to deduct business expenses normally disallowed federally.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)(B)(xxxi)

Massachusetts: Massachusetts explicitly allows a full deduction of ordinary and necessary business expenses for state-licensed cannabis businesses, despite IRC § 280E's disallowance at the federal level.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(4) & ch. 63 §30.4

Vermont: Vermont amended its income tax law for tax years beginning on or after January 1, 2022 to allow state-legal cannabis businesses to deduct business expenses normally disallowed federally.

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

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

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 26 U.S.C. §§ 62(a)(2)(B-C) and (E) and § 162

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

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

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$97,775	458
2023 Personal Income Tax	$108,664	482

Projection Methodology: For TY 2024 - 2027, the forgone revenue amounts and the number of taxpayers are the average of TY 2022 and TY 2023.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$103,219	470
2025 Personal Income Tax	$103,219	470
2026 Personal Income Tax	$103,219	470
2027 Personal Income Tax	$103,219	470

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

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

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

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for certain business expenses of Armed Forces reservists, qualified performance artists, and fee-based government officials.

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

Massachusetts: Massachusetts' provisions include a deduction for certain business expenses of Armed Forces reservists, qualified performing artists, and fee-based government officials as stated on the taxpayer's federal income tax return.

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

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of certain business expenses.

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

7. Connecting Fees, Switching, and Carrier Access Charges:

Statutory Reference: R.I. Gen. Laws § 44-13-1(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 1985

Description: All amounts paid by a telecommunications corporation subject to the public services corporation tax to another corporation for connecting fees, switching charges, and carrier access charges can be deducted from the gross earnings of the paying corporation.

Data Source: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. The amount of forgone revenue is derived by multiplying the amount of deduction by the public service corporation tax rate for telecommunications corporations of 5%. This item includes an unknown amount of uncollectable bad debt.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Public Service Corporation Tax	$1,336,734	31
2023 Public Service Corporation Tax	$1,434,279	27

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers was provided by the Division of Taxation and is as of November 2025. The data may not include any extensions or amended returns that have not yet been processed by the division. TY 2025 – TY 2027 revenue forgone and number of taxpayers are the average of TY 2022 and TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Public Service Corporation Tax	$2,050,089	24
2025 Public Service Corporation Tax	$1,385,506	29
2026 Public Service Corporation Tax	$1,385,506	29
2027 Public Service Corporation Tax	$1,385,506	29

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

Connecticut: Connecticut subjects telecommunication services to sales and use taxes and provides an exemption for access or interconnection service purchased by a provider of telecommunications service from another provider of such service.

Connecticut Statute: Conn. Gen. Stat. § 12-407(26)(a)(4)

Maine: For tax years prior to January 1, 2026 sales of services to another service provider for resale, including access services, are exempt from the service provider tax. Beginning for tax years 2026 and beyond, Maine repealed their service provider tax and services formerly subject to the service provider tax will be subject to the sales and use tax. After January 1, 2026, Maine exempts sales of international and interstate telecommunications service to a business for use directly in that business from sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(119)–(120)

New Hampshire: Communication services for purposes of the calculation of the New Hampshire communications tax does not include purchases of communications services by a communications services provider for use as a component part of the service provided by the taxpayer to the ultimate retail consumer who originates or terminates the taxable end-to-end communications, including carrier access charges, right of access charges, charges for use of inter-company facilities, and all communications services resold in the subsequent provision of, used as a component of, or integrated into end-to-end communications services.

New Hampshire Statute: N.H. Rev. Stat. Ann. §§ 82-A:2, III(b)

Vermont: The Universal Service Charge does not apply to wholesale transactions between telecommunications service providers where the service is a component part of a service provided to an end user. The exemption includes network access charges and interconnection charges paid to a local exchange carrier.

Vermont Statute: Vt. Stat. Ann. tit. 30, § 7521(b)

8. Educator Expenses (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 26 U.S.C. § 62(a)(2)(D) and § 162

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2020

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

Federal AGI allows a qualified educator to deduct unreimbursed expenses incurred for books, supplies, computer equipment, other equipment, and supplementary materials used in a classroom as well as professional development course fees and items for health/safety in the classroom. The maximum allowable deduction is $300 for TYs 2022 through 2025. The One Big Beautiful Bill Act (U.S. Public Law No. 119-21) extends the $300 above-the-line deduction, and also allows expenses above $300 to be claimed as a below-the-line itemized deduction (which does not reduce state revenue). The bill also expands the definition of educators and eligible supplies to include coaches and heath/physical education supplies.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$189,049	15,929
2023 Personal Income Tax	$194,678	16,310

Projection Methodology: For TY 2024 - 2027, the forgone revenue amounts and the number of taxpayers are the average of TY 2022 and TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$191,863	16,120
2025 Personal Income Tax	$191,863	16,120
2026 Personal Income Tax	$191,863	16,120
2027 Personal Income Tax	$191,863	16,120

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

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

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

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

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

Massachusetts: Massachusetts' provisions include a deduction for educator expenses as stated on the taxpayer's federal income tax return.

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

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of educator expenses.

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

9. Electricity for Resale:

Statutory Reference: R.I. Gen. Laws § 44-13-4(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 2008

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

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

Reliability Index: 5

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

Law Comparison: Only Connecticut and Vermont has similar provisions.

Connecticut: A deduction is allowed from all sales for resale of water, steam, gas, and electricity to any public service corporation or municipal utilities.

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

Vermont: The public utility company gross revenue tax does not apply to sales of electrical power for resale.

Vermont Statute: Vt. Stat. Ann. tit. 30, § 22(b)

10. Health Savings Account (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 26 U.S.C. §§ 62(a)(19) and 223

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

Federal AGI allows for the deduction of contributions to a qualified health savings account (HSA). For contributions to an HSA to be deductible, the taxpayer must be enrolled in a high-deductible health insurance plan and not be covered by another type of health insurance. The high deductible health insurance plan must satisfy certain criteria. The maximum deductible HSA contributions for tax years 2020 through 2024 are listed below:

Tax Year	*Single Coverage*	*Family Coverage*
2022	$3,650	$7,300
2023	$3,850	$7,750
2024	$4,150	$8,300
2025	$4,300	$8,550
2026	$4,400	$8,750

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$814,860	7,121
2023 Personal Income Tax	$859,295	7,300

Projection Methodology: For TY 2024 - 2027, the forgone revenue amounts and the number of taxpayers are the average of TY 2022 and TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$837,078	7,211
2025 Personal Income Tax	$837,078	7,211
2026 Personal Income Tax	$837,078	7,211
2027 Personal Income Tax	$837,078	7,211

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: 26 U.S.C. §§62(a)(19) and 223

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of health savings accounts contributions.

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

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

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 26 U.S.C. §§ 62(a)(7) and 219

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

Federal AGI includes a deduction for contributions to traditional individual retirement arrangements. For TY 2022, contributions were subject to a maximum amount of $6,000 for taxpayers less than 50 years old and $7,000 for taxpayers 50 years old or more. For tax year 2023, the comparable figures are $6,500 and $7,500, respectively. For TYs 2024-2025, the comparable figures are $7,000 and $8,000, 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 2022 through 2025. 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 2022 - 2025 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***
2022	$68,000 - $78,000	$109,000 - $129,000	$204,000 - $214,000
2023	$73,000 - $83,000	$116,000 - $136,000	$218,000 - $228,000
2024	$77,000 - $87,000	$123,000 - $143,000	$230,000 - $240,000
2025	$79,000 - $89,000	$126,000 - $146,000	$236,000 - $246,000

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$1,881,459	9,197
2023 Personal Income Tax	$1,989,029	9,411

Projection Methodology: For TY 2024 - 2027, the forgone revenue amounts and the number of taxpayers are the average of TY 2022 and TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$1,935,244	9,304
2025 Personal Income Tax	$1,935,244	9,304
2026 Personal Income Tax	$1,935,244	9,304
2027 Personal Income Tax	$1,935,244	9,304

Law Comparison: Connecticut, Maine, 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

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of IRA contributions.

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

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

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 26 U.S.C. §§ 62(a)(7) and 404

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

Federal adjusted gross income (AGI) allows a deduction for contributions to a Keogh plan or a Simplified Employee Pension (SEP) plan. The deductible amount is limited to the lesser of: (1) the total contributions made to the plan (including any carryover of excess contributions), or (2) 25% of the compensation paid to participating employees. In addition, the compensation that may be considered for this 25% calculation is capped at a maximum allowable compensation limit set annually by the IRS. The table below lists the maximum compensation that can be included in the calculation and the maximum deductible contribution permitted for each tax year.

Tax Year	***Maximum Allowable Compensation***	***Maximum Contribution to an Eligible Employee's Plan***
2022	$305,000	$61,000
2023	$330,000	$66,000
2024	$345,000	$69,000
2025	$350,000	$70,000

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$6,138,429	6,614
2023 Personal Income Tax	$6,218,561	6,612

Projection Methodology: For TY 2024 - 2027, the forgone revenue amounts and the number of taxpayers are the average of TY 2022 and TY 2023.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$6,178,495	6,613
2025 Personal Income Tax	$6,178,495	6,613
2026 Personal Income Tax	$6,178,495	6,613
2027 Personal Income Tax	$6,178,495	6,613

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

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

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

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for contributions to Keogh and SEP plans.

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

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of Keogh and SEP plans contributions.

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

13. Merchandise Sold:

Statutory Reference: R.I. Gen. Laws § 44-13-5(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 2003

Description: Corporations whose principal business is manufacturing, selling, and distributing to the public electric or heating gas, as well as public service corporations subject to the Rhode Island gross earnings tax, may deduct from the gross earnings reported on their tax returns the net invoice price plus the transportation cost of merchandise purchased for resale.

Data Source: Rhode Island Division of Taxation

Reliability Index: 1

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

Projection Methodology: The forgone revenue amounts and the number of taxpayers for tax years 2024 - 2027 are held constant with TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Public Service Corporation Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2026 Public Service Corporation Tax	$0	0
2027 Public Service Corporation Tax	$0	0

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut's provisions allow a deduction from the utility companies tax for resale of water, steam, gas, or electricity to public service corporations and municipal utilities. The deduction for appliance/merchandise sales is the net invoice price plus transportation costs of such appliances.

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

14. Moving Expenses (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 26 U.S.C. §217

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

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. Eligible individuals are those on active duty who move pursuant to a military order and incident to a permanent change of station. The One Big Beautiful Bill Act (U.S. Public Law No. 119-21) made this policy permanent, and also added intellingence community members are eligible individuals.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$11,070	149
2023 Personal Income Tax	$10,038	146

Projection Methodology: For TY 2024 - 2027, the forgone revenue amounts and the number of taxpayers are the average of TY 2022 and TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$10,554	148
2025 Personal Income Tax	$10,554	148
2026 Personal Income Tax	$10,554	148
2027 Personal Income Tax	$10,554	148

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

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

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

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

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

Massachusetts: Massachusetts' provisions conform to the federal treatment of moving expenses. For tax years 2018 through 2025 qualified members of the Armed Forces are instructed to deduct the federally allowed moving expenses.

Massachusetts Statute: 26 U.S.C. §217

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of moving expenses.

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

15. **Net Operating Losses:**

Statutory Reference: R.I. Gen. Laws § 44-11-11(b) / 26 U.S.C. § 172 / R.I. Pub. Laws 2024, Ch. 117, Article 6, § 11

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 2024

Description: A taxpayer subject to the business corporation tax is allowed a net operating loss (NOL) deduction that generally follows 26 U.S.C. § 172, subject to the adjustments and limits in R.I. Gen. Laws § 44-11-11. This section allows the taxpayer to carry the net operating loss forward for five succeeding tax years and disallows the carryback of a net operating loss. For tax years beginning on or after January 1, 2025, Rhode Island extended the NOL carryforward period from 5 years to 20 years during the 2024 legislative session.

Data Source: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. This deduction includes amounts that are not necessarily specific to Rhode Island-based activity. The amount of forgone revenue is derived by multiplying the apportioned deduction by the business corporation tax rate of 7%. The number of taxpayers includes C-corporations that had a deduction decreasing federal taxable income.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Business Corporation Tax	$29,607,582	2,582
2023 Business Corporation Tax	$25,821,150	2,537

Projection Methodology: TY 2024 forgone revenue amounts and number of taxpayers is the 4-year average of the revenue forgone amounts and number of taxpayers from TY 2020 - TY 2023. TYs 2025 - TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Business Corporation Tax	$23,323,531	2,305
2025 Business Corporation Tax	$23,323,531	2,305
2026 Business Corporation Tax	$23,323,531	2,305
2027 Business Corporation Tax	$23,323,531	2,305

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

Connecticut: Connecticut allows a net operating loss carryover deduction that is deductible for 20 years following the loss year, subject to apportionment. For losses occurring in tax years beginning on or after January 1, 2015, carryforwards are limited to 50% of net income. Net operating losses may not be carried back. For net operating losses incurred in tax years starting on or after January 1, 2025, the carryforward period was extended from 20 to 30 years.

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

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

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

Massachusetts: Corporations are allowed a deduction for net operating losses computed under Massachusetts' law, which can be carried forward for 20 taxable years. Net operating losses cannot be carried back, and capital losses cannot be carried forward or back.

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

New Hampshire: New Hampshire allows a deduction for the amount of net operating loss carryover determined under 26 U.S.C. § 172 in effect as of a given date except for the limitation to a carryforward for 10 years following the loss year. The law does not allow for the carryback of losses in any instance. A net operating loss is apportioned in the year incurred. For taxable years ending on or after January 1, 2013, the amount of net operating loss generated in a tax year that may be carried forward may not exceed $10,000,000.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:4, XIII

Vermont: Vermont's statutes include a net operating loss deduction in place of the federal net operating loss deduction. Vermont net operating loss is defined as any negative income after allocation and apportionment of Vermont net income. The net operating loss deduction is allowed as a carryforward in the 10 years following the loss year.

Vermont Statute: Vt. Stat. Ann. Tit. 32, §§ 5811(25), 5832, and 5888(4)(B)

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

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32 / 26 U.S.C § 164(f)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

Federal AGI allows a deduction for one-half of the self-employment tax paid by self-employed taxpayers. Self-employed individuals including 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 employees pay only half of the Social Security and Medicare taxes (the employer pays the other half), self-employed taxpayers may deduct the "employer-equivalent" portion, one-half of the self-employment tax when calculating federal AGI.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$5,320,319	62,858
2023 Personal Income Tax	$5,371,327	62,804

Projection Methodology: For TY 2024 - 2027, the forgone revenue amounts and the number of taxpayers are the average of TY 2022 and TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$5,345,823	62,831
2025 Personal Income Tax	$5,345,823	62,831
2026 Personal Income Tax	$5,345,823	62,831
2027 Personal Income Tax	$5,345,823	62,831

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

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

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

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for one-half of the self-employment tax paid.

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

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

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

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of self-employment tax.

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

17. Other Adjustments (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 26 U.S.C §§ 62(a)(5), 62(a)(9), 62(a)(20) & (21), 219(f)(5), 911(c), 194, 74(d)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2023

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

The determination of federal AGI includes a deduction for other adjustments that acts as a catch-all line for specific deductions authorized by the Internal Revenue Code for that tax year that do not have their own line on federal Schedule 1. For tax years 2022 and 2023, this line generally included: jury duty pay, deductible expenses from rental of personal property, non-taxable Olympic/Paralympic medal or prize money, reforestation amortization, Trade Act of 1974 repayments, contributions to certain pension plans, contributions by certain chaplains, certain attorney fees, housing deduction from Form 2555, and excess deductions from Schedule K-1.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$268,672	1,312
2023 Personal Income Tax	$293,438	1,384

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers applies the percentage decline in revenue forgone and number of taxpayers realized from TY 2022 to TY 2023 to the revenue forgone and number of taxpayers reported for TY 2023. TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$281,055	1,348
2025 Personal Income Tax	$281,055	1,348
2026 Personal Income Tax	$281,055	1,348
2027 Personal Income Tax	$281,055	1,348

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 these items.

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

Massachusetts: Massachusetts' provisions include a deduction for many of the items included in this such as jury duty pay remitted to an employer, repayment of trade act of 1974 supplemental unemploymjent benefits, and certain qualified fees and court costs.

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

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of these items.

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

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

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 26 U.S.C §§ 62(a)(9) and 165

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

The calculation of federal AGI allows a deduction for penalties incurred on the early withdrawal of savings (such as from a certificate of deposit).

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$44,044	1,906
2023 Personal Income Tax	$83,323	2,716

Projection Methodology: For TY 2024 - 2027, the forgone revenue amounts and the number of taxpayers are the average of TY 2022 and TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$63,683	2,311
2025 Personal Income Tax	$63,683	2,311
2026 Personal Income Tax	$63,683	2,311
2027 Personal Income Tax	$63,683	2,311

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)(H)

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of penalties on early withdrawal of savings.

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

19. Qualifying Investment in a Certified Venture Capital Partnership:

Statutory Reference: R.I. Gen. Laws § 44-43-2 / R.I. Pub. Laws 2025, Ch. 278, Article 5, § 14

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / 2025

Description: A deduction reducing net income or net worth, gross earnings, or gross premiums for making a qualifying investment in a certified venture capital partnership is allowed equal to the qualifying investment in the year in which the taxpayer first makes such an investment prior to computing the tax owed under the business corporation tax, public service corporation tax, bank excise tax, and insurance gross premiums tax. A similar modification reducing federal adjusted gross income (AGI) shall be allowed prior to computing the tax owed under the personal income tax and is included in the modifications section of this report.

This deduction was sunset during the 2025 legislative session and will not be allowed for tax years beginning on or later January 1, 2026.

Data Source: *Business Corporation Tax:* Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. The amount of forgone revenue is derived by multiplying the deduction by the business corporation tax rate of 7%. The number of taxpayers includes C-corporations that had a deduction decreasing federal taxable income.

Public Service Corporation Tax: Rhode Island Division of Taxation.

Bank Tax: Rhode Island Division of Taxation.

Insurance Company Gross Premiums Tax: Rhode Island Division of Taxation and ORA calculations. The amount of forgone revenue is derived by multiplying the deduction amount by the insurance company gross premiums tax rate of 2%.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$77,764	< 10
2022 Ins Co Gross Premiums Tax	$0	0
2022 Public Service Corporation Tax	$0	0
2022 Total	**$77,764**	**< 10**
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$12,766	< 10
2023 Ins Co Gross Premiums Tax	$0	0
2023 Public Service Corporation Tax	$0	0
2023 Total	**$12,766**	**< 10**

Projection Methodology: TY 2024 data was reported by the Division of Taxation and is accurate as of September 2025 and may not include any extensions or amended returns that have not yet been processed by the Division. TY 2025 forgone revenue amount and number of taxpayers is the 4-year average revenue forgone and number of taxpayers from TYs 2021-2024. There are no projections for TY 2025 and TY 2026 due to the sunset provision.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Bank Tax	$0	0
2024 Business Corporation Tax	$76,384	< 10
2024 Ins Co Gross Premiums Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Projected Total	**$76,384**	**< 10**
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$76,384	< 10
2025 Ins Co Gross Premiums Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Projected Total	**$76,384**	**< 10**
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2026 Projected Total	**$0**	**0**
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$0	0
2025 Ins Co Gross Premiums Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2027 Projected Total	**$0**	**0**

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

20. Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed:

Statutory Reference: R.I. Gen. Laws § 44-17-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1896 / 2007

Description: Taxpayers subject to the insurance company gross premiums tax can deduct from gross premiums the amount of return premiums on contracts covering property and risks, the amount of premiums for reinsurance assumed of the property and risks, and, for mutual insurance companies, the amount of dividends or unused portions of premiums credited or returned to policyholders during the year.

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

Reliability Index: 5

Law Comparison: All New England states have similar provisions.

Connecticut: Connecticut levies a tax on net direct premiums on domestic and nonresident and foreign insurance companies. Net direct premiums specifically exclude premiums received for reinsurances assumed from other insurance companies and returned or canceled premiums and dividends paid to policyholders on direct business.

Connecticut Statute: Conn. Gen. Stat. §§ 12-201(7), (8)

Maine: The Maine insurance premiums tax is measured by the full amount of gross insurance premiums, reduced by all direct return premiums on the gross direct premiums, and all dividends paid to policy holders on direct premiums. Except when direct return premiums are returned in the same tax year that the premium was paid, the deduction allowed may be taken only if the tax has been paid.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 2515

Massachusetts: In determining the tax payable by insurance companies, insurers may deduct premiums from policies that were written but not taken, cancelled for nonpayment, or returned or credited to policyholders during the tax year provided those premiums were previously reported and taxed. However, premiums returned or credit on assumed reinsurance cannot be deducted.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 24

New Hampshire: The premium tax on authorized and formerly authorized insurers is calculated based on the total of gross direct premiums received during the previous calendar year for policies insuring property, subjects, or risks for residents located in the state or to be performed in the state, minus premiums or dividends returned or credited to policyholders. Title insurers may also deduct the portion of the premiums chargeable to title search and examination services. The tax on premiums for surplus lines is also calculated based on the amount of gross premiums less the amount of return premiums.

New Hampshire Statute: N.H. Rev. Stat. Ann. §§ 400-A:31(I)

Vermont: Vermont has a deduction for all sums paid for return premiums on canceled policies located in the state and dividends actually paid or allowed to policyholders residing in the state.

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

21. Self-Employed Health Insurance (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 26 U.S.C. § 162(l)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

The calculation of federal AGI allows eligible self-employed individuals to deduct the cost of health insurance premiums for themselves, their spouses, dependents and children under age 27, subject to certain limitations (including an earned-income limitation). Health insurance premiums include those paid for medical, dental, and qualified long-term care insurance if the taxpayer is a self-employed individual with a net profit, a partner with net earnings from self-employment, or a shareholder owning more than 2% of the outstanding stock of an S corporation with wages from the corporation. The premium deduction for qualified long-term care insurance is subject to a maximum allowable amount.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$5,759,223	15,958
2023 Personal Income Tax	$5,844,508	16,128

Projection Methodology: For TY 2024 - 2027, the forgone revenue amounts and the number of taxpayers are the average of TY 2022 and TY 2023.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$5,801,865	16,043
2025 Personal Income Tax	$5,801,865	16,043
2026 Personal Income Tax	$5,801,865	16,043
2027 Personal Income Tax	$5,801,865	16,043

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

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

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

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, which by application allows a deduction for payments for health insurance by the self-employed.

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

Massachusetts: Massachusetts' provisions include a deduction for payments for health insurance by the self-employed as stated on the taxpayer's federal income tax return.

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

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of deductions for payments for health insurance by the self-employed.

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

22. Standard Deduction:

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(3)(B)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island allows a basic standard deduction from modified adjusted gross income (AGI), the amounts for which are adjusted for inflation.

The table below lists the standard deduction for single, married filing separately, head of household, married filing jointly, and qualifying widow(er) personal income tax filers. For taxpayers with a modified federal AGI greater than a specified amount in each tax year, regardless of filing status, there is a phase-out in the deduction amount allowed to be taken. For example, for each $6,200 increase, or part thereof, in modified AGI, a reduction of 20% in the allowable standard deduction amount was imposed in TY 2022. 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***
2022	$9,300	$13,950	$18,600	$217,050 - $241,850
2023	$10,000/$10,025	$15,050	$20,050	$233,750 - $260,550
2024	$10,550/$10,575	$15,850	$21,150	$246,450 - $274,650
2025	$10,900	$16,350	$21,800	$254,250 - $283,250

Data Source: Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 laws and the Rhode Island tax liability for each taxpayer without the applicable standard deduction for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference the two tax liability calculations. Number of taxpayers includes all taxpayers that had a non-zero tax difference between the two calculations above. It should be noted that the forgone revenue amounts and the number of taxpayers exclude taxpayers who may have claimed the standard deduction on their tax form but had a Rhode Island modified AGI of $0 or less. These taxpayers received no positive benefit from the standard deduction and thus there was no forgone revenue from these returns for this expenditure item.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$225,278,149	554,893
2023 Personal Income Tax	$243,327,325	559,709

Projection Methodology: The projected forgone revenue was calculated for TY 2024 – TY 2027 by calculating the estimated average revenue forgone per return and multiplying that figure to the estimated number of taxpayers with a tax difference each year. The projected number of taxpayers for TY 2024 – TY 2027 is calculated using the three-year average growth rate in the number of filers for Rhode Island resident and non-resident returns that benefited from using the standard deduction of 0.87%.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$252,224,153	562,860
2025 Personal Income Tax	$261,446,277	566,029
2026 Personal Income Tax	$271,005,591	569,216
2027 Personal Income Tax	$280,914,425	572,421

Law Comparison: Maine and Vermont have similar provisions.

Maine: Maine's standard deduction is equal to the federal standard deduction through TY 2025, including the additional standard deduction amount for age and blindness, and is subject to a phase-out. The One Big Beautiful Bill Act (U.S. Public Law No. 119-21) increased the federal standard deduction slightly for TY 2025 and beyond compared to the status quo, but Maine has announced it will not automatically conform to that higher standard deduction. For tax years beginning on or after January 1, 2026, the standard deduction is set at $12,000 for single filers and those that are married filing separately, $18,000 for head of household filers, and $24,000 for joint filers or surviving spouses. These figures are adjusted for inflation. The additional standard deduction for age and blindness and the phaseout remain unchanged.

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

Vermont: Vermont has a state-defined standard deduction of $6,500 for single filers or married filing separately, $9,800 for head of household filers, and $13,050 for married filing jointly or qualifying widow(er) for TY 2022. There is an additional deduction of $1,050 for taxpayers who are 65 years and older and/or blind and who qualified and received the deduction at the federal level. All deduction amounts are subject to inflation on an annual basis. The TY 2023 figures for the standard deduction are $7,000 for single filers or married filing separately, $10,550 for head of household filers, and $14,050 for married filing jointly or qualifying widow(er), with an additional $1,050 for individuals 65 and older and/or blind. For TY 2024, the comparable standard deduction figures are $7,400, $11,100, and $14,850, with an additional $1,050 for individuals 65 and older and/or blind.

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

23. Student Loan Interest (Federal):

Statutory Reference: R.I. Gen. Laws §§ 44-30-2.6(c)(3) and 44-30-32(a)(1) / 26 U.S.C. §§ 62(a)(17) and 221

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2010

Description: Rhode Island's income tax system for a resident individual starts with the individual's federal adjusted gross income (AGI). The Rhode Island income of a non-resident individual includes the net amount of income and deductions included in federal adjusted gross income that are derived from or connected with Rhode Island sources.

Federal AGI allows a deduction for the interest paid on a qualified student loan. A qualified student loan is a loan that was taken out solely to pay qualified education expenses. For TY 2022-TY 2025, the maximum deduction amount for student loan interest is $2,500 per return, subject to a phase out for taxpayers with a modified federal AGI over a certain amount. Taxpayers who are married filing separately or who can be claimed as a dependent are ineligible for this deduction.

	Single / Head of Household/ Widow(er)		***Married Filing Jointly***	
Tax Year	***Deduction Maximum***	***Phase-Out Range***	***Deduction Maximum***	***Phase-Out Range***
2022	$2,500	$70,000 - $85,000	$2,500	$145,000 - $175,000
2023	$2,500	$75,000 - $90,000	$2,500	$155,000 - $185,000
2024	$2,500	$80,000 - $95,000	$2,500	$165,000 - $195,000
2025	$2,500	$85,000 - $100,000	$2,500	$170,000 - $200,000

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the deduction 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 deductions that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$694,642	19,950
2023 Personal Income Tax	$946,620	33,088

Projection Methodology: Due to the CARES Act and the pausing of student loan payments from March 2020 through August 2023, TY 2024 projected revenue forgone and number of taxpayers is set equal to TY 2023. TYs 2025 – 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$946,620	33,088
2025 Personal Income Tax	$946,620	33,088
2026 Personal Income Tax	$946,620	33,088
2027 Personal Income Tax	$946,620	33,088

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.

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

Massachusetts: Massachusetts' provisions follow the federal deduction for interest paid by the taxpayer for a qualified education loan for graduate or undergraduate education, subject to taxpayer income limitations. Massachusetts also allows for a separate student loan deduction for interest from undergraduate loans. Taxpayers are not allowed to take both federal and state level deductions.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(d)(1) and 3B(a)(12)

Vermont: Because Vermont uses federal AGI as the starting point for calculating state income tax liability, it follows the federal treatment of interest paid on student loans.

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

24. Tax Incentives for Employers:

Statutory Reference: R.I. Gen. Laws § 44-55-4.1

Stated Purpose: No stated purpose given in law.

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

Description: Businesses that employ and retain in the state employees who have been previously unemployed for at least 26 consecutive calendar weeks and have been domiciled residents of Rhode Island for at least 52 consecutive calendar weeks or have been a recipient of Rhode Island's Aid to Families with Dependent Children program for at least one year preceding the date of hire receive a deduction from the business corporation tax, public service corporation tax, bank excise tax, bank deposits tax, and insurance company gross premiums tax. The deduction is equal to 40% of the eligible employee's first year wages, up to a maximum $2,400 per eligible employee. A modification reducing income subject to the personal income tax is provided to eligible businesses and is listed in the modification section of this report.

Data Source: *Business Corporation:* Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. The amount of forgone revenue is derived by multiplying the apportioned deduction by the business corporation tax rate of 7%. The number of taxpayers includes C-corporations that had a deduction decreasing federal taxable income.

Bank Tax: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. The amount of forgone revenue is derived by multiplying the apportioned deduction by the bank excise tax rate of 9%.

Bank Deposits Tax: No reliable data exists for this tax expenditure item.

Insurance Company Gross Premiums Tax: Rhode Island Division of Taxation and ORA calculations. The amount of forgone revenue is derived by multiplying the deduction by the insurance company gross premiums tax of 2%.

Public Service Corporation Tax: No reliable data exists for this tax expenditure item.

Reliability Index: *Business Corporation, Bank, and Insurance Company Gross Premiums Taxes,* 1*; Public Service Corporation, Bank Deposits Taxes,* 5

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$8,473	58
2022 Ins Co Gross Premiums Tax	$0	0
2022 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2022 Total	**$8,473**	**58**
2023 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$12,904	78
2023 Ins Co Gross Premiums Tax	$0	0
2023 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2023 Total	**$12,904**	**78**

Projection Methodology: *Business Corporation:* TY 2024 data was reported by the Division of Taxation and is accurate as of September 2025 and may not include any extensions or amended returns that have not yet been processed by the Division. TY 2025 forgone revenue amount and number of taxpayers is the 3-year average revenue forgone and number of taxpayers from TYs 2022-2024. TYs 2026 and 2027 are set equal to TY 2025.

Bank Tax, And Insurance Company Gross Premiums Taxes: TY 2024 forgone revenue amounts and number of taxpayers is the 4-year average revenue forgone and number of taxpayers from TY 2020-TY 2023. TYs 2025- TY 2027 are set equal to TY 2024.

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***
2024 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2024 Bank Tax	$0	0
2024 Business Corporation Tax	$10,959	25
2024 Ins Co Gross Premiums Tax	$0	0
2024 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2024 Projected Total	**$10,959**	**25**
2025 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$10,779	54
2025 Ins Co Gross Premiums Tax	$0	0
2025 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2025 Projected Total	**$10,779**	**54**
2026 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$10,779	54
2026 Ins Co Gross Premiums Tax	$0	0
2026 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2026 Projected Total	**$10,779**	**54**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2027 Bank Deposits Tax	*No estimate possible*	*No estimate possible*
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$10,779	54
2027 Ins Co Gross Premiums Tax	$0	0
2027 Public Service Corporation Tax	*No estimate possible*	*No estimate possible*
2027 Projected Total	**$10,779**	**54**

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

EXCLUSIONS

1. Biodiesel Portion of Blended Gallon of Diesel Fuel:

Statutory Reference: R.I. Gen. Laws § 31-36-1(6) / R.I. Code of Regulations 280-20-50-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1925 / 2009

Description: The manufactured biodiesel portion of any gallon of blended biodiesel and petroleum diesel fuel is excluded from the state's motor fuel tax provided that the manufactured biodiesel consists of "[m]ono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats which conform to ASTM D6751 specifications for use in diesel engines" and the production of which "results in employment at a fixed location at a manufacturing facility for biodiesel fuel." According to the Rhode Island Code of Regulations (RICR) 280-20-50-2 the manufacturing facility must be located in Rhode Island and primarily engaged in the manufacturing of biodiesel fuel.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Total biodiesel gallons are summed and multiplied by the motor fuel tax rate of $0.34 per gallon for FY 2022. The number of taxpayers is as reported by Biodiesel Magazine.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Motor Fuel Tax	$1,546,350	1
2023 Motor Fuel Tax	$0	0
2024 Motor Fuel Tax	$0	0
2025 Motor Fuel Tax	$0	0

Projection Methodology: The FY 2026 and FY 2027 forgone revenue amounts and the number of taxpayers are held constant with FY 2025.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Motor Fuel Tax	$0	0
2027 Motor Fuel Tax	$0	0

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: For fuel consisting of eligible cellulosic biofuel or of a blend of gasoline and eligible cellulosic biofuel, the tax per gallon is reduced in proportion to the percentage of the fuel content consisting of eligible cellulosic biofuel, measured by available energy content, as determined by the department of energy resources.

Massachusetts Statute: Mass. Gen. Laws ch. 64A, § 1A

2. Citizens Living Abroad and Certain Noncitizens (Federal):

Statutory Reference: R.I. Gen. Laws § 44-30-101(a)(1) / 26 U.S.C. 5000A(d)(3)

Stated Purpose: No stated purpose given in law.

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

Description: Rhode Island residents are required to maintain health insurance or be subject to a tax known as the shared responsibility payment penalty. The state definition of applicable individual uses the federal definition of the same term. Specifically excluded from this definition are individuals who are not lawfully present in the United States. This includes citizens and U.S. nationals living abroad, as well as those located in the United States that are not present lawfully.

Data Source: Data Source: Rhode Island Division of Taxation. To calculate revenue forgone, Taxation provided the average assessed penalty per uninsured month of $80 for TY 2022 and $79 for TY 2023. These figures were multiplied by the number of months this exclusion was claimed to calculate revenue forgone. The number of taxpayers is the count of how many returns claimed this exclusion.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Shared Responsibility Payment Penalty Tax	$2,673,360	2,412
2023 Shared Responsibility Payment Penalty Tax	$2,868,174	2,697

Projection Methodology: The revenue forgone amount and number of taxpayers for TY 2024 use the same methodology above. This data is subject to change. TY 2025 – TY 2027 revenue forgone amounts and number of taxpayers are the three-year average from TY 2022 – TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Shared Responsibility Payment Penalty Tax	$2,516,325	2,567
2025 Shared Responsibility Payment Penalty Tax	$2,685,953	2,559
2026 Shared Responsibility Payment Penalty Tax	$2,685,953	2,559
2027 Shared Responsibility Payment Penalty Tax	$2,685,953	2,559

Law Comparison: No other New England state has a similar provision.

3. Conveyance of Mobile/Manufactured Homes for Consideration of $100 or Less:

Statutory Reference: R.I. Gen. Laws § 31-44-20

Stated Purpose: No stated purpose given in law.

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

Description: The mobile home conveyance tax, as included under the real estate conveyance tax, applies only to mobile and manufactured homes that are conveyed for a consideration of more than $100. If no consideration is paid for the conveyance of a mobile/manufactured home, no documentary stamps are required on the instrument of conveyance.

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

Reliability Index: 5

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

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

Connecticut: Connecticut's provisions include an exclusion for conveyance of property when the consideration is less than $2,000.

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

Massachusetts: Mobile homes that acquire characteristics of a conventional home are deemed to be real estate and are taxed as such. Massachusetts' provisions include an exclusion for conveyance where the consideration is not more than $100.

Massachusetts Statute: Mass. Gen. Laws ch. 64D, § 1

New Hampshire: New Hampshire's provisions include an exclusion for conveyance where the consideration is $4,000 or less. In such cases, there is a minimum fee of $20. Manufactured housing is deemed real estate for the purposes of the tax on the transfer of real property when it is placed on a site and connected to required utilities.

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

Vermont: Vermont's provisions include an exclusion of the first $250,000 in value of the property transferred if the purchaser obtains a purchase money mortgage funded in part with a homeland grant through the Vermont Housing and Conservation Trust Fund or which the Vermont Housing and Finance Agency or U.S. Department of Agriculture and Rural Development has committed to make or purchase. A tax at the rate of 1.25% is imposed on the value of that property in excess of $250,000. All other property transferred has a lower tax rate (0.5% vs 1.25%) for the first $200,000 of value.

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

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

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1968 / 2004

Description: The real estate conveyance tax applies only to lands, tenements, or other realty that are conveyed for a consideration of more than $100. When no consideration is paid for the conveyance of the lands, tenements, or other realty, no documentary stamps are required on the instrument of conveyance.

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

Reliability Index: 5

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

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

Connecticut: Connecticut's provisions include an exclusion for conveyance of property when the consideration is less than $2,000.

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

Massachusetts: Massachusetts' provisions include an exclusion for conveyance where the consideration is not more than $100.

Massachusetts Statute: Mass. Gen. Laws ch. 64D, § 1

New Hampshire: New Hampshire's provisions include an exclusion for conveyance where the consideration is $4,000 or less. In such cases, there is a minimum fee of $20.

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

Vermont: Vermont's provisions include an exclusion of the first $250,000 in value of the property transferred if the purchaser obtains a purchase money mortgage funded in part with a homeland grant through the Vermont Housing and Conservation Trust Fund or which the Vermont Housing and Finance Agency or U.S. Department of Agriculture and Rural Development has committed to make or purchase. A tax at the rate of 1.25% is imposed on the value of that property in excess of $250,000. All other property transferred has a lower tax rate (0.5% vs 1.25%) for the first $200,000 of value.

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

5. Corporations Exempt from Taxation by Charter:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(vi)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

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

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

Reliability Index: 5

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

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

6. Corporations Not Doing Business for Profit:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(iv)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

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

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

Reliability Index: 5

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

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

Connecticut: Connecticut's provisions include exclusion for companies exempt by the federal corporation net income tax law or under any other section of the Internal Revenue Code.

Connecticut Statute: Conn. Gen. Stat. § 12-214(a)(2)(B)

Maine: Maine's provisions include a general exclusion from the Maine corporate income tax for a corporation exempt from federal income tax.

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

Massachusetts: Massachusetts' provisions include exclusion for corporations, which are tax exempt for federal income tax purposes under § 501 of the Internal Revenue Code.

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

New Hampshire: New Hampshire's provisions provide an exclusion from the business profits tax for organizations expressly made exempt from income taxation under the Internal Revenue Code.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:1, I

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

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

7. Corporations that Maintain and Manage Intangible Investments:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(vii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: Corporations, including all corporations under direct or indirect common ownership, that employ not less than five full-time equivalent employees in the state, that maintain an office in the state, and whose activities within the state are confined to the maintenance and management of their intangible investments, the collection and distribution of the income from those investments, or from tangible property physically located outside the state are excluded from the base of taxpayers subject to the business corporation tax.

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

Reliability Index: 5

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

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

Connecticut: Passive investment companies are exempt from the corporation business tax. In addition, dividends received, directly or indirectly, from such companies do not constitute gross income for corporation business tax purposes.

Connecticut Statute: Conn. Gen. Stat. § 12-213(a)(9)(D)

Massachusetts: Corporate regulated investment companies are exempt from the corporate excise tax.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 68C(8)

New Hampshire: New Hampshire's provisions provide an exclusion from the business profits tax for qualified investment companies.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:1, I and XXI

8. Dividends Received From Shares of Stock and Interest Received from Debt Instruments:

Statutory Reference: R.I. Gen. Laws §§ 44-11-12 and 44-14-15

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1989

Description: Dividends received from the shares of stock of any business entity subject to the business corporation tax, public service corporation tax, or bank excise tax are excluded from a taxpayer's net income. Interest received from the debt instruments or the distributive share of the taxable income of any company subject to the public service corporation tax are excluded from a taxpayer's net income.

Data Source: *Business Corporation Tax*: Rhode Island Division of Taxation. The amount of exempt interest and dividends was multiplied by the taxpayer's apportionment factor in each tax year for any taxpayer that took this exclusion. The amount of revenue forgone is derived by multiplying the apportioned dividends received by the business corporation tax rate of 7% for TY 2022 and TY 2023. (This exclusion includes the Interest on Obligations of the United States and its Possessions modification.)

Bank Tax: Rhode Island Division of Taxation. The amount of exempt interest and dividends was multiplied by the taxpayer's apportionment factor in each tax year for any taxpayer that took this exclusion. The amount of revenue forgone is derived by multiplying the apportioned dividends received by the banking institution excise tax rate of 9% for TY 2022 and TY 2023.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Bank Tax	$2,822,545	33
2022 Business Corporation Tax	$22,885,693	2,429
2022 Total	**$25,708,238**	**2,462**
2023 Bank Tax	$29,150,417	30
2023 Business Corporation Tax	$61,983,458	3,165
2023 Total	**$91,133,875**	**3,195**

Projection Methodology: For business corporation tax, TY 2024 - TY 2027 forgone revenue amounts are the average revenue forgone from TY 2019 - TY 2023. Due to the significant growth in revenue forgone from the bank tax, the revenue forgone amounts for bank tax for TY 2024 and TY 2025 were projected using Federal Deposit Insurance Corporation (FDIC) data on net interest income from Rhode Island banks insured under the FDIC for federal fiscal years 2024 and 2025. Revenue forgone amounts are held constant for TY 2026 and TY 2027. The projected number of taxpayers for both tax types are the average from TY 2019 - TY 2023.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Bank Tax	$26,160,776	29
2024 Business Corporation Tax	$41,310,528	2,351
2024 Projected Total	**$75,214,224**	**2,380**

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Bank Tax	$26,809,955	29
2025 Business Corporation Tax	$41,310,528	2,351
2025 Projected Total	**$75,863,403**	**2,380**
2026 Bank Tax	$26,809,955	29
2026 Business Corporation Tax	$41,310,528	2,351
2026 Projected Total	**$75,863,403**	**2,380**
2027 Bank Tax	$26,809,955	29
2027 Business Corporation Tax	$41,310,528	2,351
2027 Projected Total	**$75,863,403**	**2,380**

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

Connecticut: Connecticut allows a deduction for all dividends not otherwise deducted from gross income other than 30% of dividends received from a domestic corporation in which the taxpayer owns less than 20% of the total voting power and value of the stock of such corporation.

Connecticut Statute: Conn. Gen. Stat. § 12-217(a)(1)(D)

Maine: The federal taxable income of the taxpayer is decreased by 50% of the apportionable dividend income received during the taxable year from an affiliated corporation that is not included with the taxpayer in a Maine combined report.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5200-A(2)(G)

Massachusetts: In determining taxable net income, 95% of dividends, exclusive of distributions in liquidation, are deducted from net income except for dividends from or on account of the ownership of any class of stock, if the corporation owns less than 15% of the voting stock of the corporation paying such dividend.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38(a)(1)

9. Financial Institutions:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(i)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: State banks, mutual savings banks, federal savings banks, trust companies, national banking associations, building and loan associations, credit unions, and loan and investment companies are excluded from the base of taxpayers that are subject to business corporation tax. These financial institutions are taxable under the bank excise tax and/or the bank deposits tax.

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

Reliability Index: 5

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

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

Maine: Financial corporations subject to the Maine financial institutions franchise tax under Me. Rev. Stat. Ann. tit. 36, § 5206 are not subject to the Maine corporate income tax.

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

Massachusetts: In lieu of the corporate excise tax, every financial institution engaged in business in Massachusetts is subject to an excise tax for financial institutions measured by taxable net income.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 68C(1)

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.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5836(g)

10. Fraternal Benefit Societies:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1896 / 2010

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

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

Reliability Index: 5

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

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

Connecticut: Fraternal benefit societies that are operated under the lodge system and designed to provide benefits to members and their dependents and other domestic fraternal societies operated under the lodge system, which devote their net earnings to charitable purposes are exempt from federal income tax under Internal Revenue Code §§ 501(c)(8) and 501(c)(10) and, therefore, are exempt from the Connecticut corporation business, dues, and insurance tax. However, entities exempt from federal income tax under Internal Revenue Code § 501 may be subject to the Connecticut tax on unrelated business income, under appropriate circumstances.

Connecticut Statute: Conn. Gen. Stat. §§ 12-201(4), 12-214(a)(2)(B) and 12-543(b)(3)

Maine: Every society organized or licensed as a fraternal benefit society is defined as a charitable and benevolent institution, and all its funds are exempt from state, county, district, municipal, and school tax other than taxes on real estate and office equipment.

Maine Statute: Me. Rev. Stat. Ann. tit. 24-A, § 4140

Massachusetts: Every society organized or licensed as a fraternal benefit society is a charitable and benevolent institution under Massachusetts law, and all its funds are exempt from state, county, district, municipal, and school taxes other than taxes on real estate and office equipment.

Massachusetts Statute: Mass. Gen. Laws ch. ch. 176, § 49

New Hampshire: Fraternal benefit societies are excluded from the insurance premium tax.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 400:23

Vermont: Every society organized or licensed as a fraternal benefit society is defined as a charitable and benevolent institution, and all its funds shall be exempt from state, county, district, municipal, and school taxes other than taxes on real estate and office equipment.

Vermont Statute: Vt. Stat. Ann. tit. 8, § 4500

11. Gain or Loss on Sale of Any Property Other Than Securities:

Statutory Reference: R.I. Gen. Laws § 44-14-11

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 1956

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

Data Source: Rhode Island Division of Taxation. The gains and losses reported were multiplied by the taxpayer's apportionment factor in each tax year. The amount of revenue forgone is derived by multiplying the net result by the banking institution excise tax rate of 9% for TY 2022 and TY 2023. The number of taxpayers includes a sum of those taxpayers that adjusted their income by a gain or a loss.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Bank Tax	$2,279,940	< 20
2023 Bank Tax	$594,916	< 20

Projection Methodology: TY 2024-TY 2027 is the average number of taxpayers and revenue forgone from TY 2020-TY 2023.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Bank Tax	$672,496	< 20
2025 Bank Tax	$672,496	< 20
2026 Bank Tax	$672,496	< 20
2027 Bank Tax	$672,496	< 20

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

12. Incarceration (Federal):

Statutory Reference: R.I. Gen. Laws § 44-30-101(a)(1) / 26 U.S.C. 5000A(d)(4)

Stated Purpose: No stated purpose given in law.

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

Description: Rhode Island residents are required to maintain health insurance or be subject to a tax known as the shared responsibility payment penalty. The state definition of applicable individual uses the federal definition of the same term. Specifically excluded from this definition are individuals who are incarcerated and not plending the disposition of charges.

Data Source: Rhode Island Division of Taxation. To calculate revenue forgone, Taxation provided the average assessed penalty per uninsured month of $80 for TY 2022 and $79 for TY 2023. These figures were multiplied by the number of months this exclusion was claimed to calculate revenue forgone. The number of taxpayers is the count of how many returns claimed this exclusion.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Shared Responsibility Payment Penalty Tax	$10,800	21
2023 Shared Responsibility Payment Penalty Tax	$11,534	25

Projection Methodology: The revenue forgone amount and number of taxapayers for TY 2024 use the same methodology above. This data is subject to change. TY 2025 – TY 2027 revenue forgone amounts and number of taxpayers are the three-year average from TY 2022 – TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Shared Responsibility Payment Penalty Tax	$4,950	15
2025 Shared Responsibility Payment Penalty Tax	$9,095	19
2026 Shared Responsibility Payment Penalty Tax	$9,095	19
2027 Shared Responsibility Payment Penalty Tax	$9,095	19

Law Comparison: No other New England has a similar provision.

13. Income from Sale of International Investment Management Services:

Statutory Reference: R.I. Gen. Laws § 44-11-14.5 / R.I. Code of Regulations 280-RICR-20-25-9.11(G)

Stated Purpose: No stated purpose given in law.

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

Description: A taxpayer located in Rhode Island that employs, separately or as part of a consolidated tax return, an average of not less than 500 full-time equivalent employees in the state excludes from its net income subject to the business corporation tax any income derived from the sale of international investment management services to non-U.S. persons or non-U.S. investment funds.

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

Reliability Index: 5

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

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Earnings from international banking facilities are allowed to be deducted under the net income base.

Connecticut Statute: Conn. Gen. Stat. § 12-217(a)(1)(C)

14. Insurance and Surety Companies:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(iii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

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

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

Reliability Index: 5

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

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

Connecticut: Connecticut's provisions include exclusion from the corporation business tax for domestic insurance companies or those organized or incorporated under the laws of any other state or foreign government.

Connecticut Statute: Conn. Gen. Stat. § 12-214(2)(A)

Maine: Maine's provisions include an exclusion from the Maine corporate income tax for insurance companies by definition.

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

Massachusetts: Massachusetts' provisions include exclusion for insurance companies from the corporate excise tax but provide that such companies are subject to a tax on premiums.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 68C(4)

New Hampshire: While not excluded from the business profits tax base, taxpayers are eligible for a tax credit for taxes paid to the insurance premium tax.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:5, III

Vermont: Insurance companies are excluded from the corporate income tax in Vermont.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(3)(A)

15. Long-Term Gain from Capital Investment in Small Business:

Statutory Reference: R.I. Gen. Laws §§ 44-43-5

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / N/A

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

A qualifying business entity as defined in R.I. Gen. Laws § 44-43-1, is a business entity that has average annual gross revenue less than $2.5 million; has been in business for less than four years; expends money to establish, expand, or increase its operations at a regular place of business in Rhode Island; and has received certification from the Rhode Island Commerce Corporation.

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

Reliability Index: 5

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

Law Comparison: Massachusetts and Vermont have similar provisions.

Massachusetts: Gains derived from the sale of certain qualified small business stock are eligible for a 50% income exclusion because of Massachusetts' conformity with section 1202 of the Internal Revenue Code. If it meets certain requirements, the QSBS gain that is included in income is taxed at a rate of 3% instead of the generally applicable long-term gain rate of 5%.

Massachusetts Statute: Mass. Gen. Laws ch. 62, §1, 4(c)

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

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

16. Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil:

Statutory Reference: R.I. Gen. Laws § 31-36-1(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1925 / 2009

Description: Lubricating oils, marine diesel fuel, aviation fuel, and heating oil are excluded from the list of fuels that are suitable to use in the operation and propulsion of motor vehicles with internal combustion engines that are subject to the motor fuel tax.

Data Source: Annual Energy Outlook, Independent Statistics and Analysis, U.S. Energy Information Administration; U.S. Department of Energy, FY 2022 - 2025. Other non-taxable distribution (gallons), jet fuel, and marine diesel fuel, Excise Tax Section, Rhode Island Division of Taxation. New England quadrillion btu of residential fuel oil was converted to gallons and apportioned to RI and other non-taxable fuel are summed and multiplied by the motor fuel tax rate of $0.34 per gallon in FY 2022 and FY 2023 and $0.37 per gallon for FY 2024 and FY 2025 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*
2022 Motor Fuel Tax	$471,659,310	*No estimate possible*
2023 Motor Fuel Tax	$523,384,405	*No estimate possible*
2024 Motor Fuel Tax	$708,470,314	*No estimate possible*
2025 Motor Fuel Tax	$175,254,660	*No estimate possible*

Projection Methodology: Total residental sales by gallon was forecasted to FY 2026 and FY 2027 by applying the 5-year average growth rate to FY 2025. Due to a significant decrease in the amount of gallons of non-taxable fuel purchased in the state, the projected amount of revenue forgone for FY 2026 for these non-taxable fuel items uses the average monthly non-taxable fuel gallons from the months after the change, which was then annualized to estimate the full fiscal year. Total gallons from both residential and non-taxable fuel was multipled by the projected motor fuel tax rate of $0.40. FY 2027 revenue forgone was held constant with FY 2026. 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*
2026 Motor Fuel Tax	$52,074,132	*No estimate possible*
2027 Motor Fuel Tax	$52,074,132	*No estimate possible*

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

Connecticut: Certain heating oils are exempt from CT's petroleum products gross earnings tax.

Connecticut Statute: Conn. Gen. Stat. § 12-587

Maine: Maine's provisions exclude lubricating oils from the definition of internal combustion engine fuel. Aircraft users are entitled to a reimbursement in the amount of the motor fuel tax paid less 4 cents per gallon. Dyed fuels are exempt from Motor Fuel taxes.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 2902, 2910 and 3204-A

Massachusetts: Special fuels purchased for use as heating oil are exempt from the fuels excise tax. Some lubricating oils are exempt if they are not used as fuel on the highway.

Massachusetts Statute: Mass. Gen. Laws ch. 64A, § 1

New Hampshire: Motor fuel is defined as all products used in an internal combustion engine for the generation of power to propel motor vehicles or mechanical contrivances on or over the ways of the state. Thus, lubricating oils are excluded from the tax on the sale of motor fuels. Motor fuel used for the propulsion of aircraft is subject to a lower tax rate.

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

Vermont: Vermont's law excludes lubricating oils from the gasoline tax definition. Gasoline or other motor fuel is defined to mean any type of fuel used in an internal combustion engine to generate power to propel a motor vehicle upon a highway.

Vermont Statute: Vt. Stat. Ann. tit. 23, § 3173

17. Maximum Tax of $0.50 per Cigar:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1992 / 2009

Description: The other tobacco products tax, as included in the cigarettes tax, is placed on all smokeless tobacco, cigars, and pipe tobacco products sold or held for sale in the state by any person. The tax is imposed at a rate of 80% of the wholesale cost of cigars, pipe tobacco products and smokeless tobacco other than snuff. The tax on cigars is a maximum of $0.50 for each cigar.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. *Patterns of Premium and Nonpremium Cigar Use in the United States: Findings from Wave 6 (2021) of the Population Assessment of Tobacco and Health Study,* Edwards et al., Nicotine & Tobacco Research, 2023. The total number of individual cigars with a wholesale cost greater than $0.63 was 4,212,513 in FY 2022, 3,717,544 in FY 2023, 3,876,828 in FY 2024, and 3,639,514 in FY 2025. Based on cigar consumption and price data reported by Edwards et al. in 2023, 17.4% of cigars reported smoked by study participants in the most recent 30 days were premiums cigars, 23.6% of cigars smoked in the most recent 30 days were nonpremium cigars, and 59.0% of cigars smoked in the most recent 30 days were cigarillos. This same study reported the median retail price of premium cigars was $8.67, the median retail price of nonpremium cigars was $3.09, and the median retail price of cigarillos was $1.34. Premium cigars, nonpremium cigars, and cigarillos were categorized based on the tobacco blends, components, manufacturing process and other characteristics associated with the usual brand smoked by current cigar smokers surveyed.

ORA used this data to estimate the number of cigars with a wholesale cost of greater than $0.63 in Rhode Island that were premium, nonpremium, and cigarillos. Accounting for the state 7% sales and use tax and the wholesale markup fees, cartage fees, and retail markup fees, ORA calculated median wholesale costs of $7.44, $2.65, and $1.15 for premium cigars, nonpremium cigars, and cigarillos, respectively. Using this price data, ORA then calculated the total wholesale cost for cigars sold in Rhode Island with a wholesale cost of greater than $0.63. Revenue forgone for these cigars is based on the difference between taxes estimated using 80% of the estimated total wholesale costs, computed using the price data and estimated number of cigars for premium and nonpremium cigars and actual taxes collected each year. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Cigarette Tax	$6,653,058	*No estimate possible*
2023 Cigarette Tax	$5,871,326	*No estimate possible*
2024 Cigarette Tax	$6,122,892	*No estimate possible*
2025 Cigarette Tax	$5,748,088	*No estimate possible*

Projection Methodology: Amount of exclusion is the average of revenue forgone from FY 2023 through FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2026 Cigarette Tax	$5,914,102	*No estimate possible*
2027 Cigarette Tax	$5,914,102	*No estimate possible*

Law Comparison: Connecticut and Vermont have similar provisions.

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

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

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

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

18. Medical Cannabis:

Statutory Reference: R.I. Gen. Laws §§ 21-28.11-3(2) and 21-28.11-13(a)(2)

Stated Purpose: No stated purpose given in law.

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

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

Data Source: Rhode Island Office of Accounts and Controls, monthly *Comparative Revenue Report,* fiscal years 2023 – 2025 and Rhode Island Department of Business Regulation. Revenue forgone is the difference between what was collected under the 4% compassion center surcharge for each fiscal year and what would have been collected under the 10% state cannabis excise tax for that same period. The number of taxpayers is the average of the active patient count as reported by the Department of Business Regulation for December 2022 - June 2025.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Cannabis Excise Tax	$1,964,884	13,631
2024 Cannabis Excise Tax	$1,129,537	9,561
2025 Cannabis Excise Tax	$882,630	7,821

Projection Methodology: FY 2026 and FY 2027 revenue forgone was estimated using the Office of Management and Budget's forecast for the compassion center surcharge, scaling the 4% tax to the 10% tax. Revenue forgone is the difference of the two figures. The number of taxpayers was projected using the percent change observed for FY 2025-over-FY 2024. FY 2027 is held constant with FY 2026.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 State Cannabis Excise Tax	$900,000	6,398
2027 State Cannabis Excise Tax	$675,000	6,398

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

Connecticut: The cannabis tax does not apply to the sale of cannabis for palliative use.

Connecticut Statute: Conn. Gen. Stat. §§ 12-330ll(b)(2)(B)

Massachusetts: Massachusetts provides an exemption from the state marijuana excise tax and local tax option for the sale of marijuana and marijuana products by a medical marijuana treatment center, registered personal caregiver to a qualifying patient, or personal caregiver.

Massachusetts Statute: Mass. Gen. Laws ch. 64N, § 4

Maine: Maine charges a 10% sales and use tax on adult use cannabis products if sold to a person who is not a qualifying patient. Cannabis purchases by medical cannabis patients are exempt from this higher sales and use tax rate and are charged the standard 5.5% sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1811(1)(D)(5)

Vermont: Cannabis sales made by medical cannabis dispensaries to registered qualifying patients or through their registered caregivers are exempt from the cannabis excise tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 7902(d)(2)

19. Members of a Healthcare Sharing Ministry (Federal):

Statutory Reference: R.I. Gen. Laws § 44-30-101(e)(2) / 26 U.S.C. 5000A(d)(2)(B)

Stated Purpose: No stated purpose given in law.

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

Description: Rhode Island residents are required to maintain health insurance or be subject to a tax known as the shared responsibility payment penalty. The state definition of applicable individual uses the federal definition of the same term. Specifically excluded from this definition are members of a health care sharing ministry.

Data Source: Rhode Island Division of Taxation. To calculate revenue forgone, Taxation provided the average assessed penalty per uninsured month of $80 for TY 2022 and $79 for TY 2023. These figures were multiplied by the number of months this exclusion was claimed to calculate revenue forgone. The number of taxpayers is the count of how many returns claimed this exclusion.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Shared Responsibility Payment Penalty Tax	$112,000	64
2023 Shared Responsibility Payment Penalty Tax	$75,366	42

Projection Methodology: The revenue forgone amount and number of taxapayers for TY 2024 use the same methodology above. This data is subject to change. TY 2025 – TY 2027 revenue forgone amounts and number of taxpayers are the three-year average from TY 2022 – TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Shared Responsibility Payment Penalty Tax	$68,925	41
2025 Shared Responsibility Payment Penalty Tax	$85,430	49
2026 Shared Responsibility Payment Penalty Tax	$85,430	49
2027 Shared Responsibility Payment Penalty Tax	$85,430	49

Law Comparison: A similar provision was found in Massachusetts.

Massachusetts: Minimal creditable coverage in Massachusetts includes health arrangements provided by established religious organizations as long as certain standards are met.

Massachusetts Statute: Mass. Gen. Laws ch. 111M, § 1

20. Paycheck Protection Program Loan Forgiveness:

Statutory Reference: R.I. Gen. Laws §§ 44-11-11(a)(1)(iv), 44-14-11, and 44-30-12(b)(8)

Stated Purpose: No stated purpose given in law.

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

Description: Any amount of a Paycheck Protection Program (PPP) loan that is forgiven for federal income tax purposes under the Coronavirus Aid, Relief, and Economic Security Act of 2020 as part of the Consolidated Appropriations Act of 2021 and/or any other subsequent federal stimulus relief packages enacted by law must be included in net income for the calculation of business corporation tax, gross income for the calculation of the bank excise tax, or Rhode Island adjusted gross income for the calculation of the personal income tax only to the extent that the amount of the loan forgiven exceeds $250,000. This enacted change was retroactive to January 1, 2020. Based on data from the United States Small Business Administration (SBA) on PPP loan forgiveness dates and amount, only FY 2021 and FY 2022 were impacted by this tax expenditure item. FY 2022 encompasses parts of TYs 2022 and 2023.

Data Source: Rhode Island Division of Taxation. Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. ORA calculated the Rhode Island tax liability for each personal income taxpayer who had an increasing modification for PPP loans greater than $250,000 under TY 2022 laws and the Rhode Island tax liability for each taxpayer as if they paid personal income tax on the first $250,000 of forgiven PPP loans for the same tax year and then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference the two tax liability calculations. Number of taxpayers for personal income tax includes all taxpayers that had a non-zero tax difference between the two calculations above.

No taxpayers reported loans greater than $250,000 under the business corporation tax for TY 2022 and TY 2023.

No taxpayers reported loans greater than $250,000 on the bank excise tax in any tax year.

It was not possible to determine the revenue forgone based on PPP loan data from the SBA for taxpayers whose PPP loan amounts were less than $250,000 because each loan would not necessarily be connected to one tax return (e.g., a forgiven PPP loan taken out by a pass-through entity could be reflected on multiple tax returns based on an individual’s distribute share of that loan, each return having different effective tax rates).

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Bank Tax	$0	0
2022 Business Corporation Tax	$0	0
2022 Personal Income Tax	$3,679,805	347
2022 Total	**$3,679,805**	**347**
2023 Bank Tax	$0	0
2023 Business Corporation Tax	$0	0
2023 Personal Income Tax	$313,277	**29**
2023 Total	**$313,277**	**29**

Projection Methodology: As of October 3, 2023, the SBA reported no loans by Rhode Island borrowers greater than $250,000 with a loan forgiveness date in TY 2023, and thus ORA projects no revenue forgone beyond TY 2023.

Law Comparison: All New England states had a similar provision.

Connecticut: Connecticut's income base provisions begin with federal definitions of adjusted gross income (personal income tax) and taxable income (corporate income tax) and, therefore, PPP loan forgiveness is excluded from taxation in Connecticut because PPP loan forgiveness is not included in the determination of the taxpayer's federal definitions of adjusted gross income or taxable income.

Connecticut Statute: Conn. Gen. Stat. §§ 12-213(a)(9) and 12-701(a)(19)

Maine: Maine's personal income tax base is federal AGI, as defined by federal law, and, therefore, PPP loan forgiveness is excluded from taxation in Maine because PPP loan forgiveness is not included in the determination of the taxpayer's federal definitions of AGI or taxable income.

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

Massachusetts: Massachusetts enacted legislation to exclude from the personal income tax any loan forgiveness allowed under the federal CARES Act for TY 2020. For purposes of the corporate excise tax, Massachusetts follows the Internal Revenue Code as currently in effect. Therefore, any amount forgiven for a corporate borrower would be excluded from Massachusetts gross income.

Massachusetts also allows personal income taxpayers to deduct from their Massachusetts gross income the amount of cancelation of debt income related to Paycheck Protection Program beginning on or after January 1, 2021.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a); "An Act Financing a Program for Improvements to the Unemployment Insurance Trust Fund and Providing Relief to Employers and

Workers in the Commonwealth," § 12; "An Act relative to immediate COVID-19 recovery needs," § 77; Mass. Gen. Laws ch. 63, § 1

New Hampshire: No amount of loans forgiven under the federal PPP loan program is required to be included in the gross business income of the taxpayer for purposes of calculating the business profits tax.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:3-c; N.H. Technical Information Release 2021-003

Vermont: Because Vermont uses federal AGI as the starting point for calculating Vermont personal income tax liability and taxable income as the starting point for calculating Vermont corporate income tax liability, the federal treatment of PPP loan forgiveness is adopted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5811(18) and (21)

21. Possession of Ten Packs of Cigarettes with Out-of-State Tax Stamps:

Statutory Reference: R.I. Gen. Laws § 44-20-16

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1948 / 1991

Description: Neither the tax imposed on unstamped cigarettes nor the use tax on cigarettes apply to the use or storage of cigarettes up to a maximum of 10 packs (200 cigarettes) that have been brought into the state on a person.

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

Reliability Index: 5

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

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

Connecticut: Connecticut's provisions allow an individual the use or storage of cigarettes in an amount not exceeding 200 cigarettes which have been brought into this state on the person or in accompanying baggage.

Connecticut Statute: Conn. Gen. Stat. §12-320

Maine: Maine's provisions allow an unlicensed individual to transport cigarettes for personal use not to exceed two cartons (400 cigarettes).

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 4366-B(2)

Vermont: Products purchased outside of Vermont by an individual in quantities of 400 or less of cigarettes, little cigars, and 0.0325-ounce units of roll-your-own tobacco and brought into the state for that individual's own use or consumption is exempt from the cigarettes and tobacco products taxes.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 7771(c)(1)(C)

22. Public Service Corporations:

Statutory Reference: R.I. Gen. Laws § 44-11-1(4)(ii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 1994

Description: Public service corporations, except for those public service corporations provided for in R.I. Gen. Laws § 44-13-2.2, are excluded from the base of taxpayers subject to the business corporation tax. These companies are instead subject to the public service corporation tax imposed under R.I. Gen. Laws Ch. 44-13.

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

Reliability Index: 5

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

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: Connecticut's provisions specifically state that the taxation provided for public service companies tax upon gross earnings in any year is in lieu of all other taxes.

Connecticut Statute: Conn. Gen. Stat. § 12-268j

Vermont: Railroad companies are exempt from the corporate income tax. Instead, such companies pay a separate railroad tax, which is calculated based on appraisal value.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(3) and 8211

23. Securities Exempt from Taxation:

Statutory Reference: R.I. Gen. Laws § 44-13-14

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 1985

Description: Shares of stock, bonds, debentures, and other types of indebtedness associated with any corporation taxable under the public service corporation tax are exempt from the business corporation tax, public service corporation tax, bank excise tax, bank deposits tax, insurance company gross premiums tax and the personal income tax. Due to their exempt nature, any income earned from such investments are excluded from taxable income.

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

Reliability Index: 5

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

Law Comparison: Only Maine has a similar provision.

Maine: Maine provides an exemption from income made for the sale of revenue obligation securities issued for solid waste management and recycling facilities, regardless of whether it is taxed at the federal level.

Maine Statute: Me. Rev. Stat. Ann. tit., 38 § 2218

24. Taxed Gross Earnings and Associated Costs of Certain Public Service Corporations:

Statutory Reference: R.I. Gen. Laws § 44-13-2.2

Stated Purpose: No stated purpose given in law.

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

Description: A corporation or public service company whose principal business in Rhode Island is not an activity specified in R.I. Gen. Laws § 44-13-4 is subject to the business corporation tax or the personal income tax. The gross earnings subject to the public service corporation tax and the direct and indirect costs associated with these gross earnings are excluded from the calculation of net income upon which the business corporation and personal income taxes are assessed.

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

Reliability Index: 5

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

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

25. Taxes Legally Imposed on Consumer but Separately Stated on Invoice:

Statutory Reference: R.I. Gen. Laws § 44-18-12(b)(iv)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 2006

Description: Taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document provided to the purchaser are not included in the sale price upon which the sales tax is assessed.

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

Reliability Index: 5

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

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

Connecticut: The sale price does not include the amount of any tax, not including manufacturers or importer's excise tax, imposed by the United States upon or with respect to retail sales.

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(8)(B)(iii)

Maine: The sale price does not include the amount of any tax imposed by the United States on or with respect to retail sales.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1752 (14)(B)

Massachusetts: In computing the tax due, the vendor excludes the tax reimbursement paid by the purchaser to the vendor and the federal manufacturers' excise tax levied on motor vehicles (trucks) under the Internal Revenue Code.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 1 and 3(a)

Vermont: The term sales price, which is the tax base for the sales and use tax, does not include any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9701(4)(B)(iii)

26. Value-Added Non-Voice Services That Use Computer Processing Applications:

Statutory Reference: R.I. Gen. Laws § 44-13-4(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 2008

Description: Value-added non-voice services in which computer processing applications are used to act on the form, content, code, and protocol of the information to be transmitted are excluded from the definition of telecommunication service and thus are not subject to the public service corporation tax.

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

Reliability Index: 5

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

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

Connecticut: Telecommunications service does not include value-added nonvoice data services.

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(26)(A)

New Hampshire: Value-added services in which computer processing applications are used to act on the form, content, code, and protocol of the information for purposes other than transmission are excluded from the definition of communication services for the purposes of calculating the communication services tax.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 82-A:2, III(a)

Vermont: Value-added non-voice data service is excluded from the imposition of sales and use tax on telecommunication services.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9771(5)

27. Veterinary and Testing Laboratories Services:

Statutory Reference: R.I. Gen. Laws § 44-18-7.3(b)(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2012 / N/A

Description: Sales and use tax is imposed on pet care services except for veterinary and testing laboratories services.

Data Source: TY 2022 Census, Annual Business Survey. Office of Revenue Analysis used reported total sales, value of shipments or revenue of employer and nonemployer firms by RI veterinary services. Forgone revenue is found by multiplying this figure by 7%. Number of taxpayers is reported total number of firms. The Office of Revenue Analysis applied the FY 2024 growth rate in Rhode Island personal consumption expenditures, recreation services from the forecast provided for the November 2025 Revenue Estimating Conference to FY 2023 revenue forgone to project FY 2024 revenue forgone.

Reliability Index: 2

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Sales and Use Tax	$8,625,973	131
2024 Sales and Use Tax	$9,315,561	131

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, recreation services from the forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. FY 2025 – FY 2027 number of taxpayers held constant with FY 2023.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	$9,828,731	131
2026 Sales and Use Tax	$10,329,584	131
2027 Sales and Use Tax	$10,749,662	131

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

Connecticut: Pet grooming, pet obedience services, and pet boarding, unless provided as an integral part of professional veterinary services, are taxable. Veterinary services are not identified as taxable services and are exempt from tax.

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(37)(KK)

Maine: Services such as surgery, grooming, lab testing, and boarding sold by veterinarians are not subject to Maine sales tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1752 (17-B)

Massachusetts: Generally, services are not subject to the Massachusetts sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 1

Vermont: Sales of services are exempt from sales and use tax unless specifically designated as taxable. Veterinary services are not specifically designated as a taxable service.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9771

EXEMPTIONS

1. Affordable Housing Development:

Statutory Reference: R.I. Gen. Laws § 44-25-2(f)

Stated Purpose: No stated purpose given in law.

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

Description: Exempt from the realty transfer tax are real estate transactions that were either financed by federal low-income housing tax credits or were completed by non-profit entities or entities owned by a non-profit entity exempt from tax under § 501(c)(3) of the Internal Revenue Code and whose transaction falls under a qualifying affordable housing program.

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

Reliability Index: 5

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

Law Comparison: New Hampshire and Vermont have similar provisions.

New Hampshire: New Hampshire provides an exemption from the tax on the transfer of real property for an otherwise taxable transfer between a land trust established to provide affordable housing to low-income people and a housing cooperative if the transfer tax is paid by the trust on the initial purchase of the property.

Provided the tax was paid by the buyer or seller when the real property title was acquired, New Hampshire also exempts the direct or indirect transfer of an interest in real property in connection with: (1) federal low-income housing tax credit projects, (2) a project funded with federal grants made to states for low-income housing projects in lieu of low-income housing tax credits, (3) a Rental Assistance Demonstration (RAD) public housing conversion, or (4) or other federal, state, or local financing program requiring that the real estate remains subject to a land use restriction and rental cost limits for affordability.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-B:2, XV and XXIII

Vermont: Transfers made to organizations qualifying under 26 U.S.C. § 501(c)(3) or to a wholly owned subsidiary corporation of such an organization are exempt from the property transfer tax. One of the stated purposes for the acquisition of the property must be to preserve housing for low-income families. Vermont also exempts transfers made to a limited equity cooperative, provided the property in the hands of the transferee will be used to provide housing for those with low or moderate income.

Finally, Vermont exempts transfers of leasehold or fee interests made to individuals with low income by nonprofit organizations whose primary purpose is the provision of housing to individuals with low income, or by a wholly owned subsidiary of the organization. The transfer must be made simultaneously with the transfer of an improvement located on the same property or be a renewal of a lease where the purpose of the lease is to provide affordable housing or the continuation of affordability of the housing, or both.

Vermont Statute: 32 V.S.A. § 9603(20)(A), (21), and (23)

2. Agricultural Products for Human Consumption:

Statutory Reference: R.I. Gen. Laws § 44-18-30(61)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2007 / N/A

Description: The sale, storage, use, or consumption of livestock and poultry products, which ordinarily constitute food for human consumption or constitute fibers for human use, is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$6,663,869	*No estimate possible*
2024 Sales and Use Tax	$7,105,071	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures for food and beverages purchased for off-premises consumption from Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$7,297,976	*No estimate possible*
2026 Sales and Use Tax	$7,531,306	*No estimate possible*
2027 Sales and Use Tax	$7,778,043	*No estimate possible*

Law Comparison: Massachusetts and Vermont have similar provisions.

Massachusetts: Sales of livestock and poultry of a kind which ordinarily constitute food for human consumption, as well as the feed for such livestock and poultry, are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(p)(1-2)

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, 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.

Prescription drugs, durable medical equipment, and veterinary supplies intended for animal are exempt, however, over-the-counter medicine intended for animal use is taxable.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9741(3) and (53)

3. Air and Water Pollution Control Facilities:

Statutory Reference: R.I. Gen. Laws § 44-18-30(15)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1966 / 1980

Description: The sale, storage, use, or consumption of tangible personal property or supplies acquired for use in the operation of certified air and/or water pollution control facilities is exempt from the sales and use tax.

Data Source: Rhode Island Department of Environmental Management (DEM) reported the number of sales tax exemptions issued each year. No reliable data exists from which to estimate the revenue forgone.

Reliability Index: 5

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Sales and Use Tax	*No estimate possible*	2
2024 Sales and Use Tax	*No estimate possible*	1

Projection Methodology: No projection of the revenue forgone is possible due to a lack of reliable data. The projected number of taxpayers is the 5-year average of the sales tax exemptions issued by R.I. DEM.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	*No estimate possible*	1
2026 Sales and Use Tax	*No estimate possible*	1
2027 Sales and Use Tax	*No estimate possible*	1

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provisions include the sale, use, or other consumption of tangible personal property incorporated into or consumed in waste treatment facilities or in air pollution control facilities.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(21) and 12-412(22)

Maine: Maine's provisions include sales of both air and water pollution control certified facilities, as well as parts or accessories for the facilities and materials for construction or maintenance of them.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(29) and 1760(30)

4. Aircraft and Aircraft Parts:

Statutory Reference: R.I. Gen. Laws § 44-18-30(56)

Stated Purpose: No stated purpose given in law.

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

Description: The sale, storage, use, or consumption of any new or used aircraft or aircraft parts is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$5,470,094	*No estimate possible*
2024 Sales and Use Tax	$5,694,794	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures for recreational goods and vehicles from the Moody's Analytics forecast provided for the November 2025 Revenue Estimating Conference to

FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$5,940,780	*No estimate possible*
2026 Sales and Use Tax	$6,151,589	*No estimate possible*
2027 Sales and Use Tax	$6,024,014	*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. Specifically exempt are the sales, storage, use, or other consumption of aircraft with a takeoff weight of of 6,000 lbs or less.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(20), (76)-(77), and (99)

Maine: A sales and use tax exemption applies to sales or leases of aircraft that weigh over 6,000 pounds, that are propelled by one or more turbine engines, or that are in use by a small commercial air carrier such as a commuter airline or air taxi. An exemption also applies to the sale or use in Maine of replacement or repair parts of an aircraft. Through June 30, 2033, the sale, use, or lease of aircraft aircraft repair and replacement parts are exempt from the sales and use tax. This time-limited exemption is not subject to the same aircraft size, type, and use restrictions that apply to the permanent exemptions.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, §§ 1760(76), 1760(88), and 1760(88-A)

Massachusetts: The sale of aircraft and repair or replacement parts exclusively for use in aircraft or in the significant overhauling or rebuilding of aircraft, aircraft parts, or components on a factory basis is exempt from sales tax. The storage, use, or consumption of aircrafts and aircraft parts are exempt from the use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(uu-vv); ch. 64I, §§7(d-e)

Vermont: There is an exemption for aircraft sold to a person engaging in air commerce for use primarily in the carrying of persons or property for compensation or hire and for parts, machinery, and equipment to be installed in any aircraft. The sales of drones, and parts, machinery, and equipment to be installed in drones are no longer exempted from sales and use tax.

Vermont Statute: Vt. Stat. Ann. Tit. 32, § 9741(29)

5. Banks and Regulated Investment Companies Interstate Toll-Free Calls:

Statutory Reference: R.I. Gen. Laws § 44-18-30(49)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / 1999

Description: The sales and use tax does not apply to the furnishing of interstate and international, toll-free, terminating telecommunication service that is used directly and exclusively by or for the benefit of an eligible company. An eligible company is a company that employs on average during the calendar year at least 500 full-time equivalent employees and is a regulated investment company or a corporation providing service, directly or indirectly, to or on behalf of a regulated investment company, employee benefit plan, retirement/pension plan, or state-chartered bank.

Data Source: United States Census Bureau, 2022 Economic Census and 2023 Annual Business Survey, number of U.S. employer firms and number of Rhode Island banks and investment companies. United States Federal Communications Commission, number of toll-free phone numbers in the United states. Business News Daily, average cost of toll-free numbers per month of $10-$15. The midpoint was taken and annualized to an estimated cost of $150 per toll-free number. The total number of toll-free numbers in the U.S. for 2022 and 2023 were divided by the number of U.S. employer firms for the same years to get an average amount of toll-free numbers per employer firm. The average annual cost of a toll-free number was multiplied by the average number of toll-free numbers and the number of bank and investment companies in Rhode Island. These figures were then divided by the sales and use tax rate of 7%. Number of taxpayers is the number of bank and investment firms in Rhode Island.

Reliability Index: 2

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$31,699	425
2023 Sales and Use Tax	$36,920	495

Projection Methodology: For FY 2024 -2027, revenue forgone amounts and number of taxpayers were growth by the 3-year average growth rate of the number of Rhode Island bank and investment companies.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Sales and Use Tax	$40,559	544
2025 Sales and Use Tax	$44,557	597
2026 Sales and Use Tax	$48,949	656
2027 Sales and Use Tax	$53,774	721

Law Comparison: Only Maine has a similar provision.

Maine: Sales of international and interstate telecommunications service are exempt from the service provider tax for all purchasers.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, §§ 2557(33) and 2557(34)

6. Boats or Vessels Brought in Exclusively for Winter Storage Maintenance, Repair, or Sale:

Statutory Reference: R.I. Gen. Laws § 44-18-30(46)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1991 / N/A

Description: There is an exemption against the use tax for the use of any boat or vessel exclusively for delivery of a vessel to a facility in this state for winter storage, maintenance, and repair; for the actual process of winter storage, maintenance, or repair of the boat or vessel; or for storage for the purpose of selling the boat or vessel. Winter storage includes dry storage and storage in water by means of an apparatus preventing ice damage to the hull. This exemption is specifically for the period between October 1 – April 30.

R.I. Gen. Laws § 44-18-30(48), adopted in 1993, exempts the sale, storage, use, or other consumption of any new or used boat from the sales and use tax, effectively rendering this exemption moot.

Data Source: No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Boats or Vessels Generally" exemption.)

Reliability Index: 5

Projection Methodology: No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Boats or Vessels Generally" exemption.)

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: The definition of sale in Connecticut's sales and use tax chapter specifically excludes the dry or wet storage or mooring of a noncommercial vessel for the period between October 1 – May 31. Connecticut's provisions include an exemption from use tax for vessels brought into the state exclusively for storage, maintenance, or repair between the same period. The use tax also allows for an exemption for the storage, acceptance, or other use if the vessel is docked in the state for 60 or less days in a calendar year.

Connecticut Statute: Conn. Gen. Stat. §§ 12-407(2)(M), 12-411(1)(D)(ii)(I), 12-413a

Maine: The purchase of a watercraft outside of Maine is exempt from the sales and use tax if the watercraft is registered and used outside the state by the purchaser and the watercraft is present in Maine 30 days or less, not including any time spent in Maine for temporary storage, during the 12 months following its purchase.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, § 1760(25)(B)

7. Boats or Vessels Generally:

Statutory Reference: R.I. Gen. Laws § 44-18-30(48)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1993 / N/A

Description: The sale, storage, use, or other consumption of any new or used boat is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$11,489,309	*No estimate possible*
2024 Sales and Use Tax	$11,090,311	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, recreational goods and vehicles from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$11,569,355	*No estimate possible*
2026 Sales and Use Tax	$11,979,894	*No estimate possible*
2027 Sales and Use Tax	$11,731,450	*No estimate possible*

Law Comparison: Connecticut has a similar provision.

Connecticut: Connecticut's provisions include an exemption from sales tax provided such vessel is docked in the state for sixty or fewer days in a calendar year. Boats, boat engines, and boat trailers are charged a reduced rate for the sales and use tax of 2.99% compared to the standard Connecticut sales and use tax rate of 6.35%.

Connecticut Statute: Conn. Gen. Stat. §§ 12-408(1)(E)(ii) and 12-411(1)(D)(ii)(I)

8. Boats Sold to Non-Residents:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1982 / N/A

Description: The sale of a boat or vessel to a non-resident who does not register it in Rhode Island or document it with the federal government at a home port in Rhode Island is exempt from the sales and use tax. The location of the sale or delivery of the boat or vessel does not impact this exemption. A non-resident must transport the boat outside the state for use solely outside of Rhode Island within 30 days after delivery by the seller.

Data Source: No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Boats or Vessels Generally" exemption.)

Reliability Index: 5

Projection Methodology: No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Boats or Vessels Generally" exemption.)

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provision allows an exemption from the sales tax for non-residents who do not register the vessel in Connecticut.

Connecticut Statute: Conn. Gen. Stat. § 12-412(60)

Maine: Sales of watercraft; contracts for the construction of watercraft; materials incorporated in watercraft; and the repair, alteration, refitting, reconstruction, overhaul, or restoration of watercraft to a nonresident are exempt from the sales and use tax as long as the watercraft is transported out of the state within 30 days.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(25)

9. Breast Pumps Collection and Storage Supplies:

Statutory Reference: R.I. Gen. Laws § 44-18-30(67)

Stated Purpose: No stated purpose given in law.

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

Description: Exempt from the sales and use tax, effective October 1, 2022, are breast pump collection and storage supplies defined as tangible personal property used in conjunction with a breast pump to collect and store milk expressed from a human breast. Breast pump collection and storage supplies include, but are not limited to, breast shields and breast shield connectors; breast pump tubes and tubing adapters; breast pump valves and membranes; backflow protectors and backflow protector adaptors; bottles and bottle caps specific to the operation of the breast pump; breast milk storage bags; and related items sold as part of a breast pump kit pre-packaged by the breast pump manufacturer.

Data Source: United States breast pumps market size, Grand View Research. Number of births in Rhode Island and the United States, Moody's Analytics forecast provided for the November 2025 Revenue Estimating Conference. Percentage of parents that used a pump to express milk, The Bump. Breastfeeding rates at six months by state for 2022, Centers for Disease Control. The national market size for breast pumps is reported to be is scaled to Rhode Island using the ratio of births in the state compared to the total United States. The state sales and use tax rate of 7% is applied to estimate the revenue forgone. To estimate the number of taxpayers, the number of births in the state for each year was adjusted to account for the number of multiple births. Additionally, the percentage of breastfeeders and the percentage of breastfeeders that pump at six months were applied to the result in order to estimate the number of Rhode Island residents that pump.

Reliability Index: 4

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Sales and Use Tax	$250,962	5,895
2024 Sales and Use Tax	$269,737	5,814

Projection Methodology: Revenue forgone for FY 2025 – FY 2027 was estimated using the forecasted growth in Rhode Island births from Moody's Analytics. The calculation of the number of taxpayers for all three years used the same methodology as above.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Sales and Use Tax	$270,791	5,837
2026 Sales and Use Tax	$272,460	5,873
2027 Sales and Use Tax	$273,244	5,890

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

Connecticut: The sale, storage, use, or consumption of breast pumps, breast pump collection and storage supplies, and breast pump kits are exempt from the sales and use tax when sold to an individual for home use. Also exempt are repair or replacement parts and repair services rendered to breast pumps. If a breast pump kit includes other taxable items, the kit is subject to the tax unless the portion of the taxable items are 10% or less of the total sale price.

Connecticut Statute: Conn. Gen. Stat. § 12-412(125)

Maine: Effective January 1, 2026, the sale of breast pumps, replacement parts, pump collection and storage supplies, and breast pump kits for home use is exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(116)(B)

Massachusetts: The rental, sale, and repair of physician-prescribed, medically necessary breast pumps are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(l)

10. Building Materials Used to Rebuild After Disaster:

Statutory Reference: R.I. Gen. Laws § 44-18-30(51)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1998 / N/A

Description: The sale, storage, use, or other consumption of lumber, hardware, and other building materials used in the reconstruction of a manufacturing business facility that suffers the destruction of 60% or more of the facility is exempt from the sales and use tax. The exemption does not apply to the cost of the reconstruction materials reimbursed by insurance.

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

Reliability Index: 5

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

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

11. Buses, Trucks, or Trailers Used in Interstate Commerce:

Statutory Reference: R.I. Gen. Laws § 44-18-40

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1992 / 2012

Description: The purchase, rental, or lease of a bus, truck, or trailer by a bus or trucking company is not subject to the sales and use tax provided that the vehicle is utilized exclusively in interstate commerce. Buses operated by a bus company are allowed the sales and use tax exemption for the purchase or rental/lease of a bus that transports passengers for hire, provided that the bus is used no less than 80% of the time in interstate commerce.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$4,826,800	*No estimate possible*
2024 Sales and Use Tax	$4,871,500	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, motor vehicles and parts from the Moody's Analytics forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$5,064,882	*No estimate possible*
2026 Sales and Use Tax	$5,217,203	*No estimate possible*
2027 Sales and Use Tax	$5,411,403	*No estimate possible*

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

Connecticut: Each purchaser of a commercial truck, truck, tractor, truck tractor, semi-trailer, or vehicle used in combination is exempt from sales and use tax on such vehicles with a gross vehicle weight of greater than 26,000 lbs or for vehicles operated activity and exclusively for interstate freight for the first year after purchase. Purchasers must present a certificate/permit at the sale of the vehicle. Connecticut also exempts commercial motor vehicles and motor buses from the sales and use tax if 75% of days the vehicle is in-service are from trips from out-of-state trips or trips crossing state lines for at least the first year of service.

Connecticut Statute: Conn. Gen. Stat. § 12-412(70) and (82)-(83)

Maine: The sale of a vehicle, railroad rolling stock, aircraft, or watercraft that is placed in use for interstate or foreign commerce within 30 days after that sale and that is used at least 80% of the time for interstate or foreign commerce over the next two years is exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(41-A)

Massachusetts: Massachusetts only exempts new and used motor buses used to provide intracity local service.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(aa)

12. Camps:

Statutory Reference: R.I. Gen. Laws § 44-18-30(16)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1967 / N/A

Description: The rental charged for accommodations at camps or retreat houses operated by religious, charitable, educational, or other nonprofit organizations or privately owned and operated summer camps for children is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 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***
2023 Sales and Use Tax	$2,080,904	*No estimate possible*
2024 Sales and Use Tax	$2,098,473	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures for recreation services from the November 2025 Revenue Estimating Conference forecast from Moody's Analytics to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$2,214,072	*No estimate possible*
2026 Sales and Use Tax	$2,326,897	*No estimate possible*
2027 Sales and Use Tax	$2,421,526	*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 the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(17)

Maine: Maine's provisions include an exemption for the rental charged for living quarters, sleeping, or housekeeping accommodations at camps, which are also entitled to a corresponding property tax exemption.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(17)

Massachusetts: An exemption from both the sales tax on meals and the room occupancy excise tax is provided for summer camps for children age 18 and under or for developmentally disabled individuals. Camps that satisfy the above criteria but offer their facilities during the off-season to individuals 60 years of age or over for 30 days or less in any calendar year will not lose their exemption.

Massachusetts Statute: Mass. Gen. Laws ch. 64G, § 2

Vermont: Overnight accommodations and meals at camps serving children are not subject to the rooms or meals tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9202(6) and 9202(10)(D)(ii)(VI)

13. Cannabis Sold in Rolling Papers or ENDS:

Statutory Reference: R.I. Gen. Laws §§ 44-20-59 and 44-20-60 / R.I. Pub. Laws 2024, ch. 117, art. 6, § 17

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2023 / 2024

Description: Cannabis sold in rolling papers is exempt from cigarette, other tobacco products, and ENDS taxes. Adult-use cannabis was legalized in Rhode Island on December 1, 2022. The statutory definition of electronic nicotine delivery systems (ENDS) includes an electronic device that may be used to simulate smoking in the delivery of nicotine or *other substance* to a person inhaling from the device. E-liquids, however, must include a liquid or other substance containing nicotine or nicotine derivatives. Thus, cannabis e-liquids without nicotine would not be taxable under the ENDS tax and are not included in the calculation of this exemption.

Data Source: Cannabis retail sales data by product, Rhode Island Cannabis Control Commission. No reliable data exists from which to determine the number of taxpayers. According to rollyourownpapers.com, the average price for a one gram pre-roll in Rhode Island is estimated to be $15-$20. The base price per roll was calculated using the mid-point of this range and reducing that figure by the amount of sales and use tax, as well as the state and local cannabis taxes. This was then multiplied by the amount of adult-use cannabis sales for raw and infused pre-rolls for each fiscal year and then divided by 20 to estimate the number of cartons that would have been sold if these were taxed in the same manner as cigarettes. The cigarette excise tax was then applied, accounting for the increase in the tax as of September 3, 2024, to estimate the amount of revenue forgone for the exemption for cannabis in rolling papers.

The Cannabis Control Commission data was also used to calculate the revenue forgone from the ENDS tax for cannabis vape products by applying the 10% tax on the wholesale cost of such products.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2023 Cigarette Tax	$67,349	*No estimate possible*
2024 Cigarette Tax	$282,342	*No estimate possible*
2025 Cigarette Tax	$532,484	*No estimate possible*

Projection Methodology: Revenue forgone for FY 2026 and FY 2026 from cannabis sold in rolling papers was projected using a forecast of legal recreational cannabis in the United States provided by Statista. For FY 2026 cannabis ENDS products, the average monthly sales activity for unaffiliated wholesale transfers in FY 2025 was annualized and applied the 10% tax. No projection of the number of taxpayers is possible due to a lack of reliable data. For FY 2027 cannabis ENDS products, the same forecasted growth rate from Statista was applied.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2026 Cigarette Tax	$874,962	*No estimate possible*
2027 Cigarette Tax	$975,754	*No estimate possible*

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

Connecticut: Cigarettes and tobacco products must include tobacco, at least in part, in order to be taxed under the cigarette and tobacco products taxes.

Connecticut Statute: Conn. Gen. Stat. §§ 12-285(b)(1) and 12-330a(2)

Maine: Maine's provisions include an exemption for other tobacco products containing cannabis or for cannabis products sold as medical marijuana.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 4403-A(2)

Massachusetts: The definitions of cigarettes, little cigars, and smokeless tobacco include only products made of tobacco, excluding cannabis products from the cigarettes tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64C, § 1

Vermont: Vermont specifically excludes cannabis products from the tobacco products tax. Additionally, the definition of a cigarette specifies that the product must be made of tobacco.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 7702 and 7811(b)

14. Casual Sales:

Statutory Reference: R.I. Gen. Laws § 44-18-20(d-g)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1995

Description: Casual sales are exempt from the sales and use tax. Casual sales are ones made by a person other than a retailer or seller holding or using goods for which a seller's permit is required. In the case a motor vehicle, the term means a sale made by a person other than a licensed motor vehicle dealer or an auctioneer at an auction sale. Casual sales are limited to no more than five in any 12-month period. They also include sales made at bazaars, fairs, picnics, or similar events by nonprofit organizations, limited to a total of two events that do not exceed six days in duration.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Data is for the casual sale of motor vehicles only.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$7,023	138
2023 Sales and Use Tax	$5,942	94
2024 Sales and Use Tax	$8,302	129
2025 Sales and Use Tax	$8,624	130

Projection Methodology: Revenue forgone was projected using Moody's Analytics forecast provided for the November 2025 Revenue Estimating Conference for used vehicle sales prices - cars and trucks. The number of taxpayers for FY 2026 and FY 2027 use a 3-year average based on data from 2023 - 2025.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Sales and Use Tax	$8,884	118
2027 Sales and Use Tax	$9,404	118

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

Connecticut: Casual or isolated sales are exempt from tax. These are sales whose number, scope, and character are insufficient to make it necessary for the seller to have a seller's permit. Only retailers must charge the sales tax, and a person or organization making casual or isolated sales would not meet the definition of retailer contained in Connecticut law. Tangible personal property sold at bazaars, fairs, picnics, and tag sales by nonprofit organizations are specifically exempt from the sales and use tax, as are casual sales of motor vehicles, vessels, snowmobiles, and aircraft.

Connecticut Statute: Conn. Gen. Stat. §§ 12-407(a)(12), 12-408(1)(A), 12-412(94) and 12-431

Maine: Casual sales, in general, are not subject to Maine's sales and use taxes. These taxes are imposed on sales at retail, and casual sales are specifically excluded from the definition of retail sales. In most cases of casual sales involving the sale of trailers; truck campers; motor vehicles; special mobile equipment, except farm tractors and lumber harvesting vehicles or loaders; watercraft; or aircraft, the sales and use tax must be imposed.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1752(11)(B)(1) and 1764

Massachusetts: Casual and isolated sales by a vendor not regularly engaged in retail sales are exempt from the sales and use tax, except for the casual or isolated sale of a motor vehicle, trailer, boat, or airplane.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(c) and ch. 64I, § 7(b)

Vermont: Sale of tangible property as a casual sale is exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(4)

15. Charitable, Educational, or Religious Organizations:

Statutory Reference: R.I. Gen. Laws § 44-18-30(5)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1961 / 1988

Description: The sale, storage, use, and other consumption of tangible personal property by nonprofit organizations formed for charitable, educational, and/or religious purposes are exempt from sales and use tax. These organizations include, but are not limited to, the following type of nonprofits: hospitals; educational institutions; churches; orphanages; interest-free loan associations; sports leagues and bands for children; state chapters of national vocational student organizations; golden age and senior citizens clubs; and parent-teacher associations.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$98,268,700	*No estimate possible*
2024 Sales and Use Tax	$102,157,100	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island final consumption expenditures of nonprofit institutions serving households from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$109,619,296	*No estimate possible*
2026 Sales and Use Tax	$110,756,429	*No estimate possible*
2027 Sales and Use Tax	$115,444,891	*No estimate possible*

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

Connecticut: Connecticut exempts from the sales and use tax sales to any organization exempt from federal income tax under various Internal Revenue Code § 501 provisions, as well as nonprofit charitable hospitals, nursing homes, rest homes, and residential care homes.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(5) and 12-412(8)

Maine: Beginning January 1, 2025, Maine enacted a sales tax exemption for sales to all nonprofit organizations, beginning January 1, 2025. These nonprofit organizations must be exempt from federal income tax under § 501(c)(3) of the IRC, and the tangible personal property or taxable services sold are to be used primarily for the purposes for which the nonprofit organization was organized. Maine lists various non-profit organizations as separate exemptions, which were in already in effect prior to January 1, 2025.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, § 1760(115)

Massachusetts: The Massachusetts sales and use tax exemption includes sales to any certified corporation, foundation, organization, or institution exempt from taxation under the Internal Revenue Code § 501(c)(3). The tangible personal property or services sold must used in the conduct of religious, charitable, educational, or scientific enterprise.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(e)

Vermont: Organizations that qualify for exempt status under the provisions of 26 U.S.C. § 501(c)(3), as well as agricultural organizations similarly qualified under 26 U.S.C. § 501(c)(5) when presenting agricultural fairs, field days, or festivals, are not subject to the sales and use tax. Organizations which qualify for exempt status under the provisions of 26 U.S.C. § 501(c)(4)-(13) and (19) and political organizations, as defined in 26 U.S.C. § 527(e), are exempt from the sales and use tax on entertainment charges for up to 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 the year and are open to the general public.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9743(3) and 9743(5)

16. Clothing and Footwear:

Statutory Reference: R.I. Gen. Laws § 44-18-30(27)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1977 / 2012

Description: The sales of clothing and footwear suitable for general use are exempt from the sales and use tax. This exemption does not apply to clothing for athletic activity, protective use, or the sale of clothing or footwear with a retail sales price exceeding $250 per item. The sales and use tax is imposed on the portion of the retail price of an individual item of clothing or footwear that exceeds $250.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$52,992,451	*No estimate possible*
2024 Sales and Use Tax	$56,755,446	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, clothing and footwear from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$58,584,130	*No estimate possible*
2026 Sales and Use Tax	$62,023,460	*No estimate possible*
2027 Sales and Use Tax	$63,297,182	*No estimate possible*

Law Comparison: Massachusetts, and Vermont have similar provisions.

Massachusetts: Massachusetts' exemption provisions are limited to clothing, including footwear, that is intended to be worn or carried on the human body up to $175 of the sales price per item. The exemption does not apply to special clothing or footwear designed for athletic activity or protective use and is not normally worn except for the athletic or protective use. Sales of wearing materials and cloth made up of natural or synthetic fibers that are used for clothing purposes are also exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(k) and 6(v)

Vermont: The sales and use tax exemption applies to all clothing in Vermont, but clothing does not include clothing accessories or equipment, protective equipment, or sport or recreational equipment.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(45)

17. Coffins, Caskets, Urns, Shrouds, and Burial Garments:

Statutory Reference: R.I. Gen. Laws § 44-18-30(12)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1952 / 2022

Description: The sale, storage, use, or other consumption of coffins, caskets, shrouds, urns, and other burial garments ordinarily sold by a funeral director as part of the business of funeral directing are exempt from the sales and use tax.

Effective October 1, 2022, this exemption was expanded to include burial containers, urn liners, urn vaults, grave liners, grave vaults, burial tent setups, and prayer cards.

Data Source: FY 2023 and FY 2024 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***
2023 Sales and Use Tax	$1,182,614	*No estimate possible*
2024 Sales and Use Tax	$1,204,789	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, other services from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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***
2025 Sales and Use Tax	$1,273,183	*No estimate possible*
2026 Sales and Use Tax	$1,351,198	*No estimate possible*
2027 Sales and Use Tax	$1,413,405	*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 total amount of such exempt sales with respect to any single funeral does not exceed $2,500. Sales of caskets used for burial or cremation are also exempt.

Connecticut Statute: Conn. Gen. Stat. § 12-412(55)

Maine: Sales of funeral services are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(24)

Massachusetts: Sales of coffins, caskets, burial garments, or other materials ordinarily sold by a funeral director as part of the business of funeral directing are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(n)

Vermont: Funeral charges, including sales of tangible personal property such as caskets, vaults, boxes, clothing, crematory urns, and other such funeral furnishings necessary for a funeral are exempt from the sales and use tax. The exemption does not include the sale of flowers and other items sold as an accommodation rather than as an integral part of the funeral service or preparation.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(22)

18. Coins:

Statutory Reference: R.I. Gen. Laws § 44-18-30(43)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1988 / N/A

Description: The sale and other consumption of coins having numismatic or investment value is exempt from the sales and use tax.

Data Source: 2022 - 2024 Annual Reports, United States Mint. Annual Estimates of Population for the United States for 2019 - 2022, United States Census Bureau. Revenue forgone is based on the annual numismatic and bullion coin sales in Rhode Island. Annual U.S. numismatic and bullion coin sales are scaled for Rhode Island using the ratio of Rhode Island's population to the total U.S. population. Revenue forgone is determined by multiplying this amount by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$1,001,923	*No estimate possible*
2023 Sales and Use Tax	$923,388	*No estimate possible*
2024 Sales and Use Tax	$751,396	*No estimate possible*

Projection Methodology: The three-year average growth rate was applied to the 2024 revenue forgone amount to estimate FY 2025 - FY 2024. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	$752,091	*No estimate possible*
2026 Sales and Use Tax	$752,786	*No estimate possible*
2027 Sales and Use Tax	$753,482	*No estimate possible*

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

Connecticut: Connecticut's provisions include exemptions for legal tender of any nation, rare and antique coins, and coins traded according to value as a precious metal. The exemption is limited to transactions in which the total value of the sale is less than $1,000.

Connecticut Statute: Conn. Gen. Stat. § 12-412(45)

Massachusetts: Massachusetts' exemption includes sales of $1,000 or more of items traded or sold according to their value as precious metals such as rare coins of numismatic value, gold or silver bullion or coins, and gold or silver tender of any nation.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(ll)

Vermont: Coins and other numismatic items when purchased as a medium of exchange are not considered tangible personal property and are exempt from the sales and use tax.

Vermont Statute: 10-066 Code Vt. R. 10-060-033-X § 1.9701(7)-1(B)(3)

19. Commercial Fishing Vessels in Excess of Five Net Tons:

Statutory Reference: R.I. Gen. Laws § 44-18-30(26)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1976 / 2002

Description: The sale, use, storage, or other consumption of vessels and other watercraft of more than five net tons and used exclusively for commercial fishing is exempt from the sales and use tax. The exemption also applies to fishing equipment used in connection with the commercial fishing done by the vessel, as well as material for the maintenance and/or repair of the vessels.

Data Source: Annual estimates of number of boats, Annual vessel permit data listed by home port, National Oceanic and Atmospheric Administration, Greater Atlantic Region. Pricing data obtained from an online marine broker where boat weight was available. The average price per length was calculated for boats with lengths of under 32', 31.99'-41', 39.99'-56', 54.99'-66', and over 65'. Revenue forgone is determined by multiplying the average price calculated by the number of boats in each range based on length that weigh greater than five tons and have a home port listed as

Rhode Island and then multiplying by the sales and use tax rate of 7%. Number of taxpayers are the number of new permits for fishing vessels listed for that year. Estimate is for the sale of vessels only and does not include additional revenue forgone for fishing equipment used in connection with the commercial fishing done by the vessel or materials for the maintenance and/or repair of the vessels.

Reliability Index: 4

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$1,159,274	24
2023 Sales and Use Tax	$642,219	12
2024 Sales and Use Tax	$957,373	24
2025 Sales and Use Tax	$481,126	9

Projection Methodology: The projected revenue forgone and the number of taxpayers for FY 2026 were calculated based on a five-year average using FY 2021 – FY 2025. FY 2027 revenue forgone amounts and number of taxpayers were held constant with FY 2026.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Sales and Use Tax	$734,706	15
2027 Sales and Use Tax	$734,706	15

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

Connecticut: Commercial fishing vessels and machinery or equipment for use on such vessels are exempt from the sales and use tax. A commercial fishing vessel includes any vessel with a certificate of documentation issued by the United States Coast Guard for coastwise fishery.

Connecticut Statute: Conn. Gen. Stat. § 12-412(40)

Maine: Maine does not include an exemption, but a refund and an alternative exemption card procedure exist for certain depreciable machinery and equipment used in commercial fishing. This includes new or used watercraft, nets, traps, cables, tackle and related equipment necessary to and used directly and primarily in the operation of a commercial fishing venture.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 2013 and Code Me. R. 18-125 Ch. 323

Massachusetts: Massachusetts' provisions include an exemption for sales of vessels used directly and exclusively in commercial fishing, including machinery, equipment, and replacement parts. Also, vessels used exclusively to provide scheduled commuter passenger service, including repair and replacement parts, are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(o) & 6(pp)

20. Commercial Vessels of 50 Tons Burden or More:

Statutory Reference: R.I. Gen. Laws § 44-18-30(25)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1976 / N/A

Description: Sales made to commercial ships, barges, or other vessels of 50 tons burden or more primarily engaged in interstate or foreign commerce are exempt from the sales and use tax. Provisions, supplies, and material purchased for maintenance and repairs of such commercial vessels are also exempt.

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

Reliability Index: 5

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

Law Comparison: Maine and Massachusetts have similar provisions.

Maine: Sales of cabin, deck, engine supplies, and bunkering oil to ships engaged in transporting cargo or passengers for hire in interstate or foreign commerce are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(4)

Massachusetts: Sales of barges or vessels of 50 tons burden or over are exempt from the sales and use tax when constructed in Massachusetts and sold by their builders. Also exempt are sales of fuel or fuel substitutes for vessels engaged in interstate or foreign commerce or used directly and exclusively in commercial fishing along with the machinery, equipment, and replacement parts.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(o)

21. Compressed Air:

Statutory Reference: R.I. Gen. Laws § 44-18-30(33)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / N/A

Description: The sale, storage, consumption, or other use of compressed air is exempt from the sales and use tax.

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

Reliability Index: 5

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

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

22. Containers:

Statutory Reference: R.I. Gen. Laws § 44-18-30(4)

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 are exempt from the sales and use tax when sold empty to people who fill the containers and sell the contents and containers together. Non-returnable containers include boxes, paper bags, and wrapping materials that are biodegradable and all bags and wrapping materials utilized in the medical and healing arts. Returnable containers are exempt when sold with the contents in a retail sale and/or when sold for refilling. All kegs and barrel containers sold to alcoholic beverage producers who place the alcoholic beverages in the containers are also exempt from sales and use tax.

Data Source: FY 2023 and FY 2024 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***
2023 Sales and Use Tax	$16,068,962	*No estimate possible*
2024 Sales and Use Tax	$16,753,948	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in the United States producer price index for finished goods from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$16,983,891	*No estimate possible*
2026 Sales and Use Tax	$17,378,707	*No estimate possible*
2027 Sales and Use Tax	$17,900,468	*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 sales and use tax exemptions include returnable containers sold with the contents or resold for refilling. Additionally, packaging materials, which includes containers, are exempt from the sales and use tax when sold for packing or shipping tangible personal property or for packing or shipping tangible personal property sold by the purchaser of the packaging materials.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(12) and 1760(12-A)

Massachusetts: Massachusetts' exempts most containers, including sales of empty containers to be filled and resold, containers whose contents are exempt from the sales tax, and returnable containers when sold with the contents or resold for refilling.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(q)

Vermont: Materials, containers, labels, sacks, cans, boxes, drums or bags and other packing, packaging or shipping materials for use in packing, packaging, or shipping tangible personal property by a manufacturer or distributor are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(16)

23. Coverage Considered Unaffordable (Federal):

Statutory Reference: R.I. Gen. Laws § 44-30-101(d) / 26 U.S.C. § 5000A(b)(1) and (e)(1)

Stated Purpose: No stated purpose given in law.

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

Description: The Rhode Island state shared responsibility payment penalty tax is equal to the same penalty imposed at the federal level for individuals who do not meet the minimum essential coverage for health insurance. Included in the exemptions to the federal insurance mandate penalty is an exemption for coverage that is considered unaffordable, which is defined as more than 8% of the individual's household income. This exemption includes individuals covered by an employer-sponsored plan that meets the requirements to be unaffordable, as well as those who can only purchase health insurance through the Rhode Island Health Benefits Exchange where the lowest cost bronze plan meets the requirements to be considered unaffordable.

Data Source: Rhode Island Division of Taxation. To calculate revenue forgone, Taxation provided the average assessed penalty per uninsured month of $80 for TY 2022 and $79 for TY 2023. These figures were multiplied by the number of months this exemption was claimed to calculate revenue forgone. The number of taxpayers is the count of how many returns claimed this exclusion.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Shared Responsibility Payment Penalty Tax	$1,709,200	2,043
2023 Shared Responsibility Payment Penalty Tax	$1,525,016	1,878

Projection Methodology: The revenue forgone amount and number of taxapayers for TY 2024 use the same methodology above. This data is subject to change. TY 2025 – TY 2027 revenue forgone amounts and number of taxpayers are the three-year average from TY 2022 – TY 2024.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Shared Responsibility Payment Penalty Tax	$1,586,625	2,089
2025 Shared Responsibility Payment Penalty Tax	$1,606,947	2,003
2026 Shared Responsibility Payment Penalty Tax	$1,606,947	2,003
2027 Shared Responsibility Payment Penalty Tax	$1,606,947	2,003

Law Comparison: A similar provision was found in Massachusetts.

Massachusetts: Individuals are required to maintain creditable health insurance coverage if it is deemed affordable.

Massachusetts Statute: Mass. Gen. Laws ch. 111M, § 2(a)

24. Deed, Instrument, or Writing where Grantor is U.S. Government or State of Rhode Island:

Statutory Reference: R.I. Gen. Laws § 44-25-2(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1968 / 2000

Description: Any deed, instrument, or writing where the United States, the State of Rhode Island, or one the State's political subdivisions is the grantor is exempt from the real estate conveyance tax.

Data Source: State of Rhode Island, Office of Accounts and Control, RIFANS Financial Statements. The real estate conveyance tax rate was applied to the total amount of revenue from the sale of state surplus property for each fiscal year. This data includes only property sold by the state. Data on federal or local government property sales is not readily available. The rate was $2.30 for every $500 of value for prior to January 1, 2022. After that date, there was an additional $2.30 for every $500 in value if the sale price for residential real property was over $800,000. On October 1, 2025, both the base tax and the additional tax increased to $3.75 for each $500 of value. No reliable data exists to estimate the number of taxpayers

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Real Estate Conveyance Tax	$13,790	*No estimate possible*
2023 Real Estate Conveyance Tax	$349	*No estimate possible*
2024 Real Estate Conveyance Tax	$3,271	*No estimate possible*
2025 Real Estate Conveyance Tax	$0	*No estimate possible*

Projection Methodology: The projected revenue forgone is the 4-year average of revenue forgone for FY 2022 – FY 2025.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	$4,353	*No estimate possible*
2026 Sales and Use Tax	$4,353	*No estimate possible*
2027 Sales and Use Tax	$4,353	*No estimate possible*

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

Connecticut: Connecticut's provisions include an exemption from the real estate conveyance tax for deeds Connecticut is prohibited from taxing under the United States Constitution, or related laws, as well as deeds to which the state or any of its political subdivisions is a party.

Connecticut Statute: Conn. Gen. Stat. § 12-498(a)(1) and (3)

Maine: Deeds to property transferred to or by the United States, the State of Maine, or any of their instrumentalities, agencies, or subdivisions are exempt from the real estate transfer tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 4641-C(1)

Massachusetts: The excise tax on deeds, instruments, and writings does not apply to any deed, instrument or writing to which the commonwealth, a city or town of the commonwealth, or the United States or any of their agencies are a party.

Massachusetts Statute: Mass. Gen. Laws ch. 64d, § 1

New Hampshire: Transfers to the state or a state agency, county, city, town, school district, or village district are exempt from the tax on the transfer of real property. Also exempt are transfers to the United States or any agency or instrumentality thereof.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-B:2, I and II

Vermont: Transfers of property to the United States of America, the State of Vermont, or any of their instrumentalities, agencies, or subdivisions are exempt from the property transfer tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9603(2)

25. Diesel Emission Control Technology:

Statutory Reference: R.I. Gen. Laws § 44-18-30(62)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2010 / N/A

Description: The sale or use of diesel retrofit technology required by the Diesel Emissions Reduction Act (R.I. Gen. Laws § 31-47.3-4) is exempt from the sales and use tax.

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

Reliability Index: 5

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

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

26. Dietary Supplements:

Statutory Reference: R.I. Gen. Laws § 44-18-30(59)

Stated Purpose: No stated purpose given in law.

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

Description: The sale, storage, use or other consumption of dietary supplements sold on prescription are exempt from the sale and use tax. A dietary supplement is any product, other than tobacco, that contains one or more of the following: vitamin; mineral; herb or other botanical; amino acid; dietary substance for use by humans that increases the total dietary intake; or concentrate, metabolite, constituent, extract, or combination of any ingredient described previously.

Data Source: 2022 - 2024 Supplemental Business Report, Nutrition Business Journal. Annual Estimates of Population for the United States and Rhode Island, United States Census Bureau. Revenue forgone is based on the annual sales of dietary supplements by prescription in Rhode Island. The U.S. sales of dietary supplements are scaled to Rhode Island using the ratio of Rhode Island's population to the total U.S. population. It is assumed that 25% of Rhode Island sales of dietary supplements are by prescription. Revenue forgone is determined by multiplying this amount by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Sales and Use Tax	$3,505,352	*No estimate possible*
2023 Sales and Use Tax	$3,503,027	*No estimate possible*
2024 Sales and Use Tax	$3,536,394	*No estimate possible*

Projection Methodology: Revenue forgone for FY 2025 uses a three-year average from FY 2022 – FY 2024. FY 2026 and FY 2027 were held constant. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Sales and Use Tax	$3,518,516	*No estimate possible*
2026 Sales and Use Tax	$3,518,516	*No estimate possible*
2027 Sales and Use Tax	$3,518,516	*No estimate possible*

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

Connecticut: Connecticut's exemption for nonprescription drugs or medicines includes vitamin or mineral concentrates, dietary supplements, and natural or herbal drugs or medicines.

Connecticut Statute: Conn. Gen. Stat. § 12-412(120)

Maine: Dietary supplements or adjuncts, when sold on the prescription of a physician, are exempt from the sales and use tax under the exemption for grocery staples.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(3) and 1752(3-B)

Vermont: Sales of food and food ingredients sold for human consumption off the premises where sold, as well as eligible foods purchased with food stamps are exempt. Non-prescription vitamins and dietary supplements are considered to be food.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(13), Code of Vt. Rules § 1.9741(2)(B)

27. Educational Institutions Rental Charges:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1967 / N/A

Description: The rent charged by any nonprofit educational institution for living quarters, sleeping, housekeeping accommodations, or other rooms or accommodations to any student or teacher at an educational institution is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$8,837,941	*No estimate possible*
2024 Sales and Use Tax	$9,612,908	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, food services and accommodations from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$10,042,410	*No estimate possible*
2026 Sales and Use Tax	$10,571,909	*No estimate possible*
2027 Sales and Use Tax	$10,996,789	*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 sales and use tax provisions include the exemption of the rental charges for living quarters, sleeping, or housekeeping accommodations to any student necessitated by attendance at a school.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(19)

Massachusetts: Massachusetts provisions include the exemption of lodging accommodations, including dormitories, at religious, charitable, educational, and philanthropic institutions; provided, however, that this exemption shall not apply to accommodations provided by any such institution at a hotel or motel operated by the institution.

Massachusetts Statute: Mass. Gen. Laws ch. 64G, § 2(ii)

New Hampshire: New Hampshire excludes from the definition of occupancy any occupancy at a facility or establishment owned or leased related to a long-term agreement by an organization operated for educational purposes that is exempt from federal income taxation under § 501(c)(3) of the Internal Revenue Code (IRC), but only if occupancy at such facility or establishment is provided: (A) To students regularly attending the organization; (B) To employees, faculty members or administrative officials of the organization for occupancy at such facility or establishment provided in connection with responsibilities performed for the organization; (C) To volunteers providing services in connection with the organization; or (D) To any person whose occupancy at such facility or establishment is provided for an activity which is related to educational purposes and the sponsor of such activity is an organization exempt from federal income taxation under § 501(c) of the IRC or is provided by the federal government, state government, or an instrumentality thereof. The exemption provided does not apply if occupancy at the facility or establishment is offered to the general public on a regular and continuous basis without regard to an activity which is related to educational purposes.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-A:6-d, VI

Vermont: The rental charges for living quarters, sleeping, or household accommodations to students attending a school are not subject to the rooms tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9202(8)

28. Electricity and Gas:

Statutory Reference: R.I. Gen. Laws § 44-18-30(21)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1972 / 2015

Description: The sale, use, storage, or other consumption of electricity or gas is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 Rhode Island Interactive Sales and Use Tax Simulation Model. Annual Energy Outlook, Independent Statistics and Analysis, U.S. Energy Information Administration; U.S. Department of Energy. Revenue forgone is based on electricity, gas and distillate fuel oil consumption and price in New England. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Sales and Use Tax	$93,230,750	*No estimate possible*
2024 Sales and Use Tax	$97,363,590	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, housing and utilities services from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$103,389,174	*No estimate possible*
2026 Sales and Use Tax	$108,720,462	*No estimate possible*
2027 Sales and Use Tax	$114,098,028	*No estimate possible*

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

Connecticut: Connecticut's provisions exempt from the sales and use tax the sale, furnishing, or service of gas, including bottled gas, and electricity when delivered to consumers through mains, lines, pipes, or bottles for use in any residential dwelling; directly in agricultural production; or in the fabrication of a finished product to be sold and for industrial manufacturing plants, provided that not less than 75% of the gas or electricity is used for the purpose of production, fabrication, or manufacturing.

Connecticut Statute: Conn. Gen. Stat. § 12-412(3)

Maine: Maine generally exempts residential gas and electricity, including the first 750 kilowatt hours of residential electricity per month and gas when purchased for cooking and heating in residential buildings. Effective January 1, 2023, this exemption was amended to include all residential electricity consumed by eligible customers enrolled in either a low-income assistance program or an arrearage management program. Maine also exempts 95% of the sale price of all fuel and electricity purchased for use at a manufacturing facility. Fuel purchased for use in commercial agriculture, commercial fishing, or commercial wood harvesting is eligible for refund.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(9-B)-(9-D), and 2013(2)

Massachusetts: Massachusetts exempts the sales, furnishing, or service of water, gas, steam, or electricity used for residential purposes. Gas, steam, or electricity consumed and used directly in an industrial plant in the actual manufacture of tangible personal property at which at least 75% of fuel consumed is used for purpose of such manufacturing or heating is also exempt. Massachusetts also exempts sales of gas, steam, electricity, and heating fuel used by any business that has five or fewer employees and had gross income of less than $1.0 million for the preceding calendar year.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(i) and 6(qq)

Vermont: Vermont exempts sales of electricity, oil, gas, and other fuels used in a residence for all domestic use, including heating. Sales of electricity, oil, gas, and other fuels used directly and exclusively for farming purposes are also exempt, as well as those fuels used directly or indirectly in manufacturing processes.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(26), 9741(27), and 9741(34)

29. Equipment for Research and Development:

Statutory Reference: R.I. Gen. Laws § 44-18-30(42)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / 1996

Description: The sale, use, storage, or other consumption of equipment that is used for research and development purposes by a qualifying company is exempt from the sales and use tax. A qualifying company is a business for which the use of research and development equipment is an integral part of its operation. Equipment means scientific equipment, computers, software, and related items.

Data Source: FY 2023 and FY 2024 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***
2023 Sales and Use Tax	$7,216,300	*No estimate possible*
2024 Sales and Use Tax	$7,340,600	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in the United States producer price index for machinery and equipment from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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***
2025 Sales and Use Tax	$7,553,102	*No estimate possible*
2026 Sales and Use Tax	$7,923,610	*No estimate possible*
2027 Sales and Use Tax	$8,150,792	*No estimate possible*

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

Connecticut: Property used in research and development in the manufacturing industry qualifies for the exemption given to manufacturing materials. Research and development services are not among the list of taxable services and, therefore, are not subject to tax. Also, a sales and use tax exemption for the sale of and the storage, use, or other consumption of machinery, equipment, tools, materials, supplies, and fuel used directly in the biotechnology industry is available.

Connecticut Statute: Conn. Gen. Stat. §§ 12-407(a)(37), 12-412(89), and 12-412i(a)(2)(A)

Maine: Maine's sales and use tax exemptions include sales of machinery and equipment for use by the purchaser directly and exclusively in research and development in the experimental and laboratory sense or primarily in biotechnology applications.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(32)

Massachusetts: Sales of materials, tools, fuels, machinery, and replacement parts, used in research and development by a manufacturing or research and development corporation are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(r) and 6(s)

Vermont: Vermont's provisions exempt sales of tangible personal property purchased for use or consumption directly and exclusively, except for isolated or occasional uses, in commercial industrial, or agricultural research and development.

Vermont's Statute: Vt. Stat. Ann. tit. 32, § 9741(24)

30. Estates of Persons Declared Missing in Action by U.S. Armed Forces:

Statutory Reference: R.I. Gen. Laws § 44-22-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1977 / 1990

Description: The estate of a serviceman or servicewoman who has been classified by the armed forces of the United States as missing in action is exempt from the estate and transfer tax.

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

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Estate and Transfer Tax	$0	0
2023 Estate and Transfer Tax	$0	0
2024 Estate and Transfer Tax	$0	0

Projection Methodology: Projected revenue forgone amounts and number of taxpayers for FY 2025 - FY 2027 is held constant with FY 2024.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Estate and Transfer Tax	$0	0
2026 Estate and Transfer Tax	$0	0
2027 Estate and Transfer Tax	$0	0

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

31. Farm Equipment:

Statutory Reference: R.I. Gen. Laws § 44-18-30(32)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / 2004

Description: The sale, storage, use, or other consumption of machinery and equipment used directly for commercial farming and agricultural production is exempt from the sales and use tax. The exemption includes replacement parts, as well as tools and supplies used in the repair and maintenance of farming equipment.

Data Source: FY 2023 and FY 2024 Rhode Island Interactive Sales and Use Tax Simulation Model. Number of taxpayers are from 2023 update of county business patterns published by the United States Census Bureau. Includes all firms classified under the North American Industry Classification System (NAICS) of agriculture, forestry, fishing, and hunting.

Reliability Index: 3

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Sales and Use Tax	$697,200	38
2024 Sales and Use Tax	$755,500	38

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in the United States producer price index for machinery and equipment from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. The number of taxpayers for FY 2025 - 2027 was held constant with FY 2024.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	$761,496	38
2026 Sales and Use Tax	$780,983	38
2027 Sales and Use Tax	$814,357	38

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

Connecticut: Connecticut's sales and use tax provisions include any items sold exclusively for use in agricultural production by a farmer running such a business. The farmer must obtain a permit from the state for the exemption and have more than $2,500 in federal gross income in either the preceding tax year or on average for the two preceding tax years.

Connecticut Statute: Conn. Gen. Stat. § 12-412(63)

Maine: Maine tax law does not include a similar exemption but does provide a refund procedure for certain depreciable machinery and equipment used in commercial agricultural production, fishing, or aquacultural production.

Maine Statute: Me. Rev. Stat. Ann. Tit. 36, § 2013

Massachusetts: Massachusetts' provisions include sales of machinery or replacement parts used directly and exclusively in agricultural production. Farmers (including persons who raise poultry and livestock) and fishermen pay no tax on materials, tools, and fuel they buy that is used or consumed directly and exclusively in agricultural production and commercial fishing.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(r) and 6(s)

Vermont: Sales of agricultural machinery and equipment used predominately to produce or grow tangible personal property for sale at farms (including stock, dairy, poultry, fruit, and truck farms) orchards, nurseries, or in greenhouses or other similar structures used primarily for the raising of agricultural or horticultural items for sale are exempt from sales and use tax. Predominately means 75% of the time the equipment is in use.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(25)

32. Farm Structure Construction Materials:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1988 / N/A

Description: Lumber, hardware, and other materials used in the new construction of farm structures, including production facilities and any other structures used in connection with commercial farming, are exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$768,748	*No estimate possible*
2024 Sales and Use Tax	$804,589	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in the United States producer price index for construction for intermediate demand from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$844,589	*No estimate possible*
2026 Sales and Use Tax	$882,131	*No estimate possible*
2027 Sales and Use Tax	$911,169	*No estimate possible*

Law Comparison: Maine and Massachusetts have similar provisions.

Connecticut: Connecticut's sales and use tax provisions include any items sold exclusively for use in agricultural production by a farmer running such a business. This includes the raising, feeding, caring for, shearing, training, or management of livestock, including horses, bees, poultry, fur-bearing animals, or wildlife. The farmer must obtain a permit from the state for the exemption and have more than $2,500 in federal gross income in either the preceding tax year or on average for the two preceding tax years.

Lumber, hardware, and other building materials sold directly to a farmer for the construction or renovation of a farm structure used exclusively in agricultural production is allowed under this sales and use tax exemption. However, the purchase of these materials by contractors is taxable.

Connecticut Statute: Conn. Gen. Stat. § 12-412(63), Conn. Regs. § 12-412(63)-1(i)(6)

Maine: Any materials for the construction, repair, or maintenance of an animal waste storage facility are exempt. An animal waste storage facility means a structure or pit constructed and used solely for storing manure, animal bedding waste, or other wastes generated by animal production.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(81)

Massachusetts: Sales of building materials and supplies to be used in the construction, reconstruction, alteration, remodeling or repair of any building or structure located in a Marine Industrial Park are exempt from the sales tax, provided that the building or structure is exclusively used for agricultural production, seafood processing, or as a seafood storage facility.

Massachusetts Statute: Mass. Gen. Laws Ch. 64H § 6(f)

33. Feed for Certain Animals Used in Commercial Farming:

Statutory Reference: R.I. Gen. Laws § 44-18-30(63)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2012 / N/A

Description: The sale of feed for livestock and poultry raised for products that ordinarily constitute food for human consumption or fibers for human use is exempted from the sales and use tax.

Data Source: FY 2023 and FY 2024 Rhode Island Interactive Sales and Use Tax Simulation Model and Office of Revenue Analysis calculations. Number of taxpayers are from 2023 update of county business patterns published by the United States Census Bureau. Includes all firms classified under the North American Industry Classification System (NAICS) of agriculture, forestry, fishing, and hunting.

Reliability Index: 3

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Sales and Use Tax	$251,187	38
2024 Sales and Use Tax	$261,487	38

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in the Unites States producer price index for processed foods and feeds from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. The number of taxpayers for FY 2025-2027 was held constant with FY 2023.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	$269,612	38
2026 Sales and Use Tax	$277,603	38
2027 Sales and Use Tax	$283,751	38

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

Connecticut: Connecticut's sales and use tax provisions include any items sold exclusively for use in agricultural production by a farmer running such a business. This includes the raising, feeding, caring for, shearing, training, or management of livestock, including horses, bees, poultry, fur-bearing animals, or wildlife. The farmer must obtain a permit from the state for the exemption and have more than $2,500 in federal gross income in either the preceding tax year or on average for the two preceding tax years.

Connecticut Statute: Conn. Gen. Stat. § 12-412(63)

Maine: Maine's sales tax exemptions include products used in aquaculture production, including bait, and products used in animal agriculture, including feed. Maine also exempts farm animal bedding and hay from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(7-A), 1760(7-C), and 1760(78)

Massachusetts: Massachusetts exempts from sales tax the sales of feed and feed bags for livestock and poultry typically raised for human consumption that are sold in the regular course of business or are animals produced for research, testing, or other purposes relating to the promotion or maintenance of the health, safety or well-being of human beings or animals.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(p)(2)

Vermont: Agriculture feed is included in the sales and use tax exemption for various agriculture products.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(3)

34. Feminine Hygiene Products:

Statutory Reference: R.I. Gen. Laws § 44-18-30(66)

Stated Purpose: No explicit purpose provided in the statute.

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

Description: The sale, storage, use, or other consumption of tampons, panty liners, menstrual cups, sanitary napkins, and similar products for which the principal use is feminine hygiene in connection with the menstrual cycle is exempt from the sales and use tax.

Data Source: Feminine Hygiene, CDC Wonder. 2020-2024 Annual estimates of the resident population by single year of age and sex for the United States and population estimates by age and sex for Rhode Island for 2023 - 2024. ORA utilized total sales of sanitary napkins/tampons in the United States and assumed sanitary napkins and tampons were 81.6% of the total feminine hygiene products category for all years based on data from a 2025 Statista report. The total was then divided by the total number of women in the United States ages 10-55 years old, as the menstrual age range for women is 10-55 years, to calculate the average annual cost for feminine hygiene products for women in this age group. RI population data was used to for the number of Rhode Island women aged 10-55 years. ORA multiplied the population data by the fertility rate provided by NSHS. Additionally, ORA assumed 0.83%% of such women would be pregnant and 35.9% of those would be breastfeeding at any given time. Revenue forgone was calculated by multiplying the average annual cost of feminine hygiene products and the estimated number of Rhode Island women 10-55 years old. The number of taxpayers is the estimated number of females in Rhode Island 10-55 years old that are not pregnant or breastfeeding.

Reliability Index: 4

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Sales and Use Tax	$893,389	281,564
2023 Sales and Use Tax	$905,522	293,465
2024 Sales and Use Tax	$921,091	294,480

Projection Methodology: Revenue forgone for FY 2025 – FY 2027 is grown using forecast data for sales of feminine hygiene products provided by Statista's Market Insight, and the number of taxpayers is grown using forecast data for the population of Rhode Island for ages 10 - 55 years as provided by CBO's demographic outlook projections.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Sales and Use Tax	$939,609	295,767
2026 Sales and Use Tax	$961,718	296,388
2027 Sales and Use Tax	$986,037	297,016

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

Connecticut: Sales of menstrual products are exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(122)

Maine: Menstrual products are exempt from the sales and use tax, effective October 1, 2021.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §1760(107)

Massachusetts: Health care items are exempt from the sales and use tax. The state classifies sanitary napkins and belts and tampons as health care items.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(l)

Vermont: Feminine hygiene products used in connection with the human menstrual cycle are exempt from the Vermont sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(56)

35. First 50,000 Gallons of Distilled Spirits of a Distiller in Continuous Operation for 12 Months:

Statutory Reference: R.I. Gen. Laws § 3-10-1(d)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2016 / NA

Description: The first 50,000 gallons of distilled spirits produced and distributed in Rhode Island in any calendar year is exempt from the alcoholic beverage excise tax, provided that the distiller has actively and directly owned, managed, and operated a distillery in the state for at least 12 consecutive months.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Based on gallonage filings with the Excise Tax Section. ORA took the estimate for the number of gallons distributed in Rhode Island for CY 2022 – CY 2024 and multiplied by the per gallonage excise tax rate of $5.40. Number of taxpayers is the number of distilleries as identified by the Rhode Island Department of Business Regulation.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Alcoholic Beverage Tax	$37,800	7
2023 Alcoholic Beverage Tax	$10,800	7
2024 Alcoholic Beverage Tax	$27,000	7

Projection Methodology: The revenue forgone amounts for CY 2025 – CY 2027 were grown using the Moody's Analytics forecast provided for the November 2025 Revenue Estimating Conference for industrial production for beverages. The number of taxpayers for CY 2025 – CY 2027 were held constant with CY 2025.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Alcoholic Beverage Tax	$25,727	7
2026 Alcoholic Beverage Tax	$25,685	7
2027 Alcoholic Beverage Tax	$26,017	7

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

36. First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months:

Statutory Reference: R.I. Gen. Laws § 3-10-1(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1933 / 2013

Description: The first 100,000 barrels of beer produced and distributed in Rhode Island in any calendar year is exempt from the alcoholic beverage excise tax, provided that the brewer has actively and directly owned, managed, and operated a brewery in the state for at least 12 consecutive months. A barrel of beer is defined as 31 gallons.

Data Source: Data for FY 2022 - FY 2024 is from the Excise Tax Section, Rhode Island Division of Taxation. The Excise Tax Section reports that a brewer is not required to file barrels of beer brewed until they brew more than 100,000 barrels. The revenue forgone estimates are determined by taking reported gallons sold in Rhode Island only and calculating barrels sold in Rhode Island (31 gallons per barrel) multiplied by the tax rate of $3.30 per barrel. Revenue forgone does not include estimates from smaller brewers and brewpubs who have not filed with the Division of Taxation. Number of taxpayers is from the Rhode Island Department of Business Regulation (DBR).

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Alcoholic Beverage Tax	$180,836	40
2023 Alcoholic Beverage Tax	$155,286	42
2024 Alcoholic Beverage Tax	$109,793	42

Projection Methodology: The revenue forgone amounts for CY 2025 – CY 2027 were grown using the Moody's Analytics forecast provided for the November 2025 Revenue Estimating Conference for industrial production for beverages. The number of taxpayers for CY 2025 – CY 2027 were held constant with CY 2025.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Alcoholic Beverage Tax	$104,617	42
2026 Alcoholic Beverage Tax	$104,444	42
2027 Alcoholic Beverage Tax	$105,794	42

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut exempts from the alcoholic beverages tax the first 15 barrels of beer each year, provided it is consumed on the brewery premises.

Connecticut Statute: Conn. Gen. Stat. § 12-435

37. Flags:

Statutory Reference: R.I. Gen. Laws § 44-18-30(34)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / 1992

Description: The sale, use, storage, or other consumption of United States, Rhode Island, or POW-MIA flags is exempt from the sales and use tax.

Data Source: Interview with Flag Manufacturers Association of America board member, Detroit News. Annual Estimates of Population for the United States (2019 through 2021), United States Census Bureau. Revenue forgone is based on the annual sales of U.S. flags in Rhode Island. Nationally, the sale of U.S. flags is consistent year to year; therefore, no growth in U.S. sales is estimated. National sales are scaled for Rhode Island using the ratio of Rhode Island's population to the total United States population. Revenue forgone is determined by multiplying this amount by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$69,148	*No estimate possible*
2023 Sales and Use Tax	$68,799	*No estimate possible*
2024 Sales and Use Tax	$68,679	*No estimate possible*

Projection Methodology: FY 2025 - FY 2027 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*
2025 Sales and Use Tax	$68,679	*No estimate possible*
2026 Sales and Use Tax	$68,679	*No estimate possible*
2027 Sales and Use Tax	$68,679	*No estimate possible*

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

Connecticut: Flags of the United States and the State of Connecticut are exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(23)

Massachusetts: Flags of the United States are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(w)

Vermont: Flags of the United States sold to and by veterans' organizations exempted under § 501(c)(19) of the Internal Revenue Code are exempt from the sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(33)

38. Food and Food Ingredients:

Statutory Reference: R.I. Gen. Laws § 44-18-30(9)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1948 / 2006

Description: The sale, storage, use, or other consumption of food and food ingredients sold for ingestion or chewing by humans for their taste or nutritional value is exempt from the sales and use tax. For the purposes of this exemption, food and food ingredients do not include candy, soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending machines, or prepared foods generally.

Data Source: FY 2023 and FY 2024 Rhode Island Interactive Sales and Use Tax Simulation Model. The exemption amount for food items paid for under the Supplemental Nutrition Assistance Program (SNAP) under R.I. Gen. Laws § 44-18-30(39), as determined from information provided by the Rhode Island Department of Human Services (DHS), was subtracted from this estimate. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3 (Figures below include any amounts attributable to the "Seeds and Plants used for Food and Food Ingredients" exemption).

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2023 Sales and Use Tax	$230,381,992	*No estimate possible*
2024 Sales and Use Tax	$242,228,969	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, food and beverages purchases for off-premises consumption from the November 2025 Moody's Analytics forecast to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$248,805,572	*No estimate possible*
2026 Sales and Use Tax	$256,760,376	*No estimate possible*
2027 Sales and Use Tax	$265,172,230	*No estimate possible*

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

Connecticut: Sales of food products for human consumption are exempt from the sales and use tax. Food products do not include alcoholic beverages and soft drinks, over-the-counter medication and dietary supplements, or prepared foods sold by a restaurant or caterer for immediate consumption.

Connecticut Statute: Conn. Gen. Stat. § 12-412(13)

Maine: Sales of grocery staples are exempt from the sales and use tax. Sales via vending machines are explicitly exempt, as long as the gross receipts of the taxpayer are more than 50% of retail sales of tangible personal property.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(3) and 1760(34)

Massachusetts: Sales of food products for human consumption are exempt from the sales and use tax. Food products do not include alcoholic beverages, marijuana products, or prepared meals.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(h)

Vermont: Sales of food and food ingredients sold for human consumption off the premises where sold, as well as eligible foods purchased through the SNAP program are exempt. Food and food ingredients are defined as substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Food and food ingredients do not include alcoholic beverages, tobacco, or soft drinks.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9741(13) and 9701(31)

39. Food Items Paid for by Food Stamps:

Statutory Reference: R.I. Gen. Laws § 44-18-30(39)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1986 / N/A

Description: The sale, storage, use, or other consumption of eligible food items paid for with federal food stamps is exempt from the sales and use tax.

Data Source: Revenue forgone is based on Supplemental Nutrition Assistance Program (SNAP) benefits information supplied by the Department of Human Services. An assumed leakage factor of 10% was applied for out-of-state use. The balance is then multiplied by the sales and use tax rate of 7%. Number of taxpayers represents the average number of SNAP recipients during each fiscal year.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Sales and Use Tax	$17,451,164	139,254
2023 Sales and Use Tax	$20,294,008	142,270
2024 Sales and Use Tax	$20,933,232	138,317
2025 Sales and Use Tax	$23,770,570	139,505

Projection Methodology: Due to federal changes that went into effect on November 1, 2025, the FY 2026 projection used the actual Rhode Island issuance for July 2025 – December 2025 and the average total issuance in Rhode Island for November and December multiplied by six months to estimate revenue forgone for the second half of the fiscal year. The FY 2027 projection uses the Congressional Budget Office's forecast for SNAP benefits in the United States, which projects a 2.8% growth from FY 2026 to FY 2027. The number of taxpayers for FY 2026 uses the month with the highest number of SNAP recipients in Rhode Island (July 2025). The number of taxpayers for FY 2027 uses the average of November and December 2025 to account for the federal changes.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2026 Sales and Use Tax	$19,792,766	124,860
2027 Sales and Use Tax	$20,347,703	111,752

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 via SNAP or the Women, Infants, and Children (WIC) Special Supplemental Food Program are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(54)

Massachusetts: Tangible personal property purchased with federal food stamps is exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(kk)

Vermont: Sales of food and food ingredients sold for human consumption off the premises where sold and sales of eligible foods that are purchased with benefits under SNAP are exempt, including a limited list of restaurant meals.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9202(10)(D)(ii)(X) and 9741(13)

40. Gasoline:

Statutory Reference: R.I. Gen. Laws § 44-18-30(6)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1996

Description: The sale, storage, use, or other consumption of gasoline and other products taxed under the motor fuel tax and of aviation fuel are exempt from the sales and use tax.

Data Source: Rhode Island Division of Taxation. Gasoline and diesel price data, Moody's Analytics. Revenue forgone is based on taxable sales of motor fuel, gasoline, and diesel in Rhode Island. The Office of Revenue Analysis calculated Rhode Island taxable sales by multiplying the annual taxable gallons of gasoline and diesel by the average monthly price per gallon, including state and federal taxes, of self-serve unleaded gasoline and low sulfur diesel fuels. Revenue forgone is determined by multiplying this figure by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Sales and Use Tax	$112,796,550	*No estimate possible*
2023 Sales and Use Tax	$117,513,242	*No estimate possible*
2024 Sales and Use Tax	$107,070,527	*No estimate possible*
2025 Sales and Use Tax	$105,786,940	*No estimate possible*

Projection Methodology: Revenue forgone amounts for FY 2026 and FY 2027 were calculated by applying the 3-year average growth rate of revenue forgone for FY 2022 - FY 2025. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2026 Sales and Use Tax	$103,707,667	*No estimate possible*
2027 Sales and Use Tax	$101,669,263	*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. Aviation fuel used exclusively and directly in experimental testing of a product or for aviation purposes is also exempt. Dyed diesel sold to marine fuel docks for marine purposes is exempt from the motor vehicle fuels tax but is subject to sales tax at a reduced rate of 2.99%. Diesel fuel used in portable generators is specifically exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(15), (59), (75), (107) and 12-408(1)(E)(iii)

Maine: Certain motor fuels that are charged a fuel tax are exempt from the sales and use tax. Internal combustion engine fuel bought and used for the purpose of propelling jet engine aircraft is also exempt. Sales tax paid on fuel purchased for use in commercial agriculture, commercial fishing, or commercial wood harvesting is eligible for refund.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(8)(A), 1760(8)(B), and 2013(2)

Massachusetts: Gasoline and special motor carrier fuels that are subject to taxation of sales of gasoline (ch. 64A), special fuels in the propulsion of motor vehicles (64E), or fuel and special fuels acquired outside and used within the commonwealth (64F) are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(g)

Vermont: Motor fuels that are taxed under the state's gasoline tax, and dyed diesel used to power forestry machinery or to propel a vehicle off the highways of the State are exempt from the sales and use tax. Jet fuel and natural gas are taxable for sales and use tax purposes.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(7)(A)

41. Hardship:

Statutory Reference: R.I. Gen. Laws § 44-30-101(e)(2) / 26 U.S.C. 5000A(e)(5)

Stated Purpose: No stated purpose given in law.

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

Description: Rhode Island residents are required to maintain health insurance or be subject to a tax known as the shared responsibility payment penalty. A taxpayer may claim a coverage exemption if they or a member of their household experienced a hardship that prevented them from obtaining minimum essential coverage. Hardship exemptions can include, but are not limited to, homelessness, eviction or foreclosure, death of a close family member, domestic violence, fire, flood, other damage to your home, or filing for bankruptcy. Individuals must be approved through Healthsource RI to receive the exemption.

Data Source: Rhode Island Division of Taxation. To calculate revenue forgone, Taxation provided the average assessed penalty per uninsured month of $80 for TY 2022 and $79 for TY 2023. These figures were multiplied by the number of months this exemption was claimed to calculate revenue forgone. The number of taxpayers is the count of how many returns claimed this exclusion.

Reliability Index: 2 (This exemption includes the Religious Conscience exemption.)

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Shared Responsibility Payment Penalty Tax	$109,920	125
2023 Shared Responsibility Payment Penalty Tax	$80,027	131

Projection Methodology: The revenue forgone amount and number of taxapayers for TY 2024 use the same methodology above. This data is subject to change. TY 2025 – TY 2027 revenue forgone amounts and number of taxpayers are the three-year average from TY 2022 – TY 2024.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Shared Responsibility Payment Penalty Tax	$162,375	189
2025 Shared Responsibility Payment Penalty Tax	$117,441	148
2026 Shared Responsibility Payment Penalty Tax	$117,441	148
2027 Shared Responsibility Payment Penalty Tax	$117,441	148

Law Comparison: A similar provision was found in Massachusetts.

Massachusetts: Massachusetts does not impose a penalty on lack of health insurance coverage for individuals experiencing hardships such as being homeless, receiving a shut-off notice, expenses increased significantly that were out of control of the individual.

Massachusetts Statute: Mass. Gen. Laws ch. 111M, § 2(a)

42. Heading Fuels:

Statutory Reference: R.I. Gen. Laws § 44-18-30(20)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1972 / 2015

Description: The sale, storage, use, or other consumption of every type of heating fuel is exempt from the sales and use tax.

Data Source: Annual Energy Outlook, Independent Statistics and Analysis, U.S. Energy Information Administration; U.S. Department of Energy. Revenue forgone is based on energy consumption and price in Rhode Island. For FY 2022 - FY 2025, Rhode Island sales of distillate fuel oil and propane included residential, commercial, and industrial consumption of New England quadrillion btu of distillate fuel oil and propane consumed. Revenue forgone is determined by multiplying New England total consumption in quadrillion btu by the average yearly price per btu, scaling the figure to Rhode Island by Rhode Island's percent of New England's residential quadrillion btu, and multiplying by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$34,383,062	*No estimate possible*
2023 Sales and Use Tax	$43,950,997	*No estimate possible*
2024 Sales and Use Tax	$38,203,647	*No estimate possible*
2025 Sales and Use Tax	$34,040,484	*No estimate possible*

Projection Methodology: FY 2026 and FY 2027 revenue forgone amounts were calculated using the previous methodology based on EIA projections for energy consumption and price. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Sales and Use Tax	$33,632,083	*No estimate possible*
2027 Sales and Use Tax	$33,306,800	*No estimate possible*

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

Connecticut: All fuels used for heating purposes for residential use are exempt from the sales and use tax, along with any building or premise used directly in agricultural production or in the fabrication of a finished product to be sold or an industrial manufacturing plant provided that not less than 75% of the gas or electricity is used for the purpose of production, fabrication, or manufacturing.

Connecticut Statute: Conn. Gen. Stat. § 12-412(16)

Maine: Coal, oil, wood and all other fuels, except gas and electricity, when bought for cooking and heating in residential buildings are exempt from the sales and use tax. Additionally, 95% of the sale price of all fuel and electricity purchased for use at a manufacturing facility is exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(9) and 1760(9-D)

Massachusetts: The sales of fuel used for residential heating purposes are exempt, as well as fuel used for heating purposes in an industrial plant where not less than 75% is used in the actual manufacture of tangible personal property to be sold. Massachusetts also exempts heating fuels used by any business that has five or fewer employees and had gross income of less than $1.0 million for the preceding calendar year.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(j) and 6(qq)

Vermont: Vermont exempts sales of electricity, oil, gas, and other fuels used in a residence for all domestic use, including heating. Sales of electricity, oil, gas, and other fuels used directly and exclusively for farming purposes are also exempt, as well as those fuels used directly or indirectly in manufacturing.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(26), 9741(27), and 9741(34)

43. Horse Food Products:

Statutory Reference: R.I. Gen. Laws § 44-18-30(53)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2000 / N/A

Description: The sale, use, storage, or other consumption of horse food products purchased by a person engaged in the business of boarding horses is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 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 2022 Census of Agriculture, Rhode Island state profile. The calculated percentage was 1.236%.

Reliability Index: 3

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Sales and Use Tax	$27,345	*No estimate possible*
2024 Sales and Use Tax	$29,311	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in the Unites States producer price index for processed foods and feeds from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$30,222	*No estimate possible*
2026 Sales and Use Tax	$31,117	*No estimate possible*
2027 Sales and Use Tax	$31,807	*No estimate possible*

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

Connecticut: Connecticut's sales and use tax provisions include any items sold exclusively for use in agricultural production by a farmer running such a business. This includes the raising, feeding, caring for, shearing, training, or management of livestock, including horses, bees, poultry, fur-bearing animals, or wildlife. The farmer must obtain a permit from the state for the exemption and have more than $2,500 in federal gross income in either the preceding tax year or on average for the two preceding tax years.

Connecticut Statute: Conn. Gen. Stat. § 12-412(63)

Maine: Sales of certain items for use in animal agricultural production, including feed, are exempt from the sales and use tax. Animal agricultural production includes the raising and keeping of equines. Farm animal bedding and hay are also exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(78)

Vermont: Agriculture feed is included in the sales and use tax exemption for various agriculture products.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(3)

44. Human Blood:

Statutory Reference: R.I. Gen. Laws § 44-18-30(60)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2007 / N/A

Description: The sale, use, storage, or other consumption of human blood is exempt from the sales and use tax.

Data Source: The 2021 and 2023 National Blood Collection and Utilization Survey Report (conducted by the Association for the Advancement of Blood and Biotherapies), United States Department of Health and Human Services. United States and Rhode Island population estimates, American Community Survey (ACS), United States Census Bureau. Revenue forgone is based on the sale of whole blood, red blood cell units, and apheresis-derived platelet units to hospitals located in Rhode Island. The total value of units of blood collected in the U.S. is scaled for Rhode Island using the ratio of Rhode Island's population to the total U.S. population. Revenue forgone is determined by multiplying this amount by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Sales and Use Tax	$906,676	*No estimate possible*
2023 Sales and Use Tax	$985,445	*No estimate possible*
2024 Sales and Use Tax	$1,027,237	*No estimate possible*

Projection Methodology: FY 2025 - FY 2027 revenue forgone amounts assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Sales and Use Tax	$1,027,237	*No estimate possible*
2026 Sales and Use Tax	$1,027,237	*No estimate possible*
2027 Sales and Use Tax	$1,027,237	*No estimate possible*

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

Connecticut: Blood or blood plasma, when sold for medical use in humans or animals, is exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(19)

Maine: The procurement, processing, distribution, or use of whole blood, plasma, blood products, blood derivatives, and other human tissues for the purpose of injecting, transfusing, or transplanting them into the human body is considered to be a nontaxable service rather than a sale of these items, even if consideration is paid.

Maine Statute: Me. Rev. Stat. Ann. tit. 11, § 2-108

Massachusetts: Medical items, including blood and blood plasma, are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(l)

Vermont: Blood or blood plasma used in treatment intended to alleviate human suffering or to correct, in whole or in part, human physical disabilities is exempt from the sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(2)

45. Installation Labor Charges When Separately Stated:

Statutory Reference: R.I. Gen. Laws § 44-18-12(b)(ii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 2006

Description: The amount charged for labor or services for installing a product sold is exempt from the sales and use tax, provided that the charges for such labor or services are separately stated by the retailer.

Data Source: FY 2023 and FY 2024 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***
2023 Sales and Use Tax	$54,024,109	*No estimate possible*
2024 Sales and Use Tax	$57,634,224	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures on services for household consumption expenditures from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$61,435,142	*No estimate possible*
2026 Sales and Use Tax	$64,975,598	*No estimate possible*
2027 Sales and Use Tax	$67,926,233	*No estimate possible*

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

Connecticut: Charges for labor rendered in installing or applying the property sold, provided such charge is separately stated, are exempt.

Connecticut Statute: Conn. Gen. Stat. § 12-407(8)(B)(iv)

Maine: The price received for labor or services used in installing, applying, or repairing the property sold or fabricated, if separately charged or stated, is excluded from the taxable sales price.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1752(14)(B)(4)

Massachusetts: The amount charged for labor or services rendered in installing or applying the property sold is excluded from the calculation of sales price.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 1

Vermont: Installation charges are exempt from the calculation of the sale price on which the sales and use tax is applied.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9701(4)(B)(iv)

46. Jewelry Display Product:

Statutory Reference: R.I. Gen. Laws § 44-18-30(47)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1993 / N/A

Description: The sale, use, storage, or other consumption of tangible personal property used to display any jewelry product is exempt from the sales and use tax as long as the title of the jewelry display product is transferred by the jewelry manufacturer or seller, shipped out of state for use solely outside the state, and is not returned to the manufacturer or seller.

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

Reliability Index: 5

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

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

47. **Lottery Prizes:**

Statutory Reference: R.I. Gen. Laws § 42-61-17

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1974 / 1989

Description: The prizes received from the Division of Lottery are exempt from the state sales or use tax. At this time, the Division of Lottery only issues cash prizes, which are not tangible personal property that would be subject to the sales and use tax. Prizes are still subject to the personal income tax.

Data Source: Division of Lottery, Department of Revenue

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$0	0
2023 Sales and Use Tax	$0	0

Projection Methodology: Revenue forgone and number of taxpayers for FY 2022 – FY 2025 are held constant with FY 2021.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Sales and Use Tax	$0	0
2025 Sales and Use Tax	$0	0
2026 Sales and Use Tax	$0	0
2027 Sales and Use Tax	$0	0

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

48. **Manufacturers' Machinery and Equipment:**

Statutory Reference: R.I. Gen. Laws § 44-18-30(22)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1974 / 1998

Description: The sale, storage, use, or other consumption of tools, dies, molds, machinery, and equipment, replacement parts, and related items are exempt from the sales and use tax if used in the connection to the actual manufacturing, conversion, or precessing of tangible personal property or computer software. The exemption is allowed whether the machinery and/or equipment is to be sold or used in the furnishing of power to an individual manufacturing plant. Machinery and equipment used in administration or distribution operations is not exempt.

Data Source: FY 2023 and FY 2024 Rhode Island Interactive Sales and Use Tax Simulation Model. Number of taxpayers are from 2022 and 2023 update of county business patterns published by the United States Census Bureau. Includes all firms classified under the North American Industry Classification System (NAICS) of manufacturing.

Reliability Index: 3

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Sales and Use Tax	$39,596,508	1,206
2024 Sales and Use Tax	$39,758,328	1,188

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in the United States producer price index for machinery and equipment from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2025 revenue forgone to project FY 2024 revenue forgone. A similar process was followed for FY 2026 and FY 2027. FY 2025 – FY 2027 number of taxpayers held constant with FY 2024.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	$40,909,285	1,188
2026 Sales and Use Tax	$42,916,043	1,188
2027 Sales and Use Tax	$44,146,508	1,188

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

Connecticut: Machinery and component parts used for the assembly of such machinery used directly in a manufacturing production process is exempt from the sales and use tax. Connecticut also specifically exempts molds, dies, patterns for pattern shops metal casting foundries, as well as sand handling equipment for foundaries. Machinery, equipment, tools, materials, and supplies used in commercial printing; type setting, color separation, finished copy, and other similar products; aircraft manufacturing facilities; the fabrication of optical lenses; fuel cell manufacturing; and renewable or clean energy industries are also specifically exempt.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(34), (65), (67), (71)-(73), (78), (81), (113), (117)

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 for final use or consumption or in the production of tangible personal property are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(31)

Massachusetts: Machinery or its replacement parts used directly and exclusively in an industrial plant in the actual manufacture of tangible personal property that is to be sold is exempt from the sales and use tax. Also exempt are patterns, molds, dies, tools, sand-handling equipment and machinery, an replacement parts.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(s) and(ee)

Vermont: Machinery and equipment used in or consumed as an integral or essential part of an integrated production operation by a manufacturing or processing plant or facility engaged in the manufacture of tangible personal property for sale or in the manufacture of other machinery or equipment, parts, or supplies for use in the manufacturing process are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(14)

49. Medicines, Drugs, and Durable Medical Equipment:

Statutory Reference: R.I. Gen. Laws § 44-18-30(10)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1948 / 2011

Description: The sale, use, storage, or other consumption of drugs sold on prescription, medical oxygen, insulin, durable medical equipment for home use, and supplies used to dispense or administer prescription drugs is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 Rhode Island Interactive Sales and Use Tax Simulation Model and Office of Revenue Analysis calculations. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Sales and Use Tax	$110,968,224	*No estimate possible*
2024 Sales and Use Tax	$120,609,349	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, nondurable goods from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. The same process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$126,591,443	*No estimate possible*
2026 Sales and Use Tax	$132,850,411	*No estimate possible*
2027 Sales and Use Tax	$137,897,854	*No estimate possible*

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

Connecticut: Oxygen, blood plasma, prostheses, walkers and wheelchairs, medical devices and machines, prescription medicines, over-the-counter drugs and medicines, needles, and syringes are exempt from the state's sales and use tax. Test strips and other products used for the care of diabetes are also exempt.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(4), (19), (54), and (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. All equipment and supplies used in the diagnosis or treatment of human diabetes, prosthetic or orthic devices, and supplies related oxygen positive airway pressure and oxygen delivery are also exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(5), 1760(5-A), 1760(33), and 1760(116)(A)

Massachusetts: The sale, rental, and repair of health care products are exempt from the sales and use tax. Certain items must be prescribed by a physician. All medical implements, pads, pouches, and solutions used as a result of a person undergoing a colostomy or ileostomy are also exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(l) and 6(z)

Vermont: Drugs intended for human use, durable medical equipment, mobility enhancing equipment, and prosthetic devices and supplies, including blood, blood plasma, insulin, and medical oxygen, used in treatment intended to alleviate human suffering or to correct, in whole or in part, human physical disabilities are exempt from the sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(2)

50. Members of Tribes (Federal):

Statutory Reference: R.I. Gen. Laws § 44-30-101(d) / 26 U.S.C. § 5000A(b)(1) and (e)(3)

Stated Purpose: No stated purpose given in law.

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

Description: The Rhode Island state shared responsibility payment penalty tax is equal to the same penalty imposed at the federal level for individuals who do not meet the minimum essential coverage for health insurance. Included in the exemptions to the federal insurance mandate penalty is an exemption for members of federally recognized Indian tribes.

Data Source: Rhode Island Division of Taxation. To calculate revenue forgone, Taxation provided the average assessed penalty per uninsured month of $80 for TY 2022 and $79 for TY 2023. These figures were multiplied by the number of months this exemption was claimed to calculate revenue forgone. The number of taxpayers is the count of how many returns claimed this exclusion.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Shared Responsibility Payment Penalty Tax	$23,200	26
2023 Shared Responsibility Payment Penalty Tax	$23,700	28

Projection Methodology: The revenue forgone amount and number of taxapayers for TY 2024 use the same methodology above. This data is subject to change. TY 2025 – TY 2027 revenue forgone amounts and number of taxpayers are the three-year average from TY 2022 – TY 2024.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Shared Responsibility Payment Penalty Tax	$20,475	22
2025 Shared Responsibility Payment Penalty Tax	$22,458	25
2026 Shared Responsibility Payment Penalty Tax	$22,458	25
2027 Shared Responsibility Payment Penalty Tax	$22,458	25

Law Comparison: No other New England state has a similar provision.

51. Milk Sales Exempt from Beverage Container Tax:

Statutory Reference: R.I. Gen. Laws §§ 44-44-2 and 44-44-3

Stated Purpose: This chapter is enacted to provide funding for the litter reduction and recycling program and the hard-to-dispose material – control and recycling program.

Year Enacted / Last Year Amended: 1984 / 2019

Description: The definition of beverage for the purposes of the tax on beverage containers includes all non-alcoholic drinks for human consumption as well as beer and other malt beverages with the exception of milk. Thus, milk sales are exempt from the beverage container tax, which is charged at $0.08 per case.

Data Source: Annual Estimates of Population for the United States (2022 - 2024), United States Census Bureau. Per Capita Consumption of Dairy, USDA National Agricultural Statistics Service. Rhode Island Division of Taxation. Revenue forgone is based on beverage sales in Rhode Island that are not subject to the tax on beverage containers, which includes milk sales. Number of taxpayers was provided by the Division of Taxation.

Forgone revenue from milk sales is based on the number of cases of milk sold in Rhode Island annually multiplied by $0.08 per case. Rhode Island milk sales are based on the per capita consumption of milk (in gallons) divided by four to determine the per capita consumption of milk (cases) and the result is multiplied by the population of Rhode Island to determine the number of cases of milk consumed in Rhode Island.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Tax on Beverage Containers	$330,664	31
2023 Tax on Beverage Containers	$328,463	31

Projection Methodology: Revenue forgone was projected using the 3-year average growth rate from revenue forgone in CY 2020 – FY 2023. The number of taxpayers for CY 2025 were based on data provided by Taxation for CY 2024 and CY 2025. CY 2026 and CY 2027 figures are the 3-year average from 2023 – 2025.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Tax on Beverage Containers	$318,666	30
2025 Tax on Beverage Containers	$309,161	31
2026 Tax on Beverage Containers	$299,940	31
2027 Tax on Beverage Containers	$290,994	31

Comparison: No other New England state has a comparable beverage container tax. However, Connecticut, Maine, Massachusetts, and Vermont all have beverage container deposit laws that exclude milk containers from the deposit requirements.

52. Mobile and Manufactured Homes Generally:

Statutory Reference: R.I. Gen. Laws § 44-18-30(50)

Stated Purpose: No stated purpose given in law.

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

Description: The sale, use, storage, or other consumption of mobile and/or manufactured homes that are subject to the mobile home conveyance tax is exempt from the sales and use tax.

Data Source: Rhode Island Division of Taxation. Revenue forgone is calculated from mobile home conveyance tax receipts. The Office of Revenue Analysis used the current mobile home conveyance tax rate of $1.40 for each $500 or fractional part thereof which is paid for the purchase of the home to estimate gross sales. Revenue forgone is determined by multiplying this figure by 7%. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$328,450	*No estimate possible*
2023 Sales and Use Tax	$598,616	*No estimate possible*
2024 Sales and Use Tax	$568,975	*No estimate possible*
2025 Sales and Use Tax	$680,825	*No estimate possible*

Projection Methodology: FY 2026 and FY 2027 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*
2026 Sales and Use Tax	$680,825	*No estimate possible*
2027 Sales and Use Tax	$680,825	*No estimate possible*

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

Connecticut: Connecticut's provisions include an exemption for the resale of mobile manufactured homes if located in a mobile manufactured home park or if it is permitted as a non-conforming use on a single-family lot. The mobile manufactured home is instead subject to the real estate conveyance tax. New mobile manufactured homes are charged the sales and use tax but only on 75% of the manufacturer's sale price.

Connecticut Statute: Conn. Gen. Stat. § 12-412c

Maine: Sales of new manufactured housing, except for the costs of materials, are exempt from the sales and use tax up to a maximum of 50% of the sale price. Sales of used manufactured houses are fully exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(40)

Massachusetts: If a mobile home is used purchased directly from a homeowner, the sale is is considered to be a casual or isolated sale under Massachusetts law, which is exempt from the sales and use tax. Additionally, if a mobile home acquires the characteristics of a conventional home, it becomes real estate not tangible personal property and is not subject to the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H § 6(c), Letter Ruling 87-2: Used Mobile Homes

Vermont: Vermont's provisions include exclusion from the sales and use tax for 40% of the receipts from the sale of mobile homes and modular housing when they are sold as tangible personal property.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(32)

53. Motor Vehicle and Adaptive Equipment for Amputee Veterans:

Statutory Reference: R.I. Gen. Laws § 44-18-30(35)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 1989

Description: The sale of a motor vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or loss of use of a leg, foot, hand, or arm is exempt from the sales and use tax. Any veteran who is a double amputee, whether service-connected or not, also qualifies for the exemption. The motor vehicle must be purchased by and especially equipped for use by the qualifying veteran.

Data Source: No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Motor Vehicles and Adaptive Equipment for Persons with Disabilities" exemption.)

Reliability Index: 5

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

Law Comparison: Connecticut, Maine, and Massachusetts 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 are exempt. The special equipment can be purchased separately or in conjunction with such equipment and can be used to keep the original function or enhance the functionality of such equipment. Additionally, if a motor vehicle with special equipment previously installed is sold by a licensed motor vehicle dealer, the portion of the sales price attributable for the equipment is exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(80)

Maine: Sales of motor vehicles to amputee veterans who have been granted free registration of such vehicles by the Secretary of State are exempt from the sales and use tax.

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)

54. Motor Vehicles and Adaptive Equipment for Persons with Disabilities:

Statutory Reference: R.I. Gen. Laws § 44-18-30(19)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1969 / 2000

Description: The sale of special adaptations and its component parts or a specially adapted motor vehicle is exempt from the sales and use tax, provided that the owner supplies the tax administrator with an affidavit of a licensed physician indicating that the specially adapted motor vehicle is necessary to transport a disabled family member, including the owner.

Data Source: Division of Motor Vehicles, Rhode Island Department of Revenue.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Sales and Use Tax	$3,341	< 10
2023 Sales and Use Tax	$6,055	12
2024 Sales and Use Tax	$2,142	11
2025 Sales and Use Tax	$1,452	10

Projection Methodology: Revenue forgone amounts and number of taxpayers for FY 2026 are calculated using a three-year average based on data from FY 2023 – FY 2025. FY 2027 is set equal to FY 2026.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2026 Sales and Use Tax	$3,216	11
2027 Sales and Use Tax	$3,216	11

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 are exempt. The special equipment can be purchased separately or in conjunction with such equipment and can be used to keep the original function or enhance the functionality of such equipment. Additionally, if a motor vehicle with special equipment previously installed is sold by a licensed motor vehicle dealer, the portion of the sales price attributable for the equipment is exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(80)

Maine: A person with a disability is granted a sales and use tax exemption for adaptive equipment for installation in a motor vehicle to make that vehicle operable or accessible by a person with a disability who is issued a disability plate or placard.

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 the loss or permanent loss of two limbs are exempt from the sales and use tax. This exemption applies to one motor vehicle only that is owned and registered for the personal, noncommercial use of such person.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(u)

Vermont: There is an exemption from the motor vehicle purchase and use tax for one motor vehicle owned or leased and operated by a person with a permanent physical disability for whom the vehicle controls have been altered to enable the person to drive. A motor vehicle owned or leased by a parent or guardian of a certified person with a permanent disability for whom a mechanical lifting device has been installed to allow for entry and exit from the vehicle.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8911(12)

55. Newspapers:

Statutory Reference: R.I. Gen. Laws § 44-18-30(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: The sale, storage, use, or other consumption of newspapers is exempt from the sales and use tax. In this context, newspapers are defined as unbound publications printed on newsprint containing news, editorial comments, opinions, features, advertising, and other matters of public interest. Newspapers do not include magazines, handbills, circulars, flyers, sales catalogs, or similar items unless the item is printed for and distributed as a part of a newspaper.

Data Source: FY 2023 and FY 2024 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***
2023 Sales and Use Tax	$7,899,580	*No estimate possible*
2024 Sales and Use Tax	$8,809,953	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, other nondurable goods from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$9,246,918	*No estimate possible*
2026 Sales and Use Tax	$9,704,106	*No estimate possible*
2027 Sales and Use Tax	$10,072,798	*No estimate possible*

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

Maine: Maine's provisions exempt sales of any publication regularly issued at average intervals not exceeding three months. Maine also exempts free publications and components of publications.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(14) and 1760(14-A)

Massachusetts: Massachusetts' provisions exempt sales of newspapers and magazines, regardless of frequency, from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(m)

Vermont: Vermont's provision exempts newspapers and tangible personal property that becomes part of a newspaper, even if the newspaper is distributed without charge, from the sales and use tax. On average for the tax year, at least 10% of a newspaper's printed material must consist of news of general or community interest, community notices, editorial comment, or articles by different authors.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(15)

56. Ocean Marine Insurance:

Statutory Reference: R.I. Gen. Laws §§ 44-17-1(a) and 44-17-6

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1896 / N/A

Description: The premiums received from contracts of ocean marine insurance are exempt from the insurance gross premiums tax. Ocean marine insurance covers contracts of insurance written for hulls, freights, disbursements, goods, wares, merchandise, and all other personal property and interests in the course of importation/exportation to or from any country or transportation coastwise in connection with risks of navigation, transit, goods awaiting shipment, and during any delays, storage, or reshipment, including war risks and marine builders risks.

Data Source: National Association of Insurance Commissioners (NAIC), State Insurance Regulation in Rhode Island: Key Facts and Market Trends for 2022. Insurance Information Institute, Net Premiums Written By Line, Property/Casualty Insurance, 2022-2024. Rhode Island

Division of Taxation. For FY 2022, Rhode Island insurance premium data for ocean marine insurance premiums was estimated by applying the percentage of United States ocean marine insurance premiums of the total United States ocean and inland marine insurance premiums to the total amount of reported Rhode Island ocean and inland marine insurance premiums. ORA used the 2023 growth rate in U.S. ocean marine insurance premiums to calculate the 2023 ocean marine premiums. Revenue forgone is determined by multiplying the ocean marine insurance premiums amounts by 2%. Number of taxpayers are the number of property/casualty insurance companies who included ocean marine and federal exempt premiums on the Rhode Island insurance tax form. ORA calculated a percentage of ocean marine insurance premiums from this using the NAIC data to exclude federal flood and farm insurance companies from the number of taxpayers.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Ins Co Gross Premiums Tax	$506,907	56
2023 Ins Co Gross Premiums Tax	$530,288	19

Projection Methodology: The CY 2024 projection used data provided by NAIC and the Division of Taxation with ORA calculations using the same methodology to that of CY 2022. Taxation data on the number of taxpayers is as of October 2025 and is subject to revision. Revenue forgone for CY 2025 – CY 2027 was grown using the Moody's Analytics forecast for gross state product, financial activities as provided for the November 2025 Revenue Estimating Conference. The number of projected taxpayers is held constant with CY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Ins Co Gross Premiums Tax	$591,695	11
2025 Ins Co Gross Premiums Tax	$591,695	11
2026 Ins Co Gross Premiums Tax	$605,828	11
2027 Ins Co Gross Premiums Tax	$615,931	11

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Ocean marine insurance companies are excluded from the tax on net direct insurance premiums of nonresident and foreign companies.

Connecticut Statute: Conn. Gen. Stat. § 12-210(b)

57. Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers:

Statutory Reference: R.I. Gen. Laws § 3-10-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1933 / 1956

Description: Rhode Island-based manufacturers of alcoholic beverages shipping any beverage out-of-state with the intention that the consumption of that beverage will also occur out of state may receive an exemption from the alcoholic beverage excise tax for said shipment.

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

Reliability Index: 5

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

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

Connecticut: No tax is imposed on manufacturers of alcoholic beverages for sales to licensed distributors for export.

Connecticut Statute: Conn. Gen. Stat. § 12-435

Maine: Spirits, malt liquor, wine, and low-alcohol spirits manufactured in the state are not required to charge the alcohol excise tax if the sale is to an out-of-state wholesaler for resale in another state or directly to an out-of-state consumer.

Maine Statute: Me. Rev. Stat. Ann. tit. 24-A, § 1651(3)(E) and 1652(2-A)

Massachusetts: Alcoholic beverages made in Massachusetts or imported into Massachusetts and then exported from the state are exempt from the alcohol beverage excise tax.

Massachusetts Statute: Mass. Gen. Laws ch. 138, § 21(g)

Vermont: Vermont states the alcoholic beverage taxes are only due on sales in the state.

Vermont Statute: Vt. Stat. Ann. tit. 7, §§ 421(a) and 422(a)

58. Personal and Dependent:

Statutory Reference: R.I. Gen. Laws § 44-30-2.6(c)(3)(C)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / 2018

Description: Resident and non-resident taxpayers are allowed a personal and/or dependent exemption against the personal income tax. A personal exemption is granted to the taxpayer and/or spouse and the dependent exemption is granted to the dependents claimed by the taxpayer(s) on their federal income tax return. The exemption amount is subject to a phase-out for taxpayers over a certain federal adjusted gross income and is adjusted for inflation.

Tax Year	***Personal and Dependent Exemption Amount***	***Phase-Out Range***
2022	$4,350	$217,050 - $241,850
2023	$4,250	$233,750 - $260,550
2024	$4,950	$246,450 - $274,650
2025	$5,100	$254,250 - $283,250
2026	$5,250	$261,000 - $290,800

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 TYs 2022 and 2023 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***
2022 Personal Income Tax	$125,852,921	634,744
2023 Personal Income Tax	$136,234,286	636,895

Projection Methodology: The projected forgone revenue for TY 2024 – TY 2027 was completed by calculating the three-year average growth for revenue forgone and multiplying that figure to the estimated number of taxpayers with a tax difference for each tax year. The projected number of taxpayers for TY 2024 – TY 2027 was calculated using the three-year average growth rate in the number of filers for Rhode Island resident and non-resident returns that took the personal exemption.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$140,841,244	663,046
2025 Personal Income Tax	$145,603,993	690,271
2026 Personal Income Tax	$150,527,801	718,614
2027 Personal Income Tax	$155,618,115	748,121

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

Connecticut: A personal exemption of $15,000 is allowed in the calculation of the personal income tax. In the case of any taxpayer whose Connecticut adjusted gross income (AGI) for the taxable year exceeds $30,000, the exemption amount is reduced by $1,000 for each $1,000, or fraction thereof, that the taxpayer's Connecticut AGI exceeds that amount. The exemption amount for a head of household filer is $19,000 and the phaseout threshold is $38,000. The comparable figures for married individuals filing a joint return and surviving spouses are $24,000 (per return instead of per individual) and $48,000, respectively.

Connecticut Statute: Conn. Gen. Stat. § 12-702

Maine: A resident individual is allowed a personal exemption deduction of $4,150 unless the taxpayer is claimed as a dependent on another return. A resident individual is allowed an additional personal exemption deduction equal to $4,150 if the individual is married filing a joint return, unless the individual's spouse may be claimed as a dependent on another return. The deduction allowed is subject to phase-out. The personal exemption deduction and phaseout threshold amounts are adjusted for inflation. A taxpayer who is married filing separate may claim a personal exemption for their spouse if they have no gross income during the tax year and would otherwise qualify for a federal personal exemption, notwithstanding the federal suspension of the personal exemption through 2025. The personal exemption is subject to an income phaseout, whose amounts are subject to inflation.

Prior to January 1, 2026, taxpayers are eligible for a dependent exemption tax credit for each qualifying child and dependent of the taxpayer for whom they were eligible to claim under the federal child tax credit.The tax credit was made refundable and the amount of credit subject to an inflation adjustment beginning for tax years on or after January 1, 2024. For tax years beginning on or after January 1, 2026, the dependent exemption tax credit is for dependents for which the taxpayer was able to claim a federal exemption.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5126-A and 5219-SS

Massachusetts: Massachusetts' provisions include personal exemptions as a deduction to income. For TY 2024, the exemption amounts are as follows: A personal exemption amount is allowed for the single or married filing separately filer, which shall not exceed $4,400; married filing jointly filers are allowed an exemption amount up to $8,800; head of household filers are allowed an exemption up to $6,800. There are additional exemptions provided for qualifying dependents of $1,000 each. Blindness for the primary filer and/or spouse are allowed an additional exemption of $2,200 each. An exemption of $700 for each spouse who attained the age of 65 before the close of the taxable year is also allowed.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3(A)(b), 3(B)(b)(1-3)

Vermont: Vermont allows a personal exemption for each taxpayer, spouse, deceased spouse of the taxpayer whose filing status is married filing a joint return or qualifying widow(er), and individual qualifying as a dependent of the taxpayer. No exemption may be claimed for an individual who is a dependent of another taxpayer. The exemption amounts were $4,500 for TY 2022, $4,850 for TY 2023, and $5,100 for TY 2024.

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

59. Personal Holding Company, Regulated Investment Company, or Real Estate Investment Trust:

Statutory Reference: R.I. Gen. Laws § 44-11-2(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1956 / 2004

Description: A personal holding company, a regulated investment company, or a real estate investment trust is exempt from the business corporation tax. Instead, such companies must pay annually to the state a tax equal to $0.10 for each $100 of gross income or a tax of $100, whichever tax is greater. Gross income is as defined in federal income tax law plus any interest not included in federal gross income, less interest precluded from taxation by Rhode Island, and less 50% of the excess capital gains over capital losses realized in the taxable year.

Data Source: *Revenue forgone*: No estimate is possible as the impacted taxpayer is not required to file the business corporation tax form. Thus, the data to calculate revenue forgone is not available. *Number of taxpayers*: Rhode Island Division of Taxation

Reliability Index: *Revenue forgone*: 5, *Number of taxpayers*: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Business Corporation Tax	*No estimate possible*	64
2023 Business Corporation Tax	*No estimate possible*	52

Projection Methodology: TY 2022 projected number of taxpayers is the 4-year average count of taxpayers from TY 2018-TY 2021. TY 2023 – TY 2025 are set equal to TY 2022.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Business Corporation Tax	*No estimate possible*	60
2025 Business Corporation Tax	*No estimate possible*	60
2026 Business Corporation Tax	*No estimate possible*	60
2027 Business Corporation Tax	*No estimate possible*	60

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

Connecticut: Regulated investment companies (RIC) are exempt from the net income base of the tax, the capital base, and the minimum tax. Distributions paid by to the company that are exempt-interest dividends and capital gain dividends are not considered to be dividends under 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 under federal law and provided that the regulated investment company is a domestic corporation.

Dividends from real estate investment trusts (REITs) are only deductible under specific circumstances.

Connecticut Statute: Conn. Gen. Stat. §§ 12-217(a)(1)(B), 12-217(a)(3), and 12-219(c)

Massachusetts: Regulated investment companies are exempt from the corporate excise tax.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 30 and 68C(8)

New Hampshire: An enterprise is not characterized as a business organization and is, thus, excluded from taxation at the entity level if it elects to be treated as a qualified investment company. A qualified investment company is defined based on federal laws as, a regulated investment company, an organization that is an investment company under the Investment Company Act of 1940, as amended; an organization that would be an investment company under the Investment Company Act of 1940, but for the exception from investment company status provided by § 3(c)(1) or 3(c)(7) of the act; or a qualified community development entity, which entity is owned, controlled, or managed, directly or indirectly, by the business finance authority of the State of New Hampshire.

New Hampshire Statute: N.H. Rev. Stat. Ann. §§ 77-A:1, I and XXI

60. Precious Metal Bullion:

Statutory Reference: R.I. Gen. Laws § 44-18-30(24)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1975 / N/A

Description: The sale, storage, use, or other consumption of precious metal bullion is exempt from the sales and use tax. Precious metal bullion is defined as any elementary precious metal put through a process of smelting or refining and whose value depends upon its content, not form. Precious metal bullion does not include fabricated precious metal that has been manufactured for customary industrial, professional, or artistic uses.

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

Reliability Index: 5

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

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut's provisions include gold or silver bullion. The sales and use tax exemption is limited to transactions in which the total value of the sale is $1,000 or more.

Connecticut Statute: Conn. Gen. Stat. § 12-412(45)

Massachusetts: Massachusetts' provisions exempt sales of $1,000 or more of rare coins of numismatic value, gold or silver bullion or coins, or gold or silver tender traded and sold according to value as precious metal.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(ll)

61. Promotional and Product Literature of Boat Manufacturers:

Statutory Reference: R.I. Gen. Laws § 44-18-30(38)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / N/A

Description: The sale, storage, use, or other consumption of boat manufacturers' promotional and product literature is exempt from the sales and use tax, provided that the literature is shipped outside of Rhode Island accompanying the product sold, is shipped in bulk to out-of-state dealers for use in the sale of the product, or is mailed directly to customers at no charge.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$30,200	*No estimate possible*
2024 Sales and Use Tax	$30,400	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, other nondurable goods from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$31,908	*No estimate possible*
2026 Sales and Use Tax	$33,485	*No estimate possible*
2027 Sales and Use Tax	$34,758	*No estimate possible*

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

Connecticut: Connecticut's provisions include a sales and use tax exemption for printed material manufactured in Connecticut to the special order of a purchaser and is delivered for use out-of-state within 30 days.

Connecticut Statute: Conn. Gen. Stat. § 12-412(31)

Maine: Maine's exemption includes all advertising or promotional materials printed on paper and purchased for the purpose of subsequently transporting such materials out of the state.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(83)

Massachusetts: Sales of printed material manufactured by special order in Massachusetts are exempt from the sales and use tax to the extent the material is delivered to an interstate carrier, a mailing house, or a United States Post Office for delivery or mailing to a purchaser or designee located outside the state or a purchasers designee located outside the state. This includes sales of direct and cooperative direct mail promotional advertising materials, which are distributed to residents of the state. For the purpose of this exemption, direct and cooperative direct mail promotional advertising materials do not include mail order catalogs, department store catalogs, telephone directories, or similar printed advertising books, booklets, or circulars greater than six pages in total length.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(ff)

62. Property Otherwise Exempted:

Statutory Reference: R.I. Gen. Laws § 44-18-36(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1989

Description: Property purchased at retail that would be expressly exempted from the sales tax is also exempted from the use tax imposed under R.I. Gen. Laws § 44-18-20.

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

Reliability Index: 5

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

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

Connecticut: Connecticut's exemptions apply to all taxes imposed under Title 12, Chapter 219, which include both the sales and the use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412

Maine: A use tax is imposed on the storage, use, or other consumption in Maine of tangible personal property or a service only if the sale of such item or service would be subject to the sales tax as a retail or casual sale. Thus, sales that would be exempt from the sales tax are also exempt from the use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1861-A

Massachusetts: Sales exempt from the taxes imposed under the sales tax, except for the purchase of any motor vehicle or trailer, boat, airplane, are exempt from the use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64I, § 7(b)

Vermont: Unless property has already been or will be subject to the sales tax, a use tax is imposed at the rate of 6% for the use of the property within the state, except as otherwise exempted.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9773

63. Property Purchased from Federal Government:

Statutory Reference: R.I. Gen. Laws § 44-18-35

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1956

Description: The storage, use, or other consumption of property purchased from the United States government is exempt from the sales and use tax to the extent that taxation in this state would violate the Constitution of the United States.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$10,353,405	*No estimate possible*
2024 Sales and Use Tax	$10,855,954	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in the national income and product accounts - government consumption expenditures and investment from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$11,461,731	*No estimate possible*
2026 Sales and Use Tax	$11,892,713	*No estimate possible*
2027 Sales and Use Tax	$12,326,524	*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 for sales made directly to the State of Maine, political subdivisions of the state, federal government, and their agencies and instrumentalities.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(2)

Massachusetts: Sales prohibited from taxation under the Constitution or laws of the United States are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(a)

Vermont: Sales not within the taxing power of the state under the Constitution of the United States are exempt from the Vermont sales and use tax. The United States of America, any of its instrumentalities, are explicitly exempt from sales and use taxes when it is the purchaser, user, or consumer, or when it sells services or property of a kind not ordinarily sold by private persons.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9471(1) and 9743(2)

64. Property Purchased Outside of State by Non-Resident and Brought into State:

Statutory Reference: R.I. Gen. Laws § 44-18-36(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1989

Description: The storage, use, or other consumption of property purchased by a non-resident, used outside of Rhode Island while a non-resident, and then brought into Rhode Island for personal use is exempt from the use tax imposed by R.I. Gen. Laws Chapter 44-18-20.

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

Reliability Index: 5

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

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

Maine: Sales of property purchased and used by the current owner outside of Maine for more than 12 months prior to the property's use in Maine are exempt from the use tax. The exemption also applies to automobiles if, at the time of purchase, the purchaser was a resident of another state. The exemption also applies in certain scenarios to snowmobiles, ATVs, and aircraft.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(45)

Massachusetts: Sales which the purchaser has paid a tax or made reimbursement to a vendor or retailer in any state or territory of the United States are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64I, § 7(c)

Vermont: Exempt from the use tax is 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.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9744(a)(2)

65. Property Returned Within 120 Days from the Date of Delivery:

Statutory Reference: R.I. Gen. Laws § 44-18-30(58)

Stated Purpose: No stated purpose given in law.

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

Description: The amount charged for property returned by customers within 120 days from the date of delivery and the entire amount, exclusive of handling charges, paid for the property is refunded in either cash or credit is exempt from the sales and use tax.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Data is for the returns of motor vehicles only.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Sales and Use Tax	$106,991	90
2023 Sales and Use Tax	$72,935	46
2024 Sales and Use Tax	$56,458	43
2025 Sales and Use Tax	$22,007	12

Projection Methodology: Projected revenue forgone and the number of taxpayers for FY 2026 is the three-year average from FY 2023 – FY 2025. FY 2027 figures are held constant.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2026 Sales and Use Tax	$50,467	34
2027 Sales and Use Tax	$50,467	34

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

Connecticut: Connecticut's provisions include a general provision for refunds of sales tax paid if the item is returned within 90 days from the date of purchase.

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(8)(B)(ii)

Maine: The sale price excludes the price of property returned by customers when the full price is refunded.

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, except motor vehicles, which have 180 days.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 1("Sales price")(c)(ii)

Vermont: The State Commissioner of Taxes can provide by regulation the exclusion from taxable receipts property that has been returned on the receipt or for which a refund or credit of the tax has been made.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9780

66. Prosthetic Devices and Mobility Enhancing Equipment:

Statutory Reference: R.I. Gen. Laws § 44-18-30(11)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1948 / 2006

Description: The sale, storage, use, or other consumption of prosthetic devices sold on prescription including, but not limited to, artificial limbs; dentures; spectacles, eyeglasses, and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on prescription; and mobility enhancing equipment is exempt from the sales and use tax. Mobility enhancing equipment includes wheelchairs, crutches, and canes.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$13,050,398	*No estimate possible*
2024 Sales and Use Tax	$14,097,063	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures for other durable goods from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$14,577,370	*No estimate possible*
2026 Sales and Use Tax	$15,145,310	*No estimate possible*
2027 Sales and Use Tax	$14,922,896	*No estimate possible*

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

Connecticut: Connecticut's exemption includes oxygen, blood plasma, prostheses, custom-made wigs or hairpieces, hearing and vision aids, canes, crutches, walkers and wheelchairs, vital life support equipment, apnea monitors, support hose, related repair or replacement parts, and repair services.

Connecticut Statute: Conn. Gen. Stat. § 12-412(19)

Maine: The exemption for prosthetic devises applies to sales of prosthetic or orthotic devices sold by prescription. The purchase of crutches and wheelchairs for the use of sick, injured, or disabled persons are also exempt from the sales and use tax. Effective January 1, 2026, mobilty-enhancing equipment for home or motor vehicle use is exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(5-A) and (117)

Massachusetts: Massachusetts' exemption includes sales of artificial devices individually designed, constructed or altered solely for a handicap person so as to become a brace, support, supplement, correction or substitute for the bodily structure, including the extremities of the individual. Sales of artificial limbs, artificial eyes, hearing aids, and other equipment worn as a correction or substitute for any functioning portion of the body are also exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(l)

Vermont: Vermont's exemptions include durable medical equipment, mobility enhancing equipment, and prosthetic devices and supplies, including blood, blood plasma, insulin, and medical oxygen, used in treatment intended to alleviate human suffering or to correct, in whole or in part, human physical disabilities.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(2)

67. Purchases Used for Manufacturing Purposes:

Statutory Reference: R.I. Gen. Laws § 44-18-30(7)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1996

Description: Exempt from the sales and use tax is the sale, storage, use, or other consumption of specific items when the property or services are purchased for the purpose of being manufactured into a finished product for resale or used in the process of manufacturing products for resale. The eligible items for exemption include: computer software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, and water. The products or services being manufactured must also fall under the same list of items eligible for the exemption.

Data Source: TY 2023 Census, Annual Integrated Economic Survey Summary Statistics. Office of Revenue Analysis used reported total cost of materials by New England manufacturers and scaled it to RI using historical data. Forgone revenue is found by multiplying this figure by 7%. TY 2022 data is an average of TY 2021 and TY 2022 due to data unavailability by Census. Number of taxpayers are from 2022 and 2023 update of county business patterns published by the United States Census Bureau. Includes all firms classified under the North American Industry Classification System (NAICS) of manufacturing. Note that this tax expenditure estimate overlaps with the "Electricity and Gas" sales and use tax exemption estimate, which is derived from a different data source.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$434,457,646	1,206
2023 Sales and Use Tax	$455,762,272	1,188

Projection Methodology: The Office of Revenue Analysis applied the CY 2023 growth rate in the United States producer price index for all commodities from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to CY 2023 revenue forgone to project CY 2024 – CY 2028 revenue forgone. CY 2024 – CY 2027 number of taxpayers held constant with CY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Sales and Use Tax	$444,378,638	1,188
2025 Sales and Use Tax	$447,342,184	1,188
2026 Sales and Use Tax	$463,429,697	1,188
2027 Sales and Use Tax	$474,087,015	1,188

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

Connecticut: Sales of and the storage or use of materials, rope, fishing nets, tools, fuel, or any substitute of such products, which become an ingredient or component part of tangible personal property to be sold or which are used directly in the fishing industry or in an industrial plant in the actual fabrication of the finished product to be sold, are exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(18)

Maine: In Maine, 95% of the sale price of all fuel and electricity purchased for use at a manufacturing facility is exempt from the sales and use tax. Additionally, fuel oil or coal where the by-products from the burning of which become an ingredient or component part of tangible personal property for later sale are also exempt. Maine's exemption provisions also include tangible personal property that becomes an ingredient or component part or is consumed, destroyed, or loses its identity during the production of tangible personal property produced for sale, lease, or pursuant to a contract with the federal government or agency.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(9-D), 1760(9-G), 1760(74)

Massachusetts: Sales of materials, tools, fuel, or any substitute, which become an ingredient or component part of tangible personal property to be sold or are consumed by use in an industrial plant that manufactures tangible personal property to be sold are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(r)

Vermont: Tangible personal property, which becomes an ingredient or component part of, or is consumed, destroyed, or loses its identity in the manufacture of tangible personal property for sale, is exempt from the sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(14)

68. Qualified Sales of Manufactured and Mobile Home Parks:

Statutory Reference: R.I. Gen. Laws § 31-44-3.3

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2012 / N/A

Description: The qualified sale of a mobile or manufactured home community to a resident-owned organization is exempt from the real estate conveyance tax.

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

Reliability Index: 5

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

Law Comparison: Only Vermont has a similar provision.

Vermont: While Vermont does not have an exemption for the sale of mobile home parks, it does have an income tax credit for sales of mobile home parks to a group that is primarily leaseholders in the park or to a nonprofit representing the group.

Vermont Statute: Vt. Stat. Ann. Tit. 32, § 5828

69. Rebuild Rhode Island Sales and Use Tax:

Statutory Reference: R.I. Gen. Laws § 42-64.20-5(q)

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

Year Enacted / Last Year Amended: 2015 / 2025

Description: For projects deemed eligible to receive Rebuild Rhode Island Tax Credits, the Rhode Island Commerce Corporation (CommerceRI) may authorize an exemption from sales and use taxes imposed on furniture, fixtures and equipment, and materials, including construction materials and supplies, that are utilized directly and exclusively on the project in question and are essential to the project. This exemption cannot be used for the sale or use of automobiles.

The Rebuild Rhode Island Tax Credit qualified per project cap of $15 million, or $25 million cap in the case of a qualified development project on "I-195 land," includes any amounts awarded for sales and use tax exemptions. The project cap for projects on specific parcels was set at $25 million, also inclusive of any sales and use tax exemptions, for projects whose purchase and sale agreements were entered into before December 19, 2018. Effective January 1, 2023, constructions projects over $10 million are subject to prevailing wage requirements and must receive certification of compliance with these requirements in order to receive tax credits under this program. The sunset date was extended to December 31, 2026 by the 2025 General Assembly.

Data Source: Rhode Island Division of Taxation. Number of taxpayers from Rhode Island Commerce's testimony at the November 2025 Revenue Estimating Conference (REC). Revenue forgone for FY 2022 and FY 2023 are as reported in the 2024 Tax Expenditures Report. FY 2024 and FY 2025 are based on sales and use tax data from general fund transfers for Rebuild RI (transfers reimburse the general fund for refunds paid out in the prior six months).

Projected revenue forgone for the Rebuild Rhode Island tax credit is included in the credits section.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Sales and Use Tax	$3,854,370	4
2023 Sales and Use Tax	$4,527,161	4
2024 Sales and Use Tax	$422,650	2
2025 Sales and Use Tax	$65,075	2

Projection Methodology: FY 2026 and FY 2027 projected revenue forgone amounts and the number of taxpayers are based on projected amounts reported at November 2025 Revenue Estimating Conference by CommerceRI.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Sales and Use Tax	$5,000,000	2
2027 Sales and Use Tax	$1,190,000	2

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

70. Refillable and Reusable Beverage Containers:

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

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / 1998

Description: Reusable and refillable beverage containers are exempt from the tax on beverage containers, which is a $0.04 tax on each case of beverage containers sold by a wholesaler to a retailer or consumer.

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

Reliability Index: 5

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

Law Comparison: No other New England state has a similar tax.

71. Religious Conscience:

Statutory Reference: R.I. Gen. Laws § 44-30-101(e)(3) / 26 U.S.C § 5000A(d)(2)

Stated Purpose: No stated purpose given in law.

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

Description: Rhode Island residents are required to maintain health insurance or be subject to a tax known as the shared responsibility payment penalty. An individual may claim a coverage exemption as a member of a recognized religious sect.

Data Source: No reliable data exists for this tax expenditure item. (This exemption is included in the Hardship exemption.)

Reliability Index: 5

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

Law Comparison: A similar provision was found in Massachusetts.

Massachusetts: An individual is exempt from penalty if they file a sworn affidavit with their personal income tax return that their sincerely held religious beliefs are the basis of the refusal to obtain and maintain credible coverage during the taxable year for which the return was filed.

Massachusetts Statute: Mass. Gen. Laws ch. 111M, § 3

72. Renewable Energy Products:

Statutory Reference: R.I. Gen. Laws § 44-18-30(57)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2005 / N/A

Description: The sale, storage, use, or other consumption of eligible renewable energy products is exempt from the sales and use tax. Eligible products include: 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

Data Source: Rhode Island Office of Energy Resources (OER) and Office of Revenue Analysis (ORA) calculations. The count of taxpayers includes all interconnected solar and wind projects. Forgone revenue is based on the number of energy systems installed during the calendar year as well as an average cost assumption by ORA of $11,311 on solar panels per installation in Rhode Island, as found on www.solarreviews.com for 2023. The average cost was adjusted by the consumer price index (CPI) for previous years. The Office of Revenue Analysis used this data to estimate sales of renewable energy products in Rhode Island for TY 2022 – TY 2023 and multiplied it by 7% to estimate revenue forgone.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$3,317,067	4,395
2023 Sales and Use Tax	$4,406,992	5,566
2024 Sales and Use Tax	$2,635,996	2,528

Projection Methodology: TY 2025 forgone revenue amounts and number of taxpayers are equal to the 5-year average (TY 2020-2024) amount of revenue forgone and count of taxpayers. TY 2026 and TY 2027 were set equal to TY 2025.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	$3,820,223	4,974
2026 Sales and Use Tax	$3,820,223	4,974
2027 Sales and Use Tax	$3,820,223	4,974

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

Connecticut: Sales and use of solar energy electricity generating systems, passive or active solar water or space heating systems, geothermal resource systems, including related equipment and sales of installation services, are exempt from sales tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(117)

Massachusetts: Sales of equipment directly related to a solar, wind-powered, or heat pump system that serves as the primary or auxiliary power system for the purpose of heating or otherwise supplying the energy needs for the taxpayer's principal residence are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(dd)

Vermont: Vermont's provisions exempt hot water systems that convert solar energy into thermal energy used to heat water but limited to the property directly used to capture, convert, or store solar energy for this purpose. In addition, a net metering system that employs a renewable energy source is also exempt.

Vermont Statute: Vt. Stat. Ann. Tit. 32, § 9741(46)

73. Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home:

Statutory Reference: R.I. Gen. Laws § 44-18-30(17)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1967 / N/A

Description: The rental charged for living or sleeping quarters in an institution licensed by the state for the hospitalization, custodial, or nursing care of humans is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 Rhode Island Interactive Sales and Use Tax Simulation Model. The estimate from the sales and use tax model includes nonprofit and propriety hospitals and nonprofit and propriety nursing homes. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2023 Sales and Use Tax	$41,037,154	*No estimate possible*
2024 Sales and Use Tax	$44,815,102	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, health care services from the Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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***
2025 Sales and Use Tax	$48,394,887	*No estimate possible*
2026 Sales and Use Tax	$51,451,569	*No estimate possible*
2027 Sales and Use Tax	$54,556,854	*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 sales and tangible personal property or services to and from nonprofit charitable hospitals, nursing homes, rest homes, and residential care homes.

Connecticut Statute: Conn. Gen. Stat. § 12-412(5)

Maine: Maine's sales and use tax provisions include an exemption on the rental charged for living or sleeping quarters in an institution licensed by the state for the hospitalization or nursing care of human beings.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(18)

Massachusetts: Massachusetts exempts from the room occupancy tax privately-owned and operated convalescent homes or homes for the aged, infirm, indigent or chronically ill, as well as religious or charitable homes for the aged, infirm, indigent or chronically ill.

Massachusetts Statute: Mass. Gen. Laws ch. 64G, § 2(iii-iv)

New Hampshire: New Hampshire excludes from the definition of hotel a hospital licensed under New Hampshire law (§ 151) or a sanitarium, convalescent home, nursing home, or home for the aged.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-A:6-d, I

Vermont: The room charges to occupy a hospital or other institution providing health care such as a nursing home are not subject to the rooms and meals tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9202(3)(A)

74. Rental Properties Rented More than 183 Days:

Statutory Reference: R.I. Gen. Laws § 44-72-5 / R.I. Pub. Laws 2025, ch. 5076A, art. 5, §18

Stated Purpose: "[T]he purpose of this chapter is to impose a statewide tax upon non-owner occupied residential property assessed at a value of one million dollars ($1,000,000) or more."

Year Enacted / Last Year Amended: 2025 / N/A

Description: Properties that are rented more than 183 days in the prior taxable year, including short-term rentals subject to the taxes imposed under the sales and use taxes chapter, are exempt from the non-owner occupied property tax. This new tax is effective on July 1, 2026.

Projection Methodology: Projections were calculated using FY 2024 Rhode Island property assessment data from the Warren Group. The tax rate of 0.5% was applied to non-owner occupied properties valued over $1,000,000 that were either (a) on the State's short-term rental registry or (b) identifed by ORA via public listings as apartment buildingsv. The three-year average of the 2022 - 2024 Rhode Island vacancy rate of 3.6% from the United States Census Bureau, Current Population Survey/Housing Vacancy Survey, as well as the median home price forecasted growth, provided by Moody's Analytics for the November 2025 Revenue Estimating Conference, were applied to the result to project revenue forgone. Because the tax is not effective until FY 2027, there is no revenue forgone in FY 2026. 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*
2026 Non-owner Occupied Property Tax	$0	*No estimate possible*
2027 Non-owner Occupied Property Tax	$4,687,144	*No estimate possible*

Law Comparison: No other New England state has a similar law.

75. Rhode Island Industrial Facilities Corporation Lessees:

Statutory Reference: R.I. Gen. Laws §§ 45-37.1-9 and 45-37.1-9.1

Stated Purpose: The exercise of the powers granted by R.I. Gen. Laws Chapter 45-37.1 titled "Rhode Island Industrial Facilities Corporation" will be in all respects for the benefit of the people of Rhode Island; the increase of their commerce, welfare, and prosperity; for the improvement of their health and living conditions; and will constitute the performance of an essential government.

Year Enacted / Last Year Amended: 1967 / 2011

Description: The Rhode Island Industrial Facilities Corporation (RIIFC) is not required to pay any taxes or assessments for a project, property, or money of the corporation. In the case of any person, partnership, corporation, or concern leasing a project from RIIFC, there is a sales and use tax exemption on materials used in construction of such a facility only to the extent that the costs of such materials do not exceed the amount financed through the corporation. The sales tax benefits granted only apply to materials used in the construction, reconstruction, or rehabilitation of the project and to the acquisition of furniture, fixtures, and equipment, except automobiles, trucks or other motor vehicles, or materials that otherwise are depreciable and have a useful life of one year or more.

Effective June 30, 2011, this exemption was repealed and will only apply to projects previously approved and those projects for which long-term agreements were entered.

Data Source: Rhode Island Division of Taxation testimony at the November 2025 Revenue Estimating Conference.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$0	0
2023 Sales and Use Tax	$0	0
2024 Sales and Use Tax	$0	0
2025 Sales and Use Tax	$0	0

Projection Methodology: This exemption was repealed effective July 1, 2011 for projects not approved on or before June 30, 2011. Only projects approved prior to June 30, 2011 can take the exemption. FY 2026 and FY 2027 was set equal to FY 2025.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Sales and Use Tax	$0	0
2027 Sales and Use Tax	$0	0

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

76. Sacramental Wines Sold Directly to Member of Clergy:

Statutory Reference: R.I. Gen. Laws § 3-10-1(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1933 / 1997

Description: Sacramental wines sold directly to a member of the clergy used for sacramental or other religious purposes are exempt from the alcoholic beverage excise tax.

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

Reliability Index: 5

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

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Sacramental wines are exempt from the excise tax on alcoholic beverages.

Massachusetts Statute: Mass. Gen. Laws ch. 138, § 21

77. Sales and Use Taxes Paid to Other Jurisdictions:

Statutory Reference: R.I. Gen. Laws § 44-18-30A(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1965 / 1986

Description: The use tax does not apply to the use, storage, or other consumption in Rhode Island of tangible personal property purchased at retail outside the state where the purchaser has paid a sales or use tax equal to or greater than the Rhode Island sales and use tax to another jurisdiction. If the purchaser has paid a sales or use tax in an amount less than the amount imposed by the Rhode Island sales and use tax, then the purchaser must pay to the tax administrator the difference in the amount paid to the other jurisdiction and the amount that would be imposed by the Rhode Island sales and use tax.

Data Source: Data from Rhode Island Department of Revenue, Division of Motor Vehicles (DMV) and Division of Taxation, Office of Revenue Analysis (ORA) calculation. Estimate includes motor vehicles purchased in Massachusetts but registered in Rhode Island and sales taxes paid in other states claimed on personal income tax (PIT) forms. ORA assumed that sales taxes claimed on a PIT tax form belong to the following fiscal year.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$22,523,367	14,394
2023 Sales and Use Tax	$25,707,007	15,741
2024 Sales and Use Tax	$27,025,143	16,740

Projection Methodology: FY 2025 – FY 2027 revenue forgone amounts for motor vehicle use taxes to Massachusetts were projected using Moody's Analytics forecast provided for the November 2025 Revenue Estimating Conference for Rhode Island personal consumption expenditures for motor vehicles and parts. The number of taxpayers was projected using the 3-year average growth rate. Projected revenue forgone amounts for the sales and use taxes paid to other states via the personal income tax form, as well as the number of taxpayers, were grown using a 2-year average growth rate from FY 2022 – FY 2024.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	$28,048,752	17,957
2026 Sales and Use Tax	$28,892,293	19,395
2027 Sales and Use Tax	$29,967,751	20,948

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

Connecticut: If taxable property or services have already been subjected to sales or use tax in another state or one of its political subdivisions, Connecticut tax is due only on the difference between the applicable Connecticut rate and the rate on which the other jurisdiction's tax was computed. If the other jurisdiction's rate was higher than Connecticut's, no further tax is due.

Connecticut Statute: Conn. Gen. Stat. § 12-430(5)

Maine: Maine's use tax does not apply to the use, storage, or consumption in the state of purchases made outside the state, providing the purchaser paid the other jurisdiction a sales or use tax equal or greater to the amount imposed by Maine. If the amount of tax paid to the other jurisdiction is less than the amount imposed by Maine, the purchaser must pay use tax for 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 purchases (2) a sales or similar tax was paid to the reciprocal state, and (3) the tax paid to the other state was legally due without any right to a refund or credit. If the Massachusetts tax rate is higher than the rate of the other state's tax, the use tax is payable to the extent of the rate difference.

Massachusetts Statute: Mass. Gen. Laws ch. 64I, § 7(c)

Vermont: Property or services are exempt from the sales and use tax when a retail sales or use tax was legally due and paid to any other state or jurisdiction within any other state, providing the other state or jurisdiction allows a corresponding sales and use tax exemption. To the extent that the Vermont sales tax is a higher rate than the rate of tax in the first taxing jurisdiction, the use tax must be paid based on the difference between the rates. Vermont's provisions also apply specifically to motor vehicles. Motor vehicles on which the state sales or use tax has been paid by the person or spouse applying for registration in Vermont is exempt. If the tax paid in the other state is less than the Vermont tax, a use tax must be paid on the difference between the two rates.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9744(3) and 8911(9)

78. Sales Beyond Constitutional Power of State:

Statutory Reference: R.I. Gen. Laws § 44-18-30(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: The gross receipts from the sale, storage, use, or other consumption of tangible personal property of which Rhode Island is prohibited from taxing under the Constitution of the United States or under the Constitution of Rhode Island are exempt from the sales and use tax.

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

Reliability Index: 5

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

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

Connecticut: Sales of tangible personal property or services prohibited from taxation under the Constitution or laws of the United States are exempt.

Connecticut Statute: Conn. Gen. Stat. § 12-412(2)

Maine: Sales the state is prohibited from taxing under the United States Constitution, laws of the United States, or under the Constitution of Maine are exempt from the sales tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(1)

Massachusetts: Sales which Massachusetts is prohibited from taxing under the constitution or laws of the United States are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(a)

Vermont: Sales not within the taxing power of this state under the Constitution of the United States are exempt from the sales and use tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(1)

79. Sales by Writers, Composers, and Artists:

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

Stated Purpose: "The general assembly makes the following findings of facts: (1) The arts and culture are a significant asset for Rhode Island, one which generates revenue through increased tourism and economic activity, creates jobs and economic opportunities, revitalizes communities adding to quality of life and property values, and fosters creativity, innovation, and entrepreneurship. (2) Since 1998, the establishment of arts districts where "one-of-a-kind limited production" works of art may be sold exempt from state sales tax has resulted in an increased presence for the arts in designated cities and towns, with benefits to those communities and to the state. (3) Since the establishment of arts districts, many communities have sought legislation to expand the program to their city or town. (4) There is value in expanding the arts district program statewide, providing incentives for the sale and purchase of art. This is a unique opportunity for Rhode Island to shape history, and gain an advantage over other states, by becoming the first-and-only state in the country to declare a statewide sales tax exemption on art. This will strengthen Rhode Island's identity as an arts-friendly destination and "State of the Arts"."

Year Enacted / Last Year Amended: 1996 / 2014

Description: Individuals who meet the necessary requirements are entitled to a sales tax exemption for the sale of a work or works sold from the individual's business located in Rhode Island. The work must be an original and creative work, whether written, composed, or executed for one-of-a-kind limited production and falls into one of the following categories: book or other writing; play or the performance of said play; musical composition or the performance of said composition;

painting, print, photograph, or other like picture; sculpture; traditional and fine crafts; creation of a film or the acting within the film; creation of a dance or the performance of the dance.

Data Source: *Impact of Sales Tax Exemption for* Artists, Annual Report - 2025, Rhode Island Division of Taxation. Revenue forgone is calculated using eligible sales of artistic works in Rhode Island and multiplying that figure by 7%. The number of taxpayers represents the number of annual reconciliations with values associated with this exemption.

Reliability Index: 2

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Sales and Use Tax	$1,091,570	704
2023 Sales and Use Tax	$1,168,499	781
2024 Sales and Use Tax	$1,424,434	826

Projection Methodology: Both revenue forgone amounts and number of taxpayers were grown using the respective 3-year average growth rates.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Sales and Use Tax	$1,435,044	812
2026 Sales and Use Tax	$1,445,734	802
2027 Sales and Use Tax	$1,456,504	792

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

80. Sales in Municipal Economic Development Zones:

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

Stated Purpose: The General Assembly makes the following findings of fact: (1) Various sections of several towns in the state, including, but not limited to, the town of West Warwick, are deteriorated, blighted areas which have created very difficult challenges to economic development; (2) Several areas of the state are in a distressed financial condition as defined by R.I. Gen. Laws § 45-13-12(b) and cannot finance economic development projects on its own without the participation of private enterprise; (3) The General Assembly has found that it is nearly impossible for private enterprise alone to meet these challenges; (4) In certain sections of financially distressed communities, the serious challenges of economic development and/or redevelopment have not been met by private enterprise alone and the impact is being felt throughout the community; (5) Legislation enacted to encourage redevelopment of the deteriorated, blighted areas through the formation of local redevelopment agencies has had very limited success; (6) Various states, such as New Jersey, Pennsylvania, and Michigan, have had a great deal of success in generating economic development by exercising the authority to exempt and/or stabilize taxes; (7) The State of Rhode Island has generated economic growth by redirecting and/or exempting certain commercial and retail activity from the imposition of sales and use and income taxes with recent examples being the Providence Place Mall, the Arts Districts in the cities of Providence, Pawtucket, and Westerly, and financial services and aquaculture industries; (8) Most recently, municipalities in our state have had great success in attracting large commercial development, including financial services, manufacturing, and major energy facilities, due in large part to the authority to exempt and/or stabilize property, tangible and/or inventory taxes; (9) Attracting large non-residential developments or encouraging expansion of existing commercial entities can be extremely important to municipalities, where the quality of public education is largely dependent on the local tax base, thereby expanding the commercial tax base and reducing reliance upon the residential tax base; (10) The ability to attract this development and increase the non-residential tax base, in turn, improves municipalities' ability to finance school systems, municipal services and infrastructure, thereby improving the quality of life; (11) In addition to increasing the local non-residential tax base, this development creates construction jobs, permanent jobs, and spurs additional investment by private enterprises; and (12) Providing authority to offer tax exemptions from, or to stabilize, the imposition of sales and use taxes will attract and assist in expanding, revitalizing and redeveloping the tax base in our municipalities, thereby providing long-term economic benefits and development.

Year Enacted / Last Year Amended: 2002 / 2005

Description: All businesses making qualified sales and are located in newly constructed property in a Municipal Economic Development (MED) Zone are exempt from charging 50% of the current sales and use tax for a period of 10 years. Sales and use taxes collected in a MED Zone are returned to the municipality in which the MED Zone is located. 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 December 2025, 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***
2022 Sales and Use Tax	$0	0
2023 Sales and Use Tax	$0	0
2024 Sales and Use Tax	$0	0
2025 Sales and Use Tax	$0	0

Projection Methodology: FY 2026 and FY 2027 revenue forgone amounts and number of taxpayers are held constant with FY 2025.

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Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Sales and Use Tax	$0	0
2027 Sales and Use Tax	$0	0

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

81. Sales in Public Buildings by Blind People:

Statutory Reference: R.I. Gen. Laws § 44-18-30(14)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1965 / 1988

Description: The sale, storage, use or other consumption of all products or wares offered for purchase in all public buildings from a person licensed under R.I. Gen. Laws § 40-9-11.1 titled "Authorization to Establish Vending Facilities for the Blind on State Property" is exempt from the sales and use tax.

Data Source: Rhode Island Business Enterprise Program Data, Office of Rehabilitation Services, Rhode Island Department of Human Services. Revenue forgone is based on sales generated through the Business Enterprises Program multiplied by 7%. Number of taxpayers reflects the number of licensed blind vendors.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$37,801	12
2023 Sales and Use Tax	$48,177	12
2024 Sales and Use Tax	$51,653	15

Projection Methodology: For FY 2025 – FY 2027, the projected revenue forgone was calculated using forecast data provided by Moody's Analytics for the November 2025 Revenue Estimating Conference for personal consumption expenditures, food services and accommodations. The number of taxpayers was held constant with FY 2024.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	$53,056	15
2026 Sales and Use Tax	$54,752	15
2027 Sales and Use Tax	$56,546	15

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

82. Sales of Motor Vehicles to Non-Residents:

Statutory Reference: R.I. Gen. Laws § 44-18-30(13)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1958 / 1990

Description: The sale of a motor vehicle to a non-resident who does not register the motor vehicle in Rhode Island, regardless of where the sale or delivery of the motor vehicle took place, is exempt from the sales and use tax. If a motor vehicle is sold to a non-resident whose state of residence does not allow a comparable exemption to non-residents, then a sales tax is imposed at a rate equal to the lessor of the rate that would have been imposed in the non-resident's home state or the use tax rate imposed by Rhode Island. When computing the tax, the licensed Rhode Island motor vehicle dealer must tax into consideration how the non-resident's home state taxes the trade-in value.

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 non-residents. Thus, motor vehicle sales in Rhode Island from Massachusetts residents are subject to Rhode Island sales tax up to the Massachusetts sales tax rate.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. ORA used actual FY 2020 sales data and grew it by the growth realized in RI registry receipts for FY 2022 and FY 2023 to arrive at revenue forgone. The calculations for the number of taxpayers for FY 2022 and FY 2023 follow the same methodology as revenue forgone.

Reliability Index: 2

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$1,521,705	1,431
2023 Sales and Use Tax	$1,585,584	1,491

Projection Methodology: In order to estimate revenue forgone for FY 2024 and FY 2025, the FY 2024 and FY 2025 growth rates in Rhode Island registry sales tax receipts were applied sequentially to the FY 2023 revenue forgone amount. The same process was used to project the number of taxpayers for FY 2024 and FY 2025. FY 2026 and FY 2027 use use the Moody's Analytics forecast provided for the November 2025 Revenue Estimating Conference for PCE: durable goods – motor vehicle and parts to project revenue forgone and number of taxpayers for those fiscal years.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Sales and Use Tax	$1,604,383	1,508
2025 Sales and Use Tax	$1,626,308	1,529
2026 Sales and Use Tax	$1,675,217	1,575
2027 Sales and Use Tax	$1,737,574	1,634

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

Connecticut: Connecticut's provision allows an exemption from the sales tax for non-residents who do not register the vehicle in Connecticut.

Connecticut Statute: Conn. Gen. Stat. § 12-412(60)

Maine: Maine's provisions exempt the sales of motor vehicles, semitrailers, aircraft, and camper trailers purchased by a non-resident and intended to be driven or transported outside the state immediately upon delivery by the seller. Similarly, a qualifying resident business is exempt from the sales and use tax on most motor vehicles driven or transported out of state immediately and is used exclusively in the buyer's out-of-state business activities.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(23-C) and 1760(23-D)

Vermont: The motor vehicle purchase and use tax is defined as imposed upon the purchase in Vermont of a motor vehicle by a resident.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8903(a)(1)

83. Sales of Non-Motorized Recreational Vehicles Sold to Non-Residents:

Statutory Reference: R.I. Gen. Laws § 44-18-30(54)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2003 / N/A

Description: The sale of a non-motorized recreational vehicle to a non-resident who does not register the non-motorized recreational vehicle in Rhode Island, regardless of the location of the sale or delivery, is exempt from the sales and use tax. If a non-motorized recreational vehicle is sold to a non-resident whose state of residence does not allow a comparable exemption to non-residents, then a sales tax is imposed at a rate equal to the lessor of the rate that would have been imposed in the non-resident's home state or the use tax rate imposed by Rhode Island. When computing the tax, the licensed Rhode Island motor vehicle dealer must take into consideration how the non-resident's home state taxes the trade-in value.

A non-motorized recreational vehicle is any portable dwelling designed and constructed to be used as a temporary dwelling for travel, camping, and recreational and vacation use that is eligible to be registered for highway use.

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

Reliability Index: 5

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

Law Comparison: Only Maine has a similar provision.

Maine: Maine's provisions generally exempt sales of camper trailers, including truck campers, purchased by a non-resident and intended to be driven or transported outside the state immediately upon delivery by the seller.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(23-C)(E)

84. Sales of Trailers Ordinarily Used for Residential Purposes:

Statutory Reference: R.I. Gen. Laws § 44-18-20(d)(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1995

Description: The sale or transfer of a trailer used for residential purposes and commonly known as a house trailer or a mobile home is exempt from the use tax. Camping trailers are excluded from this exemption.

Data Source: No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Mobile and Manufactured Homes Generally" exemption.)

Reliability Index: 5

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

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

Connecticut: Connecticut's provisions include an exemption for the resale of mobile manufactured homes if located in a mobile manufactured home park or if it is permitted as a non-conforming use on a single-family lot. The mobile manufactured home is instead subject to the real estate conveyance tax. New mobile manufactured homes are charged the sales and use tax but only on 75% of the manufacturer's sale price.

Connecticut Statute: Conn. Gen. Stat. § 12-412c

Maine: Maine's exemptions include the sales of used manufactured housing and up to 50% of the sale price of new manufactured housing, except for the cost of materials.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(40)

Vermont: Vermont's provisions include an exemption of 40% of the receipts from the sales of mobile homes when sold as tangible personal property.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9741(32)

85. Sales to Common Carriers for Use Outside of the State:

Statutory Reference: R.I. Gen. Laws § 44-18-33

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: Exempt from the sales and use tax are gross receipts from sales of tangible personal property to a common carrier when shipped by the seller via the purchasing carrier under a bill of lading to a point outside of Rhode Island for use by the carrier in the conduct of its business as a common carrier.

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

Reliability Index: 5

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

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

86. Sales to Federal Government:

Statutory Reference: R.I. Gen. Laws § 44-18-31

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: The gross receipts from the sale of any tangible personal property to the United States government, its agencies and instrumentalities, are exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 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***
2023 Sales and Use Tax	$8,023,683	*No estimate possible*
2024 Sales and Use Tax	$8,319,688	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in the national income and product accounts – federal government expenditures from the forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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***
2025 Sales and Use Tax	$8,995,791	*No estimate possible*
2026 Sales and Use Tax	$9,586,601	*No estimate possible*
2027 Sales and Use Tax	$10,248,783	*No estimate possible*

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

Connecticut: Sales of tangible personal property or services to the United States or respective agencies are exempt from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(1)

Maine: Maine does not impose a sales or use tax on sales made directly to the federal government or to any unincorporated agency or instrumentality of the federal government.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(2)

Massachusetts: Sales made to the United States, Massachusetts, or their political subdivisions and agencies are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(d)

Vermont: Any sale, service, or admission to a place of entertainment charged by or to the United States of America, any of its agencies and instrumentalities, to the extent it is immune from taxation when it is the purchaser, user, or consumer or when it sells services or property of a kind not ordinarily sold by private persons is exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9743(2)

87. Sales to the State or its Political Subdivisions:

Statutory Reference: R.I. Gen. Laws § 44-18-30(8)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / N/A

Description: The sale to and the storage, use, or other consumption by the State of Rhode Island or any city, town, district, or other political subdivision of the state is exempt from the sales and use tax. Every redevelopment agency is considered a subdivision of the municipality in which it is located.

Data Source: FY 2023 and FY 2024 Rhode Island Interactive Sales and Use Tax Simulation Model. Number of taxpayers is a sum of the state agencies/departments, cities and towns, quasi-public agencies, and fire districts in Rhode Island.

Reliability Index: 3

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Sales and Use Tax	$59,361,397	138
2024 Sales and Use Tax	$60,251,491	138

Projection Methodology: The Office of Revenue Analysis applied the growth rate in projected FY 2025 Rhode Island state expenditures over those audited FY 2024 state estimates to calculate FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027 using the enacted FY 2026 state expenditures and projected FY 2027 state expenditures as reported publicly by the Rhode Island House Fiscal Office for the enacted FY 2026 budget. The number of taxpayers for FY 2025-FY 2027 is held constant with FY 2024.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	$64,411,085	138
2026 Sales and Use Tax	$66,847,848	138
2027 Sales and Use Tax	$69,376,796	138

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

Connecticut: The sales of tangible personal property or services to the State of Connecticut and its political subdivisions and agencies are exempt from the sales and use tax. In addition, sales of goods and services to the Connecticut MIRA Dissolution Authority for the operation of projects and to any tourism district in the state are also exempt.

Connecticut Statute: Conn. Gen. Stat. §§ 12-412(1), 12-412(92), and 12-412(93)

Maine: Sales to the state, state political subdivisions, or to their unincorporated agencies or instrumentalities are exempt. In addition, sales to nonprofit fire departments, nonprofit ambulance services, regional planning commissions and councils of government, community action organizations, and nonprofit volunteer search and rescue organizations are also exempt.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(2), (26), (37), (49), and (53)

Massachusetts: Sales to Massachusetts, any political subdivision, or respective agency of the state are exempt from the sales and use tax. In addition, sales of fire trucks to any volunteer, nonprofit fire company or similar organization furnishing public fire protection and sales of ambulances to any volunteer, nonprofit organization furnishing a public ambulance service are exempt.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, §§ 6(d) and 6(x)

Vermont: The State of Vermont, its agencies, instrumentalities, public authorities, public corporations, and political subdivisions are not subject to sales and use tax when it is a purchaser, user, or consumer; it is a vendor of services or property of a kind not ordinarily sold by private persons; or it charges for admission to any amusement. In addition, a school or municipality is not subject to the sales and use tax. Finally, sales of equipment, supplies, and building materials made directly to volunteer fire departments, volunteer ambulance companies, or volunteer rescue squads for official use by the volunteer organizations are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9743(1), 9743(6), and 9741(21)

88. Sales to U.S. Government and Operators of Railroad Transportation Equipment:

Statutory Reference: R.I. Gen. Laws § 31-36-13

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1925 / 1977

Description: Any fuel sold by a distributor to the United States government or to a person, firm, or corporation that will use the fuel solely for the operation of railroad transportation equipment on fixed rails or tracks is exempt from the motor fuel tax.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Revenue forgone is based on motor fuel consumption by exempt distributors.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Motor Fuel Tax	$2,157,351	6
2023 Motor Fuel Tax	$2,991,836	6
2024 Motor Fuel Tax	$3,013,565	12
2025 Motor Fuel Tax	$1,487,709	23

Projection Methodology: The amount of exemption for FY 2026 and FY 2027 is the three-year average of the amount of revenue forgone for FY 2022 – FY 2025, and the number of taxpayers is held constant with FY 2025.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Motor Fuel Tax	$2,497,703	23
2027 Motor Fuel Tax	$2,497,703	23

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

Connecticut: Sales of fuel sold by distributors to the United States government are exempt from the motor vehicle fuels tax. Additionally, owners and operators who operate a vehicle that runs only on rails or tracks and are registered with the federal government are exempt from paying the motor vehicle fuels tax for purchases of fuel for that specific vehicle.

Connecticut Statute: Conn. Gen. Stat. § 12-458(a)(3)(A) and 12-458(c)

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 to the federal government, Regional Transit Authority, Water Resources Authority, Port Authority, and MBTA are exempt from the gasoline excise tax in Massachusetts. Vehicles that run only on rails or tracks are excluded from the definition of a motor vehicle subject to fuel taxes in the state.

Massachusetts Statute: Mass. Gen. Laws chs. 64A, §§ 1 and 12; 64E, §§ 1 and12; and 64F, §§ 1(e) and 13, AP 110: Gasoline Excise

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. Railroads are also exempt in purchasing diesel fuels.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9741(30) and 9741(7)(A)

89. School Meals:

Statutory Reference: R.I. Gen. Laws § 44-18-30(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1989

Description: The sale, storage, use, or other consumption of meals served by public, private, or parochial schools, school districts, colleges, universities, student organizations, parent teacher associations to the students or teachers of a school, college, or university whether the meals are served by the educational institutions or by a food service or management entity under contract to the educational institutions is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$6,248,029	*No estimate possible*
2024 Sales and Use Tax	$6,611,056	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures, food services and accommodations from the forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$6,906,436	*No estimate possible*
2026 Sales and Use Tax	$7,270,587	*No estimate possible*
2027 Sales and Use Tax	$7,562,788	*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 from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(9)

Maine: Meals served to students and teachers by schools, colleges, universities, student organizations, and parent-teacher associations to the students or teachers of a school are exempt. Sales to employees of colleges are also exempt if purchased using a school-issued debit card.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 1760(6)(A) and 1760(6)(E)

Massachusetts: Meals served to students at educational institutions are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(cc)

New Hampshire: Meals served or furnished by an organization operated for educational purposes exempt from federal income taxation under § 501(c)(3) of the Internal Revenue Code (IRC), either directly through facilities owned and operated by such organization or indirectly through a catering or food service enterprise under contract with such organization if such meals are served or furnished: (A) To students regularly attending the organization; (B) To employees, faculty members or administrative officers of the organization; (C) To volunteers providing services in connection with the organization; or (D) To other persons if the meals are served or furnished for an activity related to educational purposes and the sponsor of such activity is an organization exempt from federal income taxation under § 501(c)(3) of the IRC or the federal government, state government, or an instrumentality thereof.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-A:6-c, II

Vermont: Schools may sell meals on their own ground without collecting the meals tax. Contractors, restaurants, and caterers may sell meals to school students and staff under this exemption if the meals provided are for the benefit of the school or are otherwise sponsored by the school. Restaurants and caterers providing meals for private events on school grounds must collect the meals tax.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9202(10)(D)(ii)(II), Vermont Technical Bulletin 48

90. Seeds and Plants used to Grow Food and Food Ingredients:

Statutory Reference: R.I. Gen. Laws § 44-18-30(65)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 2017

Description: The sale, storage, use, or other consumption of seeds and plants used to grow food and food ingredients is exempt from the sales and use tax. The exemption does not apply to marijuana seeds or plants.

Data Source: No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Food and Food Ingredients" exemption.)

Reliability Index: 5

Projection Methodology: No reliable data exists for this tax expenditure item. (The forgone revenue from this exemption is included in the "Food and Food Ingredients" exemption.)

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

Connecticut: Vegetable seeds suitable for planting to produce food for human consumption are exempt from Connecticut's sales tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(96)

Maine: Products, including seeds, used in commercial agricultural production are exempt from the state sales and use tax. Vegetable seeds and seedlings used in home gardens are taxable.

Maine Statute: Me. Rev. Stat. Ann. tit., 36 § 1760(7-B)

Massachusetts: Sales of plants, including parts of plants, suitable for planting to produce food for human consumption or when such plants or plant parts are sold in the regular course of business are exempt from sales and use tax in Massachusetts.

Massachusetts Statute: Massachusetts Gen. Laws Ch. 64H § 6(p)(4)

Vermont: Vermont's provisions include a sales and use tax exemption for agricultural inputs, which include seed and plants used for agricultural purposes.

Vermont Statute: Vt. Stat. Ann. tit., 32 § 9741(3)

91. Short Coverage Gap (Federal):

Statutory Reference: R.I. Gen. Laws § 44-30-101(d) / 26 U.S.C. § 5000A(b)(1) and (e)(4)

Stated Purpose: No stated purpose given in law.

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

Description: The Rhode Island state shared responsibility payment penalty tax is equal to the same penalty imposed at the federal level for individuals who do not meet the minimum essential coverage for health insurance. Included in the exemptions to the federal insurance mandate penalty is an exemption for an applicable individual who did not have minimum essential coverage for a continuous period of less than thre months.

Data Source: Rhode Island Division of Taxation. To calculate revenue forgone, Taxation provided the average assessed penalty per uninsured month of $80 for TY 2022 and $79 for TY 2023. These figures were multiplied by the number of months this exemption was claimed to calculate revenue forgone. The number of taxpayers is the count of how many returns claimed this exclusion.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Shared Responsibility Payment Penalty Tax	$261,440	1,295
2023 Shared Responsibility Payment Penalty Tax	$327,060	1,547

Projection Methodology: The revenue forgone amount and number of taxapayers for TY 2024 use the same methodology above. This data is subject to change. TY 2025 – TY 2027 revenue forgone amounts and number of taxpayers are the three-year average from TY 2022 – TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Shared Responsibility Payment Penalty Tax	$304,317	1,508
2025 Shared Responsibility Payment Penalty Tax	$304,317	1,508
2026 Shared Responsibility Payment Penalty Tax	$304,317	1,508
2027 Shared Responsibility Payment Penalty Tax	$304,317	1,508

Law Comparison: A similar provision was found in Massachusetts.

Massachusetts: If an individual’s lapse in health insurance is 63 days or less, Massachusett does not assess a penalty.

Massachusetts Statute: Mass. Gen. Laws ch. 111M, § 2(b)

92. Special Adaptations for Wheelchair Accessible Taxicabs:

Statutory Reference: R.I. Gen. Laws § 44-18-30(19)(iii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2007 / N/A

Description: The sale of special adaptations or the component parts for a wheelchair accessible taxicab and/or a wheelchair accessible public motor vehicle is exempt from the sales and use tax.

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

Reliability Index: 5

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

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

93. Stay Invested in RI Wavemaker Fellowship Awards:

Statutory Reference: R.I. Gen. Laws Ch. 42-64.26-8 / R.I. Pub. Laws 2024, ch. 117, art. 7, § 11 / R.I. Pub. Laws 2025, ch. 278, art. 6, §§ 11-12

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2015 / 2025

Description: The Stay Invested in RI Wavemaker Fellowship program offers qualifying individuals a refundable tax credit worth the value of their annual student loan burden. Awards can be issued as a personal income tax credit and/or as a refund at any point in the calendar year. The amount of the award is exempt from the personal income tax for the tax year in which the award was received. This tax expenditure item looks at forgone revenue due to this exemption.

The 2024 session dedicated $500,000 from the Wavemaker Fellowship Program to healthcare applicants who provide primary care. In the 2025 session, sole proprietors, partners in a healthcare partnership, and single member limited liability companies were made eligible to be healthcare applicants for this program. Additionally, the program's sunset was extended to December 31, 2026.

Data Source: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Forgone revenue for TY 2022 was determined by applying the effective tax rate of 3.15% from Rhode Island personal income tax returns for TY 2022 to the amount of personal income tax credit taken for TY 2021 (received in calendar year 2022 when the TY 2021 return was filed) and the refund option taken in TY 2022. The same process was completed for TY 2023 using the effective tax rate of 3.05%. This estimate is conservative in that not all tax credit awarded will subsequently be converted to a refund by the taxpayer.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$17,372	174
2023 Personal Income Tax	$13,288	122

Projection Methodology: Projected forgone revenue for TY 2024 was determined by applying the average of the effective tax rates from Rhode Island personal income tax returns for TY 2022 and TY 2023 of 3.10% to the amount of personal income tax credit for TY 2023 and refund amount issued in TY 2023. TY 2023 forgone revenue is equal to the TY 2021 – TY 2022 average amount of revenue forgone. The number of taxpayers is equal to the TY 2021 – TY 2022 average number of taxpayers. TY 2024 and TY 2025 are set equal to TY 2023.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$13,719	169
2025 Personal Income Tax	$14,793	155
2026 Personal Income Tax	$14,793	155
2027 Personal Income Tax	$14,793	155

Law Comparison: Only Maine has a similar provision. Massachusetts and Vermont do not have a tax credit, but both have a student loan interest deduction for personal income tax.

Maine: Maine has a refundable student loan repayment tax credit for associate, bachelor's, and graduate degree holders who attended an accredited college or university and live, work, and pay taxes in Maine. This credit is up to $2,500 per year. Carryover credits from the credit for educational opportunity may be applied to the per year cap under the student loan payment tax credit through tax year 2026. Science, technology, engineering, and mathematics (STEM) associate and master's degree recipients are allowed a cap up to $3,500. A qualified individual is subject to a lifetime cap of $25,000, except for any amount over the $2,500 standard cap and the $3,500 STEM cap.

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

94. Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment:

Statutory Reference: R.I. Gen. Laws § 44-18-30(37)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1988 / N/A

Description: The sale, storage, use, or other consumption of tangible personal property or supplies used in the operation of equipment used solely for the recycling, reuse, or recovery of materials (other than precious metals) from the treatment of hazardous waste is exempt from the sales and use tax. The hazardous wastes must be generated by the same taxpayer at or adjacent to a generating facility of the taxpayer located in Rhode Island.

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

Reliability Index: 5

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

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut's provision includes an exemption from the sales and use tax for personal property incorporated into or used in waste treatment facilities.

Connecticut Statute: Conn. Gen. Stat. § 12-412(21)

95. Supplies Used in Preparing Floral Products and/or Arrangements:

Statutory Reference: R.I. Gen. Laws § 44-18-30(52)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2000 / N/A

Description: The sale, storage, use, or other consumption of tangible personal property or supplies that are ultimately sold with flowers, plants, floral products, natural and artificial floral arrangements, or are other used in the production, processing, and preparation of these types of products is exempt from the sales and use tax. To qualify for the exemption, the taxpayer must be a florist, garden center, or other similar business.

Data Source: FY 2023 and FY 2024 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***
2023 Sales and Use Tax	$310,100	*No estimate possible*
2024 Sales and Use Tax	$318,600	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in the United States producer price index for intermediate materials from the forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. The same process was followed for FY 2026 and FY 2027. 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*
2025 Sales and Use Tax	$322,892	*No estimate possible*
2026 Sales and Use Tax	$335,538	*No estimate possible*
2027 Sales and Use Tax	$344,346	*No estimate possible*

Law Comparison: Only Vermont has a similar provision.

Vermont: Sales of fresh cut flowers by a qualified § 501(c)(3) organization during a single, annual sales event lasting seven days or less are exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9743(3)(D)

96. Taxpayers with Income Below Filing Threshold:

Statutory Reference: R.I. Gen. Laws § 44-30-101(e)(4) / 26 U.S.C. § 5000A(e)(2)

Stated Purpose: No stated purpose given in law.

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

Description: Rhode Island residents are required to maintain health insurance or be subject to a tax known as the shared responsibility payment penalty. If an individual's gross income or the income of their household is less than the minimum threshold required for filing a tax return, then the taxpayer is exempt from the shared responsibility payment penalty tax.

Data Source: Rhode Island Division of Taxation. To calculate revenue forgone, Taxation provided the average assessed penalty per uninsured month of $80 for TY 2022 and $79 for TY 2023. These figures were multiplied by the number of months this exemption was claimed to calculate revenue forgone. The number of taxpayers is the count of how many returns claimed this exclusion.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Shared Responsibility Payment Penalty Tax	$1,894,800	1,618
2023 Shared Responsibility Payment Penalty Tax	$1,904,690	1,655

Projection Methodology: The revenue forgone amount and number of taxapayers for TY 2024 use the same methodology above. This data is subject to change. TY 2025 – TY 2027 revenue forgone amounts and number of taxpayers are the three-year average from TY 2022 – TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Shared Responsibility Payment Penalty Tax	$1,960,275	1,788
2025 Shared Responsibility Payment Penalty Tax	$1,919,922	1,687
2026 Shared Responsibility Payment Penalty Tax	$1,919,922	1,687
2027 Shared Responsibility Payment Penalty Tax	$1,919,922	1,687

Law Comparison: A similar provision was found in Massachusetts.

Massachusetts: Massachusett’s statute only applies to residents that file or are required to file an individual income tax return.

Massachusetts Statute: Mass. Gen. Laws ch. 111M, § 2

97. Telecommunications Carrier Access Services:

Statutory Reference: R.I. Gen. Laws § 44-18-30(45)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1989 / 2007

Description: Carrier access service or telecommunications service purchased by a telecommunications company from another telecommunications company to facilitate the provision of telecommunications service is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 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*
2023 Sales and Use Tax	$8,438,900	*No estimate possible*
2024 Sales and Use Tax	$8,572,900	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island gross domestic state product for utilities from the forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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***
2025 Sales and Use Tax	$8,713,414	*No estimate possible*
2026 Sales and Use Tax	$8,752,848	*No estimate possible*
2027 Sales and Use Tax	$8,837,971	*No estimate possible*

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

Connecticut: Connecticut's provision includes an exemption from the sales and use tax for access or interconnection service purchased by a provider of telecommunications service from another provider of such service for purposes of rendering such service.

Connecticut Statute: Conn. Gen. Stat. § 12-407(a)(26)(A)(iv)

Maine: Sales of services to another service provider for resale is exempt from the service provider tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 2557(30)

Massachusetts: Retail sales are defined as the sale of services and/or tangible personal property for any purpose other than resale in the regular course of business. Thus, the tax on sales of telecommunications does not apply to sales for resale.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 1

Vermont: Charges for wholesale transactions between telecommunications service providers where the service is a component part of a service provided to an end user are exempt from the sales and use tax. This exemption includes, but is not limited to, network access charges and interconnection charges paid to a local exchange carrier. In addition, the sale of telecommunications service to an affiliate of the telecommunications provider is not a taxable transaction under Vermont law.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9741(41) and 9742(10)

98. Textbooks:

Statutory Reference: R.I. Gen. Laws § 44-18-30(36)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1985 / 2007

Description: The sale, storage, use, or other consumption of textbooks by an educational institution or used textbooks by any source is exempt from the sales and use tax.

Data Source: FY 2023 and FY 2024 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***
2023 Sales and Use Tax	$1,247,126	*No estimate possible*
2024 Sales and Use Tax	$1,294,946	*No estimate possible*

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in Rhode Island personal consumption expenditures for other durable goods from the forecast provided for the November 2025 Revenue Estimating Conference to FY 2024 revenue forgone to project FY 2025 revenue forgone. A similar process was followed for FY 2026 and FY 2027. 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***
2025 Sales and Use Tax	$1,339,067	*No estimate possible*
2026 Sales and Use Tax	$1,391,237	*No estimate possible*
2027 Sales and Use Tax	$1,370,806	*No estimate possible*

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

Connecticut: Connecticut exempts sales of college textbooks both new and used to full and part-time students enrolled at institutions of higher education or private occupational schools.

Connecticut Statute: Conn. Gen. Stat. § 12-412(109)

Massachusetts: Sales of books required for instructional purposes in educational institutions are exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(m)

Vermont: Textbooks are exempt if sold by an organization that qualifies for exempt status under the provisions of 26 U.S.C. § 501(c)(3) and whose gross sales of tangible personal property and services, which would be otherwise subject to the sales and use tax under, did not exceed $20,000 in the prior year.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9743(3)(C)

99. **Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment:**

Statutory Reference: R.I. Gen. Laws § 44-18-21(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1977

Description: In the case of a motor vehicle that has been destroyed or been deemed a total loss within 120 days of its purchase, the amount of the use tax paid on the vehicle under R.I. Gen. Laws § 44-18-20 constitutes an overpayment. The overpayment can be credited against the amount of use tax on a replacement vehicle or can be refunded.

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

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$106,991	90
2023 Sales and Use Tax	$72,935	46
2024 Sales and Use Tax	$56,458	43
2025 Sales and Use Tax	$22,007	12

Projection Methodology: FY 2026 and FY 2027 are the three-year averages for data reported for FY 2023 – FY 2025.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Sales and Use Tax	$50,467	34
2027 Sales and Use Tax	$50,467	34

Law Comparison: Connecticut and Vermont have similar provisions.

Connecticut: No use tax shall be payable in when a motor vehicle that has been declared a total loss is rebuilt for sale or use, provided the purchaser paid sales and use tax for the last taxable sale of the vehicle.

Connecticut Statute: Conn. Gen. Stat. § 12-431(a)(2)(D)

Maine: All motor vehicle casualty insurance payments for a vehicle that is a total loss must include a sales tax credit. The amount of the credit is the highest book value at the time of total loss or destruction that would have been available had the vehicle been traded-in.

Maine Statute: Me. Rev. Stat. Ann. tit. 24-A, § 2907

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)

100. Trade-In Value of Boats:

Statutory Reference: R.I. Gen. Laws § 44-18-30(41)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / N/A

Description: The sale, storage, use, or other consumption of the portion of the purchase price paid for a new or used boat from the trade-in of a buyer's previously owned boat to the seller or from proceeds received from an insurance claim as a result of a stolen or damaged boat and used towards the purchase of a new or used boat by the buyer is exempt from the sales and use tax. R.I. Gen. Laws § 44-18-30(48), adopted in 1993, exempts the sale of new or used boats from the sales and use tax, effectively rendering this exemption moot.

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

Reliability Index: 5

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

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

Connecticut: When a trade-in of any vessel is received by a retailer during the sale of another such vessel to a consumer, the tax is the difference between the sale price the vessel purchased and the amount allowed for the trade-in.

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 is levied only upon the difference between the sale price of the watercraft and the trade-in allowance of the watercraft traded in.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1765(3)

Massachusetts: When a trade-in of a boat is received by a boat dealer during the sale of another boat to a consumer, the tax is imposed only on the difference between the sale price of the boat purchased and the amount allowed on the boat traded in during the sale.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 27A

Vermont: Sales price does not include credit for any trade-in where trade-in means an allowance made for like-kind property given to a vendor.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9701(4)(B)(v) and 9701(10)

101. Trade-In Value of Motorcycles:

Statutory Reference: R.I. Gen. Laws § 44-18-30(68)

Stated Purpose: No stated purpose given in law.

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

Description: The sale, storage, use, or other consumption of the portion of the purchase price paid for a new or used motorcycle from the trade-in of a buyer's previously owned motorcycle to the seller or from the proceeds received from the manufacturer for the repurchase of a motorcycle, voluntary or not, is exempt from the sales and use tax. The term motorcycle means a motorcycle not used for hire and does not refer to any other motor vehicle.

Data Source: Division of Motor Vehicles, Rhode Island Department of Revenue.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Sales and Use Tax	$117,037	181
2024 Sales and Use Tax	$224,211	323
2025 Sales and Use Tax	$190,760	336

Projection Methodology: FY 2026 and FY 2027 were grown using November 2025 Revenue Estimating Conference forecast data from Moody's Analytics for personal consumption expenditures, durable goods, motor vehicles and parts. The number of taxpayers for FY 2026 and FY 2027 were held constant with FY 2025.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Sales and Use Tax	$196,497	336
2027 Sales and Use Tax	$203,812	336

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

Connecticut: When a trade-in of any motor vehicle is received by a retailer upon the sale of another such motor vehicle to a consumer, the tax is the difference between the sale price of the motor vehicle purchased and the amount allowed for the trade-in. Connecticut defines motorcycles as a motor vehicle with or without a side car.

Connecticut Statute: Conn. Gen. Stat. §§12-430(4) and 14-1(61)

Maine: When one or more motor vehicles are traded in toward the sale price of another motor vehicle, the tax imposed is levied only upon the difference between the sale price of the motor vehicle and the trade-in allowance of the motor vehicle traded in. A motor vehicle is defined as any self-propelled vehicle designed for the conveyance of passengers on the public highways.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1765(1)

Massachusetts: When a trade-in of a motor vehicle is received by a dealer during the sale of another motor vehicle to a consumer, the tax is imposed only on the difference between the sales price of the motor vehicle purchased and the amount allowed on the motor vehicle traded in during the sale. A motor vehicle is defined as a self-propelled vehicle designed for use and used primarily on the highway.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 26

Vermont: A motor vehicle that was sold or traded by the owner, the taxable cost of the replacement motor vehicle excludes the value the owner accepts for the original vehicle.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8902(5)(A)

102. Trade-In Value of Private Passenger Automobiles:

Statutory Reference: R.I. Gen. Laws § 44-18-30(23)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1975 / 2011

Description: The sale, storage, use, or other consumption of the portion of the purchase price paid for a new or used automobile from the trade-in of a buyer's previously-owned vehicle to the seller or from the proceeds received from the manufacturer for the repurchase of an automobile, voluntary or not, is exempt from the sales and use tax. The term automobile means a private passenger automobile not used for hire and does not refer to any other motor vehicle.

Data Source: Division of Motor Vehicles, Rhode Island Department of Revenue.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Sales and Use Tax	$21,395,963	22,971
2023 Sales and Use Tax	$25,313,303	26,336
2024 Sales and Use Tax	$24,984,691	26,834
2025 Sales and Use Tax	$28,487,117	31,206

Projection Methodology: FY 2026 and FY 2027 revenue forgone amounts were grown using forecast data from Moody's Analytics forecast, as provided for the November 2025 Revenue Estimating Conference, for personal consumption expenditures, motor vehicles and parts. The number of taxpayers for FY 2026 and FY 2027 were held constant with FY 2025.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2026 Sales and Use Tax	$29,343,841	31,206
2027 Sales and Use Tax	$30,436,108	31,206

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

Connecticut: When a trade-in of any motor vehicle is received by a retailer upon the sale of another such motor vehicle to a consumer, the tax is the difference between the sale price of the motor vehicle purchased and the amount allowed for the trade-in.

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 is levied only upon the difference between the sale price of the motor vehicle and the trade-in allowance of the motor vehicle traded in. A motor vehicle is defined as any self-propelled vehicle designed for the conveyance of passengers on the public highways.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1765(1)

Massachusetts: When a trade-in of a motor vehicle is received by a dealer during the sale of another motor vehicle to a consumer, the tax is imposed only on the difference between the sales price of the motor vehicle purchased and the amount allowed on the motor vehicle traded in during the sale. A motor vehicle is defined as a self-propelled vehicle designed for use and used primarily on the highway.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 26

Vermont: A motor vehicle that was sold or traded by the owner, the taxable cost of the replacement motor vehicle excludes the value the owner accepts for the original vehicle.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 8902(5)(A)

103. Transfers or Sales Made to Immediate Family Members:

Statutory Reference: R.I. Gen. Laws § 44-18-20(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1995

Description: The sale or transfer of tangible personal property is exempt from the sales and use tax when the transferee or purchaser is an immediate familiy member, including the spouse, mother, father, brother, sister, or child of the transferor or seller.

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

Reliability Index: 5

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

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

Connecticut: No use tax is charged in case of the 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)

104. Transfers or Sales Related to Business Dissolution or Partial Liquidation:

Statutory Reference: R.I. Gen. Laws § 44-18-20(d)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 1995

Description: The sale or transfer of tangible personal property is exempt from the sale sand use tax when the transfer or sale is made in connection with the organization, reorganization, dissolution, or partial liquidation of a business entity, provided that: the last taxable sale, transfer, or use of the article being sold was subject to the sales and use tax; the transferee is the business entity or is a stockholder, owner, member, or partner; and any gain or loss to the transferor is not recognized as income for federal income tax purposes.

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

Reliability Index: 5

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

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

Connecticut: No use tax is charged in the purchase of a motor vehicle when the motor vehicle is sold in connection with the organization, reorganization, or liquidation of an incorporated business, provided the last taxable sale or use of the motor vehicle or vessel was subjected to the sales or use tax and the purchaser is the incorporated business or a stockholder.

Connecticut Statute: Conn. Gen. Stat. § 12-431(a)(2)(B)

Maine: The definition of a retail sale 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 except when the items are sold for resale, lease, or rent.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1752(11)(A)(4)

Massachusetts:The definition of sale/selling requires that consideration be included in the transaction for the sale of services and/or tangible personal property for any purpose. Provided that the transferor previously paid the sales or use tax on a motor vehicle, trailor, or other vehicle, the sale or transfer to or from a business entity is exempt from sales and use tax as follows: (a) the sale or transfer must be pursuant to a transaction which qualifies as a reorganization; (b) the sale or transfer must be pursuant to the formation of a partnership or corporate trust, or pursuant to the organization of a corporation, solely in exchange for an ownership interest in the enterprise; or (c) the sale or transfer must be to an owner of a business entity solely in exchange for the owner's interest on the complete dissolution of a partnership or corporate trust, or the complete liquidation of a corporation.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 1, Massachusetts Regulation: 830 CMR 64H.25.1 Motor Vehicles

Vermont: The transfer of tangible personal property to a corporation in a reorganization, a merger or consolidation is exempt from the sales and use tax. The distribution of property by a corporation or partnership in liquidation is also exempt.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 9742(2) through 9742(6)

105. **Transportation Charges of Motor Carriers to Haul Goods**:

Statutory Reference: R.I. Gen. Laws § 44-18-30(40)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / N/A

Description: The sale or hiring of motor carriers to haul goods based on the number of miles driven or by the number of hours spent on the job is exempt from the sales and use tax. The contract or hiring cost must be charged by a motor freight tariff filed with the Rhode Island Public Utilities Commission.

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

Reliability Index: 5

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

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

106. **Vacation Homes Rented in Entirety**:

Statutory Reference: R.I. Gen. Laws § 44-18-36.1(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1986 / 2015

Description: A house, condominium, or other resident dwelling rented in its entirety is exempt from the state hotel tax. The state hotel tax is a 5% tax upon the total consideration charged for occupancy of any space furnished by any hotel, travel packages, or room reseller.

Effective January 1, 2026, vacation homes rented in their entirety are subject to the 5% whole-home rental tax. This tax is distributed as follows: 50% to the Housing Resources and Homelessness restricted receipt account, 25% to the regional tourism district wherein the rental is located, and 25% to the city or town wherein the rental is located. While the whole-home rental tax is set at the same rate as the state hotel tax and effectively takes the place of that tax, these properties are technically still exempt from the state hotel tax.

Data Source: Rhode Island Division of Taxation, monthly hotel tax data. The local 1% hotel tax is scaled up to the state hotel tax rate of 5% to estimate revenue forgone. The number of taxpayers is not possible due to a lack of reliable data.

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Hotel Tax	$3,760,897	*No estimate possible*
2023 Hotel Tax	$4,113,258	*No estimate possible*
2024 Hotel Tax	$4,677,292	*No estimate possible*
2025 Hotel Tax	$3,828,701	*No estimate possible*

Projection Methodology: ORA projections of the hotel tax amounts for FY 2026 - FY 2027 are as forecasted for the FY 2026 Governor's Recommended budget. The revenue forgone uses the same methodology as above. 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*
2026 Hotel Tax	$4,003,978	*No estimate possible*
2027 Hotel Tax	$4,093,461	*No estimate possible*

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

107. Vehicles Purchased by Non-Resident Military Personnel Subject to Sales Tax Elsewhere:

Statutory Reference: R.I. Gen. Laws § 44-18-30A(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1965 / 1986

Description: There is an exemption from the use tax for 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 pays a sales or use tax greater than or equal to the amount imposed by the Rhode Island sales and use tax. If the buyer has paid a sales or use tax in an amount less than the Rhode Island sales tax rate, then the buyer must pay the difference between the amount of the tax paid and the amount of the Rhode Island sales and use tax to the tax administrator.

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

Reliability Index: 5

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

Law Comparison Only Connecticut has a similar provision.

Connecticut: Sales of motor vehicles to non-resident members of the armed forces on full-time active duty in Connecticut or their spouses are taxed at a reduced 4.5% rate, provided that the retailer requires and obtains documentation including a declaration under penalty of false statement confirming the purchaser's military status and state of residency.

Connecticut Statute: Conn. Gen. Stat. § 12-408(1)(C)

108. Video Lottery Terminal, Table Games, and Sports Wagering Prizes:

Statutory Reference: R.I. Gen. Laws § 42-61.2-10

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1992 / 2018

Description: The prizes from video lottery terminals, table games, and sports betting, including payoffs, received from the Division of Lottery are exempt from the state sales or use tax. At this time, the Division of Lottery only issues cash prizes, which are not tangible personal property that would be subject to the sales tax. Prizes are still subject to the personal income tax.

Data Source: Division of Lottery, Department of Revenue

Reliability Index: 1

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$0	0
2023 Sales and Use Tax	$0	0

Projection Methodology: Revenue forgone and number of taxpayers for FY 2024 – FY 2027 are held constant with FY 2023.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Sales and Use Tax	$0	0
2025 Sales and Use Tax	$0	0
2026 Sales and Use Tax	$0	0
2027 Sales and Use Tax	$0	0

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

109. Water for Residential Use:

Statutory Reference: R.I. Gen. Laws § 44-18-30(28)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1977 / N/A

Description: The sale, storage, use, or other consumption of water provided for domestic use by occupants of residential premises is exempt from the sales and use tax.

Data Source: Water and sewer costs in Rhode Island, U.S. Census Bureau, American Community Survey (ACS). *Annual Water and Sewer Retail Rate Survey,* 2022 – 2024, Community Advisory Board to the Massachusetts Water Resources Authority. The number of water and sewer customers were reported by the Census in price categories. Taking the midpoint of those ranges, the result was applied to the number of payers for the respective category. The Annual Water and Retail Rate Survey reported the breakdown of the cost of water and sewer for customers in the City of Providence, which averaged 45.4% across the three years. Assuming this percentage is comparable to other water customers in the state, revenue forgone was determined by multiplying the percentage of water costs to the total for each year, as well by the 7% sales and use tax rate. The number of taxpayers is the total number of customers charged for water and sewer per the Census data.

Reliability Index: 2

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$4,559,843	250,433
2023 Sales and Use Tax	$4,378,395	248,020
2024 Sales and Use Tax	$4,403,121	250,075

Projection Methodology: FY 2025 and FY 2026 revenue forgone amounts are the three-year average of FY 2022 – FY 2024. The number of taxpayers was held constant with FY 2024.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Sales and Use Tax	$4,447,120	250,075
2026 Sales and Use Tax	$4,447,120	250,075
2027 Sales and Use Tax	$4,447,120	250,075

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

Connecticut: Connecticut exempts sales of water, steam, and telegraph services, when delivered to consumers through mains, lines, pipes, or bottles, from the sales and use tax.

Connecticut Statute: Conn. Gen. Stat. § 12-412(3)(C)

Maine: Sales of water purchased for use in residential buildings are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(39)

Massachusetts: The sale, furnishing, and service of water is exempt from the sales and use tax.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(i)

Vermont: Water is excluded from taxable public utility services.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9771(3)

110. Wine and Spirits:

Statutory Reference: R.I. Gen. Laws § 44-18-30(64)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1947 / 2013 / 2015

Description: The sale, storage, use, or other consumption of wine and spirits by a Class A Licensee of alcoholic beverages is exempt from the sales and use tax.

Data Source: Tax Administrator's Reports *Sales and Taxation of Alcoholic Beverages in Rhode Island* published May 2024 and May 2025. United States Census, 2023 and 2024 American Community Survey 1-Year Estimates. United States Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System Data, 2022-2023. ORA utilized the three-year average percent of alcohol excise taxes remitted from January – June as well as July – December to extract fiscal year sales from the Taxation report to calculate revenue forgone. To estimate the number of taxpayers, ORA utilized CDC survey data on the percentage of adults who said that had had at least one drink of alcohol within the past 30 days and applied that percentage to the number of Rhode Island adults as reported by the Census Bureau.

Reliability Index: 1 (Revenue Forgone); 2 (Number of Taxpayers)

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Sales and Use Tax	$21,079,637	512,088
2023 Sales and Use Tax	$21,302,409	502,593
2024 Sales and Use Tax	$20,401,408	511,639

Projection Methodology: The Office of Revenue Analysis applied the FY 2025 growth rate in alcohol excise tax collections to calculate FY 2025 revenue forgone. For FY 2026 and FY 2027, the growth rates in personal consumption expenditures, food and beverages purchased for off-premises consumption from Moody's Analytics' forecast provided for the November 2025 Revenue Estimating Conference to were applied to the FY 2025 forgone revenue estimate. The projected number of taxpayers is the average of FY 2022 – 2024.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Sales and Use Tax	$20,094,654	508,773
2026 Sales and Use Tax	$20,737,119	508,773
2027 Sales and Use Tax	$21,416,498	508,773

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: The sales of all alcoholic beverages taxed under the excise taxes listed in Mass. Gen. Laws ch. 138 are exempt from sales and use taxes.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(g)

111. Youth Activities Equipment Sold for $20 or Less:

Statutory Reference: R.I. Gen. Laws § 44-18-30(31)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1984 / 1995

Description: Nonprofit charitable organizations formed to sponsor and support youth activities and accredited elementary and secondary schools (for enrolled students only) are exempt from the sales and use tax for the sale, storage, use, or other consumption of items $20 or less used for organized youth activities.

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

Reliability Index: 5

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

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

Connecticut: A sales and use tax exemption is provided for sales of items for $20 or less made by charitable organizations when the sales are made for purposes of supporting youth activities and by any accredited elementary or secondary school for organized school activities for students.

Connecticut Statute: Conn. Gen. Stat. § 12-412(26)

Massachusetts: Sales of tangible personal property by a nonprofit organization for fundraising purposes are exempt from sales tax as casual and isolated sales if the organization does not make sales in the regular course of business of the same type of property and amounts derived from such casual and isolated sales are used to further the organization's exempt purpose.

Massachusetts Statute: Mass. Gen. Laws ch. 64H, § 6(c), Regulation: 830 CMR § 64H.6.1(4)(a) Casual and Isolated Sales

Maine: Sales to nonprofit youth organizations with a primary purpose of providing athletic instruction or to nonprofit scouting organizations are exempt from the Maine sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 1760(56)

Vermont: Sales by qualified § 501(c)(3) organizations are exempt from the sales and use tax if the organization's gross sales of tangible personal property and services, which would be subject to the sales and use tax but for this exemption, did not exceed $20,000 in the prior year.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 9743(3)(C)

MODIFICATIONS

1. Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003:

Statutory Reference: R.I. Gen. Laws § 44-61-1 / 26 U.S. Code § 168(k)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2002 / 2008

Description: For purposes of depreciating assets under the business corporation tax, bank excise tax, and personal income tax, the bonus depreciation provided by the federal Job Creation and Workers Assistance Act (JCWAA) of 2002 and the federal Jobs Growth Tax Relief Reconciliation Act (JGTRRA) of 2003, or any subsequent enactment for federal tax purposes, is not allowed for Rhode Island tax purposes. In the year those assets are placed in service and in all subsequent years, depreciation for Rhode Island tax purposes is allowed as it would have been computed prior to the enactment of the JCWAA of 2002.

Both federal acts as well as subsequent federal acts allowed taxpayers to claim an additional bonus depreciation deduction in the first year(s) for qualifying property. Most recently, the One Big Beautiful Bill Act established permanent 100% bonus depreciation for most property acquired after January 19, 2025. Rhode Island's disallowance of bonus depreciation is a timing issue. In the year(s) that an asset is put in service and is eligible for the federal bonus depreciation, a Rhode Island taxpayer must take as a modification increasing federal adjusted gross income (AGI) the difference in the bonus depreciation amount allowed on the federal tax return and the depreciation amount allowed for Rhode Island tax purposes. In subsequent years, a Rhode Island taxpayer may take as a modification decreasing federal AGI the difference in the depreciation amount allowed for Rhode Island tax purposes and the depreciation amount allowed on the federal tax return. At the end of the asset's "useful" life, the same amount of depreciation will be realized by the taxpayer on both the federal and the Rhode Island tax returns. Thus, over the life of the asset, there is no net impact on Rhode Island tax collections.

The Division of Taxation allows corporate tax filers to report bonus depreciation and expensing as set forth in the IRC § 179 on the same line as a total. As a result, depending on the tax year, the reported amounts on Rhode Island business corporation tax returns include both bonus depreciation and § 179 expensing. However, after tax year 2018, it is presumed that § 179 expensing deductions will be minimal due to conformity with federal tax law on § 179 expensing.

Data Source: *Business Corporation Tax*: Rhode Island Division of Taxation and Office of Revenue Analysis (ORA) calculations. For TYs 2022 and 2023, this deduction includes combined bonus depreciation, and any § 179 expensing reported for C-corporations only, and the amounts are not necessarily specific to Rhode Island-based activity. For TY 2022 and TY 2023, the total net modification resulted in an increase to federal taxable income and thus, no revenue was forgone for these taxpayers. The number of taxpayers includes C-corporations, S-corporations and partnerships that had a deduction increasing or decreasing federal taxable income and can include a taxpayer in both categories, provided the taxpayer simultaneously had a modification increasing and decreasing federal taxable income.

Bank Tax: Rhode Island Division of Taxation and ORA calculations. This deduction includes combined bonus depreciation and enhanced § 179 expensing and the amounts are not necessarily specific to Rhode Island-based activity. For TYs 2022 and 2023, the total net deduction amount was positive; therefore, there is no revenue forgone from this deduction. The number of taxpayers includes those taxpayers with a deduction that increased or decreased their federal taxable income.

Personal Income Tax: Office of Revenue Analysis (ORA) calculations. Modifications include adjustments that either increase or decrease federal AGI. For TY 2022 and TY 2023, the total net modification by resident and non-resident taxpayers increased federal AGI; therefore, there is no revenue forgone from this modification in TY 2022 or TY 2023. 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*
2022 Bank Tax	$0	53
2022 Business Corporation Tax	$0	33,183
2022 Personal Income Tax	$0	25,968
2022 Total	**$0**	**59,204**
2023 Bank Tax	$0	48
2023 Business Corporation Tax	$0	33,656
2023 Personal Income Tax	$0	31,015
2023 Total	**$0**	**64,719**

Projection Methodology: *Bank Taxes, Business Corporation, Personal Income Taxes*: Due to changes in federal tax law, ORA is unable to project usage of this modification into the future and have thus reported no estimate possible for tax years 2024-2027. The number of projected taxpayers for TY 2024 is the 4-year average of total taxpayers that have taken the modification either increasing or decreasing federal AGI. TYs 2025-2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Bank Tax	*No estimate possible*	49
2024 Business Corporation Tax	*No estimate possible*	31,498
2024 Personal Income Tax	*No estimate possible*	28,519
2024 Projected Total	***No estimate possible***	**60,066**

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2025 Bank Tax	*No estimate possible*	49
2025 Business Corporation Tax	*No estimate possible*	31,498
2025 Personal Income Tax	*No estimate possible*	28,519
2025 Projected Total	***No estimate possible***	**60,066**
2026 Bank Tax	*No estimate possible*	49
2026 Business Corporation Tax	*No estimate possible*	31,498
2026 Personal Income Tax	*No estimate possible*	28,519
2026 Projected Total	***No estimate possible***	**60,066**
2027 Bank Tax	*No estimate possible*	49
2027 Business Corporation Tax	*No estimate possible*	31,498
2027 Personal Income Tax	*No estimate possible*	28,519
2027 Projected Total	***No estimate possible***	**60,066**

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

Connecticut: Effective for tax year 2017 and going forward, Connecticut decoupled from the federal bonus depreciation deduction for all tax types. Taxpayers who report a subtraction modification on their federal return must report a bonus depreciation addition modification on the Connecticut return. The taxpayer may then report 25% of such additional allowance for depreciation in each of the four succeeding taxable years.

Connecticut Statute: Conn. Gen. Stat. §§ 12-701(a)(20)(A)(ix), 12-701(a)(20)(B)(v), and 12-217(b)(1)

Maine: Maine does not conform to the federal treatment of bonus depreciation and requires an addback for the net increase attributable to the deduction claimed under IRC §168(k).

Maine Statute: Me. Rev. Stat. Ann. tit. 36, §§ 5122(1)(KK), and 5122(2)(RR) and §§ 5200-A(1)(CC), and 5200-A(2)(AA)

Massachusetts: For purposes of the corporate excise and the personal income tax, Massachusetts does not adopt any of the provisions of IRC §168(k) including as a result of the 2003 Federal Act. A taxpayer must calculate a separate depreciation schedule for purposes of claiming depreciation in Massachusetts

Massachusetts Statute: Mass. Gen. Laws ch. §§ 63 30B(4)(iv) and 62 2(d)(1)(N)

New Hampshire: New Hampshire does not conform to the federal treatment of bonus depreciation. It decoupled from IRC §168(k) for taxable years beginning on or after January 1, 2020.

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

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 IRC § 168(k), and excluding income which under the laws of the United States is exempt from taxation by the states. For the individual income tax and for that of estates or trusts, Vermont includes provisions that taxable income is determined based on federal AGI or taxable income, respectively, without regard to § 168(k) of the IRC.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(18)(A), (21), and (28)

2. Companies Engaged in Buying, Selling, Dealing in, or Holding Securities on Own Behalf:

Statutory Reference: R.I. Gen. Laws § 44-11-2(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1938 / 2004

Description: Corporations that buy, sell, deal in or hold securities on their own behalf and “not as a broker, underwriter, or distributor” and whose gross receipts derived from these actions amount to at least 90% of its total gross receipts derived from all activities in a taxable year can take as a modification reducing net income 50% of excess capital gains over capital losses for the taxable year prior to computing the business corporation tax.

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

Reliability Index: 5

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

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Every financial institution or business corporation which is engaged exclusively in buying, selling, dealing in, or holding securities on its own behalf and not as a broker and is not a bank holding company under the Internal Revenue Code, as amended and in effect for the taxable year shall pay, on account of each taxable year, an excise equal to 0.132% of the gross income received by such corporation during the taxable year, or $456, whichever is greater. For every financial institution or business corporation that is engaged in buying, selling, dealing or holding securities on its own behalf and not as a broker and is a bank holding company, the respective rate is 0.33% of the gross income, or $456, whichever is greater. Such companies are exempt from the corporate excise tax.

Massachusetts Statute: Mass. Gen. Laws ch. 63, §§ 38B, 68C

3. Contribution to Medical Savings Accounts by Scituate Residents:

Statutory Reference: R.I. Gen. Laws § 44-30-25.1(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2002 / N/A

Description: A resident individual of the town of Scituate who establishes a medical savings account is allowed a modification decreasing federal adjusted gross income (AGI) prior to computing the personal income tax for contributions made to said medical savings account to the extent such a contribution is deemed taxable under the Internal Revenue Code. The income, including gains and losses on a medical savings account, is exempt from taxation.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 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*
2022 Personal Income Tax	$342	< 10
2023 Personal Income Tax	$157	< 10

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers is the 4-year average revenue forgone and number of taxpayers reported for TYs 2020-2023. TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$339	< 10
2025 Personal Income Tax	$339	< 10
2026 Personal Income Tax	$339	< 10
2027 Personal Income Tax	$339	< 10

Law Comparison: Massachusetts has a similar provision.

Massachusetts: As a result of aligning the Massachusetts tax code with the Internal Revenue Code as of January 1, 2005, the state allows a deduction for contributions to Archer Medical Savings Accounts (MSA) for all individuals who qualify for the federal deduction.

Massachusetts Statute: IRC § 220

4. Contributions to an Account under Tuition Savings Program:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2002 / NA

Description: Contributions made to an account under the Rhode Island tuition savings program can be taken as a modification decreasing federal adjusted gross income (AGI) prior to computing personal income tax. The modification is subject to the limit that the aggregate subtraction for any taxable year shall not exceed $500 per taxpayer or $1,000 for a joint return. The subtraction shall not reduce the taxpayer's federal AGI to less than zero. Taxpayers are allowed to carryover contribution amounts above the limits described into future tax years under certain circumstances.

The following shall not be considered contributions to an account under the tuition savings program: (1) Contributions made by any person to an account who is not a participant of the account at the time the contribution is made; (2) Transfers or rollovers to an account from any other tuition savings program account or from any other "qualified tuition program" under § 529 of the Internal Revenue Code; or (3) A change of the beneficiary of the account.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 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*
2022 Personal Income Tax	$192,789	4,410
2023 Personal Income Tax	$196,391	4,660

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2019- TY 2023 to TY 2023. TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$209,997	4,859
2025 Personal Income Tax	$209,997	4,859
2026 Personal Income Tax	$209,997	4,859
2027 Personal Income Tax	$209,997	4,859

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

Connecticut: Connecticut taxpayers may deduct contributions to accounts established pursuant to any qualified state tuition program, as defined in § 529(b) of the Internal Revenue Code, established and maintained by the state or any official, agency, or instrumentality of the state, but may not exceed $5,000 for each individual taxpayer or $10,000 for taxpayers filing a joint return. Any amount of a contribution that is not subtracted by the taxpayer in that year for which the contribution is made may be carried forward as a subtraction from income for the succeeding five years, provided the amount subtracted does not exceed the maximum allowed in each subsequent taxable year.

Connecticut Statute: Conn. Gen. Stat. §§ 12-701(a)(20)(B)(xiii) and 12-701a

Maine: For tax years beginning on or after January 1, 2023, the income subtraction modification for contributions to a qualified tuition program established under Section 529 of the Internal Revenue Code is reinstated. The deduction, equal to contributions made to a qualified tuition plan up to $1,000 for each designated beneficiary, may not be claimed by taxpayers whose federal AGI exceeds $100,000 if filing single or married filing separately, or $200,000 if married filing jointly or head of household.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)YY

Massachusetts: There is a deduction equal to either the purchases of or contributions made in a taxable year to an account in a pre-paid tuition program or a college savings program established by Massachusetts or an instrumentality or authority of Massachusetts. The deduction is capped at $1,000 for single, married filing separately, or head of household filers and $2,000 for a married couple filing jointly.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3(B)(a)(19)

Vermont: The Vermont Higher Education Investment Plan (VHEIP) tax credit entitles a taxpayer, including each spouse filing a joint return, a nonrefundable credit of 10% of the first $2,500 contributed for each beneficiary to a Vermont higher education investment plan account. A taxpayer who has received this credit must repay to the state 10% of any non-qualified distribution from a VHEIP account, up to a maximum of the total credits received by the taxpayer. Distributions may be used for qualified postsecondary school expenses, qualified expenses for registered apprenticeships, and for qualified higher education loan repayments.

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

5. Enterprise Zone Business Owner with Domiciliary in Enterprise Zone:

Statutory Reference: R.I. Gen. Laws § 42-64.3-7

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1982 / 1997

Description: A domiciliary of an enterprise zone who owns and operates a qualified business facility in that zone and which business is not required to file a business corporation tax, public service corporation tax, bank excise tax, or insurance company gross premiums tax return may take as a modification decreasing federal adjusted gross income (AGI) prior to computing the personal income tax, an amount of $50,000 during the first three years after certification and may deduct $25,000 in the fourth and fifth year. In the case of multiple business owners, the modification shall be apportioned according to the ownership interests of the qualified business.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 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*
2022 Personal Income Tax	$0	0
2023 Personal Income Tax	$0	0

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers is set equal to TY 2023 amounts. TYs 2025 – 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$0	0
2025 Personal Income Tax	$0	0
2026 Personal Income Tax	$0	0
2027 Personal Income Tax	$0	0

Law Comparison: Only Maine has a similar provision.

Maine: Maine allows as a modification decreasing the taxable income of the taxpayer under the laws of the United States in the case of a corporation, or federal AGI in the case of an individual, an amount equal to the reduction in salary and wage expenses for federal income tax purposes associated with the taxpayer's federal empowerment zone employment credit as determined under § 1396 of the Internal Revenue Code.

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

6. Federally Taxable Qualified Withdrawals from Tuition Savings Program Account:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2001 / N/A

Description: The amount of any withdrawal or distribution from the tuition savings program referenced in R.I. Gen. Laws § 16-57-6.1 which is included in federal adjusted gross income (AGI) other than a withdrawal or distribution or portion thereof that is deemed nonqualified is a modification that decreases federal AGI for purposes of the personal income tax.

Under federal income tax law, the taxable portion of a qualified withdrawal or distribution is the earnings portion of the withdrawal or transfer that exceeds the adjusted qualified education expenses. Adjusted qualified education expenses is the total qualified education expenses reduced by any tax-free educational assistance. Tax-free educational assistance includes: the tax-free portion of scholarships and fellowships, veterans' educational assistance, Pell grants, employer-provided educational assistance and any other nontaxable (tax-free) payments (other than gifts or inheritances) received as educational assistance.

Data Source: *No reliable data exists for this tax expenditure item. (This modification is included in the Contributions to an Account under Tuition Savings Program.)

Reliability Index: 5

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

Law Comparison: Connecticut and Maine have similar provisions.

Connecticut: To the extent included in the federal AGI of a designated beneficiary, any distribution to such beneficiary from any qualified state tuition program, as defined in § 529(b) of the Internal Revenue Code, established and maintained by the state or any official, agency, or instrumentality of the state can be taken as a modification decreasing federal AGI for Connecticut income tax purposes.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)(B)(xii)

Maine: To the extent included in federal AGI, any amount that is a qualified distribution from an account established under the Maine College Savings Program and used for paying higher education expenses of the designated beneficiary of that account is subtracted from federal AGI in calculating Maine taxable income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(J)

7. Gain from Stock Options in Qualifying Corporations:

Statutory Reference: R.I. Gen. Laws § 44-39.3-1

Stated Purpose: No stated purpose given in law.

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

Description: The income, gain, or preference items resulting from the sale, transfer, or exercise of qualified and nonqualified stock options, the stock issued or transferred on the exercise of any option and warrants issued with respect to options and/or stock of a qualifying corporation can be taken by a qualifying taxpayer as a modification reducing federal adjusted gross income (AGI) for the purposes of computing the personal income tax.

A qualifying taxpayer is a resident of Rhode Island who has been employed at a location in Rhode Island for at least three consecutive months as a full-time employee of a qualifying corporation and the estate, heirs, and successors of that taxpayer. A qualifying corporation is any corporation that (1) annually elects to be a qualifying corporation; (2) has at least 10 full-time employees in Rhode Island; and (3) is engaged principally in at least one business activity described in Standard Industrial Classification (SIC) codes 7371, Computer Programming Services; 7372, Prepackaged Software; or 7373, Computer Integrated Systems Design.

Data Source: *No reliable data exists for this tax expenditure item. (This modification is included in the Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation modification.)

Reliability Index: 5

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

Law Comparison: Massachusetts has a similar provision.

Massachusetts: Massachusetts gives a preferential tax rate of 3% for gains derived from the sale of investments. Investments must have been made within five years of the corporation's date of incorporation and must be in stock that generally satisfies the definition of qualified small business stock under the Internal Revenue Code (IRC) § 1202(c), except for the requirement the stock be of a C-corporation. The stock must have been held for a minimum of three years and the investments must be made in a corporation domiciled in Massachusetts, incorporated on or after January 1, 2011, has less than $50 million in assets at the time of investment, and complies with certain active business requirements under the IRC § 1202.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 4(c)

8. Income Earned on Rhode Island Family Education Accounts:

Statutory Reference: R.I. Gen. Laws §§ 44-30-12(c)(2) and 44-30-25(f)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1988 / 2005

Description: The income earned on the assets held in family education accounts can be taken as a modification decreasing federal adjusted gross income (AGI) prior to the computation of the personal income tax. A family education account is an account created by an individual taxpayer for the purpose of providing qualified educational benefits to a qualified beneficiary provided that the account is created by a written governing instrument as prescribed by the Tax Administrator that designates the account as a Rhode Island Family Education Account.

Data Source: Division of Taxation, Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$23,234	244
2023 Personal Income Tax	$30,829	260

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2019 - TY 2023 to TY 2023. TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$38,551	264
2025 Personal Income Tax	$38,551	264
2026 Personal Income Tax	$38,551	264
2027 Personal Income Tax	$38,551	264

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

Connecticut: To the extent includable in the federal AGI of a designated beneficiary, any distribution to such beneficiary from any qualified state tuition program, as defined in § 529(b) of the Internal Revenue Code, established and maintained by the state or any official, agency, or instrumentality of the state can be taken as a modification decreasing federal AGI for Connecticut income tax purposes.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)(B)(xii)

Maine: To the extent included in federal AGI, any amount constituting a qualified distribution from an account established under Maine law and used for paying higher education expenses of the designated beneficiary of that account can be claimed as a modification decreasing federal AGI in determining Maine taxable income.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(J)

Massachusetts: Plan earnings are tax-free when used to pay for qualified higher education expenses. Income may be taxable if the distribution is made for a reason other than qualified expenses, beneficiary’s death, or receipt of a scholarship.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3(B)(a)(19)

9. Income from the Assignment or Transfer of Historic Preservation Tax Credits:

Statutory Reference: R.I. Gen. Laws § 44-33.6-3(f)

Year Enacted / Last Year Amended: 2013 / 2016

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

Description: Any assignment or sales proceeds received by the taxpayer for its assignment or sale of the historic preservation tax credits are taken as a modification decreasing federal (AGI) prior to the calculation of the taxes.

If a tax credit is subsequently recaptured, revoked or adjusted, the seller's tax calculation for the year of revocation, recapture, or adjustment shall be increased by the total amount of the sales proceeds, without proration, as a modification increasing federal AGI under the personal income tax.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations.

The raw data for this modification includes the modification amounts for income for the assignment or transfer of historic preservation, historic structures, motion picture, and musical or theatrical production tax credits. The amount of revenue forgone allocated to each tax credit type is a projection based on TY 2022 and TY 2023 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*
2022 Personal Income Tax	$33,586	52
2023 Personal Income Tax	$18,240	94

Projection Methodology: Projected amount of revenue forgone from the modification and number of taxpayers for TY 2024 is the 4-year average of revenue forgone and number of taxpayers from TY 2020-TY 2023. TYs 2025-2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$14,200	74
2025 Personal Income Tax	$14,200	74
2026 Personal Income Tax	$14,200	74
2027 Personal Income Tax	$14,200	74

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

10. Income from the Assignment or Transfer of Historic Structures Tax Credits:

Statutory Reference: R.I. Gen. Laws § 44-33.2-3(e)(2)

Year Enacted / Last Year Amended: 2001 / 2008

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

Description: Any assignment or sales proceeds received by the taxpayer for its assignment or sale of the historic structures tax credits shall be taken as a modification decreasing federal adjusted gross income (AGI) prior to the calculation of the taxes.

If a tax credit is subsequently recaptured, revoked or adjusted, the seller's tax calculation for the year of revocation, recapture, or adjustment shall be increased by the total amount of the sales proceeds, without proration, as a modification increasing federal AGI under the personal income tax.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations.

The raw data for this modification includes the modification amounts for income for the assignment or transfer of historic preservation, historic structures, motion picture, and musical or theatrical production tax credits. The amount of revenue forgone allocated to each tax credit type is a projection based on TY 2022 and TY 2023 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***
2022 Personal Income Tax	$34,356	< 10
2023 Personal Income Tax	$5,791	< 10

Projection Methodology: Projected amount of revenue forgone for TY 2024 is the 4-year average of revenue forgone from TY 2020-TY 2023. The projected number of taxpayers for TY 2024 is the 2-year average number of taxpayers from tax years 2022 and 2023. TYs 2025-2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$13,665	< 10
2025 Personal Income Tax	$13,665	< 10
2026 Personal Income Tax	$13,665	< 10
2027 Personal Income Tax	$13,665	< 10

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

11. Income from the Assignment or Transfer of Motion Picture Production Credits:

Statutory Reference: R.I. Gen. Laws § 44-31.2-9

Year Enacted / Last Year Amended: 2005 / 2006

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

1. Immediate objectives are to:
    - i. Attract private investment for the production of motion pictures, videotape productions, and television programs, which contain substantial Rhode Island content as defined herein.
    - ii. Develop a tax infrastructure, which encourages private investment. This infrastructure will provide for state participation in the form of tax credits to encourage investment in state-certified productions.
    - iii. Develop a tax infrastructure utilizing tax credits, which encourage investments in multiple state-certified production projects.
2. Long-term objectives are to:
    - i. Encourage increased employment opportunities within this sector and increased competition with other states in fully developing economic development options within the film and video industry.
    - ii. Encourage new education curricula in order to provide a labor force trained in all aspects of film production."

Description: Any motion picture production tax credit certificate which has been issued to a motion picture production company, or passed through to partners, members, owners, shareholders, etc. in accordance with R.I. Gen. Laws § 44-31.2-5(d), to the extent not previously claimed against the tax of the motion picture production company or of the owner of the certificate, may be transferred or sold by such company to another Rhode Island taxpayer, subject to certain procedures and conditions. Any assignment or sales proceeds received by the motion picture production company for its assignment or sale of the motion picture production tax credit is taken as a modification decreasing federal taxable income prior to the calculation of taxes.

Failure to comply with transfer requirements set forth in R.I. Gen. Laws § 44-31.2-9 will result in the disallowance of the tax credit until the taxpayers are in full compliance. Disallowance of the motion picture production tax credit that was previously claimed is recaptured and added back as a modification increasing federal adjusted gross income (AGI).

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations.

The raw data for this modification includes the modification amounts for income for the assignment or transfer of historic preservation, historic structures, motion picture, and musical or theatrical production tax credits. The amount of revenue forgone allocated to each tax credit type is a projection based on TY 2022 and TY 2023 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*
2022 Personal Income Tax	$44,562	37
2023 Personal Income Tax	$43,834	29

Projection Methodology: Projected amount of revenue forgone from the modification and number of taxpayers for TY 2024 is the 4-year average of revenue forgone and number of taxpayers from TY 2020-TY 2023. TYs 2025-2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$42,815	37
2025 Personal Income Tax	$42,815	37
2026 Personal Income Tax	$42,815	37
2027 Personal Income Tax	$42,815	37

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

12. Income from the Assignment or Transfer of Musical and Theatrical Production Tax Credits:

Statutory Reference: R.I. Gen. Laws § 44-31.3-2(b)(6)

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

Year Enacted / Last Year Amended: 2012 / 2014

Description: Any musical and theatrical production tax credit, to the extent not previously claimed against the tax of the taxpayer, may be transferred or sold to another Rhode Island taxpayer, subject to certain procedures and conditions. Any assignment or sales proceeds received for its assignment or sale shall be taken as a modification decreasing federal taxable income prior to the calculation of taxes imposed by the State of Rhode Island.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations.

The raw data for this modification includes the modification amounts for income for the assignment or transfer of historic preservation, historic structures, motion picture, and musical or theatrical production tax credits. The amount of revenue forgone allocated to each tax credit type is a projection based on TY 2022 and TY 2023 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*
2022 Personal Income Tax	$2,742	< 10
2023 Personal Income Tax	$1,036	< 10

Projection Methodology: Projected amount of revenue forgone for TY 2024 is the 4-year average of revenue forgone from TY 2020-TY 2023. The projected number of taxpayers for TY 2024 is the 2-year average number of taxpayers from tax years 2022 and 2023. TYs 2025-2027 are set equal to TY 2024.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$2,563	< 10
2025 Personal Income Tax	$2,563	< 10
2026 Personal Income Tax	$2,563	< 10
2027 Personal Income Tax	$2,563	< 10

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

13. Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation:

Statutory Reference: R.I. Gen. Laws § 44-43-8

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1993 / 1995

Description: Any income, gain or preference items resulting from the transfer of employer securities from a qualified retirement plan, the sale, transfer, or exercise of stock, warrants, options, bonds, notes, or other interests of any corporation can be taken as a modification decreasing federal adjusted gross income (AGI) for the purpose of computing the personal income tax provided that at the time of the sale, transfer, or exercise the corporation is a qualifying corporation. A qualifying corporation is headquartered or has a principal office located in Rhode Island and has at least 100 or 50% of its full-time employees based in Rhode Island. Further corporation qualifications are defined in R.I. Gen. Laws § 44-43-8(c).

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1 (This modification includes the Gain from Stock Options in Qualifying Corporations modification.)

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$7,785	13
2023 Personal Income Tax	$3,551	18

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers is the 3-year average number of taxpayers reported for TYs 2021, 2022, and 2023. TYs 2025-2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$7,789	16
2025 Personal Income Tax	$7,789	16
2026 Personal Income Tax	$7,789	16
2027 Personal Income Tax	$7,789	16

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

14. Interest on Obligations of the United States and its Possessions:

Statutory Reference: R.I. Gen. Laws §§ 44-30-12(c)(1) and 44-11-11(a)(1)(v)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / N/A

Description: Any interest income on obligations of the United States 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 shall be subtracted from federal AGI prior to computing the personal income tax. However, this amount shall be reduced by any investment interest incurred or continued on the obligation which has been taken as a federal itemized deduction.

Business corporation tax net income is reduced by the interest on obligations of the United States or its possessions.

Data Source: *Business corporation tax* *No reliable data exists for this tax expenditure item. (This modification is included in the Dividends Received From Shares of Stock and Interest Received from Debt Instruments exclusion.)

Personal income tax: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: *Business corporation tax*: 5; *personal income tax*:1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$3,466,666	18,901
2023 Personal Income Tax	$11,169,694	33,200

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers is the 4-year average revenue forgone and number of taxpayers for TYs 2020 - TY 2023. TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$4,772,853	21,589
2025 Personal Income Tax	$4,772,853	21,589
2026 Personal Income Tax	$4,772,853	21,589
2027 Personal Income Tax	$4,772,853	21,589

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

Connecticut: In determining Connecticut personal income tax, any income with respect to which taxation by any state is prohibited by federal law is deducted from federal AGI to the extent the amount is includable in federal AGI.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)(B)(i)

Maine: Federal AGI is reduced by interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent that interest or those dividends are included in federal AGI but exempt from state income taxes under the laws of the United States. A similar provision exists under Maine's corporate income tax.

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

Massachusetts: Interest on obligations of the United States are exempt from state income taxation to the extent included in federal AGI, and dividends received from a regulated investment company qualified under § 851 of the IRC to the extent such dividends are attributable to interest on obligations of the United States that are exempt from state income taxation and are so identified in a written notice mailed to the shareholders of such regulated investment company not later than 60 days after the close of its tax year can be deducted from federal AGI.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(A)

New Hampshire: Income derived from interest on notes, bonds or other securities of the United States is deducted from gross business profits before calculating tax.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:4(II)

Vermont: Taxable income begins with federal AGI and is decreased by income from United States government obligations.

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

15. Military Pay of Non-Resident Individuals:

Statutory Reference: R.I. Gen. Laws § 44-30-32(d)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / N/A

Description: Compensation paid by the United States for service in the armed forces of the United States, performed by an individual not domiciled in Rhode Island, can be taken as a modification decreasing federal adjusted gross income (AGI) for the purposes of computing the personal income tax.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$847,012	661
2023 Personal Income Tax	$904,096	1,003

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2020- TY 2023 to TY 2023. TY 2025 – TY 2027 are set equal to TY 2024.

VIII. Modifications

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$961,208	1,025
2025 Personal Income Tax	$961,208	1,025
2026 Personal Income Tax	$961,208	1,025
2027 Personal Income Tax	$961,208	1,025

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

Connecticut: Compensation paid by the United States for active service in the armed forces of the United States that is performed by an individual not domiciled in Connecticut is not considered to be Connecticut income derived from sources within Connecticut.

Connecticut Statute: Conn. Gen. Stat. § 12-711(d)

Maine: A member of the armed services who is a legal resident of another state but is stationed in Maine by military orders is not subject to Maine income tax on his or her service pay.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5142(7)

Massachusetts: The compensation paid by the United States to its uniformed military personnel assigned to duty at military posts, bases, or stations within the state for services rendered by said personnel while on active duty are not considered to be from Massachusetts sources.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 5A(c)

Vermont: For any taxable year, the Vermont income of a resident individual is the federal AGI of the individual for that taxable year less military pay for full-time active duty with the armed services earned outside Vermont and less the first $2,000 of military pay for unit training in Vermont to National Guard and United States Reserve personnel that have certified that all of his or her unit training was completed during the calendar year and who have a federal AGI of less than $50,000.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5823(a)(2)

16. New Research and Development Facilities:

Statutory Reference: R.I. Gen. Laws § 44-32-1 / R.I. Pub. Laws 2025, Ch. 278, Article 5, § 13

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1974 / 2025

Description: A deduction for all expenditures paid or incurred for the construction, reconstruction, erection, or acquisition of any new tangible property that is depreciable under 26 U.S.C. § 167, was acquired by purchase as defined in 26 U.S.C. § 179(d), is located in the State, and is used in the taxpayer's trade or business for purposes of research and development in the experimental or laboratory sense shall be allowed against the portion of its entire net income allocated to Rhode Island during the taxable year. The deduction can be taken against the business corporation or personal income taxes and is in lieu of depreciation or an investment tax credit. The deduction is not refundable and may be carried over for up to three years.

This modification was sunset during the 2025 legislative session and no deductions are allowed after January 1, 2026. Deductions that were allowed for tax years ending on or before December 31, 2025 can still be carried forward.

Data Source: *Business Corporation Tax*: Rhode Island Division of Taxation data and calculations. Amount of allowed deduction was summed and then multiplied by each taxpayer's business corporation effective tax rate for TY 2022 and TY 2023 to determine forgone revenue. The number of taxpayers includes those taxpayers with a deduction that decreased federal AGI.

Personal Income Tax: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Business Corporation Tax	$202,708	33
2022 Personal Income Tax	$327	< 10
2022 Total	**$203,035**	**Not Available***
2023 Business Corporation Tax	$64,204	38
2023 Personal Income Tax	$80	< 10
2023 Total	**$64,284**	**Not Available***

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

Projection Methodology: *Business Corporation Tax*: TY 2024 projections provided by the Division of Taxation with data that was available as of October 2025 and is subject to revision. TY 2025 is a three-year average of usage from TY 2022, TY 2023, and TY 2024 of revenue forgone and number of taxpayers. TY 2026 – TY 2027 is set to zero usage due to sunset. There may be small unknown usage due to carryforwards.

Personal Income Tax: TY 2024 projected amount of forgone revenue and number of taxpayers is the five-year average from TY 2019 – TY 2023 of revenue forgone and number of taxpayers. TY 2025 is set equal to TY 2024. TY 2026 – TY 2027 is set to zero usage due to sunset. There may be small unknown usage due to carryforwards.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Business Corporation Tax	$73,466	33
2024 Personal Income Tax	$1,835	< 10
2024 Projected Total	**$75,301**	**Not Available***
2025 Business Corporation Tax	$113,459	35
2025 Personal Income Tax	$1,835	< 10
2025 Projected Total	**$115,294**	**Not Available***
2026 Business Corporation Tax	$0	0
2026 Personal Income Tax	$0	0
2026 Projected Total	**$0**	**0**
2027 Business Corporation Tax	$0	0
2027 Personal Income Tax	$0	0
2027 Projected Total	**$0**	**0**

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

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

17. Organ Transplantation:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(7)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2009 / N/A

Description: An individual may subtract up to $10,000 from federal adjusted gross income (AGI) if he or she, while living, donates one or more of his or her human organs to another human being for human organ transplantation. An individual can claim this decreasing modification once for unreimbursed expenses that are incurred by the claimant and related to the claimant's organ donation in travel expenses, lodging expenses and lost wages. This modification may be claimed by residents of Rhode Island only.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$1,711	< 10
2023 Personal Income Tax	$3,189	16

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2019- TY 2023 to TY 2023. TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$3,246	18
2025 Personal Income Tax	$3,246	18
2026 Personal Income Tax	$3,246	18
2027 Personal Income Tax	$3,246	18

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Taxpayers may subtract up to $10,000 from Connecticut AGI for certain expenses (lost wages, medical, travel and housing expenses) related to organ donation.

Connecticut Statute: Conn. Gen. Stat. § 12-701(B)(xxii)

Massachusetts: A deduction is allowed for any individual who donates an organ to another person for human organ transplantation. The individual may claim travel expenses, lodging expenses, and lost wages not to exceed $10,000 that are incurred by the individual and related to the individual's organ donation. This deduction is only available to Massachusetts residents.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 3(B)(a)(16)

18. Performance-Based Income of Eligible Employees via the Jobs Growth Act:

Statutory Reference: R.I. Gen. Laws § 42-64.11-4 / R.I. Pub. Laws 2025, Ch. 278, Article 5, § 2

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2005 / 2025

Description: An eligible employee of a certified company shall be allowed a modification decreasing adjusted gross income by up to 50% of the performance-based income (commonly known as bonuses) realized by the eligible employee prior to computing their personal income tax during any calendar year for which an eligible company is certified. A certified company must apply to the Rhode Island Commerce Corporation and employ 100 or more new workers and have new payroll of at least $10 million. In general, eligible employees make more than 125% of the state's average wage.

In any taxable year, a certified company or its affiliates pays a tax equal to 5% of the aggregate performance-based compensation paid to its eligible employees.

Effective January 1, 2026 this provision was sunset with no more modifications allowed and no new applications will be certified.

Data Source: Rhode Island Division of Taxation and Office of Revenue Analysis Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI. These results are subject to change as they may or may not have been verified by Taxation as of publication.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$4,444	< 10
2023 Personal Income Tax	$2,733	12

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers is the four-year average from TY 2020 – TY 2023 of revenue forgone and number of taxpayers. TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$3,452	< 10
2025 Personal Income Tax	$3,452	< 10
2026 Personal Income Tax	$0	0
2027 Personal Income Tax	$0	0

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

19. Profits or Gains from Sales of Work by Artists, Writers, and Composers:

Statutory Reference: R.I. Gen. Laws § 44-30-1.1(c)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1996 / 2005

Description: An eligible individual is entitled to have the profits or gains arising from the publication, production, or sale of a work or works be taken as a modification reducing federal adjusted gross income (AGI) for the purposes of computing the personal income tax. The modification is available only to artists, writers and composers that reside within designated economic development zones in Providence, Pawtucket, Woonsocket, Warwick, East Providence, and Westerly, or Warren or within Newport, Tiverton, and Little Compton.

A work is defined in R.I. Gen. Laws § 44-30-1.1(a) as “an original and creative work whether written, composed, created or executed” that falls into one of the following categories: (1) a book or other writing; (2) a play or the performance of said play; (3) a musical composition or the performance of said composition; (4) a painting or other like picture; (5) a sculpture; (6) traditional and fine crafts; (7) the creation of a film or the acting of said film; or (8) the creation of a dance or the performance of said dance.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$24,310	79
2023 Personal Income Tax	$29,306	132

<u>Projection Methodology</u>: TY 2024 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2019- TY 2023 to TY 2023. Forgone revenues for TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$33,417	162
2025 Personal Income Tax	$33,417	162
2026 Personal Income Tax	$33,417	162
2027 Personal Income Tax	$33,417	162

<u>Law Comparison</u>: No similar provisions found in the other New England states.

20. <u>Provision of Insurance Benefit to Dependent or Domestic Partner</u>:

<u>Statutory Reference</u>: R.I. Gen. Laws § 44-30-12(c)(6)

<u>Stated Purpose</u>: No stated purpose given in law.

<u>Year Enacted / Last Year Amended</u>: 2006 / N/A

<u>Description</u>: Any amount of insurance benefits or other coverage plan paid for or provided to a dependent, including a domestic partner, that is included in adjusted gross income (AGI) for federal income tax purposes shall be taken as a modification reducing federal AGI prior to the computation of the personal income tax.

<u>Data Source</u>: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 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.

<u>Reliability Index</u>: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$52,709	286
2023 Personal Income Tax	$54,290	338

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2019- TY 2023 to TY 2023. Forgone revenues for TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$56,099	354
2025 Personal Income Tax	$56,099	354
2026 Personal Income Tax	$56,099	354
2027 Personal Income Tax	$56,099	354

Law Comparison: Massachusetts has a similar provision.

Massachusetts: If an employee participates in an employer-provided health insurance plan, any amount which would be included in gross income of the employee by reason of coverage under the plan of any person other than the employee, to the extent such coverage is mandated by law, may be deducted from federal AGI for purposes of calculating Massachusetts personal income tax.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(Q)

21. Qualifying Investment in a Certified Venture Capital Partnership:

Statutory Reference: R.I. Gen. Laws § 44-43-2(5) / R.I. Pub. Laws 2025, Ch. 278, Article 5, § 14

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1987 / 2025

Description: A modification reducing federal adjusted gross income (AGI) for making a qualifying investment in a certified venture capital partnership shall be allowed in the amount of the qualifying investment in the year in which the taxpayer first makes such an investment prior to computing the personal income tax. (A deduction against the business corporation tax, public service corporation tax, bank excise tax, and insurance company gross premiums tax is allowed and included in the *Deductions* section).

This modification was sunset during the 2025 legislative session and will not be allowed for tax years beginning on or after January 1, 2026.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal AGI. ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$1,174	< 10
2023 Personal Income Tax	$21,830	13

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers is the four-year average from TY 2020 – TY 2023 of revenue forgone and number of taxpayers. TY 2025 is set equal to TY 2024. TYs 2026 – TY 2027 are set equal to zero due to the sunset of this provision.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$9,338	< 10
2025 Personal Income Tax	$9,338	< 10
2026 Personal Income Tax	$0	0
2027 Personal Income Tax	$0	0

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

22. Railroad Retirement Benefits:

Statutory Reference: 45 U.S.C. § 231m(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1935 / 2008

Description: The United States Railroad Retirement Act provides that the entire amount of Railroad Retirement benefits included in gross income for federal income tax purposes are exempt from state income taxes.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$220,067	241
2023 Personal Income Tax	$227,261	339

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2019 – TY 2023 to TY 2023. Forgone revenues for TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$232,554	366
2025 Personal Income Tax	$232,554	366
2026 Personal Income Tax	$232,554	366
2027 Personal Income Tax	$232,554	366

Law Comparison: While every state is subject to federal law, Connecticut, Maine, Massachusetts, and Vermont have explicit provisions in their statutes.

Connecticut: In computing Connecticut AGI, there shall be subtracted from federal AGI, to the extent properly includible in gross income for federal income tax purpose, any tier 1 railroad retirement benefits.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)(B)(iv)

Maine: In determining income subject to the Maine personal income tax, federal AGI is reduced by railroad retirement benefits paid by the United States to the extent included in federal AGI.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(C)

Massachusetts: Massachusetts provides a deduction for Social Security benefits included in federal AGI under § 86 of the Internal Revenue Code. The term Social Security benefits in § 86 includes Tier 1 railroad retirement benefits.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(H)

Vermont: Vermont's provisions exclude Tier I and II railroad retirement benefits from the calculation of the personal income tax.

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

23. Rental Vehicle Surcharge Retained by Rental Car Companies:

Statutory Reference: R.I. Gen. Laws § 31-34.1-2(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / 2014

Description: The rental vehicle surcharge rate is 8% of gross receipts per vehicle on all rentals for each of the first 30 consecutive days. Of the revenue collected from the imposition of the rental vehicle surcharge, 60% is retained by the rental car company and 40% of the surcharge is remitted to the state for deposit in the Rhode Island highway maintenance account. The 60% of retained revenue is used by the rental car companies to reimburse themselves for motor vehicle licensing fees, title fees, registration fees and transfer fees paid to the state and excise taxes paid to municipalities (the municipal motor vehicle excise tax was eliminated in FY 2023). If that 60% of retained revenue exceeds those fees and taxes, the companies remit that balance to the state for deposit in the Rhode Island highway maintenance account.

Data Source: Excise Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Rental Vehicle Surcharge	$5,878,876	66
2023 Rental Vehicle Surcharge	$1,866,196	65
2024 Rental Vehicle Surcharge	$1,821,072	66
2025 Rental Vehicle Surcharge	$1,541,215	67

Projection Methodology: The number of taxpayers and projected revenue forgone projected for FY 2026 is the 3-year average number of taxpayers and revenue forgone from FY 2023 – FY 2025. The three-year average only includes data from after the municipal vehicle excise tax was eliminated, and this therefore is more representative of future forgone revenue from this provision. FY 2027 is held constant with FY 2026.

Fiscal Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2026 Rental Vehicle Surcharge	$1,742,828	66
2027 Rental Vehicle Surcharge	$1,742,828	66

Law Comparison: Connecticut and New Hampshire have similar provisions.

Connecticut: The rental surcharge is equal to 3% of the total rental charge and is included in the sales tax base. It applies only if the rental company owns a fleet of at least five passenger motor vehicles used for rentals, and the vehicle is leased for less than 31 days. The total surcharge collected is retained by the rental company up to the amount of personal property tax paid to any Connecticut municipality as well as any registration and titling fees paid during the year to the DMV on the vehicles. Any excess is remitted to the state.

Connecticut Statute: Conn. Gen. Stat. § 12-692(b)

New Hampshire: New Hampshire assess an 8.5% tax on motor vehicle rentals. Operators are permitted to take a commission equal to 3% if they keep the prescribed records, file the return timely, pay the tax due timely, and follow the appropriate method of filing.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 78-A:7(III)

24. Rhode Island Fiduciary Adjustment:

Statutory Reference: R.I. Gen. Laws § 44-30-12(d)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / 2002

Description: The taxpayer's share, as beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under R.I. Gen. Laws § 44-30-17 shall be taken as a modification either decreasing or increasing federal adjusted gross income (AGI) as the case may be prior to the computation of the personal income tax liability.

The Rhode Island fiduciary adjustment is the net amount of the personal income tax modifications provided for in R.I. Gen. Laws § 44-30-12 exclusive of subdivisions (b)(4), (c)(3), and (c)(4), which relate to items of income or deduction of an estate or trust. This includes the modification for the Rhode Island fiduciary adjustment, subdivision (d) of R.I. Gen. Laws § 44-30-17, if the estate or trust is a beneficiary of another estate or trust. The respective shares of an estate or trust and its beneficiaries, including solely for the purpose of this allocation, non-resident beneficiaries, in the fiduciary adjustment are in proportion to their respective share of federal distributable net income of the estate or trust.

Data Source: Office of Revenue Analysis (ORA) calculations. Modifications include adjustments that either increase or decrease federal AGI. In both TY 2022 and TY 2023, the total net modification by resident and non-resident taxpayers increased federal AGI; therefore, there is no revenue forgone from this modification. 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***
2022 Personal Income Tax	$0	1,330
2023 Personal Income Tax	$0	1,118

Projection Methodology: TY 2024 projected amount of forgone revenue is the 2-year average reported for TYs 2022- 2023. TY 2024 number of taxpayers was calculated by applying the average annual growth realized from TY 2019 – TY 2023 to TY 2024. Forgone revenues and number of taxpayers for TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$0	1,095
2025 Personal Income Tax	$0	1,095
2026 Personal Income Tax	$0	1,095
2027 Personal Income Tax	$0	1,095

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

Connecticut: With respect to a person who is the beneficiary of a trust or estate, there shall be added or subtracted from federal AGI such person’s share, as determined under § 12-714, in the Connecticut fiduciary adjustment.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)(C)

Maine: There shall be added to or subtracted from federal AGI the taxpayer’s share of the fiduciary adjustment determined under § 5164, Computation of Taxable Income of Resident Estates and Trusts.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(3)

Massachusetts: Massachusetts gross income includes a modification for the income received from any trustee or other fiduciary, in which the income is taxable under the personal income tax to the trustee or other fiduciary.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(C)

25. Tax Incentives for Employers:

Statutory Reference: R.I. Gen. Laws § 44-55-4.1

Stated Purpose: No stated purpose given in law.

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

Description: Businesses that employ and retain in the State employees who have been previously unemployed for at least 26 consecutive calendar weeks and have been employed for at least 52 consecutive calendar weeks shall receive a modification from the income, gross earnings, deposits, or gross premiums subject to the personal income tax. The modification is equal to 40% of the eligible employee's first year wages, up to a maximum $2,400 per eligible employee. (Eligible businesses receive a deduction from the income, gross earnings, deposits, or gross premiums subject to the business corporation tax, public service corporation tax, bank excise tax, bank deposits tax, and insurance company gross premiums tax.)

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$4,993	14
2023 Personal Income Tax	$2,605	11

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2019 – TY 2023 to TY 2023. Forgone revenues for TY 2025 – TY 2027 are set equal to TY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$3,205	< 10
2025 Personal Income Tax	$3,205	< 10
2026 Personal Income Tax	$3,205	< 10
2027 Personal Income Tax	$3,205	< 10

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

26. Taxable Military Service Pension Income:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(11)

Stated Purpose: No stated purpose given in law.

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

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

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax year, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2023 Personal Income Tax	$5,863,229	4,039

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers was calculated by applying the realized growth in personal income collections in preliminary FY 2025 collections over audited personal income tax collected in FY 2024.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$6,366,328	4,386
2025 Personal Income Tax	$6,366,328	4,386
2026 Personal Income Tax	$6,366,328	4,386
2027 Personal Income Tax	$6,366,328	4,386

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

Connecticut: To the extent properly includible in gross income for federal income tax purposes, any income received from the United States government as retirement pay for a retired member of the Armed Forces or the National Guard is deducted from federal AGI for Connecticut personal income tax purposes.

Connecticut Statute: Conn. Gen. Stat. § 12-701(20)(B)(xvii)

Maine: Benefits received under a military retirement plan, including survivor benefits are fully exempt from Maine income tax.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(M-2)

Massachusetts: Massachusetts personal income tax provisions include a modification reducing federal AGI for income from any contributory annuity, pension, endowment, or retirement fund of the United States government, Massachusetts, or any political subdivision thereof, including the optional retirement system established by § 40 of Chapter 15A to which the employee has contributed or any income received from the United States government as retirement pay for a retired member of the Uniformed Services of the United States, including survivorship benefits.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(E)

Vermont: Taxpayers with U.S. military retirement income may subtract the first $10,000 of income. The federal AGI threshold for eligible filers is $50,000 for single, married filing separately and head of household filers which a phase-out for incomes greater than $50,000 but less than $60,000. Beginning January 2025 the modification is expanded to include a full exemption on military retirement pay for all veterans whose AGI is less than $125,000 and partial exemptions to military retirees who make below $175,000 annually.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5830e

27. Taxable Pension Plan and/or Annuity Income:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(9) / R.I. Pub. Laws 2024, Ch. 117, Article 6, § 21

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2016 / 2024

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 and joint filers who do not exceed certain income limits and who also have reached "full retirement age" based on Social Security Administration rules for tax years beginning on or after January 1, 2017. For tax years beginning in 2023, a modification up to $20,000 is allowed. For tax years beginning on or after 2025, a modification up to $50,000 is allowed. The federal AGI dollar amounts are adjusted for inflation on a going-forward basis. For the tax year beginning on January 1, 2022, the federal AGI thresholds were $95,800 for single filers and $119,750 for joint filers. For the tax year beginning on January 1, 2023, the federal AGI thresholds increased to $101,000 and $126,250, respectively. For joint filers, the modification is available to each qualifying taxpayer; therefore, some married filing jointly taxpayers can double the modification.

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$15,723,654	37,720
2023 Personal Income Tax	$18,651,569	51,095

Projection Methodology: TY 2024 projected amount of forgone revenue and number of taxpayers was calculated by applying the average annual growth realized from TY 2019 - TY 2022 to TY 2023. Projected number of taxpayers for TY 2025 – TY 2027 are set equal to TY 2024. Beginning in 2025, the modification is set to increase to $50,000. ORA took the projected amount of forgone revenue in TY 2024 and added estimates that were prepared by ORA at the request of the Senate Fiscal Office during the 2024 session estimating the projected increase in revenue forgone for this modification due to the increase of the allowed modification amount.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$19,609,859	54,235
2025 Personal Income Tax	$25,550,128	54,235
2026 Personal Income Tax	$25,819,216	54,235
2027 Personal Income Tax	$26,093,119	54,235

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

Connecticut: Connecticut has an exemption for pension and annuity income for filers below a certain threshold. The threshold is $75,000 for single, married filing separately and head of household filers, and $100,000 for joint filers. This exemption was initially phased in over multiple tax years, but was accelerated in the 2022 Session to 100% of pension and annuity income for TY 2022 and thereafter. Beginning in tax year 2024, Connecticut increased the income threshold limits to $100,000 for single, married people filing separately, and heads of households and $150,000 for joint filers. However, for those taxpayers whose income exceeds the current eligibility thresholds the amount of pension, annuity, and IRA income taxpayers may deduct is gradually reduced by a set phase-in percentage table.

Connecticut has an additional exemption for taxable income received from the state teachers' retirement system. To the extent includable in federal AGI, for TY 2020, 25% of the income received from the state teachers' retirement system, and for TY 2021 and each tax year thereafter, 50% of the income received from the state teachers' retirement system is deducted from federal AGI in determining Connecticut AGI subject to the personal income tax.

Connecticut Statute: Conn. Gen. Stat. § 12-701(20)(B)(xx), (xxi)

Maine: For each individual who is a primary recipient of pension benefits under an employee retirement plan, federal AGI is reduced by an amount that is the lesser of: (1) the individual maximum amount, reduced by the individual’s Social Security and railroad retirement benefits paid by the United States, but not less than $0 or (2) the aggregate of retirement plan benefits under employee retirement plans and taxable distributions from individual retirement accounts included in the individual’s federal AGI. The individual maximum deduction is $10,000 in tax year 2021; $25,000 for tax years beginning in 2022; and $30,000 for tax years beginning in 2023. For tax years beginning on or after January 1, 2024, the maximum deduction is the maximum annual Social Security benefit available for someone retiring that year at full retirement age. For tax year 2024, that amount is $45,864.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(M-2)

Massachusetts: Massachusetts personal income tax provisions include a modification reducing federal AGI for income from annuity, stock bonus, pension, profit-sharing, annuity or deferred-payment plans, contracts described in §§ 403(b) and 404 of the Internal Revenue Code or for individual retirement accounts (IRAs), individual retirement annuities, or retirement bonds described in §§ 408 and 409 of the Internal Revenue Code. This modification does not apply to income from the optional retirement system established by Mass. Gen. Laws, ch. 15A, § 40.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(F)

Vermont: Taxpayers with income from the Civil Service Retirement System or from a contributory annuity, pension, endowment, or retirement system of the U.S. government, the state of Vermont or another state or a political subdivision of the U.S., may subtract the first $10,000 of income. The federal AGI threshold for eligible filers is $50,000 for single, married filing separately and head of household filers with a phase-out for incomes greater than $50,000 but less than $60,000, and an eligible income threshold of $65,000 for joint filers with a modification phase-out for incomes greater than $65,000 and less than $75,000. A taxpayer is allowed only one modification for all types of retirement income per year.

Vermont Statute: Vt. Stat. Ann. tit. 32, § 5830e

28. Taxable Social Security Income:

Statutory Reference: R.I. Gen. Laws § 44-30-12(c)(8)

Stated Purpose: No stated purpose given in law.

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

Description: A modification reducing federal adjusted gross income (AGI) of taxable Social Security income included in federal AGI is allowed for individual filers with federal AGI of $80,000 or less and joint filers with federal AGI of $100,000 or less who also have reached “full retirement age” based on Social Security Administration rules. The federal AGI dollar amounts are annually adjusted for inflation and are listed below:

Tax Year	***Single/Head of Household***	***Married Filing Separately***	***Married Filing Jointly/Qualifying Widow(er)***
2022	$95,800	$95,800	$119,750
2023	$101,000	$101,025	$126,250
2024	$104,200	$104,250	$130,250
2025	$107,000	$107,000	$133,750

Data Source: Division of Taxation and Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model. Modification includes adjustments that decreased federal adjusted gross income (AGI). ORA calculated the Rhode Island tax liability for each taxpayer under TY 2022 and TY 2023 Rhode Island personal income tax laws and the Rhode Island tax liability for each taxpayer without the modification for the same tax years, then summed the results for both calculations across all taxpayers. Forgone revenue is determined by taking the difference between the two tax liability calculations. The number of taxpayers includes those resident and non-resident taxpayers with a modification that decreased federal AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$28,355,890	45,902
2023 Personal Income Tax	$31,896,350	61,177

Projection Methodology: TY 2024 projected amount of forgone revenue was calculated by applying the average annual growth realized from TY 2019 – TY 2023 to TY 2023. TY 2024 projected number of taxpayers is the average number of taxpayers that took the modification from TY 2019 – TY 2023. Forgone revenues and number of taxpayers for TY 2025 – TY 2027 were calculated by using Moody's Analytics forecast of the consumer price index for all urban consumers (CPI-U) and Rhode Island population 65+, respectively, provided for the November 2025 Revenue Estimating Conference.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2024 Personal Income Tax	$35,630,477	50,437
2025 Personal Income Tax	$36,622,219	52,052
2026 Personal Income Tax	$37,904,534	53,391
2027 Personal Income Tax	$38,944,744	54,544

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

Connecticut: There is a modification reducing federal AGI for an amount equal to the Social Security benefits for single filers and married individuals filing separately whose federal AGI for a taxable year is less than $75,000, and for married individuals filing jointly and heads of households whose federal AGI is less than $100,000. Taxpayers with AGIs equal to or greater than these thresholds qualify for a partial exemption through which no more than 25% of their total Social Security benefits received is subject to tax.

Connecticut Statute: Conn. Gen. Stat. § 12-701(20)(B)(x)

Maine: Federal AGI is reduced by Social Security benefits and railroad retirement benefits paid by the United States for Maine income tax purposes, to the extent these benefits are included in federal AGI.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, § 5122(2)(C)

Massachusetts: Social Security benefits includible in federal AGI may be subtracted from federal AGI for the calculation of Massachusetts personal income tax.

Massachusetts Statute: Mass. Gen. Laws ch. 62, § 2(a)(2)(H)

Vermont: Social Security beneficiaries meeting certain income requirements can claim an exemption for the taxable portion of their Social Security benefits. For single, married filing separately, head of household, and qualifying widow(er) filers, taxpayers with a federal AGI of less than $50,000 may exclude all of their federally taxable Social Security benefits while taxpayers with a federal AGI between $50,000 and $60,000 maybe exclude some portion of the federally taxable Social Security. For married filing jointly filers, the maximum federal AGI is $75,000, with a phaseout range of $65,000 to $75,000. A taxpayer is allowed only one modification for all types of retirement income per year.

Vermont Statute: Vt. Stat. Ann. tit. 32, §§ 5811(21)(B)(iv), 5830e

OTHER ITEMS

1. Allocation and Apportionment of Airlines:

Statutory Reference: R.I. Gen. Laws § 44-11-15 / R.I. Code of Regulations 280-20-25-9.11(C)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2004 / 2015

Description: According to the Rhode Island Code of Regulations (RICR) 280-20-25-9, Apportionment of Net Income, Part 9.11 specifies that certain categories of taxpayers are eligible to apportion income according to modified formulas. Airlines are specifically listed as a type of taxpayer eligible for a special apportionment formula. Passenger revenue and freight revenue are allocated to Rhode Island based on the ratio of departures of flight aircraft, by type, from locations in Rhode Island compared to departures everywhere, multiplied by total passenger revenue everywhere to determine the share of net income attributable to Rhode Island for an airline. All other receipts attributable to Rhode Island are included in the numerator. The apportioned net income is then subject to the tax.

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

Reliability Index: 5

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

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

Connecticut: Connecticut's tax on air carriers allocated to Connecticut by the average of the following three ratios (a) The ratio aircraft arrivals and departures within Connecticut by such air carrier during the income year to total aircraft arrivals and departures by carrier on its entire system during the same period; (b) the ratio of revenue tons handled by such air carrier at airports within Connecticut during the income year to the total revenue tons handled by carrier at all airports on its entire system during the same period; (c) the ratio of the air carrier's originating revenue within Connecticut for the income year to the total originating revenue of such carrier from its entire system for the same period. If the formula provided subjects a taxpayer to a portion of taxes larger or smaller than is reasonably attributable to Connecticut, then the provisions of Conn. Gen. Stat. 12-221a shall apply, which outlines the provisions for petition for alternative method of apportionment.

Connecticut Statute: Conn. Gen. Stat. § 12-244

Massachusetts: Airlines use a modified three-factor apportionment percentage formula in Massachusetts. The numerator of the property factor is the sum of the average value of the real and tangible personal property of the airline, other than aircraft ready for flight, situated in Massachusetts and the average value of the aircraft ready for flight owned or rented and used by the airline in Massachusetts. The denominator of the property factor is the average value of all of the airline's real and tangible personal property owned, rented, or leased, and used during the taxable year. The numerator of the payroll factor is the sum of the compensation paid in Massachusetts to non-flight personnel during the taxable year. The denominator of the payroll factor is the total compensation paid by the airline during the taxable year. The sales factor is a fraction whose numerator is total sales of the taxpayer in Massachusetts during the taxable year and whose denominator is total sales of the taxpayer everywhere during the taxable year. In general, a taxpayer's total sales are its gross receipts.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38(j), Mass. Regulations 830 CMR 63.38.2: Apportionment of Income of Airlines

New Hampshire: New Hampshire uses a three-factor apportionment formula based on payroll, property, and a double-weighted sales factor for the calculation of the business profits tax. Airlines use a modified version of this apportionment formula. The property factor is the sum of average New Hampshire mobile property and non-mobile property divided by the sum of average mobile property everywhere. The payroll factor is the sum of New Hampshire mobile payroll divided by the sum of mobile payroll everywhere. The sales factor is the sum of New Hampshire transportation sales divided by the sum of transportation sales everywhere.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:3, II(a); NH Admin Rules Rev 304.08

2. Allocation and Apportionment of Brokerage Services:

Statutory Reference: R.I. Gen. Laws § 44-11-14.2(b) / R.I. Code of Regulations 280-20-25-9.11(D)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1995 / N/A

Description: Any taxpayer located in Rhode Island that provides securities brokerage services may choose to allocate its net income as follows: all net income derived directly or indirectly from the sale of security brokerage services shall be apportioned to Rhode Island only to the extent that securities brokerage customers are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the brokerage commissions and total margin interest paid on accounts owned by Rhode Island domiciled customers to the brokerage commissions and total margin interest paid on accounts owned by all of the taxpayer’s customers. The apportioned net income is then subject to the tax. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

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

Reliability Index: 5

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

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Each taxpayer that provides securities brokerage service apportions its net income derived, directly or indirectly, from rendering securities brokerage services as follows: the numerator of the apportionment fraction consists of the brokerage commissions and total margin interest paid on behalf of brokerage accounts owned by the taxpayer's customers who are domiciled in Connecticut during such taxpayer's income year, computed according to the method of accounting used in the computation of net income. The denominator of the apportionment fraction consists of brokerage commissions and total margin interest paid on behalf of brokerage accounts owned by all of the taxpayer's customers domiciled during such taxpayer's income year, computed according to the method of accounting used in the computation of net income.

Connecticut Statute: Conn. Gen. Stat. §§ 12-218(f)

3. Allocation and Apportionment of Credit Card Banks:

Statutory Reference: R.I. Gen. Laws § 44-11-14.3 / R.I. Code of Regulations 280-20-25-9.11(E)

Stated Purpose: No stated purpose given in law.

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

Description: Any banking institution whose business activities are taxable within and outside of Rhode Island and whose activities are limited to those described in § 2(c)(2)(F) of the federal Bank Holding Company Act (12 U.S.C. § 1841(c)(2)(F)) may choose to allocate its net income based on a special apportionment formula. All net income derived directly or indirectly from the banking institution shall be apportioned to Rhode Island only to the extent that the banking institution's customers are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the income derived from accounts owned by customers domiciled in Rhode Island to the income derived from accounts owned by all of the banking institution's customers. The apportioned net income is then subject to the tax. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

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

Reliability Index: 5

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

Law Comparison: Connecticut and New Hampshire have similar provisions.

Connecticut: Any financial service company that has net income derived from credit card activities apportions its net income derived from credit card activities using a special formula. The numerator of the apportionment fraction is Connecticut receipts. The denominator of the apportionment fraction consists of the total amount of interest and fees or penalties in the nature of interest from credit card receivables; receipts from fees charged to all card holders, including, but not limited to, annual fees; net gains from the sale of credit card receivables for all card holders; and all credit card issuer's reimbursement fees.

Connecticut receipts are the sum of interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, for card holders in Connecticut and the product of the sum of net gains from the sale of credit card receivables and all credit card issuer's reimbursement fees multiplied by a fraction. The numerator of this fraction is interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, from card holders in Connecticut, and the denominator is the total amount of interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, for all card holders. Income derived by such taxpayer from sources other than credit card activities are apportioned using Connecticut's standard apportionment formula.

Connecticut Statute: Conn. Gen. Stat. § 12-218(i)

New Hampshire: New Hampshire uses a three-factor apportionment formula based on payroll, property, and a double-weighted sales factor for the calculation of the business profits tax. Financial institutions, including credit card companies, use a modified version of this apportionment formula. The property factor shall be the sum of the value of the real and tangible property and the intangible property components. The real and tangible property component shall be calculated using the standard formula for all businesses. The intangible property component shall include the average value of the business organization's loans and credit card receivables and be determined to be located in New Hampshire when it is properly assigned to a regular place of business within New Hampshire based upon the preponderance of substantive contacts relating to the loans having occurred in New Hampshire. The payroll factor is calculated in the same as the standard apportionment formula for New Hampshire, which is the total compensation consisting of wages, salaries, commissions and other forms of renumeration paid during the taxable period to employees for personal services, excluding benefits. The sales factor is a fraction with the numerator being the sum of the receipts from the lease, sublease, rental or sub-rental of real property located in New Hampshire and the lease or rental of tangible personal property, other than transportation equipment, located in New Hampshire when it is first placed in service by the lessee owned by the business organization in New Hampshire during the taxable year and the denominator being the receipts of the business organization within and without New Hampshire during the taxable period.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:3, II(a); NH Admin Rules Rev 304.11

4. Allocation and Apportionment of Motor Carriers:

Statutory Reference: R.I. Gen. Laws § 44-11-15 / R.I. Code of Regulations 280-20-25-9.11(B)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2004 / 2015

Description: According to the Rhode Island Code of Regulations (RICR) 280-20-25-9.11 Apportionment of Net Income, only certain, specified categories of taxpayers are eligible to apportion income according to modified formulas. Motor carriers are specifically listed as a type of taxpayer eligible for a special apportionment formula.

For tax years beginning on or after January 1, 2015, to arrive at a determination of the share of net income attributable to Rhode Island the motor carrier's net income is multiplied by the motor carrier's apportionment percentage. The apportionment percentage is a ratio of the motor carrier's total Rhode Island sales and the motor carrier's total worldwide sales. A motor carrier's Rhode Island sales consist of the average of the inbound/outbound Rhode Island receipts plus all other receipts attributable to Rhode Island.

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

Reliability Index: 5

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

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

Connecticut: Any motor carrier which transports property for hire and which is taxable both within and without Connecticut apportions its net income derived from carrying of property for hire using an apportionment fraction, the numerator of which is the total number of miles operated within Connecticut and the denominator of which is the total number of miles operated everywhere. Income derived by motor carriers from sources other than the carrying of property for hire use Connecticut's standard apportionment formula to calculate the net income attributable to the state.

Connecticut Statute: Conn. Gen. Stat. § 12-218(d)

Massachusetts: Motor carrier companies use a modified three-factor apportionment percentage formula in Massachusetts. The numerator of the property factor is the sum of the value of the real and tangible personal property of the motor carrier, other than mobile property, situated in Massachusetts and the value of the mobile property owned, rented, or leased and used by the motor carrier in Massachusetts. The denominator of the property factor is the average value of all the motor carrier's real and tangible personal property owned, rented, or leased, and used during the taxable year. The value of the mobile property owned, rented, or leased, and used by the motor carrier in Massachusetts is the total value of the motor carrier's mobile property, multiplied by the percentage of miles traveled by the motor carrier's mobile property in Massachusetts.

The numerator of the payroll factor is the sum of the compensation paid in Massachusetts to personnel other than operating personnel and the compensation paid in Massachusetts to operating personnel. The compensation paid in Massachusetts to operating personnel is computed by multiplying the motor carrier's total payroll for operating personnel by the percentage of miles traveled by the motor carrier's mobile property in Massachusetts. The denominator of the payroll factor is the total compensation paid by the motor carrier during the taxable year.

The sales factor is calculated in the same manner as that of the standard Massachusetts apportionment formula and is a fraction whose numerator is total sales of the taxpayer in Massachusetts during the taxable year and whose denominator is total sales of the taxpayer everywhere during the taxable year. In general, a taxpayer's total sales are its gross receipts.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38(j), Mass. Regulations 830 CMR 63.38.3: Apportionment of Income of Motor Carriers

New Hampshire: New Hampshire uses a three-factor apportionment formula based on payroll, property, and a double-weighted sales factor for the calculation of the business profits tax. Transportation industries other than airlines, communication, and energy companies use a modified version of this apportionment formula. The property factor's components shall be calculated utilizing the following provisions: the property factor is the sum of average New Hampshire mobile property and average New Hampshire non-mobile property, divided by the sum of average mobile property everywhere and average non-mobile property everywhere. The payroll factor is the sum of New Hampshire mobile payroll and New Hampshire non-mobile payroll divided by the sum of mobile payroll everywhere and non-mobile payroll everywhere. The sales factor is the sum of New Hampshire transportation income and New Hampshire non-transportation income divided by the sum of transportation income everywhere and non-transportation income everywhere.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-A:3, II(a); NH Admin Rules Rev 304.12

5. Allocation and Apportionment of Net Income of Banks:

Statutory Reference: R.I. Gen. Laws §§ 44-14-14.1 / R.I. Pub. Laws 2024, Ch. 159, § 1

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 2024 / N/A

Description: Financial institution taxpayers may elect a single sales factor apportionment methodology for calculating bank excise tax, effective for tax years beginning on or after January 1, 2025. Once elected, the new apportionment method will take effect in that tax year and remain in effect for at least the five following tax years. If the financial institution is included in a unitary business with corporate entities, all business expense transactions between the taxpayer and the members of the unitary business shall be added to the net income of the taxpayer, with two exceptions outlined in R.I. Gen. Laws § 44-14-13(c)(1)-(2).

Projection Methodology: The Office of Revenue Analysis (ORA) used the fiscal note for 2024-H.B.-7927, as adjusted for in the FY 2026 Enacted Budget. ORA converted from fiscal year estimates in the fiscal note to calendar year estiamtes. The projected number of taxpayers is unknown because no actual data yet exists for this tax expenditure.

Calendar Year / Tax Type	*Projected Revenue Forgone*	*Projected Number of Taxpayers*
2025 Bank Tax	$15,444,694	*Unknown*
2026 Bank Tax	$15,852,067	*Unknown*

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

6. Allocation and Apportionment of Regulated Investment Companies:

Statutory Reference: R.I. Gen. Laws § 44-11-14.2(a) / R.I. Code of Regulations 280-20-25-9.11(D)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1995 / N/A

Description: Any taxpayer located in Rhode Island that sells management, distribution or administration services to or on behalf of a regulated investment company, as defined by federal law, may choose to allocate its net income as follows: all net income derived directly or indirectly from the sale of management, distribution, or administration services to or on behalf of regulated investment companies, including net income received directly or indirectly from trustees, and sponsors or participants of employee benefit plans that have accounts in a regulated investment company, shall be apportioned to Rhode Island only to the extent that shareholders of the regulated investment company are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the taxpayer's Rhode Island receipts from the services it provides to the taxpayer's receipts everywhere from the services it provides. Rhode Island receipts are determined by multiplying total receipts for the taxable year from each separate regulated investment company for which the services are performed by a fraction: the numerator being the average of the number of shares owned by the regulated investment company's shareholders domiciled in this state at the beginning of and at the end of the company's taxable year and the denominator being the average of the number of the shares owned by the regulated investment company's shareholders everywhere at the beginning and the end of the company's taxable year.

The apportioned net income is then subject to the tax. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

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

Reliability Index: 5

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

Law Comparison: Connecticut and Massachusetts have similar provisions.

Connecticut: Each taxpayer that provides management, distribution or administrative services to or on behalf of a regulated investment company apportions by a fraction its net income derived directly or indirectly from providing management, distribution, or administrative services to or on behalf of a regulated investment company, including net income received directly or indirectly from trustees and sponsors or participants of employee benefit plans which have accounts in a regulated investment company. The numerator of the apportionment fraction is the sum of Connecticut receipts from the sale of management, distribution or administrative services to or on behalf of all the regulated investment companies, while the denominator of the apportionment fraction is total receipts from the sale of management, distribution or administrative services to or on behalf of all the regulated investment companies.

Connecticut receipts are determined by multiplying receipts from the rendering of management, distribution or administrative services to or on behalf of each separate regulated investment company by a fraction. The numerator of this fraction is the average of the number of shares on the first day of such regulated investment company's taxable year that are owned by shareholders of such regulated investment company domiciled in Connecticut and the number of shares on the last day of such regulated investment company's taxable year that are owned by shareholders of such regulated investment company domiciled in Connecticut. The denominator of this fraction is the average of the number of shares that are owned by shareholders of such regulated investment company on such dates.

Connecticut Statute: Conn. Gen. Stat. § 12-218(e)

Massachusetts: A mutual fund service corporation is defined as any corporation doing business in Massachusetts that derives more than 50% of its gross income from directly or indirectly providing management, distribution, or administration services to or on behalf of a regulated investment company and from trustees, sponsors and participants of employee benefit plans that have accounts in a regulated investment company. Any mutual fund service corporation whose employment level in the current taxable year is equal to or greater than its jobs commitment level for a taxable year or any mutual fund service corporation for which the jobs commitment level requirement no longer applies apportions its net income by multiplying it by 100% of the sales factor. A mutual fund service corporation that fails to achieve its jobs commitment level may still use 100% of the sales factor in apportioning net income if the failure to achieve the jobs commitment level for any taxable year is demonstrated by the mutual fund service corporation to be a direct result of adverse economic conditions in that taxable year.

Any taxable net income received by mutual fund sales that is not derived from mutual fund sales must be apportioned using the standard Massachusetts three-factor apportionment. A mutual fund service corporation that has taxable net income from mutual fund sales as well as taxable net income from non-mutual fund sales in the same tax year will have two income apportionment percentages for that year. If a mutual fund service corporation is subject to the non-income measure of the corporate excise tax, the mutual fund service corporation must use a weighted average of the two apportionment percentages to calculate the non-income measure of its excise due for that tax year. To determine the weighted average percentage, a mutual fund service corporation must calculate the ratio of its taxable net income from mutual fund sales to its taxable net income from non-mutual fund sales.

Massachusetts Statute: Mass. Gen. Laws ch. 63, § 38(m), 830 CMR 63.38.7 Apportionment of Income of Mutual Fund Service Corporations

7. Allocation and Apportionment of Retirement and Pension Plans:

Statutory Reference: R.I. Gen. Laws § 44-11-14.4 / Rhode Island Code of Regulations 280-20-25-9.11(F)

Stated Purpose: No stated purpose given in law.

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

Description: Any taxpayer located in Rhode Island that sells management, distribution, or administration services, including without limitations, transfer agent, fund accounting, custody and other similar related services to or on behalf of an employee retirement or pension plan may choose to apportion to Rhode Island all net income derived directly and indirectly from the sale of the management, distribution, or administration services to or on behalf of a retirement or pension plan to the extent that the beneficiaries or participants of a retirement or pension plan are domiciled in Rhode Island. The apportionment factor is defined as the ratio of Rhode Island receipts from the services to the total receipts everywhere from the services for the same taxable year. Rhode Island receipts are determined by multiplying total taxable year receipts from a retirement or pension plan for which the services are performed by a fraction, the numerator of which is the average of the number of total beneficiaries or participants of each retirement or pension plan domiciled in Rhode Island at the beginning of and at the end of the taxable year of the taxpayer and the denominator of which is the average of the number of total beneficiaries or participants of the retirement or pension plan located everywhere at the beginning of and at the end of the taxable year of the taxpayer. The apportioned net income is then subject to the tax. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

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

Reliability Index: 5

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

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut uses a special apportionment formula for financial service companies, including those that provide management, distribution and administrative services performed on behalf of a pension fund or retirement account. The numerator of the receipts factor includes receipts received for management, distribution and administrative services performed on behalf of a pension fund or retirement account equal to the product of such receipts for the income year multiplied by a fraction, the numerator of which is the average of the number of participants with an interest in the pension fund or retirement account on the first day of the pension fund or retirement account taxable year and whose billing address is in Connecticut and the number of participants with an interest in the pension fund or retirement account on the last day of the pension fund or retirement account taxable year and whose billing address is in Connecticut.

The denominator of the fraction is the total number of participants with an interest in the pension fund or retirement account on such dates. In lieu of using the billing addresses of the participants with an interest in the pension fund or retirement account, the taxpayer may elect to determine receipts based upon the average of the fair market value of funds under management in each taxable year allocated to the commercial domicile of the sponsor of the pension fund or retirement account and, where there is no sponsor for a particular pension fund or retirement account, the billing address of the participant. The election, if made by the taxpayer must be used five successive years and shall be applicable to all receipts from the rendering of management, distribution or administrative services performed for any pension fund or retirement account.

Connecticut Statute: Conn. Gen. Stat. § 12-218b(j)(2)

PREFERENTIAL TAX RATES

1. Jobs Development Act:

Statutory Reference: R.I. Gen. Laws § 42-64.5-3 / R.I. Gen. Laws § 44-48.3-12

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1994 / 2015

Description: The rate of tax payable by an eligible company, or each of its eligible subsidiaries, on its net income taxed under the business corporation tax, bank excise tax, insurance company gross premiums tax or the public service corporation tax is reduced by the amount specified in the Jobs Development Act (R.I. Gen. Laws § 42-64.5-4). The amount of rate reduction for any eligible company that is not a telecommunications company shall be based on the aggregate amounts of new units of employment for each taxable year over the company's base employment level. A unit of employment consists of 10 new full-time equivalent employees for companies with base employment levels of 100 or fewer full-time employees or 50 new full-time equivalent employees for companies with base employment of more than 100 full-time employees.

Under the original terms of the Jobs Development Act, a qualifying company received a 0.25 percentage point reduction in its statutory tax rate for each unit of employment added up to a maximum reduction of six percentage points. These parameters applied to all tax types other than the tax on the gross earnings of public service corporations for which the maximum tax rate reduction is one percentage point. Following the implementation of mandatory combined reporting for business corporation tax filers, which included a reduction of the business corporation tax rate from 9% to 7% effective January 1, 2015, the amount of the JDA tax rate reduction for business corporation taxpayers was adjusted from 0.25 to 0.2 percentage points per unit of employment and the maximum reduction adjusted from six to four percentage points. Bank excise tax filers retain the original reduction schedule (because the bank excise tax remains 9%.)

If an eligible company fails in any taxable year to maintain the number of units of new employment it reported for its 1997 tax year, or for the third taxable year following its elected base employment period under R.I. Gen. Laws § 42-64.5-5, the company forfeits its Jobs Development Act rate reduction.

Effective July 1, 2015, no new taxpayers may qualify for the Jobs Development Act rate reduction. Only companies that had already qualified for the program before that date may continue to apply their authorized reductions.

Data Source: Rhode Island Division of Taxation

Reliability Index: 1 (This preferential tax rate includes the Life Sciences Rate Reduction preferential tax rate to the extent that preferential tax rate has been used by any taxpayers).

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Bank Tax	$38,315,462	1
2022 Business Corporation Tax	$1,344,418	3
2022 Ins Co Gross Premiums Tax	$0	0
2022 Public Service Corporation Tax	$0	0
2022 Total	**$39,659,880**	**4**
2023 Bank Tax	$20,255,279	1
2023 Business Corporation Tax	$3,120,095	5
2023 Ins Co Gross Premiums Tax	$0	0
2023 Public Service Corporation Tax	$0	0
2023 Total	**$23,375,374**	**6**
2024 Bank Tax	$10,779,550	1
2024 Business Corporation Tax	$3,828,136	4
2024 Ins Co Gross Premiums Tax	$0	0
2024 Public Service Corporation Tax	$0	0
2024 Total	**$14,607,686**	**5**
2025 Bank Tax	$0	0
2025 Business Corporation Tax	$2,283,536	3
2025 Ins Co Gross Premiums Tax	$0	0
2025 Public Service Corporation Tax	$0	0
2025 Total	**$2,283,536**	**3**

Projection Methodology: FY 2026 projections provided by the Division of Taxation with data that was available as of November 2025. ORA calculated a two-year average of revenue forgone averaging FY 2025 and FY 2026 to project FY 2027 revenue forgone. For FY 2027, the number of taxpayers was held constant with FY 2026.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2026 Bank Tax	$0	0
2026 Business Corporation Tax	$1,159,143	3
2026 Ins Co Gross Premiums Tax	$0	0
2026 Public Service Corporation Tax	$0	0
2026 Projected Total	**$1,159,143**	**3**
2027 Bank Tax	$0	0
2027 Business Corporation Tax	$1,721,340	3
2027 Ins Co Gross Premiums Tax	$0	0
2027 Public Service Corporation Tax	$0	0
2027 Projected Total	**$1,721,340**	**3**

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

2. Life Science Rate Reduction:

Statutory Reference: R.I. Gen. Laws §§ 42-64.14-10 and 42-64.14-11

Stated Purpose: The purpose of the I-195 Redevelopment Act of 2011 is to create a state-local-private sector partnership to plan, implement, administer, and oversee the redevelopment of the surplus I-195 properties and to authorize, provide for, and facilitate the consolidated exercise of development and redevelopment powers existing at the state and local levels. There is no stated purpose provided in the statute for life sciences rate reduction included in the I-195 Redevelopment Act.

Year Enacted / Last Year Amended: 2011 / 2014

Description: The rate of tax for an eligible life science company and each of its subsidiaries applicable against its net income subject to taxation under the business corporation tax is reduced by the amount specified in R.I. Gen. Laws § 42-64.14-11. The amount of rate reduction is based on the aggregate amount of new employment for each taxable year over the base employment and is equal to 0.2 percentage points for each unit of new employment. The total amount of the rate reduction cannot exceed four percentage points for any taxable year. Should any eligible company fail to maintain the number of units of new employment it reported above its base employment, the rate reduction will expire permanently.

Data Source: No reliable data exists for this tax expenditure item. (*This preferential tax rate is included in the Jobs Development Act preferential tax rate to the extent that preferential tax rate has been used by any taxpayers.)

Reliability Index: 5

Projection Methodology: * Projections for this modification / deduction are included in the Jobs Development Act preferential tax rate.

Law Comparison: Massachusetts has a similar provision.

Massachusetts: A taxpayer, to the extent authorized by the life sciences tax incentive program, may be allowed a refundable jobs credit against the Massachusetts corporate income tax in an amount determined by the Massachusetts Life Sciences Center in consultation with the Massachusetts Department of Revenue. A taxpayer taking said credit shall commit to the creation of a minimum of 50 net new permanent full-time positions in Massachusetts. The amount of the jobs credit issued that exceeds the taxpayer's liability under the Massachusetts corporate income tax shall be refunded to the taxpayer at a rate of 90% of the amount of excess credit. The Department of Revenue shall issue the refundable portion of the jobs credit in accordance with the cumulative amount, including the current year costs of incentives allowed in previous years, which shall not exceed $30.0 million annually. The cap was increased starting in tax year 2025 to $40,000,000.

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

TAX ABATEMENTS

1. Child Tax Rebate:

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

Stated Purpose: No stated purpose given in law.

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

Description: A one-time child tax rebate of $250 per child 18 years and younger, up to a maximum of three children, was distributed in 2022 to qualifying Rhode Island resident taxpayers based on the taxpayer's TY 2021 Rhode Island personal income tax return. The federal adjusted gross income of each taxpayer must be below the income threshold of $100,000 for single, head of household, married filing separately, and qualifying widow(er) filers or $200,000 for joint filers. Child Tax Rebate payments were not considered taxable income for the purposes of state and federal personal income tax for tax year 2022. This tax expenditure item looks at revenue forgone because these rebates were not taxable, rather than the total value of the rebates themselves.

Data Source: Rhode Island Division of Taxation Testimony, May 2024 Revenue Estimating Conference. Revenue forgone is calculated by total sum of refunds multiplied by the ORA calculated effective tax rates for TY 2022 and TY 2023.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2022 Personal Income Tax	$891,270	108,282
2023 Personal Income Tax	$117	12

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut authorized a child tax rebate of up to a maximum of $750 ($250 per child up to three children) in CY 2022 for Connecticut residents who claimed at least one a dependent of 18 years or younger on their TY 2021 federal income tax return and meet the income threshold requirements. The income threshold is $100,000 for single or married filing separate filers, $160,000 for head of household filers, or $200,000 for joint or qualifying widow(er) filers.

Connecticut Statute: Public Act No. 22-118, Section 411

2. Cigarette Tax Stamping Discount:

Statutory Reference: R.I. Gen. Laws § 44-20-19

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1939 / 2007

Description: Cigarette distributors have a right to purchase cigarette excise tax stamps at a discount from the stamp's face value. The cigarette distributor pays to the Tax Administrator 98.75% of the face value of the cigarette excise tax stamps that are purchased. This yields a discount of 1.25% for the distributor. The cigarette excise tax was $4.25 per pack of 20 cigarettes through August 2024 and increased to $4.50 per pack on September 3, 2024. This equates to a savings of $0.053125 against the tax of $4.25 and $0.05625 against the excise tax of $4.50. 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 the number of distributors receiving the discount in that year.

Reliability Index: 1

Fiscal Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Cigarette Tax	$1,715,513	*No estimate possible*
2023 Cigarette Tax	$1,548,169	10
2024 Cigarette Tax	$1,363,294	11
2025 Cigarette Tax	$1,344,384	10

Projection Methodology: FY 2026 revenue forgone was calculated by applying the growth projected for cigarettes from FY 2025 preliminary revenues to FY 2026 projected revenues for cigarettes of -10.6%. The comparable FY 2027 growth rate of -9.2% was applied to project FY 2027 revenue forgone. Projected revenues were based on the revenue estimates adopted at the November 2025 Revenue Estimating Conference. The projected number of taxpayers is equal to the number of cigarette distributors receiving the discount in FY 2025.

Fiscal Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2026 Cigarette Tax	$1,201,862	10
2027 Cigarette Tax	$1,091,097	10

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

Connecticut: Connecticut's provisions include a discount of 1% of the face value of the cigarette excise tax stamps if purchased by a distributor. This equates to a savings of $0.0435 against the Connecticut cigarette excise tax of $4.35 per pack of 20 cigarettes. No discount applies if the cigarette excise tax stamps are purchased by a dealer. A licensed distributor or licensed dealer may be allowed to pay for such stamps within 30 days after the date of purchase, provided a bond or other security satisfactory to the Commissioner in an amount not less than the sale price of such stamps has been filed with the Commissioner conditioned upon payment for such stamps.

Connecticut Statute: Conn. Gen. Stat. § 12-298

Maine: Maine's provisions include a discount rate of 1.15% for stamps, or a savings of $0.023 against the Maine cigarette excise tax of $2.00 per pack of 20 cigarettes. The State Tax Assessor may permit a licensed distributor to pay for the stamps within 30 days after the date of purchase, if a bond satisfactory to the assessor in an amount not less than 50% of the sale price of the stamps has been filed with the assessor conditioned upon payment for the stamps. Beginning on January 5, 2026, the discount rate for Maine cigarette tax stamps will be reduced from 1.15% to 0.66%, and beginning April 1, 2026, the discount rate will be repealed.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, ch. 703, § 4366-A(2)(D)

Massachusetts: A stamper may withhold and retain from each payment for cigarette excise tax stamps as compensation for service rendered in stamping packs of cigarettes the following amounts: for encrypted stamps purchased and not returned for an abatement, $12 per roll of 1,200 stamps ($0.01 per excise stamp); in each fiscal year, $600 per roll of 30,000 encrypted stamps for the first 50 rolls purchased ($0.02 per excise stamp) and $200 per each additional roll of 30,000 encrypted stamps purchased ($0.0067 additional excise stamp); and in the case of non-encrypted adhesive stamps purchased and not returned for an abatement, $1.85 for each 600 stamps purchased ($0.003083 per excise stamp) and a proportionate amount for any fraction thereof. No such compensation shall be allowed on any sale of less than $100. The commissioner, in his discretion, may, permit a stamper to pay for such stamps within 30 days after the date of purchase; provided that the stamper furnishes a bond.

Massachusetts Statute: Mass. Gen. Laws ch. 64C, § 30

Vermont: Cigarette excise tax stamps are sold to licensed wholesale dealers at a discount of 2.3% of their face value for payment at time of sale. This equates to a savings of $0.07084 against the Connecticut cigarette excise tax of $3.08 per pack of 20 cigarettes. Purchaser can buy cigarette excise tax stamps to licensed wholesale dealers for payment within 10 days at a discount of 1.5% of their face value if timely paid (i.e., $0.0462 per pack of 20 cigarettes).

Vermont Statute: Vt. Stat. Ann. tit. 32, § 7772

3. Political Check-Off:

Statutory Reference: R.I. Gen. Laws § 44-30-2(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1971 / 1997

Description: There is allowed as a credit against the personal income tax a contribution of $5.00, or $10.00 if married filing a joint return, for the public financing of the electoral system. The first $2.00, $4.00 if married filing a joint return, goes to a political party or a non-partisan account if indicated by the taxpayer up to a maximum of $200,000 in total for all political parties and the non-partisan account. The remainder of the credit is general revenue to the State.

Data Source: Division of Taxation, Office of Revenue Analysis (ORA) Personal Income Tax Simulation Model.

Reliability Index: 1

Calendar Year / Tax Type	***Revenue Forgone***	***Number of Taxpayers***
2022 Personal Income Tax	$77,110	11,104
2023 Personal Income Tax	$73,915	10,669

Political Party Contributions:

POLITICAL PARTY	***2022 CONTRIBUTIONS***	***2023 CONTRIBUTIONS***
Democratic Party	$9,782	$9,348
Green Party	$4	$10
Moderate Party	$444	$392
Non-Partisan	$4,368	$4,028
Republican Party	$2,014	$1,894

Projection Methodology: Projected revenue forgone for TY 2024 - TY 2027 is the average of TY 2022 and TY 2023 revenue forgone. The projected number of taxpayers electing for TY 2024 - TY 2027 is the average TY 2022 and TY 2023 number of taxpayers.

Calendar Year / Tax Type	***Projected Revenue Forgone***	***Projected Number of Taxpayers***
2024 Personal Income Tax	$75,513	10,887
2025 Personal Income Tax	$75,513	10,887
2026 Personal Income Tax	$75,513	10,887
2027 Personal Income Tax	$75,513	10,887

Law Comparison: Maine and Massachusetts have similar provisions.

Maine: Resident taxpayers may designate on the income tax form that $3, or $6 if filing a joint return, of their taxes be deposited in the Maine Clean Election Fund.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, ch. 831, § 5286

Massachusetts: Massachusetts provides for a $1.00 credit for a resident individual filer and a $2.00 credit for a resident jointly filed return against the Massachusetts individual income tax to be paid over to the State Election Campaign Fund.

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

4. Temporary Relief from Gross Earnings Tax on Electricity and Gas:

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

Stated Purpose: No stated purpose given in law.

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

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

Projection Methodology: Rhode Island Division of Taxation's testimony at the May 2025 Revenue Estimating Conference

Fiscal Year / Tax Type	*Revenue Forgone*	*Number of Taxpayers*
2024 Public Service Corporation Tax	$30,059,886	12
2025 Public Service Corporation Tax	$648,352	< 10

Law Comparison: Maine has a similar provision.

Maine: Resident qualified taxpayers were sent a one-time $450 Winter Energy Relief Payment between January – March 2023 with the goal of providing relief from increased energy costs. Based on TY 2021 tax returns, eligible residents had federal AGI of less than $100,000 if single or married separate, or $200,000 if filing jointly.

Maine Statute: Maine 131st Legislature, 2023 Session Laws Chapter 1, Part B

5. Value of Farmland Included in Estate:

Statutory Reference: R.I. Gen. Laws § 44-23-5(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1916 / 2013

Description: All farmland included as part of an estate and utilized by the executor, administrator, heir-at-law, beneficiary, or trustee as farmland is appraised at its use value and not at fair market value for purposes of calculating the estate and transfer tax.

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

Reliability Index: 5

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

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

Connecticut: In determining the tax due, the value of any farmland transferred by a donor by gift to a donee who is a lineal descendant or spouse of the donor is determined based upon its current use without regard to neighborhood land use of a more intensive nature. This present value shall be deemed by assessors and boards of assessment appeals to be the fair market value and not its value at an auction sale.

Connecticut Statute: Conn. Gen. Stat. tit. 12, Ch 228c, §12-646a

Maine: When determining value for an estate or property that is included in an estate for purposes of calculating the Maine estate tax, the value is as determined by the assessor in accordance with the Internal Revenue Code (IRC), which under § 2032A allows an alternative method for valuing certain real property used as a farm to reflect the (lower) value of the property in its current use.

Maine Statute: Me. Rev. Stat. Ann. tit. 36, ch. 577, § 4102

Massachusetts: For decedents who died prior to January 1, 2019, if the gross estate of a decedent included real property devoted to use as a farm, the estate may elect to value such property in accordance with § 2032A of the IRC, which allows for an alternative method for valuing certain real property used as a farm to reflect the (lower) value of the property in its current use.

If the gross estate of a decedent dying on or after January 1, 2019 includes real property that is qualifying agricultural land, associated land, or qualifying noncommitted land, the estate may elect to value such property, or any portion thereof, as closely held agricultural land pursuant to the valuation set by the Farmland Valuation Advisory Commission for the fiscal year of the most recent growing season. The value of closely held agricultural land as determined for such election is only for computing the Massachusetts estate tax.

Massachusetts Statute: Mass. Gen. Laws ch. 65C, § 5(c), (d)(2)

Vermont: For Vermont estate tax purposes, all values are determined for federal estate tax purposes. Section 2032A of the IRC allows an alternative method for valuing certain real property used as a farm to reflect the (lower) value of the property in its current use.

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

TAX DEFERRALS

1. Write-Downs or Reserves for Security Losses:

Statutory Reference: R.I. Gen. Laws § 44-14-14

Stated Purpose: No stated purpose given in law.

Year Enacted / Last Year Amended: 1942 / 1956

Description: A financial institution that is subject to the bank excise tax may elect to treat the amount of the write-down of the value of any of its securities as deductions in the year in which such write-downs or reserves are recorded on its books. The write-downs 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 this tax expenditure item.

Reliability Index: 5

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

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

IX. Recommendations for Improving the Report

The Tax Expenditures Report's effectiveness as a tax policy tool is dependent on the report users' background, knowledge of state tax law, and ability to understand the process by which estimates have been derived by the Office of Revenue Analysis (ORA). ORA strives to improve its reporting practices and, as a result, increased the percentage of tax expenditure items with reliable data assigned a reliability level index of 1 from 39.4% for tax year 2021 to 44.5% for tax year 2022. A reliability index level of 1 indicates that the estimate was derived directly from actual tax return data. This improvement reflects enhancements made by the Division of Taxation to data requirements and reporting processes. Ideally 100% of tax expenditure estimates for which reliable data exist would be derived directly from the relevant tax returns.

The quantity and quality of data for the business corporation tax is limited. 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 from tax expenditure items, totaling $102,456,435 in TY 2023. However, it also has one of the highest proportions of tax expenditures items - 40.4% - for which no reliable data exists to generate estimates of forgone revenue. This compares to 6.4% for the personal income tax and 29.2% for the sales and use tax. ORA finds that improvements in both the quantity and quality of data collected for the business corporation tax are necessary to enhance the reliability of these forgone revenue estimates. Unfortunately, much of the information that would improve the reporting of business corporation tax expenditure items is not reported on the taxpayers' tax returns. This is largely because these calculations occur at the firm level prior to the determination of taxable income, which is the point at which the Rhode Island return begins.

To this end, ORA is recommending updating the report's interpretation of tax expenditure. Under current law, a tax expenditure is defined as any tax credit, deduction, exemption, exclusion, credit preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers, whether directly through Rhode Island general laws or constitutional provisions or indirectly through adoption of other tax codes. Other states' tax expenditures reports, such as Connecticut and Minnesota, include criteria that a tax expenditure provision must meet before a tax expenditure item is included in the tax expenditures report. In preparing their respective tax expenditure reports, these states do not include every exemption, deduction, credit, or lower tax rate. A provision must meet all the criteria in order to be a tax expenditure. Such criteria include: if a provision has an impact on a tax that is applied statewide; confers preferential treatment; results in reduced tax revenue in the applicable fiscal years; is not included as an expenditure item in the state budget; is included in the defined tax base for that tax; is not subject to an alternative tax; and can be amended or repealed by a change in state law. In addition, some states do not generate an estimate of a tax expenditure if it falls below a de minimis threshold.

Of interest to the ORA in this recommendation is the criteria of whether the provision is an exception to the tax base. The exclusion of certain income is currently reported in the *2026 Tax Expenditures Report*. However, ORA is recommending removing such items from the report. For example, currently included in the report, is an exclusion set forth in R.I. Gen. Laws § 44-43-5 that excludes any long-term gains from capital investments in small businesses from the determination of income that is subject to the tax imposed by the business corporation tax, public service corporation tax, bank excise tax, and the personal income tax. This type of income is excluded from taxable income and not reported on taxpayers’ returns but instead is calculated at the firm level before arriving at taxable income.

Finally, the criteria regarding provisions subject to more than one tax would be useful in eliminating some expenditure items where no estimate can be derived nor expected to be calculated. In some instances, one tax may be imposed in place of another tax, and it would not be reasonable for a taxpayer or activity to be subject to both taxes. The exemption from one tax type when another is imposed is currently reported in the *2026 Tax Expenditures Report*, however ORA is recommending removing these items from the report. For example, currently included in the report, is an exclusion set forth in R.I. Gen. Laws § 44-11-1(4)(ii) for public service corporations from the business corporation tax imposed by R.I. Gen. Laws Chapter 44-11. These taxpayers are excluded from paying under the business corporation tax and required to pay under another tax type, the public service corporation tax. It is not clear if this exclusion is a tax expenditure if the inclusion generates more revenue than the exclusion precludes.

Appendix A: Current Statute on Tax Expenditure Reporting

TITLE 44
Taxation
CHAPTER 44-48.1
Tax Expenditure Reporting

R.I. Gen. Laws § 44-48.1-1

§ 44-48.1-1 Tax expenditure reporting.

(a) On or before the second Tuesday in January of each even numbered year beginning in 2004, the chief of the office of revenue analysis, shall deliver a tax expenditure report to the general assembly. Each report will provide the minimum information for one hundred percent (100%) of tax expenditures in effect on January 1 of the calendar year preceding the report's publication.

(b) For the purposes of this section, a "tax expenditure" is any tax credit, deduction, exemption, exclusion, credit preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers, whether directly through Rhode Island general laws or constitutional provisions or indirectly through adoption of other tax codes.

(c) The information included for each tax expenditure shall include, but shall not be limited to:

> (1) The legal reference of the expenditures, including information whether the expenditure is required as a result of federal or state constitutional, judicial, or statutory mandate.
>
> (2) Amount of revenues forgone or an estimate, if the actual amount cannot be determined, for the calendar year immediately preceding the publication of the report. The report shall also include an estimate of revenue forgone for the calendar year in which the report is published and the year following the report's publication. The tax administrator shall develop an index of the reliability of each estimate using five (5) levels with level one being most reliable. Where actual tax returns are the source of the estimate, the estimate should be assigned reliability level one. Where no reliable data exists for the estimate, the estimate should be assigned reliability level five (5). The reliability level shall be reported for the estimate of the revenues forgone.
>
> (3) To the extent allowable by law, identification of the beneficiaries of the exemption by number, income, class and industry.
>
> (4) A comparison of the tax expenditure to the tax systems of the other New England states, with emphasis on Massachusetts and Connecticut.

(5) The data source(s) and analysis methodology.

(6) To the extent allowable by law, identification of similar taxpayers or industries that do not enjoy the exemption.

(d) Each report shall include a section containing recommendations for improving the effectiveness of the report as a tax policy tool. This section shall identify the resources required to implement these recommendations and shall also contain an estimate of the costs associated with such recommendations.

(e) On or before the second Tuesday in January 2004, the chief of the office of revenue analysis shall make available to the general assembly a plan to improve Rhode Island's tax expenditure reporting effort. The plan shall include measurable criteria to evaluate improvements in the reliability of tax expenditure item estimates and the identification of beneficiaries of each tax expenditure by number, income, class and industry. The plan shall also include cost estimates of additional resources necessary to implement the plan and may include any other information that the tax administrator deems appropriate for inclusion in said plan.

History of Section.
(P.L. 1996, ch. 327, § 1; P.L. 1996, ch. 394, § 1; P.L. 1997, ch. 30, art. 38, § 1; P.L. 2003, ch. 142, § 1; P.L. 2003, ch. 146, § 1; P.L. 2006, ch. 246, art. 38, § 16.)

Appendix B: Current Statute on Tax Incentives Evaluation

TITLE 44

Taxation

CHAPTER 44-48.2

Rhode Island Economic Development Tax Incentives Evaluation Act of 2013

R.I. Gen. Laws § 44-48.2-1

§ 44-48.2-1 Short title. – This chapter shall be known and may be cited as the "Economic Development Tax Incentives Evaluation Act of 2013."

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5.)

R.I. Gen. Laws § 44-48.2-2

§ 44-48.2-2 Legislative findings and purpose. – The general assembly finds and declares that:

(1) The state of Rhode Island relies on a number of tax incentives, including credits, exemptions, and deductions, to encourage businesses to locate, hire employees, expand, invest, and/or remain in the state;

(2) These various tax incentives are intended as a tool for economic development, promoting new jobs and business growth in Rhode Island;

(3) The state needs a systematic approach for evaluating whether incentives are fulfilling their intended purposes in a cost-effective manner;

(4) In order to improve state government's effectiveness in serving the residents of this state, the legislature finds it necessary to provide for the systematic and comprehensive analysis of economic development tax incentives and for those analyses to be incorporated into the budget and policymaking processes.

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65.)

R.I. Gen. Laws § 44-48.2-3

§ 44-48.2-3 Economic development tax incentive defined. – (a) As used in this section, the term "economic development tax incentive" shall include:

(1) Those tax credits, deductions, exemptions, exclusions, and other preferential tax benefits associated with §§ 42-64.3-6, 42-64.3-7, 42-64.5-3, 42-64.6-4, 42-64.11-4, 44-30-1.1, 44-31-1, 44-31-1.1, 44-31-2, 44-31.2-5, 44-32-1, 44-32-2, 44-32-3, 44-39.1-1, 44-43-2, 44-

43-3, and 44-63-2, and chapters 64.20, 64.21, 64.26, 64.30 of title 42 and chapter 48.3 of title 44;

(2) Any future incentives enacted after the effective date of this section for the purpose of recruitment or retention of businesses in the state of Rhode Island.

(b) In determining whether a future tax incentive is enacted for "the purpose of recruitment or retention of businesses", the office of revenue analysis shall consider legislative intent, including legislative statements of purpose and goals, and may also consider whether the tax incentive is promoted as a business incentive by the state's economic development agency or other relevant state agency.

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65; P.L. 2015, ch. 141, art. 19, § 14.)

R.I. Gen. Laws § 44-48.2-4

§ 44-48.2-4 Economic Development Tax Incentive Evaluations, Schedule. – (a) In accordance with the following schedule, the tax expenditure report produced by the chief of the office of revenue analysis pursuant to § 44-48.1-1 shall include an additional analysis component, consistent with § 44-48.2-5 and produced in consultation with the chief executive officer of the commerce corporation, the director of the office of management and budget, and the director of the department of labor and training:

(1) Analyses of economic development tax incentives as listed in subdivision 44-48.2-3(1) shall be completed at least once between July 1, 2014, and June 30, 2017, and no less than once every three (3) years thereafter;

(2) Analyses of any economic development tax incentives created after July 1, 2013, shall be completed within five (5) years of taking effect and no less than once every three (3) years thereafter;

(b) No later than the tenth (10th) of January each year, beginning in 2014, the office of revenue analysis will submit to the chairs of the senate and house finance committees a three-year (3) plan for evaluating economic development tax incentives.

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65.)

R.I. Gen. Laws § 44-48.2-5

§ 44-48.2-5 Economic Development Tax Incentive Evaluations, Analysis. – (a) The additional analysis as required by § 44-48.2-4 shall include, but not be limited to:

(1) A baseline assessment of the tax incentive, including, if applicable, the number of aggregate jobs associated with the taxpayers receiving such tax incentive and the aggregate annual revenue that such taxpayers generate for the state through the direct taxes applied to them and through taxes applied to their employees;

(2) The statutory and programmatic goals and intent of the tax incentive, if said goals and intentions are included in the incentive's enabling statute or legislation;

(3) The number of taxpayers granted the tax incentive during the previous twelve-month (12) period;

(4) The value of the tax incentive granted, and ultimately claimed, listed by the North American Industrial Classification System (NAICS) Code associated with the taxpayers receiving such benefit, if such NAICS Code is available;

(5) An assessment and five-year (5) projection of the potential impact on the state's revenue stream from carry forwards allowed under such tax incentive;

(6) An estimate of the economic impact of the tax incentive including, but not limited to:

(i) A cost-benefit comparison of the revenue foregone by allowing the tax incentive compared to tax revenue generated by the taxpayer receiving the credit, including direct taxes applied to them and taxes applied to their employees; and

(ii) An estimate of the number of jobs that were the direct result of the incentive;

(iii) [Deleted by P.L. 2023, ch. 294, § 7 and P.L. 2023, ch. 295, § 7.]

(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 subsections (a)(1) through (a)(8) of this section.

(b) All departments, offices, boards, and agencies of the state shall cooperate with the chief of the office of revenue analysis and shall provide to the office of revenue analysis any records, information (documentary and otherwise), data, and data analysis as may be necessary to complete the report required pursuant to this section.

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5; P.L. 2014, ch. 528, § 65. P.L. 2023, ch. 294, § 7, effective June 22, 2023; P.L. 2023, ch. 295, § 7, effective June 22, 2023.)

R.I. Gen. Laws § 44-48.2-6

§ 44-48.2-6 Consideration by the governor. – The governor's budget submission as required under chapter 35-3 shall identify each economic development tax incentive for which an evaluation was completed in accordance with this chapter in the period since the governor's previous budget submission. For each evaluated tax incentive, the governor's budget submission shall include a recommendation as to whether the tax incentive should be continued, modified, or terminated.

History of Section.
(P.L. 2013, ch. 155, § 5; P.L. 2013, ch. 209, § 5.)

Appendix C: Defunct Tax Expenditure Items Found in Rhode Island Law

Due to various law changes, there are tax expenditure items found listed in the Rhode Island General Laws that are unable to be taken against one or more tax types. In the 2010 Session, the Rhode Island Legislature enacted a personal income tax reform that explicitly stated which credits may be used against the personal income tax. Credits not listed in R.I. Gen. Laws § 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 Gen. Laws Chapter 44-12) for tax years beginning on or after January 1, 2015, which eliminated any tax expenditure item established against taxes imposed by the franchise tax. Finally, there are tax expenditure items that have been allowed to expire through a sunset provision or other enacted legislation. ORA has included a list of these items that were eliminated due to legislation enacted in or after the 2008 Session.

Disallowed Tax Expenditure Items

The following is a list, by tax type, of various tax expenditure items that can no longer be used against the tax type cited. The Rhode Island General Laws citation is contained in the parentheses immediately following the tax expenditure item.

Bank Tax:

Credits:

- Specialized Mill Building Investment (§ 44-31-2)

Business Corporation Tax:

Credits:

- Specialized Mill Building Investment (§ 44-31-2)

Exclusions:

- Special Apportionment of U.S. Federal Drug Administration Facilities (§ 44-11-14.1)

Modifications:

- Domestic International Sales Corporations (DISCs) (§ 44-11-11(c))
- Foreign Sales Corporations (FSCs) (§ 44-11-11(d))

Other Items:

- Allocation and Apportionment of Manufacturers (§ 44-11-14.6)
- Allocation and Apportionment of Specialty Receipts (§ 44-11-15)

Generation Skipping Transfer Tax

Credits:

- Real or Personal Property Taxed in Another State (§ 44-40-3(b))

Insurance Company Gross Premiums Tax

Credits:

- Specialized Mill Building Investment (§ 44-31-2)

Personal Income Tax:

Credits:

- Adoption* (§ 44-30-2.6(c)(2)(L))
- Adult and Child Daycare (Chapter 44-47)
- Adult Education Credit (Chapter 44-46)
- Art Exhibition Credit (§ 44-30-24)
- Biotechnology Investment (§ 44-31-1.1)
- Elderly or Disabled* (§ 44-30-2.6(c)(2)(K))
- Employment – Welfare Bonus Program (Chapter 44-39.1)
- Empowerment Zone Employment Credit* (§ 44-30-2.6(c)(2)(K))
- Farm to School Income (§ 44-30-27)
- General Business* (§ 44-30-2.6(c)(2)(K))
- Historic Homeownership Assistance[10] (Chapter 44-33.1)
- Hydroelectric Power (§ 44-30-22)
- Interest for Loans to Mill Building Owners (§ 42-64.9-9)
- Investment Credit (§ 44-31-1)
- Juvenile Restitution (§ 14-1-32.1(c))
- Mortgage Interest Credit* (§ 44-30-2.6(c)(2)(K))
- Non-Resident Trust Beneficiary for Accumulating Distribution (§ 44-30-37)
- Prior Year Minimum Tax* (§ 44-33-5)
- Qualified Electric Vehicle Credit* (§ 44-30-2.6(c)(2)(K))
- Qualifying Widow(er) (§ 44-30-26)
- Research and Development Expense (§ 44-32-3)
- Research and Development Property (§ 44-32-2)
- Resident Trust Beneficiary for Accumulating Distribution (§ 44-30-19)
- Residential Renewable Energy System (§ 44-57-1)
- Specialized Mill Building Investment (Chapter 44-31-2)
- Wage credit – Tax Incentives for Capital Investment in Small Businesses (§ 44-43-3)

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[10] No new credits may be issued under the Historic Homeownership Assistance Act. Please see Historic Homeownership Assistance in Section VIII: Credits for an explanation on the allowance of previously issued carryforwards.

- Wages Paid by Employers in Mill Buildings (§ 42-64.9-8)

* For tax years beginning on or before December 31, 2010, Rhode Island taxpayers were able to receive a Rhode Island credit of 25 percent of certain allowable federal credits.

Deductions:

- Amortization of Air or Water Pollution Control Facilities (§ 44-30-7)

Preferential Tax Rate:

- Alternative Personal Income Tax (§ 44-30-2.10)

Sales and Use Tax:

Exemptions

- Bibles (§ 44-18-30(29))
- Distressed Essential Community Hospital (§ 23-17.25-2) (as of July 1, 2019)

Franchise Tax:

The repeal of the franchise tax for tax years beginning on or after January 1, 2015, under Rhode Island Public Laws 2014, Chapter 145, Article 12, Section 20, eliminated any tax expenditure item established against taxes imposed by Rhode Island General Laws Chapter 44-12. The following is a list of tax expenditure items impacted by this law change, along with their statutory reference in parentheses:

Credits:

- Historic Preservation (Chapter 44-33.6)
- Historic Structures (Chapter 44-33.2)
- Incentives for Innovation and Growth (Chapter 44-63)
- Musical and Theatrical Production (Chapter 44-31.3)

Exclusions:

- Corporations Taxed Under the Business Corporation Tax (§ 44-12-1(b))

Exemptions:

- Hospitals and Other Specific Corporations (§ 44-12-11)

Modifications:

- Income from the Assignment or Transfer of Historic Preservation Tax Credits (§ 44-33.6-3(f))
- Income from the Assignment or Transfer of Historic Structures Tax Credits (§ 44-33.2-3(2))
- Income from the Assignment or Transfer of Motion Picture Production Tax Credits (§ 44-31.2-9(c))
- Income from the Assignment or Transfer of Musical and Theatrical Production Tax Credits (§ 44-31.3-2(b)(6))

Expired Tax Expenditure Items

The following is a list, by tax type, of various tax expenditure items that have expired, along with the expiration date. It should be noted that some tax expenditure items may still be taken if the taxpayer was approved for the tax expenditure item prior to the expiration date. The Rhode Island General Laws citation is contained in the parentheses immediately following the tax expenditure item.

Bank Tax:

Credits:

- Interest for Loans to Mill Building Owners, August 8, 2009 (§42-64.9-9)

Business Corporation Tax:

Credits:

- Anchor Institution, December 31, 2018 (Chapter 42-64.30)
- Enterprise Zone Wage, June 30, 2015 (Chapter 42-64.3)
- Incentives for Innovation and Growth, December 31, 2016 (§ 44-63-2)
- Interest for Loans to Mill Building Owners, August 8, 2009 (§42-64.9-9)
- Jobs Training, December 31, 2017 (§ 42-64.6-4)
- Mill Building and Economic Revitalization Act, August 8, 2009 (Chapter 42-64.7)
- Taxes Paid to Foreign Governments, January 1, 2008 (§ 44-30-2.6)
- Wages Paid by Employers in Mill Buildings, August 8, 2009 (§42-64.9-8)

Exemptions:

- Rhode Island Economic Development Corporation (now the Rhode Island Commerce Corporation) Project Status Designees, June 30, 2011 (§ 42-64-20)

Other Items:

- Passive Investment Treatment, December 31, 2014 (§ 44-11-43)
- Returns of Affiliated Groups of Corporations, December 31, 2014 (§ 44-11-4)

Preferential Tax Rates

- Capital Gains as Ordinary Income, December 31, 2009 (§§ 44-30- 2.6, 44-30-2.7)

Insurance Company Gross Premiums Tax

Credits:

- Interest for Loans to Mill Building Owners, August 8, 2009 (§42-64.9-9)

Exclusions:

- Programs of Insurance Administered Under Title XIX of the Social Security Act, 42 U.S.C.

Exemptions:

- Nonprofit Dental Service Corporations, January 1, 2009 (§ 27-20.1-2(f))
- Premiums Received from Insurance for Medical Malpractice, January 1, 2011 (§ 42-14.1-1)

Preferential Tax Rates

- Nonprofit Hospital Service Corporations, Nonprofit Medical Service Corporations, Nonprofit Dental Corporations, and Health Maintenance Organizations, January 1, 2009 (§ 44-17-1)

Public Service Corporation Tax:

Credits:

- Interest for Loans to Mill Building Owners, August 8, 2009 (§42-64.9-9)

Real Estate Conveyance Tax:

Exclusions:

- Conveyance of Real Estate Relating to the Capitol Center Project, Commission was dissolved June 25, 2025 (§44-25-2(c))

Sales and Use Tax

Exemptions:

- Distressed Essential Community Hospital, June 30, 2019 (§ 23-17.25-2)
- Electricity, Steam and Thermal Energy from Rhode Island Economic Development Corporation (now the Rhode Island Commerce Corporation), central heating plant at Quonset Development Park was closed in 2002 (§ 44-18-40.1)
- Narragansett Pier Railroad Company, closed in 1981 (§ 44-13-1(a))
- Prewritten Computer Software Delivered Electronically, June 30, 2011 (§ 44-15-30(61))
- Rhode Island Economic Development Corporation Project Status Designees, June 30, 2011 (§ 42-64-20)

Other Defunct Expenditure Items

The following is a list, by tax type, of various tax expenditure items that are listed under Rhode Island law that are defunct for other reasons; for example, they have been rendered unnecessary due to other statutory language in federal or state law.

Shared Responsibility Payment Penalty Tax

Exemptions:

- Medicaid (§ 44-30-101(e)(6) – The minimal essential coverage needed to avoid paying this tax includes government-sponsored programs, such as Medicaid.