

2024 -- S 2355

LC004494

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO TAXATION -- PERSONAL INCOME TAX

Introduced By: Senators Murray, Lawson, Euer, Cano, Ciccone, Britto, Acosta, Gu,
Mack, and Bissaillon

Date Introduced: February 12, 2024

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is hereby
2 amended by adding thereto the following section:

3 **44-30-2.12. Surtax on millionaires.**

4 (a) For the tax year ending December 31, 2025, and every December 31 thereafter, there
5 is hereby imposed on the taxable income of married individuals filing joint returns, qualifying
6 widow(er), every head of household, unmarried individuals, married individuals filing separate
7 returns and bankruptcy estates, a surtax of three percent (3%) on Rhode Island taxable income over
8 one million dollars (\$1,000,000).

9 (b) The tax imposed in subsection (a) of this section is in addition to the personal income
10 tax imposed in § 44-30-2.6.

11 (c) The tax imposed in subsection (a) of this section is on taxable income net of
12 modifications, the standard deduction, and exemptions as specified in § 44-30-2.6.

13 (d) Any personal income tax collected in accordance with this section shall be deposited
14 into a restricted receipt account and shall only be expended on the following:

15 (1) Affordable, reliable, and quality child care and early learning programs;

16 (2) Quality public education;

17 (3) Affordable public colleges and universities;

18 (4) The repair and maintenance of roads and bridges; and

19 (5) Public transportation.

1 (e) Beginning with the fiscal year 2026 budget and then annually thereafter, within a month
2 of the enactment of the annual state budget, the division of taxation shall report annually to the
3 general assembly identifying the amount of surtax revenue collected pursuant to subsection (a) of
4 this section and the manner in which the collected surtax revenue was distributed in accordance
5 with subsection (d) of this section, and shall set aside ten percent (10%) of the surtax collections in
6 an indirect costs recovery account.

7 SECTION 2. This act shall take effect on January 1, 2025 and shall not apply retroactively.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would impose a Rhode Island personal income surtax of three percent (3%) on
2 taxable income over one million dollars (\$1,000,000), with the existing three-bracket personal
3 income tax structure remaining in place. This surtax would be imposed on taxable income after all
4 modifications, standard deductions, and exemptions have been applied.

5 This act would also require that the tax revenue collected from this surtax be placed into a
6 restricted receipts account to be used for affordable, reliable, and quality child care and early
7 learning programs; quality public education; affordable public colleges and universities; the repair
8 and maintenance of roads and bridges; and public transportation. The division of taxation would
9 annually report to the general assembly as to the amount collected and distributed.

10 This act would take effect on January 1, 2025 and shall not apply retroactively.

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