

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34

ARTICLE 5

RELATING TO TAXES AND FEES

SECTION 1. Title 44 of the General Laws entitled “Taxation” is hereby amended by adding thereto the following chapter:

CHAPTER 6.6  
Rhode Island Tax Amnesty Act of 2026

44-6.6-1. Short title.

This chapter shall be known as the “Rhode Island Tax Amnesty Act of 2026.”

44-6.6-2. Definitions.

As used in this chapter, the following terms have the meaning ascribed to them in this section, except when the context clearly indicates a different meaning:

(1) "Taxable period" means any period for which a tax return is required by law to be filed with the tax administrator.

(2) "Taxpayer" means any person, corporation, or other entity subject to any tax imposed by any law of the state of Rhode Island and payable to the state of Rhode Island and collected by the tax administrator.

44-6.6-3. Establishment of tax amnesty.

(a) The tax administrator shall establish a tax amnesty program for all taxpayers owing any tax imposed by reason of or pursuant to authorization by any law of the state of Rhode Island and collected by the tax administrator. Amnesty tax return forms shall be developed by the tax administrator and shall provide that the taxpayer clearly specify the tax due and the taxable period for which amnesty is being sought by the taxpayer.

(b) The amnesty program shall be conducted for a seventy-five (75) day period ending on February 15, 2027. The amnesty program shall provide that, upon written application by a taxpayer and payment by the taxpayer of all taxes and interest due from the taxpayer to the state of Rhode Island for any taxable period ending on or before to December 31, 2025, the tax administrator shall not seek to collect any penalties that may be applicable and shall not seek the civil or criminal prosecution of any taxpayer for the taxable period for which amnesty has been granted. Amnesty shall be granted only to those taxpayers applying for amnesty during the amnesty period who have paid the tax and interest due upon filing the amnesty tax return, or who have entered into an installment payment agreement for reasons of financial hardship and upon terms and conditions set by the tax administrator. In the case of the failure of a taxpayer to pay any installment due under the agreement, such an agreement shall cease to be effective and the balance of the amounts required to be paid thereunder shall be due immediately. Amnesty shall be granted for only the

1 taxable period specified in the application and only if all amnesty conditions are satisfied by the  
2 taxpayer.

3 (c) The provisions of this section shall include a taxable period for which a bill or notice  
4 of deficiency determination has been sent to the taxpayer.

5 (d) Amnesty shall not be granted to taxpayers who are under any criminal investigation or  
6 are a party to any civil or criminal proceeding pending in any court for fraud in relation to any state  
7 tax imposed by the law of the state and collected by the tax administrator.

8 **44-6.6-4. Interest under tax amnesty.**

9 Notwithstanding any provision of law to the contrary, interest on any taxes paid for periods  
10 covered under the amnesty provisions of this chapter shall be computed at the rate imposed under  
11 § 44-1-7, reduced by twenty-five percent (25%).

12 **44-6.6-5. Implementation.**

13 Notwithstanding any provision of law to the contrary, the tax administrator may do all  
14 things necessary in order to provide for the timely implementation of this chapter, including, but  
15 not limited to, procurement of printing and other services and expenditure of appropriated funds.

16 **44-6.6-6. Disposition of monies.**

17 All monies collected pursuant to any tax imposed by the state of Rhode Island under the  
18 provisions of this chapter shall be accounted for separately and paid into the general fund.

19 **44-6.6-7. Analysis of amnesty program by tax administrator.**

20 The tax administrator shall provide an analysis of the amnesty program to be posted on its  
21 website by April 30, 2027. The analysis shall include revenues received by tax source,  
22 distinguishing between the tax collected and interest collected for each source. In addition, the  
23 analysis shall further identify the amounts that are new revenues from those already included in the  
24 general revenue receivable taxes, defined under generally accepted accounting principles and the  
25 state's audited financial statements.

26 **44-6.6-8. Rules and regulations.**

27 The tax administrator may promulgate such rules and regulations as are necessary to  
28 implement the provisions of this chapter.

29 SECTION 2. Sections 44-11-2.3 and 44-11-11 of the General Laws in Chapter 44-11  
30 entitled "Business Corporation Tax" are hereby amended to read as follows:

31 **44-11-2.3. Pass-through entities — Election to pay state income tax at the entity level.**

32 (a) Definitions. As used in this section:

33 (1) "Election" means the annual election to be made by the pass-through entity by filing  
34 the prescribed tax form and remitting the appropriate tax.

1 (2) “Net income” means the net ordinary income, net rental real estate income, other net  
2 rental income, guaranteed payments, and other business income less specially allocated  
3 depreciation and deductions allowed pursuant to § 179 of the United States Revenue Code (26  
4 U.S.C. § 179), all of which would be reported on federal tax form schedules C and E. Net income  
5 for purposes of this section does not include specially allocated investment income or any other  
6 types of deductions.

7 (3) “Owner” means an individual who is a shareholder of an S Corporation; a partner in a  
8 general partnership, a limited partnership, or a limited liability partnership; a member of a limited  
9 liability company, a beneficiary of a trust; or a sole proprietor.

10 (4) “Pass-through entity” means a corporation that for the applicable tax year is treated as  
11 an S Corporation under I.R.C. 1362(a) (26 U.S.C. § 1362(a)), or a general partnership, limited  
12 partnership, limited liability partnership, trust, limited liability company or unincorporated sole  
13 proprietorship that for the applicable tax year is not taxed as a corporation for federal tax purposes  
14 under the state’s regulations.

15 (5) “State tax credit” means the amount of tax paid by the pass-through entity at the entity  
16 level that is passed through to an owner on a pro rata basis. For tax years beginning on or after  
17 January 1, 2025, “state tax credit” means ninety percent (90%) of the amount of tax paid by the  
18 pass-through entity at the entity level that is passed through to an owner on a pro rata basis.

19 (b) Elections.

20 (1) For tax years beginning on or after January 1, 2019, until the tax year beginning January  
21 1, 2027 a pass-through entity may elect to pay the state tax at the entity level at the rate of five and  
22 ninety-nine hundredths percent (5.99%).

23 (2) For tax years beginning on or after January 1, 2027, a pass-through entity may elect to  
24 pay the state tax at the entity level at the rate of eight and ninety-nine hundredths percent (8.99%).

25 ~~(2)~~ (3) If a pass-through entity elects to pay an entity tax under this subsection, the entity  
26 shall not have to comply with the provisions of § 44-11-2.2 regarding withholding on non-resident  
27 owners. In that instance, the entity shall not have to comply with the provisions of § 44-11-2.2  
28 regarding withholding on non-resident owners.

29 (c) Reporting.

30 (1) The pass-through entity shall report the pro rata share of the state income taxes paid by  
31 the entity which sums will be allowed as a state tax credit for an owner on his or her personal  
32 income tax return.

33 (2) The pass-through entity shall also report the pro rata share of the state income taxes  
34 paid by the entity as an income (addition) modification to be reported by an owner on his or her

1 personal income tax returns

2 (d) State tax credit shall be the amount of tax paid by the pass-through entity, at the entity  
3 level, which is passed through to the owners, on a pro rata basis. For tax years beginning on or after  
4 January 1, 2025, the state tax credit shall be ninety percent (90%) of the amount of tax paid by the  
5 pass-through entity, at the entity level, which is passed through to the owners, on a pro rata basis.

6 (e) A similar type of tax imposed by another state on the owners' income paid at the state  
7 entity level shall be deemed to be allowed as a credit for taxes paid to another jurisdiction in  
8 accordance with the provisions of § 44-30-18.

9 (f) "Combined reporting" as set forth in § 44-11-4.1 shall not apply to reporting under this  
10 section.

11 44-11-11. "Net income" defined.

12 (a) ~~(1)~~ "Net income" means, for any taxable year and for any corporate taxpayer, the taxable  
13 income of the taxpayer for that taxable year under the laws of the United States, with the additions  
14 and deductions specified in this section. ~~plus:~~

15 (b) Additions increasing taxable income. There shall be added to taxable income:

16 ~~(i)~~ (1) Any interest not included in the taxable income;

17 ~~(ii)~~ (2) Any specific exemptions;

18 ~~(iii)~~ (3) The tax imposed by this chapter;

19 ~~(iv)~~ (4) For any taxable year beginning on or after January 1, 2020, the amount of any  
20 Paycheck Protection Program loan forgiven for federal income tax purposes as authorized by the  
21 Coronavirus Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act,  
22 2021 and/or any other subsequent federal stimulus relief packages enacted by law, to the extent that  
23 the amount of the loan forgiven exceeds \$250,000; ~~and minus:~~

24 (5) For the taxable year beginning on or before January 1, 2025, the amount of any income,  
25 deduction, or allowance that would be subject to federal income tax but for the Congressional  
26 enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment. The  
27 enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment and any  
28 Internal Revenue Service changes to forms, regulations, and/or processing which go into effect  
29 during the current tax year or within six (6) months of the beginning of the next tax year shall be  
30 deemed grounds for the promulgation of emergency rules and regulations under § 42-35-2.10 to  
31 effectuate the purpose of preserving the Rhode Island tax base under Rhode Island law with respect  
32 to the One Big Beautiful Bill Act or any other similar Congressional enactment; and

33 (6) For any taxable year beginning on or after January 1, 2026, the amount of the deduction  
34 taken for domestic research and experimental expenditures under 26 U.S.C. § 174A less the amount

1 of the deduction that would have been allowed as a deduction for domestic research and  
2 experimental expenditures under 26 U.S.C. § 174 immediately prior to the enactment of H.R.1  
3 (Pub. L. 119–21).

4 (c) Deductions reducing taxable income. There shall be subtracted from taxable income:

5 ~~(v)~~(1) Interest on obligations of the United States or its possessions, and other interest  
6 exempt from taxation by this state;

7 ~~(vi)~~(2) The federal net operating loss deduction;

8 ~~(vii)~~(3) For any taxable year beginning on or after January 1, 2025, in the case of a taxpayer  
9 that is licensed in accordance with chapters 28.6 and/or 28.11 of title 21, the amount equal to any  
10 expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed under  
11 26 U.S.C. § 280E; and

12 ~~(viii) For the taxable year beginning on or before January 1, 2025, the amount of any~~  
13 ~~income, deduction, or allowance that would be subject to federal income tax but for the~~  
14 ~~Congressional enactment of the One Big Beautiful Bill Act or any other similar Congressional~~  
15 ~~enactment. The enactment of the One Big Beautiful Bill Act or any other similar Congressional~~  
16 ~~enactment and any Internal Revenue Service changes to forms, regulations, and/or processing~~  
17 ~~which go into effect during the current tax year or within six (6) months of the beginning of the~~  
18 ~~next tax year shall be deemed grounds for the promulgation of emergency rules and regulations~~  
19 ~~under § 42-35-2.10 to effectuate the purpose of preserving the Rhode Island tax base under Rhode~~  
20 ~~Island law with respect to the One Big Beautiful Bill Act or any other similar Congressional~~  
21 ~~enactment.~~

22 (4) For any taxable year beginning on or after January 1, 2026, the amount as determined  
23 by the tax administrator required to be added back in a prior year that would have been allowed  
24 under 26 U.S.C. § 174A as enacted in H.R.1 (Pub. L. 119–21) on July 4, 2025, but would not have  
25 been allowed as a deduction under 26 U.S.C. § 174 immediately prior to its enactment. At no time  
26 may the cumulative modification amount for each amortized expenditure exceed one hundred  
27 percent (100%) of said expenditure’s expense amount.

28 ~~(2)~~(d) All binding federal elections made by or on behalf of the taxpayer applicable either  
29 directly or indirectly to the determination of taxable income shall be binding on the taxpayer except  
30 where this chapter or its attendant regulations specifically modify or provide otherwise. Rhode  
31 Island taxable income shall not include the “gross-up of dividends” required by the federal Internal  
32 Revenue Code to be taken into taxable income in connection with the taxpayer’s election of the  
33 foreign tax credit.

34 ~~(b)~~(e) A net operating loss deduction shall be allowed, which shall be the same as the net

operating loss deduction allowed under 26 U.S.C. § 172, except that:

(1) Any net operating loss included in determining the deduction shall be adjusted to reflect the inclusions and exclusions from entire net income required by subsection (a) of this section and § 44-11-11.1;

(2) The deduction shall not include any net operating loss sustained during any taxable year in which the taxpayer was not subject to the tax imposed by this chapter; and

(3) Limitation on 26 U.S.C. § 172 deduction.

(i) The deduction shall not exceed the deduction for the taxable year allowable under 26 U.S.C. § 172; provided, that the deduction for a taxable year may not be carried back to any other taxable year for Rhode Island purposes but shall only be allowable on a carry forward basis for the five (5) succeeding taxable years; and

(ii) For any taxable year beginning on or after January 1, 2025, the deduction shall not exceed the deduction for the taxable year allowable under 26 U.S.C. § 172; provided that, the deduction for a taxable year may not be carried back to any other taxable year for Rhode Island purposes, but shall only be allowable on a carry forward basis for the twenty (20) succeeding taxable years.

~~(e)~~(f) “Domestic international sales corporations” (referred to as DISCs), for the purposes of this chapter, will be treated as they are under federal income tax law and shall not pay the amount of the tax computed under § 44-11-2(a). Any income to shareholders of DISCs is to be treated in the same manner as it is treated under federal income tax law as it exists on December 31, 1984.

~~(d)~~(g) A corporation that qualifies as a “foreign sales corporation” (FSC) under the provisions of subchapter N, 26 U.S.C. § 861 et seq., and that has in effect for the entire taxable year a valid election under federal law to be treated as a FSC, shall not pay the amount of the tax computed under § 44-11-2(a). Any income to shareholders of FSCs is to be treated in the same manner as it is treated under federal income tax law as it exists on January 1, 1985.

~~(e)~~(h) For purposes of a corporation’s state tax liability, any deduction to income allowable under 26 U.S.C. § 1400Z-2(c) may be claimed in the case of any investment held by the taxpayer for at least seven years. The division of taxation shall promulgate, in its discretion, rules and regulations relative to the accelerated application of deductions under 26 U.S.C. § 1400Z-2(c).

SECTION 3. Effective September 1, 2026, Chapter 44-20 of the General Laws entitled “Cigarette, Other Tobacco Products, and Electronic Nicotine-Delivery System Products” is hereby amended by adding thereto the following section:

**44-20-12.8. Floor stock tax on cigarettes and stamps.**

(a) Each person engaging in the business of selling cigarettes at retail in this state shall pay

1 a tax or excise to the state for the privilege of engaging in that business during any part of the  
2 calendar year 2026. In calendar year 2026, the tax shall be measured by the number of cigarettes  
3 held by the person in this state at 12:01 a.m. on September 1, 2026, and is computed at the rate of  
4 thirty-seven and one-half (37.5) mills for each cigarette on September 1, 2026.

5 (b) Each distributor licensed to do business in this state pursuant to this chapter shall pay a  
6 tax or excise to the state for the privilege of engaging in that business during any part of the calendar  
7 year 2026. The tax is measured by the number of stamps, whether affixed or to be affixed to  
8 packages of cigarettes, as required by § 44-20-28. In calendar year 2026 the tax is measured by the  
9 number of stamps, whether affixed or to be affixed, held by the distributor at 12:01 a.m. on  
10 September 1, 2026, and is computed at the rate of thirty-seven and one-half (37.5) mills per  
11 cigarette in the package to which the stamps are affixed or to be affixed.

12 (c) Each person subject to the payment of the tax imposed by this section shall, on or before  
13 September 15, 2026, file a return, under oath or certified under the penalties of perjury, with the  
14 tax administrator on forms furnished by him or her, showing the amount of cigarettes and the  
15 number of stamps in that person's possession in this state at 12:01 a.m. on September 1, 2026, as  
16 described in this section above, and the amount of tax due, and shall at the time of filing the return  
17 pay the tax to the tax administrator. Failure to obtain forms shall not be an excuse for the failure to  
18 make a return containing the information required by the tax administrator. Failure to complete and  
19 file the return and pay the tax to the tax administrator shall result in an assessment being issued to  
20 the taxpayer as determined by the tax administrator and the taxpayer is not entitled to a hearing  
21 with respect to any assessment issued under this subsection.

22 (d) The tax administrator may prescribe rules and regulations, not inconsistent with law,  
23 regarding the assessment and collection of the tax imposed by this section.

24 SECTION 4. Effective September 1, 2026, sections 44-20-12, 44-20-13, 44-20-13.2, and  
25 44-20-19 of the General Laws in Chapter 44-20 entitled "Cigarette, Other Tobacco Products, and  
26 Electronic Nicotine-Delivery System Products" are hereby amended to read as follows:

27 **44-20-12. Tax imposed on cigarettes sold.**

28 A tax is imposed on all cigarettes sold or held for sale in the state. The payment of the tax  
29 to be evidenced by stamps, which may be affixed only by licensed distributors to the packages  
30 containing such cigarettes. Any cigarettes on which the proper amount of tax provided for in this  
31 chapter has been paid, payment being evidenced by the stamp, is not subject to a further tax under  
32 this chapter. The tax is at the rate of ~~two hundred twenty-five (225)~~ two hundred sixty-two and one-  
33 half (262.5) mills for each cigarette.

34 **44-20-13. Tax imposed on unstamped cigarettes.**

1 A tax is imposed at the rate of ~~two hundred twenty-five (225)~~ two hundred sixty-two and  
2 one-half (262.5) mills for each cigarette upon the storage or use within this state of any cigarettes  
3 not stamped in accordance with the provisions of this chapter in the possession of any consumer  
4 within this state.

5 44-20-13.2. Tax imposed on other tobacco products, smokeless tobacco, cigars, pipe  
6 tobacco products, and electronic nicotine-delivery products.

7 (a) A tax is imposed on all other tobacco products, smokeless tobacco, cigars, pipe tobacco  
8 products, and electronic nicotine-delivery system products sold, or held for sale in the state by any  
9 person, the payment of the tax to be accomplished according to a mechanism established by the  
10 administrator, division of taxation, department of revenue. The tax imposed by this section shall be  
11 as follows:

12 (1) For all other tobacco products, smokeless tobacco, cigars, and pipe tobacco products,  
13 at the rate of eighty percent (80%) of the wholesale cost of other tobacco products, cigars, pipe  
14 tobacco products, and smokeless tobacco other than snuff.

15 (2) Notwithstanding the eighty percent (80%) rate in subsection (a)(1) of this section, in  
16 the case of cigars, the tax shall not exceed fifty cents (\$.50) for each cigar. Effective September 1,  
17 2026, notwithstanding the eighty percent (80%) rate in subsection (a)(1) of this section, in the case  
18 of cigars, the tax shall not exceed two dollars (\$2.00) for each cigar.

19 (3) At the rate of one dollar (\$1.00) per ounce of snuff, and a proportionate tax at the like  
20 rate on all fractional parts of an ounce thereof. Such tax shall be computed based on the net weight  
21 as listed by the manufacturer; provided, however, that any product listed by the manufacturer as  
22 having a net weight of less than 1.2 ounces shall be taxed as if the product has a net weight of 1.2  
23 ounces.

24 (4) Effective January 1, 2025:

25 (i) For electronic nicotine-delivery system products that are prefilled, sealed by the  
26 manufacturer, and not refillable, at the rate of fifty cents per milliliter (\$0.50/mL) of the e-liquid  
27 and/or e-liquid products contained therein; and

28 (ii) For any other electronic nicotine-delivery system products, at the rate of ten percent  
29 (10%) of the wholesale cost of such products, whether or not sold at wholesale, and if not sold,  
30 then at the same rate upon the use by the wholesaler.

31 (iii) Existing Inventory Floor Tax. For all electronic nicotine-delivery system products held  
32 by licensed electronic nicotine-delivery system products retailers as of January 1, 2025: Each  
33 person engaging in the business of selling electronic nicotine-delivery system products at retail in  
34 this state shall pay a tax measured by the volume of e-liquid and/or e-liquid products contained in



1 electronic nicotine-delivery system products that are prefilled, sealed by the manufacturer, and not  
2 refillable and the wholesale cost of all other electronic nicotine-delivery system products held by  
3 the person in this state at 12:01 a.m. on January 1, 2025, and is computed for electronic nicotine-  
4 delivery system products that are prefilled, sealed by the manufacturer, and not refillable, at the  
5 rate of fifty cents per milliliter (\$0.50/mL) of the e-liquid and/or e-liquid products contained therein  
6 and for any other electronic nicotine-delivery system products at the rate of ten percent (10%) of  
7 the wholesale cost of such products on January 1, 2025. Each person subject to the payment of the  
8 tax imposed by this section shall, on or before January 16, 2025, file a return, under oath or certified  
9 under the penalties of perjury, with the administrator on forms furnished by the administrator,  
10 showing the volume of e-liquid and/or e-liquid products contained in electronic nicotine-delivery  
11 system products which are prefilled, sealed by the manufacturer, and not refillable and the  
12 wholesale cost of all other electronic nicotine-delivery system products in that person's possession  
13 in this state at 12:01 a.m. on January 1, 2025, as described in this section, and the amount of tax  
14 due, and shall at the time of filing the return pay the tax to the administrator. Failure to obtain forms  
15 shall not be an excuse for the failure to make a return containing the information required by the  
16 administrator.

17 (iv) For all electronic nicotine-delivery system products sold by licensed electronic  
18 nicotine-delivery system products distributors, manufacturers, and/or importers in Rhode Island as  
19 of January 1, 2025: Any person engaging in the business of distributing at wholesale electronic  
20 nicotine-delivery system products in this state shall pay a tax measured by the volume of e-liquid  
21 and/or e-liquid products contained in electronic nicotine-delivery system products that are prefilled,  
22 sealed by the manufacturer, and not refillable computed at the rate of fifty cents per milliliter  
23 (\$0.50/mL) of the e-liquid and/or e-liquid products contained therein and for all other electronic  
24 nicotine-delivery system products at the rate of ten percent (10%) of the wholesale cost of such  
25 products.

26 (b)(1) Prior to January 1, 2025, any dealer having in the dealer's possession any other  
27 tobacco products with respect to the storage or use of which a tax is imposed by this section shall,  
28 within five (5) days after coming into possession of the other tobacco products in this state, file a  
29 return with the tax administrator in a form prescribed by the tax administrator. The return shall be  
30 accompanied by a payment of the amount of the tax shown on the form to be due. Records required  
31 under this section shall be preserved on the premises described in the relevant license in such a  
32 manner as to ensure permanency and accessibility for inspection at reasonable hours by authorized  
33 personnel of the administrator.

34 (2) Effective January 1, 2025, all other tobacco products, except for cigars, and electronic

1 nicotine-delivery system products sold at wholesale in Rhode Island must be sold by a Rhode Island  
2 licensed distributor, manufacturer, or importer, and purchases of other tobacco products, except for  
3 cigars, and/or electronic nicotine-delivery system products, from an unlicensed distributor,  
4 manufacturer, or importer are prohibited. Any other tobacco products, except for cigars, and/or  
5 electronic nicotine-delivery system products purchased and/or obtained from an unlicensed person  
6 shall be subject to the terms of this chapter including, but not limited to, § 44-20-15 and shall be  
7 taxed pursuant to this section.

8 (3) Effective January 1, 2025, any dealer having in the dealer's possession any cigars with  
9 respect to the storage or use of which a tax is imposed by this section shall, within five (5) days  
10 after coming into possession of cigars in this state, file a return with the tax administrator in a form  
11 prescribed by the tax administrator. The return shall be accompanied by a payment of the amount  
12 of the tax shown on the form to be due. Records required under this section shall be preserved on  
13 the premises described in the relevant license in such a manner as to ensure permanency and  
14 accessibility for inspection at reasonable hours by authorized personnel of the administrator.

15 (c) Existing Inventory Floor Tax.

16 (1) For all nicotine products defined in § 44-20-1 as other tobacco products but not  
17 previously taxed as other tobacco products held by licensed retailers as of October 1, 2025: Each  
18 person engaging in the business of selling nicotine products at retail in this state shall pay a tax at  
19 the rate of eighty percent (80%) of the wholesale cost of such products on October 1, 2025. Each  
20 person subject to the payment of the tax imposed by this section shall, on or before October 16,  
21 2025, file a return, under oath or certified under the penalties of perjury, with the administrator on  
22 forms furnished by the administrator, showing the wholesale cost of all nicotine products not  
23 previously taxed as other tobacco products in that person's possession in this state at 12:01 a.m. on  
24 October 1, 2025, as described in this section, and the amount of tax due, and shall at the time of  
25 filing the return pay the tax to the administrator. Failure to obtain forms shall not be an excuse for  
26 the failure to make a return containing the information required by the administrator.

27 (2) For all nicotine products defined in § 44-20-1 as other tobacco products but not  
28 previously taxed as other tobacco products held by licensed distributors, manufacturers, and/or  
29 importers in Rhode Island as of October 1, 2025: Each person engaging in the business of  
30 distributing at wholesale nicotine products defined in § 44-20-1 as other tobacco products but not  
31 previously taxed as other tobacco products in this state shall pay a tax at the rate of eighty percent  
32 (80%) of the wholesale cost of such products on October 1, 2025. Each person subject to the  
33 payment of the tax imposed by this section shall, on or before October 16, 2025, file a return, under  
34 oath or certified under the penalties of perjury, with the administrator on forms furnished by the

1 administrator, showing the wholesale cost of all nicotine products not previously taxed as other  
2 tobacco products in that person's possession in this state at 12:01 a.m. on October 1, 2025, as  
3 described in this section, and the amount of tax due, and shall at the time of filing the return pay  
4 the tax to the administrator. Failure to obtain forms shall not be an excuse for the failure to make a  
5 return containing the information required by the administrator.

6 (d) The proceeds collected are paid into the general fund.

7 **44-20-19. Sales of stamps to distributors.**

8 (a) For purchases prior to September 1, 2026, the tax administrator shall sell stamps only  
9 to licensed distributors at a discount. The distributor remits to the division of taxation ninety-eight  
10 and three-fourths percent (98.75%) of the face value of the stamps thereby receiving a discount of  
11 one and one-quarter percent (1.25%) of the face value of the stamps. The ninety-eight and three-  
12 fourths percent (98.75%) remitted to the tax administrator is paid over to the general revenue. For  
13 purchases on or after September 1, 2026, the tax administrator shall sell stamps only to a licensed  
14 distributor and shall not sell stamps at a discount. The one hundred percent (100%) remitted to the  
15 tax administrator is paid over to the general revenue.

16 (b) The tax administrator may, in his or her discretion, permit a licensed distributor to pay  
17 for the stamps within thirty (30) days after the date of purchase; provided, that a bond satisfactory  
18 to the tax administrator in an amount not less than the sale price of the stamps has been filed with  
19 the tax administrator conditioned upon payment for the stamps. The tax administrator shall keep  
20 accurate records of all stamps sold to each distributor.

21 SECTION 5. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is hereby  
22 amended by adding thereto the following section:

23 **44-30-104. Child Tax Credit.**

24 (a) Definitions. As used in this section:

25 (1) "Child" means an individual who is eighteen years of age or under as of December 31  
26 of the tax year.

27 (2) "Eligible taxpayer" means any natural person domiciled in this state who filed a Rhode  
28 Island state personal income tax return for the tax year.

29 (b) Child Tax Credit. For tax years beginning on or after January 1, 2027, a tax credit on  
30 the resident tax return of the eligible taxpayer in the amount of three hundred twenty dollars (\$320)  
31 shall be allowed for each claimed child where the exemption amount is zero in §44-30-  
32 2.6(c)(3)(C)(II)(2).

33 (c) In the case of any eligible taxpayer whose adjusted gross income, as modified pursuant  
34 to § 44-30-12, for the taxable year exceeds two hundred sixty-one thousand dollars (\$261,000),

1 the credit amount shall be reduced by the applicable percentage. The term “applicable percentage”  
2 means twenty (20) percentage points for each seven thousand four hundred fifty dollars (\$7,450)  
3 (or fraction thereof) by which the eligible taxpayer’s adjusted gross income for the taxable year  
4 exceeds two hundred sixty-one thousand dollars (\$261,000).

5 (d) Adjustment for inflation. The dollar amount contained in subsections (b) and (c) of this  
6 section shall be increased annually by an amount equal to:

7 (I) Such dollar amount contained in subsections (b) and (c) of this section adjusted for  
8 inflation using a base tax year of 2026, multiplied by;

9 (II) The cost-of-living adjustment with a base year of 2026.

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

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

19 (V) If any increase determined under this section is not a multiple of five dollars (\$5.00),  
20 such increase shall be rounded to the next lower multiple of five dollars (\$5.00).

21 SECTION 6. Sections 44-30-2.6 and 44-30-12 of the General Laws in Chapter 44-30  
22 entitled “Personal Income Tax” are hereby amended to read as follows:

23 **44-30-2.6. Rhode Island taxable income — Rate of tax.**

24 (a) “Rhode Island taxable income” means federal taxable income as determined under the  
25 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-  
26 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax  
27 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of  
28 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

29 (b) Notwithstanding the provisions of §§ 44-30-1 and 44-30-2, for tax years beginning on  
30 or after January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island  
31 taxable income of residents and nonresidents, including estates and trusts, at the rate of twenty-five  
32 and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year 2002  
33 and thereafter of the federal income tax rates, including capital gains rates and any other special  
34 rates for other types of income, except as provided in § 44-30-2.7, which were in effect immediately

1 prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA);  
2 provided, rate schedules shall be adjusted for inflation by the tax administrator beginning in taxable  
3 year 2002 and thereafter in the manner prescribed for adjustment by the commissioner of Internal  
4 Revenue in 26 U.S.C. § 1(f). However, for tax years beginning on or after January 1, 2006, a  
5 taxpayer may elect to use the alternative flat tax rate provided in § 44-30-2.10 to calculate his or  
6 her personal income tax liability.

7 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative  
8 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island  
9 alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by  
10 multiplying the federal tentative minimum tax without allowing for the increased exemptions under  
11 the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal form 6251  
12 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%) for tax year  
13 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing the product  
14 to the Rhode Island tax as computed otherwise under this section. The excess shall be the taxpayer's  
15 Rhode Island alternative minimum tax.

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

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

24 (A) Tax imposed.

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

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

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

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

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

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

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

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

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

26	If taxable income is:	The tax is:
27	Not over \$2,150	3.75% of taxable income
28	Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess over \$2,150
29	Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the excess over \$5,000
30	Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the excess over \$7,650
31	Over \$10,450	\$737.50 plus 9.90% of the excess over \$10,450

32       **(6)** Adjustments for inflation.  
33       The dollars amount contained in paragraph (A) shall be increased by an amount equal to:  
34       (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;

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

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

5 (B) Maximum capital gains rates.

6 (1) In general.

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

9 (a) 2.5% of the net capital gain as reported for federal income tax purposes under section  
10 26 U.S.C. § 1(h)(1)(a) and 26 U.S.C. § 1(h)(1)(b).

11 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.  
12 § 1(h)(1)(c).

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

15 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.  
16 § 1(h)(1)(e).

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

19 (C) Itemized deductions.

20 (1) In general.

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

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

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

26 (3) Basic standard deduction.

27 The Rhode Island standard deduction shall be allowed in accordance with the following  
28 table:

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

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

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

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

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

7           (a) \$850;

8           (b) The sum of \$300 and such individual's earned income;

9           (6) Certain individuals not eligible for standard deduction.

10          In the case of:

11          (a) A married individual filing a separate return where either spouse itemizes deductions;

12          (b) Nonresident alien individual;

13          (c) An estate or trust;

14          The standard deduction shall be zero.

15          (7) Adjustments for inflation.

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

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

19 by

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

21          (D) Overall limitation on itemized deductions.

22          (1) General rule.

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

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

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

30          (2) Applicable amount.

31          (a) In general.

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

34          (b) Adjustments for inflation.



1 Each dollar amount contained in paragraph (a) shall be increased by an amount equal to:  
2 (i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by  
3 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.  
4 (3) Phase-out of Limitation.

5 (a) In general.

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

9 (b) Applicable fraction.

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

12 For taxable years beginning in calendar year	The applicable fraction is
13 2006 and 2007	2/3
14 2008 and 2009	1/3

15 (E) Exemption amount.

16 (1) In general.

17 Except as otherwise provided in this subsection, the term “exemption amount” means  
18 \$3,400.

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

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

23 (3) Adjustments for inflation.

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

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

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

27 (4) Limitation.

28 (a) In general.

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

31 (b) Applicable percentage.

32 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the  
33 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each  
34 \$2,500 (or fraction thereof) by which the taxpayer’s adjusted gross income for the taxable year

1 exceeds the threshold amount. In the case of a married individual filing a separate return, the  
2 preceding sentence shall be applied by substituting “\$1,250” for “\$2,500.” In no event shall the  
3 applicable percentage exceed one hundred percent (100%).

4 (c) Threshold Amount.

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

7	Filing status	Amount
8	Single	\$156,400
9	Married filing jointly of qualifying widow(er)	\$234,600
10	Married filing separately	\$117,300
11	Head of Household	\$195,500

12 (d) Adjustments for inflation.

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

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

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

16 (5) Phase-out of limitation.

17 (a) In general.

18 In the case of taxable years beginning after December 31, 2005, and before January 1,  
19 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which  
20 would be the amount of such reduction.

21 (b) Applicable fraction.

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

24	For taxable years beginning in calendar year	The applicable fraction is
25	2006 and 2007	2/3
26	2008 and 2009	1/3

27 (F) Alternative minimum tax.

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

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

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

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

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

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

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

3           (4) Taxable excess. For the purposes of this subsection the term “taxable excess” means so  
4 much of the federal alternative minimum taxable income as modified by the modifications in § 44-  
5 30-12 as exceeds the exemption amount.

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

8           (6) Exemption amount.

9           For purposes of this section “exemption amount” means:

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

16           (7) Treatment of unearned income of minor children

17           (a) In general.

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

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

21           (ii) \$6,000.

22           (8) Adjustments for inflation.

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

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

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

27           (9) Phase-out.

28           (a) In general.

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

32           (b) Threshold amount.

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

1	Filing status	Amount
2	Single	\$123,250
3	Married filing jointly or qualifying widow(er)	\$164,350
4	Married filing separately	\$82,175
5	Head of Household	\$123,250
6	Estate or Trust	\$82,150

7 (c) Adjustments for inflation

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

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

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

11 (G) Other Rhode Island taxes.

12 (1) General rule. There is hereby imposed (in addition to any other tax imposed by this

13 subtitle) a tax equal to twenty-five percent (25%) of:

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

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

16 (c) The recapture of Federal tax credits that were previously claimed on Rhode Island

17 return.

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

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

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

21 (I) Averaging of farm income.

22 (1) General rule. At the election of an individual engaged in a farming business or fishing

23 business, the tax imposed in section 2 shall be equal to twenty-five percent (25%) of:

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

25 1301].

26 (J) Cost-of-living adjustment.

27 (1) In general.

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

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

30 (b) The CPI for the base year.

31 (2) CPI for any calendar year.

32 For purposes of paragraph (1), the CPI for any calendar year is the average of the consumer

33 price index as of the close of the twelve (12) month period ending on August 31 of such calendar

34 year.

1 (3) Consumer price index.

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

6 (4) Rounding.

7 (a) In general.

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

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

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

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

16 (2) Child and dependent care credit;

17 (3) General business credits;

18 (4) Credit for elderly or the disabled;

19 (5) Credit for prior year minimum tax;

20 (6) Mortgage interest credit;

21 (7) Empowerment zone employment credit;

22 (8) Qualified electric vehicle credit.

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

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

34 (N) Rhode Island earned-income credit.

1           (1) In general.

2           For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-  
3 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent  
4 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode  
5 Island income tax.

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

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

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

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

22           (2) Refundable portion.

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

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

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

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

1 (3) For the period January 1, 2011, through December 31, 2011, and thereafter, “Rhode  
2 Island taxable income” means federal adjusted gross income as determined under the Internal  
3 Revenue Code, 26 U.S.C. § 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-  
4 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph  
5 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph  
6 44-30-2.6(c)(3)(C).

7 (A) Tax imposed.

8 (I) There is hereby imposed on the taxable income of married individuals filing joint  
9 returns, qualifying widow(er), every head of household, unmarried individuals, married individuals  
10 filing separate returns and bankruptcy estates, a tax determined in accordance with the following  
11 tables:

12 (1) For tax years beginning before January 1, 2027:

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

18 (2) For tax years beginning on or after January 1, 2027:

<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>\$ 55,000</u>	<u>\$ 0 + 3.75%</u>	<u>\$ 0</u>
<u>55,000 -</u>	<u>125,000</u>	<u>2,063 + 4.75%</u>	<u>55,000</u>
<u>125,000 -</u>	<u>648,398</u>	<u>5,388 + 5.99%</u>	<u>125,000</u>
<u>648,398</u>		<u>36,740 + 8.99%</u>	<u>648,398</u>

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

27 (1) For tax years beginning before January 1, 2027:

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 (2) For tax years beginning on or after January 1, 2027:

<u>RI Taxable Income</u>	<u>RI Income Tax</u>
--------------------------	----------------------

1	<u>Over</u>	<u>But not over</u>	<u>Pay + % on Excess</u>	<u>on the amount over</u>
2	<u>\$ 0</u>	<u>\$ 2,230</u>	<u>\$ 0 + 3.75%</u>	<u>\$ 0</u>
3	<u>2,230 -</u>	<u>7,022</u>	<u>84 + 4.75%</u>	<u>2,230</u>
4	<u>7,022 -</u>	<u>36,427</u>	<u>312 + 5.99%</u>	<u>7,022</u>
5	<u>36,427 -</u>		<u>2,073 + 8.99%</u>	<u>36,427</u>

6 (B) Deductions:

7 (I) Rhode Island Basic Standard Deduction.

8 Only the Rhode Island standard deduction shall be allowed in accordance with the  
9 following table:

10	Filing status	Amount
11	Single	\$7,500
12	Married filing jointly or qualifying widow(er)	\$15,000
13	Married filing separately	\$7,500
14	Head of Household	\$11,250

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

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

23 (C) Exemption Amount:

24 (I) The term “exemption amount” means three thousand five hundred dollars (\$3,500)  
25 multiplied by the number of exemptions allowed for the taxable year for federal income tax  
26 purposes. For tax years beginning on or after 2018, the term “exemption amount” means the same  
27 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  
28 Jobs Act (Pub. L. No. 115-97) on December 22, 2017.

29 (II) [Disallowance of Exemptions](#)

30 [\(1\)](#) Exemption amount disallowed in case of certain dependents. In the case of an individual  
31 with respect to whom a deduction under this section is allowable to another taxpayer for the same  
32 taxable year, the exemption amount applicable to such individual for such individual’s taxable year  
33 shall be zero.

34 [\(2\) Exemption amount disallowed for Child Tax Credit. For tax years beginning on or after](#)



1 January 1, 2027, the exemption amount applicable to a claimed child dependent of an eligible  
2 taxpayer, as defined in § 44-30-104, on a resident tax return shall be zero and a credit as defined in  
3 § 44-30-104 for each claimed child dependent shall be granted.

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 (n) Child Tax Credit: Effective for tax years beginning on or after January 1, 2027, credit  
12 shall be allowed for the Child Tax Credit as provided in § 44-30-104.

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

15 **44-30-12. Rhode Island income of a resident individual.**

16 (a) General. The Rhode Island income of a resident individual means the individual's  
17 adjusted gross income for federal income tax purposes, with the modifications specified in this  
18 section.

19 (b) Modifications increasing federal adjusted gross income. There shall be added to federal  
20 adjusted gross income:

21 (1) Interest income on obligations of any state, or its political subdivisions, other than  
22 Rhode Island or its political subdivisions;

23 (2) Interest or dividend income on obligations or securities of any authority, commission,  
24 or instrumentality of the United States, but not of Rhode Island or its political subdivisions, to the  
25 extent exempted by the laws of the United States from federal income tax but not from state income  
26 taxes;

27 (3) The modification described in § 44-30-25(g);

28 (4)(i) The amount defined below of a nonqualified withdrawal made from an account in  
29 the tuition savings program pursuant to § 16-57-6.1. For purposes of this section, a nonqualified  
30 withdrawal is:

31 (A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal  
32 Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-  
33 6.1; and

34 (B) A withdrawal or distribution that is:

1 (I) Not applied on a timely basis to pay “qualified higher education expenses” as defined  
2 in § 16-57-3(12) of the beneficiary of the account from which the withdrawal is made;

3 (II) Not made for a reason referred to in § 16-57-6.1(e); or

4 (III) Not made in other circumstances for which an exclusion from tax made applicable by  
5 Section 529 of the Internal Revenue Code, 26 U.S.C. § 529, pertains if the transfer, rollover,  
6 withdrawal, or distribution is made within two (2) taxable years following the taxable year for  
7 which a contributions modification pursuant to subsection (c)(4) of this section is taken based on  
8 contributions to any tuition savings program account by the person who is the participant of the  
9 account at the time of the contribution, whether or not the person is the participant of the account  
10 at the time of the transfer, rollover, withdrawal, or distribution;

11 (ii) In the event of a nonqualified withdrawal under subsection (b)(4)(i)(A) or (b)(4)(i)(B)  
12 of this section, there shall be added to the federal adjusted gross income of that person for the  
13 taxable year of the withdrawal an amount equal to the lesser of:

14 (A) The amount equal to the nonqualified withdrawal reduced by the sum of any  
15 administrative fee or penalty imposed under the tuition savings program in connection with the  
16 nonqualified withdrawal plus the earnings portion thereof, if any, includible in computing the  
17 person’s federal adjusted gross income for the taxable year; and

18 (B) The amount of the person’s contribution modification pursuant to subsection (c)(4) of  
19 this section for the person’s taxable year of the withdrawal and the two (2) prior taxable years less  
20 the amount of any nonqualified withdrawal for the two (2) prior taxable years included in  
21 computing the person’s Rhode Island income by application of this subsection for those years. Any  
22 amount added to federal adjusted gross income pursuant to this subdivision shall constitute Rhode  
23 Island income for residents, nonresidents, and part-year residents;

24 (5) The modification described in § 44-30-25.1(d)(3)(i);

25 (6) The amount equal to any unemployment compensation received but not included in  
26 federal adjusted gross income;

27 (7) The amount equal to the deduction allowed for sales tax paid for a purchase of a  
28 qualified motor vehicle as defined by the Internal Revenue Code § 164(a)(6);

29 (8) For any taxable year beginning on or after January 1, 2020, the amount of any Paycheck  
30 Protection Program loan forgiven for federal income tax purposes as authorized by the Coronavirus  
31 Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act, 2021 and/or  
32 any other subsequent federal stimulus relief packages enacted by law, to the extent that the amount  
33 of the loan forgiven exceeds \$250,000, including an individual’s distributive share of the amount  
34 of a pass-through entity’s loan forgiveness in excess of \$250,000; and

1 (9) For the taxable year beginning on or before January 1, 2025, the amount of any income,  
2 deduction or allowance that would be subject to federal income tax but for the Congressional  
3 enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment. The  
4 enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment and any  
5 Internal Revenue Service changes to forms, regulations, and/or processing which go into effect  
6 during the current tax year or within six (6) months of the beginning of the next tax year shall be  
7 deemed grounds for the promulgation of emergency rules and regulations under § 42-35-2.10 to  
8 effectuate the purpose of preserving the Rhode Island tax base under Rhode Island law with respect  
9 to the One Big Beautiful Bill Act or any other similar Congressional enactment.

10 (10) For any taxable year beginning on or after January 1, 2026, the amount of the  
11 deduction taken for domestic research and experimental expenditures under 26 U.S.C. § 174A less  
12 the amount of the deduction that would have been allowed as a deduction for domestic research  
13 and experimental expenditures under 26 U.S.C. § 174 immediately prior to the enactment of H.R.1  
14 (Pub. L. 119-21).

15 (c) Modifications reducing federal adjusted gross income. There shall be subtracted from  
16 federal adjusted gross income:

17 (1) Any interest income on obligations of the United States and its possessions to the extent  
18 includible in gross income for federal income tax purposes, and any interest or dividend income on  
19 obligations, or securities of any authority, commission, or instrumentality of the United States to  
20 the extent includible in gross income for federal income tax purposes but exempt from state income  
21 taxes under the laws of the United States; provided, that the amount to be subtracted shall in any  
22 case be reduced by any interest on indebtedness incurred or continued to purchase or carry  
23 obligations or securities the income of which is exempt from Rhode Island personal income tax, to  
24 the extent the interest has been deducted in determining federal adjusted gross income or taxable  
25 income;

26 (2) A modification described in § 44-30-25(f) or § 44-30-1.1(c)(1);

27 (3) The amount of any withdrawal or distribution from the “tuition savings program”  
28 referred to in § 16-57-6.1 that is included in federal adjusted gross income, other than a withdrawal  
29 or distribution or portion of a withdrawal or distribution that is a nonqualified withdrawal;

30 (4) Contributions made to an account under the tuition savings program, including the  
31 “contributions carryover” pursuant to subsection (c)(4)(iv) of this section, if any, subject to the  
32 following limitations, restrictions, and qualifications:

33 (i) The aggregate subtraction pursuant to this subdivision for any taxable year of the  
34 taxpayer shall not exceed five hundred dollars (\$500) or one thousand dollars (\$1,000) if a joint

1 return;

2 (ii) The following shall not be considered contributions:

3 (A) Contributions made by any person to an account who is not a participant of the account

4 at the time the contribution is made;

5 (B) Transfers or rollovers to an account from any other tuition savings program account or

6 from any other “qualified tuition program” under section 529 of the Internal Revenue Code, 26

7 U.S.C. § 529; or

8 (C) A change of the beneficiary of the account;

9 (iii) The subtraction pursuant to this subdivision shall not reduce the taxpayer’s federal

10 adjusted gross income to less than zero (0);

11 (iv) The contributions carryover to a taxable year for purpose of this subdivision is the

12 excess, if any, of the total amount of contributions actually made by the taxpayer to the tuition

13 savings program for all preceding taxable years for which this subsection is effective over the sum

14 of:

15 (A) The total of the subtractions under this subdivision allowable to the taxpayer for all

16 such preceding taxable years; and

17 (B) That part of any remaining contribution carryover at the end of the taxable year which

18 exceeds the amount of any nonqualified withdrawals during the year and the prior two (2) taxable

19 years not included in the addition provided for in this subdivision for those years. Any such part

20 shall be disregarded in computing the contributions carryover for any subsequent taxable year;

21 (v) For any taxable year for which a contributions carryover is applicable, the taxpayer

22 shall include a computation of the carryover with the taxpayer’s Rhode Island personal income tax

23 return for that year, and if for any taxable year on which the carryover is based the taxpayer filed a

24 joint Rhode Island personal income tax return but filed a return on a basis other than jointly for a

25 subsequent taxable year, the computation shall reflect how the carryover is being allocated between

26 the prior joint filers;

27 (5) The modification described in § 44-30-25.1(d)(1);

28 (6) Amounts deemed taxable income to the taxpayer due to payment or provision of

29 insurance benefits to a dependent, including a domestic partner pursuant to chapter 12 of title 36 or

30 other coverage plan;

31 (7) Modification for organ transplantation.

32 (i) An individual may subtract up to ten thousand dollars (\$10,000) from federal adjusted

33 gross income if the individual, while living, donates one or more of their human organs to another

34 human being for human organ transplantation, except that for purposes of this subsection, “human

organ” means all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow. A subtract modification that is claimed hereunder may be claimed in the taxable year in which the human organ transplantation occurs.

(ii) An individual may claim that subtract modification hereunder only once, and the subtract modification may be claimed for only the following unreimbursed expenses that are incurred by the claimant and related to the claimant’s organ donation:

(A) Travel expenses.

(B) Lodging expenses.

(C) Lost wages.

(iii) The subtract modification hereunder may not be claimed by a part-time resident or a nonresident of this state;

(8) Modification for taxable Social Security income.

(i) For tax years beginning on or after January 1, 2016, until the tax year beginning January 1, 2027:

(A) For a person who has attained the age used for calculating full or unreduced Social Security retirement benefits who files a return as an unmarried individual, head of household, or married filing separate whose federal adjusted gross income for the taxable year is less than eighty thousand dollars (\$80,000); or

(B) A married individual filing jointly or individual filing qualifying widow(er) who has attained the age used for calculating full or unreduced Social Security retirement benefits whose joint federal adjusted gross income for the taxable year is less than one hundred thousand dollars (\$100,000), an amount equal to the Social Security benefits includible in federal adjusted gross income.

(ii) For the tax years beginning on January 1, 2027, until the tax year beginning January 1, 2028:

(A) For a person who files a return as an unmarried individual, head of household, or married filing separate whose federal adjusted gross income for the taxable year is less than eighty thousand dollars (\$80,000); or

(B) A married individual filing jointly or individual filing qualifying widow(er) whose joint federal adjusted gross income for the taxable year is less than one hundred thousand dollars (\$100,000), an amount equal to the Social Security benefits includible in federal adjusted gross income.

(iii) For tax years beginning on January 1, 2028 until the tax year beginning January 1, 2029:

1           (A) For a person who files a return as an unmarried individual, head of household, or  
2 married filing separate whose federal adjusted gross income for the taxable year is less than one  
3 hundred sixty-five thousand two hundred dollars (\$165,200); or

4           (B) A married individual filing jointly or individual filing qualifying widow(er) whose joint  
5 federal adjusted gross income for the taxable year is less than two hundred six thousand five  
6 hundred fifty dollars (\$206,550), an amount equal to the Social Security benefits includible in  
7 federal adjusted gross income.

8           (iv) For tax years beginning on or after January 1, 2029, for a person who files a return as  
9 an unmarried individual, head of household, married filing separate, a married individual filing  
10 jointly, or individual qualifying widow(er) there is no income threshold for tax years beginning on  
11 or after January 1, 2029, an amount equal to the Social Security benefits includible in federal  
12 adjusted gross income.

13           ~~(ii)(v)~~ Adjustment for inflation. The dollar amount contained in subsections (c)(8)(i)~~(A)~~  
14 ~~and (e)(8)(i)(B)~~ and (c)(8)(ii) of this section shall be increased annually by an amount equal to:

15           (A) Such dollar amount contained in subsections (c)(8)(i)~~(A)~~ ~~and (e)(8)(i)(B)~~ and (c)(8)(ii)  
16 of this section adjusted for inflation using a base tax year of 2000, multiplied by;

17           (B) The cost-of-living adjustment with a base year of 2000.

18           ~~(iii)(vi)~~ For the purposes of this section the cost-of-living adjustment for any calendar year  
19 is the percentage (if any) by which the consumer price index for the preceding calendar year  
20 exceeds the consumer price index for the base year. The consumer price index for any calendar  
21 year is the average of the consumer price index as of the close of the twelve-month (12) period  
22 ending on August 31, of such calendar year.

23           ~~(iv)(vii)~~ For the purpose of this section the term “consumer price index” means the last  
24 consumer price index for all urban consumers published by the department of labor. For the purpose  
25 of this section the revision of the consumer price index which is most consistent with the consumer  
26 price index for calendar year 1986 shall be used.

27           ~~(v)(viii)~~ If any increase determined under this section is not a multiple of fifty dollars  
28 (\$50.00), such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the  
29 case of a married individual filing separate return, if any increase determined under this section is  
30 not a multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower  
31 multiple of twenty-five dollars (\$25.00);

32           (9) Modification of taxable retirement income from certain pension plans or annuities.

33           (i) For tax years beginning on or after January 1, 2017, until the tax year beginning January  
34 1, 2022, a modification shall be allowed for up to fifteen thousand dollars (\$15,000), and for tax



1 years beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, a  
2 modification shall be allowed for up to twenty thousand dollars (\$20,000), ~~and for tax years~~  
3 ~~beginning on or after January 1, 2025, a modification shall be allowed for up to fifty thousand~~  
4 ~~dollars (\$50,000)~~, of taxable pension and/or annuity income that is included in federal adjusted  
5 gross income for the taxable year:

6 (A) For a person who has attained the age used for calculating full or unreduced Social  
7 Security retirement benefits who files a return as an unmarried individual, head of household, or  
8 married filing separate whose federal adjusted gross income for such taxable year is less than the  
9 amount used for the modification contained in subsection (c)(8)(i)(A) of this section an amount not  
10 to exceed \$15,000 for tax years beginning on or after January 1, 2017, until the tax year beginning  
11 January 1, 2022, and an amount not to exceed twenty thousand dollars (\$20,000) for tax years  
12 beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, ~~and an amount~~  
13 ~~not to exceed fifty thousand dollars (\$50,000) for tax years beginning on or after January 1, 2025,~~  
14 of taxable pension and/or annuity income includible in federal adjusted gross income; or

15 (B) For a married individual filing jointly or individual filing qualifying widow(er) who  
16 has attained the age used for calculating full or unreduced Social Security retirement benefits whose  
17 joint federal adjusted gross income for such taxable year is less than the amount used for the  
18 modification contained in subsection (c)(8)(i)(B) of this section an amount not to exceed \$15,000  
19 for tax years beginning on or after January 1, 2017, until the tax year beginning January 1, 2022,  
20 and an amount not to exceed twenty thousand dollars (\$20,000) for tax years beginning on or after  
21 January 1, 2023, until the tax year beginning January 1, 2024, ~~and an amount not to exceed fifty~~  
22 ~~thousand dollars (\$50,000) for tax years beginning on or after January 1, 2025,~~ of taxable pension  
23 and/or annuity income includible in federal adjusted gross income.

24 (ii) For tax years beginning on or after January 1, 2025, a modification shall be allowed for  
25 up to fifty thousand dollars (\$50,000) of taxable pension and/or annuity income that is included in  
26 federal adjusted gross income for the taxable year:

27 (A) For a person who has attained the age used for calculating full or unreduced Social  
28 Security retirement benefits who files a return as an unmarried individual, head of household, or  
29 married filing separate whose federal adjusted gross income for the taxable year is less than one  
30 hundred seven thousand dollars (\$107,000) an amount not to exceed fifty thousand dollars  
31 (\$50,000) for tax years beginning on or after January 1, 2025, of taxable pension and/or annuity  
32 income includible in federal adjusted gross income; or

33 (B) For a married individual filing jointly or individual filing qualifying widow(er) who  
34 has attained the age used for calculating full or unreduced Social Security retirement benefits whose

1 joint federal adjusted gross income for the taxable year is less than one hundred thirty-three  
2 thousand seven hundred fifty dollars (\$133,750) an amount not to exceed fifty thousand dollars  
3 (\$50,000) for tax years beginning on or after January 1, 2025, of taxable pension and/or annuity  
4 income includible in federal adjusted gross income.

5 ~~(ii)~~ (iii) Adjustment for inflation.

6 (A) The dollar amount contained by reference in subsections (c)(9)(i)(A) and (c)(9)(i)(B)  
7 of this section shall be increased annually for tax years beginning on or after January 1, 2018 until  
8 the tax year beginning on January 1, 2025, by an amount equal to:

9 ~~(A)~~ (I) Such dollar amount contained by reference in subsections (c)(9)(i)(A) and  
10 (c)(9)(i)(B) of this section adjusted for inflation using a base tax year of 2000, multiplied by;

11 ~~(B)~~ (II) The cost-of-living adjustment with a base year of 2000.

12 (B) For tax years beginning on or after January 1, 2026, the dollar amount contained in  
13 subsections (c)(9)(ii)(A) and (c)(9)(ii)(B) of this section shall be increased annually by an amount  
14 equal to:

15 (I) Such dollar amount contained by reference in subsections (c)(9)(ii)(A) and (c)(9)(ii)(B)  
16 of this section adjusted for inflation using a base tax year of 2025, multiplied by;

17 (II) The cost-of-living adjustment with a base year of 2025.

18 ~~(iii)~~ (iv) For the purposes of this section, the cost-of-living adjustment for any calendar year  
19 is the percentage (if any) by which the consumer price index for the preceding calendar year  
20 exceeds the consumer price index for the base year. The consumer price index for any calendar  
21 year is the average of the consumer price index as of the close of the twelve-month (12) period  
22 ending on August 31, of such calendar year.

23 ~~(iv)~~ (v) For the purpose of this section, the term “consumer price index” means the last  
24 consumer price index for all urban consumers published by the department of labor. For the purpose  
25 of this section, the revision of the consumer price index which is most consistent with the consumer  
26 price index for calendar year 1986 shall be used.

27 ~~(v)~~ (vi) If any increase determined under this section is not a multiple of fifty dollars  
28 (\$50.00), such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the  
29 case of a married individual filing a separate return, if any increase determined under this section  
30 is not a multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower  
31 multiple of twenty-five dollars (\$25.00).

32 ~~(vi)~~ (vii) For tax years beginning on or after January 1, 2022, until the tax year beginning  
33 January 1, 2025, the dollar amount contained by reference in subsection (c)(9)(i)(A) shall be  
34 adjusted to equal the dollar amount contained in subsection (c)(8)(i)(A), as adjusted for inflation,

1 and the dollar amount contained by reference in subsection (c)(9)(i)(B) shall be adjusted to equal  
2 the dollar amount contained in subsection (c)(8)(i)(B), as adjusted for inflation;

3 (10) Modification for Rhode Island investment in opportunity zones. For purposes of a  
4 taxpayer's state tax liability, in the case of any investment in a Rhode Island opportunity zone by  
5 the taxpayer for at least seven (7) years, a modification to income shall be allowed for the  
6 incremental difference between the benefit allowed under 26 U.S.C. § 1400Z-2(b)(2)(B)(iv) and  
7 the federal benefit allowed under 26 U.S.C. § 1400Z-2(c);

8 (11) Modification for military service pensions.

9 (i) For purposes of a taxpayer's state tax liability, a modification to income shall be allowed  
10 as follows:

11 (A) For the tax years beginning on January 1, 2023, a taxpayer may subtract from federal  
12 adjusted gross income the taxpayer's military service pension benefits included in federal adjusted  
13 gross income;

14 (ii) As used in this subsection, the term "military service" shall have the same meaning as  
15 set forth in 20 C.F.R. § 212.2;

16 (iii) At no time shall the modification allowed under this subsection alone or in conjunction  
17 with subsection (c)(9) exceed the amount of the military service pension received in the tax year  
18 for which the modification is claimed;

19 (12) Any rebate issued to the taxpayer pursuant to § 44-30-103 to the extent included in  
20 gross income for federal tax purposes; and

21 (13) For tax years beginning on or after January 1, 2025, in the case of a taxpayer that is  
22 licensed in accordance with chapters 28.6 and/or 28.11 of title 21, the amount equal to any  
23 expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed under  
24 26 U.S.C. § 280E.

25 (14) For any taxable year beginning on or after January 1, 2026, the amount as determined  
26 by the tax administrator required to be added back in a prior year that would have been allowed  
27 under 26 U.S.C. § 174A as enacted in H.R.1 (Pub. L. 119-21) on July 4, 2025, but would not have  
28 been allowed as a deduction under 26 U.S.C. § 174 immediately prior to its enactment. At no time  
29 may the cumulative modification amount for each amortized expenditure exceed one hundred  
30 percent (100%) of said expenditure's expense amount.

31 (d) Modification for Rhode Island fiduciary adjustment. There shall be added to, or  
32 subtracted from, federal adjusted gross income (as the case may be) the taxpayer's share, as  
33 beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under § 44-  
34 30-17.

1 (e) Partners. The amounts of modifications required to be made under this section by a  
2 partner, which relate to items of income or deduction of a partnership, shall be determined under §  
3 44-30-15.

4 SECTION 7. Section 44-34.1-2 of the General Laws in Chapter 44-34.1 entitled “Motor  
5 Vehicle and Trailer Excise Tax Elimination Act of 1998” is hereby amended to read as follows:

6 **44-34.1-2. City, town, and fire district reimbursement.**

7 (a) In fiscal years 2024 and thereafter, cities, towns, and fire districts shall receive  
8 reimbursements, as set forth in this section, from state general revenues ~~equal to the amount of lost~~  
9 ~~tax revenue~~ due to the phase out of the excise tax. ~~When the tax is phased out, cities, towns, and~~  
10 ~~fire districts shall receive a permanent distribution of sales tax revenue pursuant to § 44-18-18 in~~  
11 ~~an amount equal to any lost revenue resulting from the excise tax elimination.~~

12 (b)(1) In fiscal year 2024, cities, towns, and fire districts shall receive the following  
13 reimbursement amounts:

14	Barrington	\$ 5,894,822
15	Bristol	\$ 2,905,818
16	Burrillville	\$ 5,053,933
17	Central Falls	\$ 2,077,974
18	Charlestown	\$ 1,020,877
19	Coventry	\$ 5,872,396
20	Cranston	\$ 22,312,247
21	Cumberland	\$ 6,073,469
22	East Greenwich	\$ 2,417,332
23	East Providence	\$ 11,433,479
24	Exeter	\$ 2,241,381
25	Foster	\$ 1,652,251
26	Glocester	\$ 2,381,941
27	Hopkinton	\$ 1,629,259
28	Jamestown	\$ 622,793
29	Johnston	\$ 10,382,785
30	Lincoln	\$ 5,683,015
31	Little Compton	\$ 366,775
32	Middletown	\$ 1,976,448
33	Narragansett	\$ 1,831,251
34	Newport	\$ 2,223,671

1	New Shoreham	\$ 163,298
2	North Kingstown	\$ 5,378,818
3	North Providence	\$ 9,619,286
4	North Smithfield	\$ 4,398,531
5	Pawtucket	\$ 16,495,506
6	Portsmouth	\$ 2,414,242
7	Providence	\$ 34,131,596
8	Richmond	\$ 1,448,455
9	Scituate	\$ 1,977,127
10	Smithfield	\$ 7,098,694
11	South Kingstown	\$ 3,930,455
12	Tiverton	\$ 1,748,175
13	Warren	\$ 2,090,911
14	Warwick	\$ 25,246,254
15	Westerly	\$ 5,765,523
16	West Greenwich	\$ 1,331,725
17	West Warwick	\$ 5,673,744
18	Woonsocket	\$ 9,324,776
19	Lime Rock Fire District	\$ 133,933
20	Lincoln Fire District	\$ 208,994
21	Manville Fire District	\$ 64,862
22	Quinnville Fire District	\$ 13,483

23 (2) In fiscal year 2024, funds shall be distributed to the cities, towns, and fire districts as  
24 follows:

- 25 (i) On August 1, 2023, twenty-five percent (25%) of the funds.
- 26 (ii) On November 1, 2023, twenty-five percent (25%) of the funds.
- 27 (iii) On February 1, 2024, twenty-five percent (25%) of the funds.
- 28 (iv) On May 1, 2024, twenty-five percent (25%) of the funds.

29 The funds shall be distributed to each city, town, and fire district in the same proportion as  
30 distributed in fiscal year 2023.

31 (3) For the city of East Providence, the payment schedule is twenty-five percent (25%) on  
32 November 1, 2023, twenty-five percent (25%) on February 1, 2024, twenty-five percent (25%) on  
33 May 1, 2024, and twenty-five percent (25%) on August 1, 2024.

34 (4) On any of the payment dates specified in subsections (b)(2)(i) through (b)(2)(iv), (b)(3),

1 or (d) of this section, the director of revenue is authorized to deduct previously made over-payments  
2 or add supplemental payments as may be required to bring the reimbursements into full compliance  
3 with the requirements of this chapter.

4 (c) When the tax is phased out to August 1, of the following fiscal year the director of  
5 revenue shall calculate to the nearest thousandth of one cent (\$0.00001) the number of cents of  
6 sales tax received for the fiscal year ending June 30, of the year following the phase-out equal to  
7 the amount of funds distributed to the cities, towns, and fire districts under this chapter during the  
8 fiscal year following the phase-out and the percent of the total funds distributed in the fiscal year  
9 following the phase-out received by each city, town, and fire district, calculated to the nearest one-  
10 hundredth of one percent (0.01%). The director of the department of revenue shall transmit those  
11 calculations to the governor, the speaker of the house, the president of the senate, the chairperson  
12 of the house finance committee, the chairperson of the senate finance committee, the house fiscal  
13 advisor, and the senate fiscal advisor. The number of cents, applied to the sales taxes received for  
14 the prior fiscal year, shall be the basis for determining the amount of sales tax to be distributed to  
15 the cities, towns, and fire districts under this chapter ~~for the second fiscal year following the phase-~~  
16 ~~out and each year thereafter~~ in fiscal year 2025 and fiscal year 2026. The cities, towns, and fire  
17 districts shall receive that amount of sales tax in the proportions calculated by the director of  
18 revenue as that received in the fiscal year following the phase-out, subject to a maximum two  
19 percentage point increase from the previous fiscal year. For fiscal year 2026 only, the increase shall  
20 be based on the amount received pursuant to subsection (b)(1) or subsection (c) of this section  
21 whichever is greater.

22 (d) In fiscal years 2025 and thereafter, twenty-five percent (25%) of the funds shall be  
23 distributed to the cities, towns, and fire districts on August 1, 2024, and every August 1 thereafter;  
24 twenty-five percent (25%) shall be distributed on November 1, 2024, and every November 1  
25 thereafter; twenty-five percent (25%) shall be distributed on February 1, 2025, and every February  
26 1 thereafter; and twenty-five percent (25%) shall be distributed on May 1, 2025, and every May 1  
27 thereafter.

28 (e) In fiscal years 2027 and thereafter, each city, town, and fire district shall receive a  
29 reimbursement amount equal to the reimbursement amount it received in fiscal year 2026.

30 ~~(f)~~ (f) [Deleted by P.L. 2024, ch. 400, § 1 and P.L. 2024, ch. 401, § 1.]

31 SECTION 8. Section 45-2-35.1 of the General Laws in Chapter 45-2 entitled  
32 "City of Newport – Landing and boarding fees" is hereby amended to read as follows:

33 **45-2-35.1. City of Newport — Landing and boarding fees.**

34 (a) The city of Newport is authorized to charge, assess, or otherwise collect from every

1 cruise vessel landing in the city of Newport a landing fee of ~~ten dollars (\$10.00)~~ fifteen dollars  
2 (\$15.00) per passenger and from every cruise vessel embarking from Newport, a boarding fee of  
3 ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) per passenger. For the purposes of this section, the term  
4 “cruise vessel” does not include ferries and water carriers of persons and/or property doing business  
5 as common carriers operating upon waters between termini within the state.

6 (b) Of the total fee collected per passenger, ten dollars (\$10.00) shall be retained by the  
7 city of Newport, and five dollars (\$5.00) shall be allocated to the Rhode Island public transit  
8 authority as defined in § 39-18-2 to support transit operations in Newport and Aquidneck Island.

9 ~~(b)~~(c) The city council of the City of Newport shall promulgate rules and regulations to  
10 implement the provisions of this section.

11 ~~(c)~~(d) The city of Newport is authorized to impose a penalty on any delinquency in the  
12 payment of any fee imposed under this section, at a rate equal to that assessed by the city on tax  
13 delinquencies.

14 SECTION 9. Sections 1, 2, 5, 6, 7, and 8 shall take effect upon passage. Sections 3 and 4  
15 shall take effect September 1, 2026.

16