

2022 -- S 2147

LC003269

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

RELATING TO TAXATION -- PERSONAL INCOME TAX

Introduced By: Senators Bell, Euer, Calkin, Mack, Mendes, and Acosta

Date Introduced: January 25, 2022

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal
2 Income Tax" is hereby amended to read as follows:

3 **44-30-2.6. Rhode Island taxable income -- Rate of tax.**

4 (a) "Rhode Island taxable income" means federal taxable income as determined under the
5 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-
6 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax
7 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of
8 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

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

1 her personal income tax liability.

2 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative
3 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island
4 alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by
5 multiplying the federal tentative minimum tax without allowing for the increased exemptions under
6 the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal form 6251
7 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%) for tax year
8 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing the product
9 to the Rhode Island tax as computed otherwise under this section. The excess shall be the taxpayer's
10 Rhode Island alternative minimum tax.

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

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

19 (A) Tax imposed.

20 (1) There is hereby imposed on the taxable income of married individuals filing joint
21 returns and surviving spouses a tax determined in accordance with the following table:

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

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

30 If taxable income is:	The tax is:
31 Not over \$42,650	3.75% of taxable income
32 Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the excess over \$42,650
33 Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the excess over \$110,100
34 Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the excess over \$178,350

1 Over \$349,700 \$27,031.75 plus 9.90% of the excess over \$349,700

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

5 If taxable income is:	The tax is:
6 Not over \$31,850	3.75% of taxable income
7 Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the excess over \$31,850
8 Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the excess over \$77,100
9 Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the excess over \$160,850
10 Over \$349,700	\$27,849.00 plus 9.90% of the excess over \$349,700

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

13 If taxable income is:	The tax is:
14 Not over \$26,575	3.75% of taxable income
15 Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the excess over \$26,575
16 Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the excess over \$64,250
17 Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the excess over \$97,925
18 Over \$174,850	\$13,166.88 plus 9.90% of the excess over \$174,850

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

21 If taxable income is:	The tax is:
22 Not over \$2,150	3.75% of taxable income
23 Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess over \$2,150
24 Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the excess over \$5,000
25 Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the excess over \$7,650
26 Over \$10,450	\$737.50 plus 9.90% of the excess over \$10,450

27 (6) Adjustments for inflation.
28 The dollars amount contained in paragraph (A) shall be increased by an amount equal to:
29 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;
30 (b) The cost-of-living adjustment determined under section (J) with a base year of 1993;
31 (c) The cost-of-living adjustment referred to in subparagraphs (a) and (b) used in making
32 adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall
33 be determined under section (J) by substituting "1994" for "1993."

34 (B) Maximum capital gains rates.

1 (1) In general.

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

4 (a) 2.5% of the net capital gain as reported for federal income tax purposes under section
5 26 U.S.C. § 1(h)(1)(a) and 26 U.S.C. § 1(h)(1)(b).

6 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
7 § 1(h)(1)(c).

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

10 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
11 § 1(h)(1)(e).

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

14 (C) Itemized deductions.

15 (1) In general.

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

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

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

21 (3) Basic standard deduction.

22 The Rhode Island standard deduction shall be allowed in accordance with the following
23 table:

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

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

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

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

34 In the case of an individual to whom a deduction under section (E) is allowable to another

1 taxpayer, the basic standard deduction applicable to such individual shall not exceed the greater of:

- 2 (a) \$850;
- 3 (b) The sum of \$300 and such individual's earned income;
- 4 (6) Certain individuals not eligible for standard deduction.

5 In the case of:

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

9 The standard deduction shall be zero.

10 (7) Adjustments for inflation.

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

13 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988, multiplied
14 by

15 (b) The cost-of-living adjustment determined under section (J) with a base year of 1988.

16 (D) Overall limitation on itemized deductions.

17 (1) General rule.

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

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

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

25 (2) Applicable amount.

26 (a) In general.

27 For purposes of this section, the term "applicable amount" means \$156,400 (\$78,200 in the
28 case of a separate return by a married individual)

29 (b) Adjustments for inflation.

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

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

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

33 (3) Phase-out of Limitation.

34 (a) In general.

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

4 (b) Applicable fraction.

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

7 For Taxable years beginning in calendar year	The applicable fraction is
8 2006 and 2007	$\frac{2}{3}$
9 2008 and 2009	$\frac{1}{3}$

10 (E) Exemption amount.

11 (1) In general.

12 Except as otherwise provided in this subsection, the term "exemption amount" means
13 \$3,400.

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

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

18 (3) Adjustments for inflation.

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

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

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

22 (4) Limitation.

23 (a) In general.

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

26 (b) Applicable percentage.

27 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the
28 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each
29 \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
30 exceeds the threshold amount. In the case of a married individual filing a separate return, the
31 preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the
32 applicable percentage exceed one hundred percent (100%).

33 (c) Threshold Amount.

34 For the purposes of this paragraph, the term "threshold amount" shall be determined with

1 the following table:

2 Filing status	Amount
3 Single	\$156,400
4 Married filing jointly or qualifying widow(er)	\$234,600
5 Married filing separately	\$117,300
6 Head of Household	\$195,500

7 (d) Adjustments for inflation.

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

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

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

11 (5) Phase-out of limitation.

12 (a) In general.

13 In the case of taxable years beginning after December 31, 2005, and before January 1,
14 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
15 would be the amount of such reduction.

16 (b) Applicable fraction.

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

19 For Taxable years beginning in calendar year	The applicable fraction is
20 2006 and 2007	$\frac{2}{3}$
21 2008 and 2009	$\frac{1}{3}$

22 (F) Alternative minimum tax.

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

25 (a) The tentative minimum tax for the taxable year, over

26 (b) The regular tax for the taxable year.

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

28 (a) 6.5 percent of so much of the taxable excess as does not exceed \$175,000, plus

29 (b) 7.0 percent of so much of the taxable excess above \$175,000.

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

32 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so
33 much of the federal alternative minimum taxable income as modified by the modifications in § 44-
34 30-12 as exceeds the exemption amount.

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

3 (6) Exemption amount.

4 For purposes of this section "exemption amount" means: Filing status Amount Single
5 \$39,150 Married filing jointly or qualifying widow(er) \$53,700 Married filing separately \$26,850
6 Head of Household \$39,150 Estate or trust \$24,650

7 (7) Treatment of unearned income of minor children

8 (a) In general.

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

11 (i) Such child's earned income, plus

12 (ii) \$6,000.

13 (8) Adjustments for inflation.

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

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

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

18 (9) Phase-out.

19 (a) In general.

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

23 (b) Threshold amount.

24 For purposes of this paragraph, the term "threshold amount" shall be determined with the
25 following table:

26 Filing status	Amount
27 Single	\$123,250
28 Married filing jointly or qualifying widow(er)	\$164,350
29 Married filing separately	\$82,175
30 Head of Household	\$123,250
31 Estate or trust	\$82,150

32 (c) Adjustments for inflation

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

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

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

2 (G) Other Rhode Island taxes.

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

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

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

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

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

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

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

12 (I) Averaging of farm income.

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

15 (a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. §
16 1301].

17 (J) Cost-of-living adjustment.

18 (1) In general.

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

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

21 (b) The CPI for the base year.

22 (2) CPI for any calendar year.

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

26 (3) Consumer price index.

27 For purposes of paragraph (2), the term "consumer price index" means the last consumer
28 price index for all urban consumers published by the department of labor. For purposes of the
29 preceding sentence, the revision of the consumer price index that is most consistent with the
30 consumer price index for calendar year 1986 shall be used.

31 (4) Rounding.

32 (a) In general.

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

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

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

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

7 (2) Child and dependent care credit;

8 (3) General business credits;

9 (4) Credit for elderly or the disabled;

10 (5) Credit for prior year minimum tax;

11 (6) Mortgage interest credit;

12 (7) Empowerment zone employment credit;

13 (8) Qualified electric vehicle credit.

14 (L) Credit against tax for adoption. For tax years beginning on or after January 1, 2006, a
15 taxpayer entitled to the federal adoption credit shall be entitled to a credit against the Rhode Island
16 tax imposed under this section if the adopted child was under the care, custody, or supervision of
17 the Rhode Island department of children, youth and families prior to the adoption.

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

25 (N) Rhode Island earned-income credit.

26 (1) In general.

27 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-
28 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent
29 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode
30 Island income tax.

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

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

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

9 (2) Refundable portion.

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

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

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

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

22 (3) For the period January 1, 2011, through December 31, 2011, and thereafter, "Rhode
23 Island taxable income" means federal adjusted gross income as determined under the Internal
24 Revenue Code, 26 U.S.C. § 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-
25 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph
26 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph
27 44-30-2.6(c)(3)(C).

28 (A) Tax imposed.

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

33 RI Taxable Income			RI Income Tax
34 Over	But not over	Pay + % on Excess	on the amount over

1	\$0 -	\$55,000	\$0 + 3.75%	\$0
2	55,000 -	125,000	2,063 + 4.75%	55,000
3	125,000 -		5,388 + 5.99%	125,000

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

6	RI Taxable Income		RI Income Tax	
7	Over	But not over	Pay + % on Excess	on the amount over
8	\$0 -	\$2,230	\$0 + 3.75%	\$0
9	2,230 -	7,022	84 + 4.75%	2,230
10	7,022 -		312 + 5.99%	7,022

11 (B) Deductions:

12 (I) Rhode Island Basic Standard Deduction.

13 Only the Rhode Island standard deduction shall be allowed in accordance with the
14 following table:

15	Filing status	Amount
16	Single	\$7,500
17	Married filing jointly or qualifying widow(er)	\$15,000
18	Married filing separately	\$7,500
19	Head of Household	\$11,250

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

22 (III) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
23 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand
24 dollars (\$175,000), the standard deduction amount shall be reduced by the applicable percentage.
25 The term "applicable percentage" means twenty (20) percentage points for each five thousand
26 dollars (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable
27 year exceeds one hundred seventy-five thousand dollars (\$175,000).

28 (C) Exemption Amount:

29 (I) The term "exemption amount" means three thousand five hundred dollars (\$3,500)
30 multiplied by the number of exemptions allowed for the taxable year for federal income tax
31 purposes. For tax years beginning on or after 2018, the term "exemption amount" means the same
32 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
33 Jobs Act (Pub. L. No. 115-97) on December 22, 2017.

34 (II) Exemption amount disallowed in case of certain dependents. In the case of an

1 individual with respect to whom a deduction under this section is allowable to another taxpayer for
2 the same taxable year, the exemption amount applicable to such individual for such individual's
3 taxable year shall be zero.

4 (III) Identifying information required.

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

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

14 (D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
15 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand
16 dollars (\$175,000), the exemption amount shall be reduced by the applicable percentage. The term
17 "applicable percentage" means twenty (20) percentage points for each five thousand dollars
18 (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
19 exceeds one hundred seventy-five thousand dollars (\$175,000).

20 (E) Adjustment for inflation. The dollar amount contained in subparagraphs 44-30-
21 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
22 equal to:

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

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

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

31 (IV) For the purpose of this section the term "consumer price index" means the last
32 consumer price index for all urban consumers published by the department of labor. For the purpose
33 of this section the revision of the consumer price index that is most consistent with the consumer
34 price index for calendar year 1986 shall be used.

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

6 (F) Credits against tax.

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

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

12 (b) Property Tax Relief Credit: Credit shall be allowed for property tax relief as provided
13 in § 44-33-1 et seq.

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

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

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

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

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

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

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

34 (j) Stay Invested in RI Wavemaker Fellowship: Credit shall be allowed for stay invested in

1 RI wavemaker fellowship program as provided in § 42-64.26-1 et seq.

2 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in
3 § 42-64.20-1 et seq.

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

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

11 (4) For the period January 1, 2022, through December 31, 2022, and thereafter, "Rhode
12 Island taxable income" means federal adjusted gross income as determined under the Internal
13 Revenue Code, 26 U.S.C. § 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-
14 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to § 44-30-
15 2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to § 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:

<u>RI Taxable Income</u>			<u>RI Income Tax</u>
<u>Over</u>	<u>But not over</u>	<u>Pay +% on Excess</u>	<u>on the amount over</u>
<u>\$0 -</u>	<u>\$ 66,500</u>	<u>\$ 0 + 3.75%</u>	<u>\$0</u>
<u>66,500 -</u>	<u>150,000</u>	<u>2,494 + 4.75%</u>	<u>66,500</u>
<u>150,000 -</u>	<u>250,000</u>	<u>7,125 + 7.00%</u>	<u>150,000</u>
<u>250,000 -</u>		<u>17,500 + 9.90%</u>	<u>250,000</u>

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

<u>RI Taxable Income</u>			<u>RI Income Tax</u>
<u>Over</u>	<u>But not over</u>	<u>Pay +% on Excess</u>	<u>on the amount over</u>
<u>\$0 -</u>	<u>\$ 2,230</u>	<u>\$ 0 + 3.75%</u>	<u>\$0</u>
<u>2,230 -</u>	<u>7,022</u>	<u>84 + 4.75%</u>	<u>2,230</u>
<u>7,022 -</u>	<u>17,555</u>	<u>312 + 7.00%</u>	<u>7,022</u>
<u>17,555 -</u>		<u>1014 + 9.90%</u>	<u>17,555</u>

1 (B) Deductions:

2 (I) Rhode Island Basic Standard Deduction.

3 Only the Rhode Island standard deduction shall be allowed in accordance with the
4 following table:

<u>Filing status:</u>	<u>Amount</u>
<u>Single</u>	<u>\$7,500</u>
<u>Married filing jointly or qualifying widow(er)</u>	<u>\$15,000</u>
<u>Married filing separately</u>	<u>\$7,500</u>
<u>Head of Household</u>	<u>\$11,250</u>

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

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

18 (C) Exemption Amount:

19 (I) The term "exemption amount" means three thousand five hundred dollars (\$3,500)
20 multiplied by the number of exemptions allowed for the taxable year for federal income tax
21 purposes. For tax years beginning on or after 2018, the term "exemption amount" means the same
22 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
23 Jobs Act (Pub. L. 115-97) on December 22, 2017.

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

28 (III) Identifying information required.

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

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

1 Number must be provided on the Rhode Island tax return for the purpose of claiming said
2 exemption(s).

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

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

11 (I) Such dollar amount contained in §§ 44-30-2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-
12 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, 2022, 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 § 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 (2) Except as provided in section 1 above, no other state and federal tax credit shall be
34 available to the taxpayers in computing tax liability under this chapter.

1 SECTION 2. 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 -- PERSONAL INCOME TAX

- 1 This act would increase the tax rates for individuals, bankruptcy estates, trusts and estates.
- 2 This act would take effect upon passage.

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LC003269
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