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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO TAXATION -- BUSINESS CORPORATION TAX

Introduced By: Representatives Santucci, Quattrocchi, Roberts, Nardone, Fascia, Place,
Chippendale, Newberry, and Paplauskas

Date Introduced: February 28, 2025

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-11-2 of the General Laws in Chapter 44-11 entitled "Business
2 Corporation Tax" is hereby amended to read as follows:

3 **44-11-2. Imposition of tax.**

4 (a) Each corporation shall annually pay to the state a tax equal to nine percent (9%) of net
5 income, as defined in § 44-11-11, qualified in § 44-11-12, and apportioned to this state as provided
6 in §§ 44-11-13 — 44-11-15, for the taxable year. For tax years beginning on or after January 1,
7 2015, each corporation shall annually pay to the state a tax equal to seven percent (7.0%) of net
8 income, as defined in § 44-11-13 — 44-11-15, for the taxable year.

9 (b) A corporation shall pay the amount of any tax as computed in accordance with
10 subsection (a) after deducting from "net income," as used in this section, fifty percent (50%) of the
11 excess of capital gains over capital losses realized during the taxable year, if for the taxable year:

12 (1) The corporation is engaged in buying, selling, dealing in, or holding securities on its
13 own behalf and not as a broker, underwriter, or distributor;

14 (2) Its gross receipts derived from these activities during the taxable year amounted to at
15 least ninety percent (90%) of its total gross receipts derived from all of its activities during the year.
16 "Gross receipts" means all receipts, whether in the form of money, credits, or other valuable
17 consideration, received during the taxable year in connection with the conduct of the taxpayer's
18 activities.

19 (c) A corporation shall not pay the amount of the tax computed on the basis of its net

1 income under subsection (a), but shall annually pay to the state a tax equal to ten cents (\$.10) for
2 each one hundred dollars (\$100) of gross income for the taxable year or a tax of one hundred dollars
3 (\$100), whichever tax shall be the greater, if for the taxable year the corporation is either a “personal
4 holding company” registered under the federal Investment Company Act of 1940, 15 U.S.C. § 80a-
5 1 et seq., “regulated investment company,” or a “real estate investment trust” as defined in the
6 federal income tax law applicable to the taxable year. “Gross income” means gross income as
7 defined in the federal income tax law applicable to the taxable year, plus:

- 8 (1) Any interest not included in the federal gross income; minus
9 (2) Interest on obligations of the United States or its possessions, and other interest exempt
10 from taxation by this state; and minus
11 (3) Fifty percent (50%) of the excess of capital gains over capital losses realized during the
12 taxable year.

13 (d)(1) A small business corporation having an election in effect under subchapter S, 26
14 U.S.C. § 1361 et seq., shall not be subject to the Rhode Island income tax on corporations, except
15 that the corporation shall be subject to the provisions of subsection (a), to the extent of the income
16 that is subjected to federal tax under subchapter S. Effective for tax years beginning on or after
17 January 1, 2015, a small business corporation having an election in effect under subchapter S, 26
18 U.S.C. § 1361 et seq., shall be subject to the minimum tax under § 44-11-2(e).

19 (2) The shareholders of the corporation who are residents of Rhode Island shall include in
20 their income their proportionate share of the corporation’s federal taxable income.

21 (3) [Deleted by P.L. 2004, ch. 595, art. 29, § 1.]

22 (4) [Deleted by P.L. 2004, ch. 595, art. 29, § 1.]

23 (e) Minimum tax. The tax imposed upon any corporation under this section, including a
24 small business corporation having an election in effect under subchapter S, 26 U.S.C. § 1361 et
25 seq., shall not be less than four hundred fifty dollars (\$450). For tax years beginning on or after
26 January 1, 2017, the tax imposed shall not be less than four hundred dollars (\$400).

27 [\(f\) Credit against tax for ABLE contributions. An employer shall be allowed a credit](#)
28 [against income tax for contributions to an eligible employee’s ABLE account, established pursuant](#)
29 [to §42-7.2-20.3, for a maximum credit of two thousand dollars \(\\$2,000\) per employee, per year.](#)

30 SECTION 2. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal
31 Income Tax" is hereby amended to read as follows:

32 **44-30-2.6. Rhode Island taxable income — Rate of tax.**

33 (a) “Rhode Island taxable income” means federal taxable income as determined under the
34 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-

1 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax
2 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of
3 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

4 (b) Notwithstanding the provisions of §§ 44-30-1 and 44-30-2, for tax years beginning on
5 or after January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island
6 taxable income of residents and nonresidents, including estates and trusts, at the rate of twenty-five
7 and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year 2002
8 and thereafter of the federal income tax rates, including capital gains rates and any other special
9 rates for other types of income, except as provided in § 44-30-2.7, which were in effect immediately
10 prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA);
11 provided, rate schedules shall be adjusted for inflation by the tax administrator beginning in taxable
12 year 2002 and thereafter in the manner prescribed for adjustment by the commissioner of Internal
13 Revenue in 26 U.S.C. § 1(f). However, for tax years beginning on or after January 1, 2006, a
14 taxpayer may elect to use the alternative flat tax rate provided in § 44-30-2.10 to calculate his or
15 her personal income tax liability.

16 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative
17 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island
18 alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by
19 multiplying the federal tentative minimum tax without allowing for the increased exemptions under
20 the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal form 6251
21 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%) for tax year
22 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing the product
23 to the Rhode Island tax as computed otherwise under this section. The excess shall be the taxpayer's
24 Rhode Island alternative minimum tax.

25 (1) For tax years beginning on or after January 1, 2005, and thereafter, the exemption
26 amount for alternative minimum tax, for Rhode Island purposes, shall be adjusted for inflation by
27 the tax administrator in the manner prescribed for adjustment by the commissioner of Internal
28 Revenue in 26 U.S.C. § 1(f).

29 (2) For the period January 1, 2007, through December 31, 2007, and thereafter, Rhode
30 Island taxable income shall be determined by deducting from federal adjusted gross income as
31 defined in 26 U.S.C. § 62 as modified by the modifications in § 44-30-12 the Rhode Island
32 itemized-deduction amount and the Rhode Island exemption amount as determined in this section.

33 (A) **Tax imposed.**

34 (1) There is hereby imposed on the taxable income of married individuals filing joint

1 returns and surviving spouses a tax determined in accordance with the following table:

2	If taxable income is:	The tax is:
3	Not over \$53,150	3.75% of taxable income
4	Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the excess over \$53,150
5	Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the excess over \$128,500
6	Over \$195,850 but not over \$349,700	\$12,487.25 plus 9.00% of the excess over \$195,850
7	Over \$349,700	\$26,333.75 plus 9.90% of the excess over \$349,700

8 (2) There is hereby imposed on the taxable income of every head of household a tax
9 determined in accordance with the following table:

10	If taxable income is:	The tax is:
11	Not over \$42,650	3.75% of taxable income
12	Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the excess over \$42,650
13	Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the excess over \$110,100
14	Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the excess over \$178,350
15	Over \$349,700	\$27,031.75 plus 9.90% of the excess over \$349,700

16 (3) There is hereby imposed on the taxable income of unmarried individuals (other than
17 surviving spouses and heads of households) a tax determined in accordance with the following
18 table:

19	If taxable income is:	The tax is:
20	Not over \$31,850	3.75% of taxable income
21	Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the excess over \$31,850
22	Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the excess over \$77,100
23	Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the excess over \$160,850
24	Over \$349,700	\$27,849.00 plus 9.90% of the excess over \$349,700

25 (4) There is hereby imposed on the taxable income of married individuals filing separate
26 returns and bankruptcy estates a tax determined in accordance with the following table:

27	If taxable income is:	The tax is:
28	Not over \$26,575	3.75% of taxable income
29	Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the excess over \$26,575
30	Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the excess over \$64,250
31	Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the excess over \$97,925
32	Over \$174,850	\$13,166.88 plus 9.90% of the excess over \$174,850

33 (5) There is hereby imposed a taxable income of an estate or trust a tax determined in
34 accordance with the following table:

1	If taxable income is:	The tax is:
2	Not over \$2,150	3.75% of taxable income
3	Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess over \$2,150
4	Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the excess over \$5,000
5	Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the excess over \$7,650
6	Over \$10,450	\$737.50 plus 9.90% of the excess over \$10,450

7 (6) Adjustments for inflation.

8 The dollars amount contained in paragraph (A) shall be increased by an amount equal to:

9 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;

10 (b) The cost-of-living adjustment determined under section (J) with a base year of 1993;

11 (c) The cost-of-living adjustment referred to in subparagraphs (a) and (b) used in making
12 adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall
13 be determined under section (J) by substituting "1994" for "1993."

14 **(B) Maximum capital gains rates.**

15 (1) In general.

16 If a taxpayer has a net capital gain for tax years ending prior to January 1, 2010, the tax
17 imposed by this section for such taxable year shall not exceed the sum of:

18 (a) 2.5% of the net capital gain as reported for federal income tax purposes under section
19 26 U.S.C. § 1(h)(1)(a) and 26 U.S.C. § 1(h)(1)(b).

20 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
21 § 1(h)(1)(c).

22 (c) 6.25% of the net capital gain as reported for federal income tax purposes under 26
23 U.S.C. § 1(h)(1)(d).

24 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
25 § 1(h)(1)(e).

26 (2) For tax years beginning on or after January 1, 2010, the tax imposed on net capital gain
27 shall be determined under subdivision 44-30-2.6(c)(2)(A).

28 **(C) Itemized deductions.**

29 (1) In general.

30 For the purposes of section (2), "itemized deductions" means the amount of federal
31 itemized deductions as modified by the modifications in § 44-30-12.

32 (2) Individuals who do not itemize their deductions.

33 In the case of an individual who does not elect to itemize his deductions for the taxable
34 year, they may elect to take a standard deduction.

1 (3) Basic standard deduction.

2 The Rhode Island standard deduction shall be allowed in accordance with the following
3 table:

4 Filing status	Amount
5 Single	\$5,350
6 Married filing jointly or qualifying widow(er)	\$8,900
7 Married filing separately	\$4,450
8 Head of Household	\$7,850

9 (4) Additional standard deduction for the aged and blind.

10 An additional standard deduction shall be allowed for individuals age sixty-five (65) or
11 older or blind in the amount of \$1,300 for individuals who are not married and \$1,050 for
12 individuals who are married.

13 (5) Limitation on basic standard deduction in the case of certain dependents.

14 In the case of an individual to whom a deduction under section (E) is allowable to another
15 taxpayer, the basic standard deduction applicable to such individual shall not exceed the greater of:

- 16 (a) \$850;
- 17 (b) The sum of \$300 and such individual's earned income;
- 18 (c) Certain individuals not eligible for standard deduction.

19 In the case of:

- 20 (a) A married individual filing a separate return where either spouse itemizes deductions;
- 21 (b) Nonresident alien individual;
- 22 (c) An estate or trust;

23 The standard deduction shall be zero.

24 (7) Adjustments for inflation.

25 Each dollar amount contained in paragraphs (3), (4) and (5) shall be increased by an amount
26 equal to:

- 27 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988, multiplied
- 28 by
- 29 (b) The cost-of-living adjustment determined under section (J) with a base year of 1988.

30 **(D) Overall limitation on itemized deductions.**

31 (1) General rule.

32 In the case of an individual whose adjusted gross income as modified by § 44-30-12
33 exceeds the applicable amount, the amount of the itemized deductions otherwise allowable for the
34 taxable year shall be reduced by the lesser of:

1 (a) Three percent (3%) of the excess of adjusted gross income as modified by § 44-30-12
2 over the applicable amount; or

3 (b) Eighty percent (80%) of the amount of the itemized deductions otherwise allowable for
4 such taxable year.

5 (2) Applicable amount.

6 (a) In general.

7 For purposes of this section, the term “applicable amount” means \$156,400 (\$78,200 in the
8 case of a separate return by a married individual)

9 (b) Adjustments for inflation.

10 Each dollar amount contained in paragraph (a) shall be increased by an amount equal to:

11 (i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by

12 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

13 (3) Phase-out of Limitation.

14 (a) In general.

15 In the case of taxable year beginning after December 31, 2005, and before January 1, 2010,
16 the reduction under section (1) shall be equal to the applicable fraction of the amount which would
17 be the amount of such reduction.

18 (b) Applicable fraction.

19 For purposes of paragraph (a), the applicable fraction shall be determined in accordance
20 with the following table:

21 For taxable years beginning in calendar year	The applicable fraction is
22 2006 and 2007	$\frac{2}{3}$
23 2008 and 2009	$\frac{1}{3}$

24 **(E) Exemption amount.**

25 (1) In general.

26 Except as otherwise provided in this subsection, the term “exemption amount” means
27 \$3,400.

28 (2) Exemption amount disallowed in case of certain dependents.

29 In the case of an individual with respect to whom a deduction under this section is allowable
30 to another taxpayer for the same taxable year, the exemption amount applicable to such individual
31 for such individual's taxable year shall be zero.

32 (3) Adjustments for inflation.

33 The dollar amount contained in paragraph (1) shall be increased by an amount equal to:

34 (a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by

1 (b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

2 (4) Limitation.

3 (a) In general.

4 In the case of any taxpayer whose adjusted gross income as modified for the taxable year
5 exceeds the threshold amount shall be reduced by the applicable percentage.

6 (b) Applicable percentage.

7 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the
8 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each
9 \$2,500 (or fraction thereof) by which the taxpayer’s adjusted gross income for the taxable year
10 exceeds the threshold amount. In the case of a married individual filing a separate return, the
11 preceding sentence shall be applied by substituting “\$1,250” for “\$2,500.” In no event shall the
12 applicable percentage exceed one hundred percent (100%).

13 (c) Threshold Amount.

14 For the purposes of this paragraph, the term “threshold amount” shall be determined with
15 the following table:

16 Filing status	Amount
17 Single	\$156,400
18 Married filing jointly of qualifying widow(er)	\$234,600
19 Married filing separately	\$117,300
20 Head of Household	\$195,500

21 (d) Adjustments for inflation.

22 Each dollar amount contained in paragraph (b) shall be increased by an amount equal to:

23 (i) Such dollar amount contained in paragraph (b) in the year 1991, multiplied by

24 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

25 (5) Phase-out of limitation.

26 (a) In general.

27 In the case of taxable years beginning after December 31, 2005, and before January 1,
28 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
29 would be the amount of such reduction.

30 (b) Applicable fraction.

31 For the purposes of paragraph (a), the applicable fraction shall be determined in accordance
32 with the following table:

33 For taxable years beginning in calendar year	The applicable fraction is
34 2006 and 2007	$\frac{2}{3}$

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(F) Alternative minimum tax.

(1) General rule. There is hereby imposed (in addition to any other tax imposed by this subtitle) a tax equal to the excess (if any) of:

- (a) The tentative minimum tax for the taxable year, over
- (b) The regular tax for the taxable year.

(2) The tentative minimum tax for the taxable year is the sum of:

- (a) 6.5 percent of so much of the taxable excess as does not exceed \$175,000, plus
- (b) 7.0 percent of so much of the taxable excess above \$175,000.

(3) The amount determined under the preceding sentence shall be reduced by the alternative minimum tax foreign tax credit for the taxable year.

(4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so much of the federal alternative minimum taxable income as modified by the modifications in § 44-30-12 as exceeds the exemption amount.

(5) In the case of a married individual filing a separate return, subparagraph (2) shall be applied by substituting "\$87,500" for \$175,000 each place it appears.

(6) Exemption amount.

For purposes of this section "exemption amount" means:

Filing status	Amount
Single	\$39,150
Married filing jointly or qualifying widow(er)	\$53,700
Married filing separately	\$26,850
Head of Household	\$39,150
Estate or trust	\$24,650

(7) Treatment of unearned income of minor children

(a) In general.

In the case of a minor child, the exemption amount for purposes of section (6) shall not exceed the sum of:

- (i) Such child's earned income, plus
- (ii) \$6,000.

(8) Adjustments for inflation.

The dollar amount contained in paragraphs (6) and (7) shall be increased by an amount equal to:

- (a) Such dollar amount contained in paragraphs (6) and (7) in the year 2004, multiplied by

1 (b) The cost-of-living adjustment determined under section (J) with a base year of 2004.

2 (9) Phase-out.

3 (a) In general.

4 The exemption amount of any taxpayer shall be reduced (but not below zero) by an amount
5 equal to twenty-five percent (25%) of the amount by which alternative minimum taxable income
6 of the taxpayer exceeds the threshold amount.

7 (b) Threshold amount.

8 For purposes of this paragraph, the term “threshold amount” shall be determined with the
9 following table:

10	Filing status	Amount
11	Single	\$123,250
12	Married filing jointly or qualifying widow(er)	\$164,350
13	Married filing separately	\$82,175
14	Head of Household	\$123,250
15	Estate or Trust	\$82,150

16 (c) Adjustments for inflation

17 Each dollar amount contained in paragraph (9) shall be increased by an amount equal to:

18 (i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by

19 (ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.

20 **(G) Other Rhode Island taxes.**

21 (1) General rule. There is hereby imposed (in addition to any other tax imposed by this
22 subtitle) a tax equal to twenty-five percent (25%) of:

23 (a) The Federal income tax on lump-sum distributions.

24 (b) The Federal income tax on parents' election to report child's interest and dividends.

25 (c) The recapture of Federal tax credits that were previously claimed on Rhode Island
26 return.

27 **(H) Tax for children under 18 with investment income.**

28 (1) General rule. There is hereby imposed a tax equal to twenty-five percent (25%) of:

29 (a) The Federal tax for children under the age of 18 with investment income.

30 **(I) Averaging of farm income.**

31 (1) General rule. At the election of an individual engaged in a farming business or fishing
32 business, the tax imposed in section 2 shall be equal to twenty-five percent (25%) of:

33 (a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. §
34 1301].

1 **(J) Cost-of-living adjustment.**

2 (1) In general.

3 The cost-of-living adjustment for any calendar year is the percentage (if any) by which:

4 (a) The CPI for the preceding calendar year exceeds

5 (b) The CPI for the base year.

6 (2) CPI for any calendar year.

7 For purposes of paragraph (1), the CPI for any calendar year is the average of the consumer
8 price index as of the close of the twelve (12) month period ending on August 31 of such calendar
9 year.

10 (3) Consumer price index.

11 For purposes of paragraph (2), the term “consumer price index” means the last consumer
12 price index for all urban consumers published by the department of labor. For purposes of the
13 preceding sentence, the revision of the consumer price index that is most consistent with the
14 consumer price index for calendar year 1986 shall be used.

15 (4) Rounding.

16 (a) In general.

17 If any increase determined under paragraph (1) is not a multiple of \$50, such increase shall
18 be rounded to the next lowest multiple of \$50.

19 (b) In the case of a married individual filing a separate return, subparagraph (a) shall be
20 applied by substituting “\$25” for \$50 each place it appears.

21 **(K) Credits against tax.** For tax years beginning on or after January 1, 2001, a taxpayer
22 entitled to any of the following federal credits enacted prior to January 1, 1996, shall be entitled to
23 a credit against the Rhode Island tax imposed under this section:

24 (1) [Deleted by P.L. 2007, ch. 73, art. 7, § 5.]

25 (2) Child and dependent care credit;

26 (3) General business credits;

27 (4) Credit for elderly or the disabled;

28 (5) Credit for prior year minimum tax;

29 (6) Mortgage interest credit;

30 (7) Empowerment zone employment credit;

31 (8) Qualified electric vehicle credit.

32 **(L) Credit against tax for adoption.** For tax years beginning on or after January 1, 2006,
33 a taxpayer entitled to the federal adoption credit shall be entitled to a credit against the Rhode Island
34 tax imposed under this section if the adopted child was under the care, custody, or supervision of

1 the Rhode Island department of children, youth and families prior to the adoption.

2 (M) The credit shall be twenty-five percent (25%) of the aforementioned federal credits
3 provided there shall be no deduction based on any federal credits enacted after January 1, 1996,
4 including the rate reduction credit provided by the federal Economic Growth and Tax
5 Reconciliation Act of 2001 (EGTRRA). In no event shall the tax imposed under this section be
6 reduced to less than zero. A taxpayer required to recapture any of the above credits for federal tax
7 purposes shall determine the Rhode Island amount to be recaptured in the same manner as
8 prescribed in this subsection.

9 (N) **Rhode Island earned-income credit.**

10 (1) In general.

11 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-
12 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent
13 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode
14 Island income tax.

15 For tax years beginning on or after January 1, 2015, and before January 1, 2016, a taxpayer
16 entitled to a federal earned-income credit shall be allowed a Rhode Island earned-income credit
17 equal to ten percent (10%) of the federal earned-income credit. Such credit shall not exceed the
18 amount of the Rhode Island income tax.

19 For tax years beginning on or after January 1, 2016, a taxpayer entitled to a federal earned-
20 income credit shall be allowed a Rhode Island earned-income credit equal to twelve and one-half
21 percent (12.5%) of the federal earned-income credit. Such credit shall not exceed the amount of the
22 Rhode Island income tax.

23 For tax years beginning on or after January 1, 2017, a taxpayer entitled to a federal earned-
24 income credit shall be allowed a Rhode Island earned-income credit equal to fifteen percent (15%)
25 of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode Island
26 income tax.

27 For tax years beginning on or after January 1, 2024, a taxpayer entitled to a federal earned-
28 income credit shall be allowed a Rhode Island earned-income credit equal to sixteen percent (16%)
29 of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode Island
30 income tax.

31 (2) Refundable portion.

32 In the event the Rhode Island earned-income credit allowed under paragraph (N)(1) of this
33 section exceeds the amount of Rhode Island income tax, a refundable earned-income credit shall
34 be allowed as follows.

1 (i) For tax years beginning before January 1, 2015, for purposes of paragraph (2) refundable
2 earned-income credit means fifteen percent (15%) of the amount by which the Rhode Island earned-
3 income credit exceeds the Rhode Island income tax.

4 (ii) For tax years beginning on or after January 1, 2015, for purposes of paragraph (2)
5 refundable earned-income credit means one hundred percent (100%) of the amount by which the
6 Rhode Island earned-income credit exceeds the Rhode Island income tax.

7 (O) The tax administrator shall recalculate and submit necessary revisions to paragraphs
8 (A) through (J) to the general assembly no later than February 1, 2010, and every three (3) years
9 thereafter for inclusion in the statute.

10 (3) For the period January 1, 2011, through December 31, 2011, and thereafter, "Rhode
11 Island taxable income" means federal adjusted gross income as determined under the Internal
12 Revenue Code, 26 U.S.C. § 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-
13 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph
14 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph
15 44-30-2.6(c)(3)(C).

16 **(A) Tax imposed.**

17 (I) There is hereby imposed on the taxable income of married individuals filing joint
18 returns, qualifying widow(er), every head of household, unmarried individuals, married individuals
19 filing separate returns and bankruptcy estates, a tax determined in accordance with the following
20 table:

RI Taxable Income			RI Income Tax
Over	But not over	Pay + % on Excess	on the amount over
\$ 0 -	\$ 55,000	\$ 0 + 3.75%	\$ 0
55,000 -	125,000	2,063 + 4.75%	55,000
125,000 -		5,388 + 5.99%	125,000

26 (II) There is hereby imposed on the taxable income of an estate or trust a tax determined in
27 accordance with the following table:

RI Taxable Income			RI Income Tax
Over	But not over	Pay + % on Excess	on the amount over
\$ 0 -	\$ 2,230	\$ 0 + 3.75%	\$ 0
2,230 -	7,022	84 + 4.75%	2,230
7,022 -		312 + 5.99%	7,022

33 **(B) Deductions:**

34 (I) Rhode Island Basic Standard Deduction.

1 Only the Rhode Island standard deduction shall be allowed in accordance with the
2 following table:

3 Filing status:	Amount
4 Single	\$7,500
5 Married filing jointly or qualifying widow(er)	\$15,000
6 Married filing separately	\$7,500
7 Head of Household	\$11,250

8 (II) Nonresident alien individuals, estates and trusts are not eligible for standard
9 deductions.

10 (III) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
11 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand
12 dollars (\$175,000), the standard deduction amount shall be reduced by the applicable percentage.
13 The term “applicable percentage” means twenty (20) percentage points for each five thousand
14 dollars (\$5,000) (or fraction thereof) by which the taxpayer’s adjusted gross income for the taxable
15 year exceeds one hundred seventy-five thousand dollars (\$175,000).

16 **(C) Exemption Amount:**

17 (I) The term “exemption amount” means three thousand five hundred dollars (\$3,500)
18 multiplied by the number of exemptions allowed for the taxable year for federal income tax
19 purposes. For tax years beginning on or after 2018, the term “exemption amount” means the same
20 as it does in 26 U.S.C. § 151 and 26 U.S.C. § 152 just prior to the enactment of the Tax Cuts and
21 Jobs Act (Pub. L. No. 115-97) on December 22, 2017.

22 (II) Exemption amount disallowed in case of certain dependents. In the case of an
23 individual with respect to whom a deduction under this section is allowable to another taxpayer for
24 the same taxable year, the exemption amount applicable to such individual for such individual’s
25 taxable year shall be zero.

26 (III) Identifying information required.

27 (1) Except as provided in § 44-30-2.6(c)(3)(C)(II) of this section, no exemption shall be
28 allowed under this section with respect to any individual unless the Taxpayer Identification Number
29 of such individual is included on the federal return claiming the exemption for the same tax filing
30 period.

31 (2) Notwithstanding the provisions of § 44-30-2.6(c)(3)(C)(I) of this section, in the event
32 that the Taxpayer Identification Number for each individual is not required to be included on the
33 federal tax return for the purposes of claiming a personal exemption(s), then the Taxpayer
34 Identification Number must be provided on the Rhode Island tax return for the purpose of claiming

1 said exemption(s).

2 (D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
3 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand
4 dollars (\$175,000), the exemption amount shall be reduced by the applicable percentage. The term
5 “applicable percentage” means twenty (20) percentage points for each five thousand dollars
6 (\$5,000) (or fraction thereof) by which the taxpayer’s adjusted gross income for the taxable year
7 exceeds one hundred seventy-five thousand dollars (\$175,000).

8 (E) **Adjustment for inflation.** The dollar amount contained in subparagraphs 44-30-
9 2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount
10 equal to:

11 (I) Such dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-2.6(c)(3)(B)
12 and 44-30-2.6(c)(3)(C) adjusted for inflation using a base tax year of 2000, multiplied by;

13 (II) The cost-of-living adjustment with a base year of 2000.

14 (III) For the purposes of this section, the cost-of-living adjustment for any calendar year is
15 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
16 the consumer price index for the base year. The consumer price index for any calendar year is the
17 average of the consumer price index as of the close of the twelve-month (12) period ending on
18 August 31, of such calendar year.

19 (IV) For the purpose of this section the term “consumer price index” means the last
20 consumer price index for all urban consumers published by the department of labor. For the purpose
21 of this section the revision of the consumer price index that is most consistent with the consumer
22 price index for calendar year 1986 shall be used.

23 (V) If any increase determined under this section is not a multiple of fifty dollars (\$50.00),
24 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
25 married individual filing separate return, if any increase determined under this section is not a
26 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple
27 of twenty-five dollars (\$25.00).

28 (F) **Credits against tax.**

29 (I) Notwithstanding any other provisions of Rhode Island Law, for tax years beginning on
30 or after January 1, 2011, the only credits allowed against a tax imposed under this chapter shall be
31 as follows:

32 (a) Rhode Island earned-income credit: Credit shall be allowed for earned-income credit
33 pursuant to subparagraph 44-30-2.6(c)(2)(N).

34 (b) Property Tax Relief Credit: Credit shall be allowed for property tax relief as provided

1 in § 44-33-1 et seq.

2 (c) Lead Paint Credit: Credit shall be allowed for residential lead abatement income tax
3 credit as provided in § 44-30.3-1 et seq.

4 (d) Credit for income taxes of other states. Credit shall be allowed for income tax paid to
5 other states pursuant to § 44-30-74.

6 (e) Historic Structures Tax Credit: Credit shall be allowed for historic structures tax credit
7 as provided in § 44-33.2-1 et seq.

8 (f) Motion Picture Productions Tax Credit: Credit shall be allowed for motion picture
9 production tax credit as provided in § 44-31.2-1 et seq.

10 (g) Child and Dependent Care: Credit shall be allowed for twenty-five percent (25%) of
11 the federal child and dependent care credit allowable for the taxable year for federal purposes;
12 provided, however, such credit shall not exceed the Rhode Island tax liability.

13 (h) Tax credits for contributions to Scholarship Organizations: Credit shall be allowed for
14 contributions to scholarship organizations as provided in chapter 62 of title 44.

15 (i) Credit for tax withheld. Wages upon which tax is required to be withheld shall be taxable
16 as if no withholding were required, but any amount of Rhode Island personal income tax actually
17 deducted and withheld in any calendar year shall be deemed to have been paid to the tax
18 administrator on behalf of the person from whom withheld, and the person shall be credited with
19 having paid that amount of tax for the taxable year beginning in that calendar year. For a taxable
20 year of less than twelve (12) months, the credit shall be made under regulations of the tax
21 administrator.

22 (j) Stay Invested in RI Wavemaker Fellowship: Credit shall be allowed for stay invested in
23 RI wavemaker fellowship program as provided in § 42-64.26-1 et seq.

24 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in
25 § 42-64.20-1 et seq.

26 (l) Rhode Island Qualified Jobs Incentive Program: Credit shall be allowed for Rhode
27 Island new qualified jobs incentive program credit as provided in § 44-48.3-1 et seq.

28 (m) Historic homeownership assistance act: Effective for tax year 2017 and thereafter,
29 unused carryforward for such credit previously issued shall be allowed for the historic
30 homeownership assistance act as provided in § 44-33.1-4. This allowance is for credits already
31 issued pursuant to § 44-33.1-4 and shall not be construed to authorize the issuance of new credits
32 under the historic homeownership assistance act.

33 [\(n\) Credit against tax for ABLE contributions. An employer shall be allowed a credit](#)
34 [against income tax for contributions to an eligible employee's ABLE account, established pursuant](#)

1 [to §42-7.2-20.3, for a maximum credit of two thousand dollars \(\\$2,000\) per employee, per year.](#)

2 (2) Except as provided in section 1 above, no other state and federal tax credit shall be
3 available to the taxpayers in computing tax liability under this chapter.

4 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- BUSINESS CORPORATION TAX

1 This act would allow an income tax credit for employer contributions to an eligible
2 employee's ABLE account, for a maximum credit of two thousand dollars (\$2,000) per employee,
3 per year.

4 This act would take effect upon passage.

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