

2026 -- H 8189

=====  
LC005303  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

---

A N A C T

RELATING TO TAXATION -- EMPLOYER TAX CREDITS FOR RETIREMENT PLAN  
ESTABLISHMENT, PARTICIPATION AND AUTO-ENROLLMENT

Introduced By: Representative Alex S. Finkelman

Date Introduced: February 27, 2026

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Legislative Findings and Purpose

2 The General Assembly finds that:

3 (1) A substantial number of Rhode Island workers lack access to employer-sponsored  
4 retirement plans;

5 (2) Small employers face disproportionate financial and administrative barriers in  
6 establishing and maintaining retirement plans;

7 (3) The federal Setting Every Community Up for Retirement Enhancement Act of 2019, as  
8 amended ("SECURE Act"), established tax incentives to encourage small employers to adopt  
9 retirement plans, increase employee participation, and implement automatic enrollment features;  
10 and

11 (4) Aligning state tax incentives with federal retirement policy will expand coverage,  
12 increase savings rates, and strengthen the long-term financial security of Rhode Island workers.

13 It is therefore the purpose of this act to encourage the establishment and maintenance of  
14 employer-sponsored retirement plans by providing tax credits tied to employee participation and  
15 automatic enrollment, consistent with federal law.

16 SECTION 2. Title 44 of the General Laws entitled "TAXATION" is hereby amended by  
17 adding thereto the following chapter:

18 [CHAPTER 55.1](#)

1           EMPLOYER TAX CREDITS FOR RETIREMENT PLAN ESTABLISHMENT,

2                           PARTICIPATION, AND AUTO-ENROLLMENT

3           **44-55.1-1. Definitions.**

4           As used in this chapter:

5           (1) “Automatic enrollment feature” means a feature of a qualified retirement plan under  
6 which eligible employees are automatically enrolled at a specified contribution rate unless the  
7 employee affirmatively elects otherwise, consistent with the Internal Revenue Code.

8           (2) “Eligible costs” means ordinary and necessary costs paid or incurred by an eligible  
9 employer in connection with:

10           (i) The establishment or administration of a qualified retirement plan; and

11           (ii) Employer contributions or matching contributions made on behalf of eligible  
12 employees.

13           (3) “Eligible employee” means an employee who:

14           (i) Is employed by an eligible employer;

15           (ii) Meets the eligibility requirements of the qualified retirement plan; and

16           (iii) Participates in the plan during the taxable year through elective deferrals or on whose  
17 behalf employer contributions are made.

18           (4) “Eligible employer” means an employer that:

19           (i) Employed one hundred (100) or fewer employees who received at least five thousand  
20 dollars (\$5,000) in compensation during the preceding taxable year; and

21           (ii) Did not maintain a qualified retirement plan covering substantially the same employees  
22 during the three (3) taxable years preceding the first taxable year for which a credit is claimed,  
23 except as otherwise permitted under applicable federal law.

24           (5) “Qualified retirement plan” means a retirement plan described in the Internal Revenue  
25 Code and eligible for favorable federal tax treatment including, but not limited to, plans described  
26 in §§ 401(a), 401(k), 403(b), 408(k), or 408(p).

27           (6) “Tax credit” means a credit allowed against Rhode Island income tax pursuant to this  
28 chapter.

29           **44-55.1-2. Retirement plan participation credit.**

30           (a) An eligible employer shall be allowed a nonrefundable credit against its tax liability  
31 imposed under chapters 11, 14, 15, or 30 of title 44, for each taxable year in which one or more  
32 eligible employees participate in a qualified retirement plan.

33           (b) The credit attributable to any eligible employee shall not exceed one hundred dollars  
34 (\$100) per employee per taxable year, and the aggregate credit allowed to any eligible employer

1 shall not exceed ten thousand dollars (\$10,000) per taxable year.

2 (c) No credit shall be allowed under this section for costs attributable to employees who do  
3 not participate in the qualified retirement plan during the taxable year.

4 (d) The credit allowed under this section shall not reduce a taxpayer's liability below the  
5 minimum tax imposed under the applicable chapter of this title.

6 **44-55.1-3. Auto-enrollment enhancement credit.**

7 (a) In addition to the credit allowed under § 44-55.1-2, an eligible employer that includes  
8 an automatic enrollment feature in its qualified retirement plan shall be allowed an additional  
9 nonrefundable credit against its tax liability.

10 (b) The auto-enrollment enhancement credit shall be determined on a per-eligible  
11 employee basis for each eligible employee subject to automatic enrollment during the taxable year.

12 (c) The credit allowed under this section shall not exceed one hundred dollars (\$100) per  
13 eligible employee per taxable year, subject to an aggregate annual cap of one thousand dollars  
14 (\$1,000) per eligible employer.

15 (d) The auto-enrollment enhancement credit may be claimed for up to three (3) consecutive  
16 taxable years beginning with the first taxable year in which the automatic enrollment feature is  
17 implemented.

18 (e) No credit shall be allowed under this section unless the automatic enrollment feature  
19 complies with applicable requirements of the Internal Revenue Code.

20 (f) The credit allowed under this section shall not reduce a taxpayer's liability below the  
21 minimum tax imposed under the applicable chapter of this title.

22 **44-55.1-4. Nondiscrimination; coordination with other credits.**

23 (a) A qualified retirement plan for which a credit is claimed under this chapter shall be  
24 offered on a nondiscriminatory basis, consistent with the requirements of the Internal Revenue  
25 Code.

26 (b) No credit shall be allowed under this chapter for any eligible costs that are used by the  
27 taxpayer to claim any other credit, deduction, or incentive under this title.

28 (c) If a taxpayer is liable for tax under both chapters 14 and 15 of title 44, the taxpayer shall  
29 elect the chapter under which the credit shall be applied, and the credit shall be applied to only one  
30 chapter for the taxable year.

31 **44-55.1-5. Pass-through entities.**

32 If the eligible employer is a pass-through entity including, but not limited to, a partnership,  
33 limited liability company, or S corporation, the tax credit allowed under this chapter shall be passed  
34 through to the owners, partners, or members in the same manner as income, in proportion to their

1 [ownership interests.](#)

2 **44-55.1-6. Carryforward of unused credit.**

3 [Any unused portion of a credit allowed under this chapter may be carried forward for up](#)  
4 [to three \(3\) consecutive taxable years, subject to regulations adopted pursuant to this chapter.](#)

5 **44-55.1-7. Coordination with federal law.**

6 [\(a\) This chapter shall be interpreted and administered, to the extent practicable, in a manner](#)  
7 [consistent with the federal Setting Every Community Up for Retirement Enhancement Act, as](#)  
8 [amended.](#)

9 [\(b\) In the event of a conflict between this chapter and applicable federal law governing](#)  
10 [qualified retirement plans, federal law shall control.](#)

11 **44-55.1-8. Reporting and evaluation.**

12 [The tax administrator shall annually report to the general assembly the number of taxpayers](#)  
13 [claiming the credit, the total amount of credits claimed, and any other information necessary to](#)  
14 [evaluate the fiscal and economic impact of the credit, consistent with § 44-48.2.](#)

15 **44-55.1-9. Regulations.**

16 [The tax administrator, in consultation with the office of the general treasurer, shall](#)  
17 [promulgate rules and regulations necessary to implement and administer the provisions of this](#)  
18 [chapter.](#)

19 SECTION 3. This act shall take effect for taxable years beginning on or after January 1,  
20 2027.

=====  
LC005303  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO TAXATION -- EMPLOYER TAX CREDITS FOR RETIREMENT PLAN  
ESTABLISHMENT, PARTICIPATION AND AUTO-ENROLLMENT

\*\*\*

- 1           This would establish employer tax credits for establishing a retirement plan for employee
- 2 participation with auto-enrollment.
- 3           This act would take effect for taxable years beginning on or after January 1, 2027.

=====  
LC005303  
=====