AN ACT
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:

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

(a) For the tax year ending December 31, 2025, and every December 31 thereafter, there is hereby imposed on the taxable income of married individuals filing joint returns, qualifying widow(er), every head of household, unmarried individuals, married individuals filing separate returns and bankruptcy estates, a surtax of three percent (3%) on Rhode Island taxable income over one million dollars ($1,000,000).
(b) The tax imposed in subsection (a) of this section is in addition to the personal income tax imposed in § 44-30-2.6.
(c) The tax imposed in subsection (a) of this section is on taxable income net of modifications, the standard deduction, and exemptions as specified in § 44-30-2.6.
(d) Any personal income tax collected in accordance with this section shall be deposited into a restricted receipt account and shall only be expended on the following:
(1) Affordable, reliable, and quality child care and early learning programs;
(2) Quality public education;
(3) Affordable public colleges and universities;
(4) The repair and maintenance of roads and bridges; and
(5) Public transportation.
(e) Beginning with the fiscal year 2026 budget and then annually thereafter, within a month of the enactment of the annual state budget, the division of taxation shall report annually to the general assembly identifying the amount of surtax revenue collected pursuant to subsection (a) of this section and the manner in which the collected surtax revenue was distributed in accordance with subsection (d) of this section, and shall set aside ten percent (10%) of the surtax collections in an indirect costs recovery account.

SECTION 2. This act shall take effect on January 1, 2025 and shall not apply retroactively.
EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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This act would impose a Rhode Island personal income surtax of three percent (3%) on taxable income over one million dollars ($1,000,000), with the existing three-bracket personal income tax structure remaining in place. This surtax would be imposed on taxable income after all modifications, standard deductions, and exemptions have been applied.

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

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

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