

ARTICLE 6 AS AMENDED

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 and may be cited 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 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

1 paid the tax and interest due upon filing the amnesty tax return, or who have entered into an
2 installment payment agreement for reasons of financial hardship and upon terms and conditions set
3 by the tax administrator. In the case of the failure of a taxpayer to pay any installment due under
4 the agreement, such an agreement shall cease to be effective and the balance of the amounts
5 required to be paid thereunder shall be due immediately. Amnesty shall be granted for only the
6 taxable period specified in the application and only if all amnesty conditions are satisfied by the
7 taxpayer.

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

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

13 **44-6.6-4. Interest under tax amnesty.**

14 Notwithstanding any provision of law to the contrary, interest on any taxes paid for periods
15 covered under the amnesty provisions of this chapter shall be computed at the rate imposed under
16 § 44-1-7, reduced by twenty-five percent (25%).

17 **44-6.6-5. Implementation.**

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

21 **44-6.6-6. Disposition of monies.**

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

24 **44-6.6-7. Analysis of amnesty program by tax administrator.**

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

31 **44-6.6-8. Rules and regulations.**

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

34 SECTION 2. Sections 44-11-2.2, 44-11-2.3 and 44-11-11 of the General Laws in Chapter

1 44-11 entitled "Business Corporation Tax" are hereby amended to read as follows:

2 **44-11-2.2. Pass-through entities — Definitions — Withholding — Returns.**

3 (a) Definitions.

4 (1) "Administrative adjustment request" means an administrative adjustment request filed
5 by a partnership under IRC section 6227.

6 (2) "Audited partnership" means a partnership or an entity taxed as a partnership federally
7 subject to a partnership level audit resulting in a federal adjustment.

8 (3) "Direct partner" means a partner that holds an interest directly in a partnership or pass-
9 through entity.

10 (4) "Federal adjustment" means a change to an item or amount determined under the
11 Internal Revenue Code (IRC) that is used by a taxpayer to compute Rhode Island tax owed whether
12 that change results from action by the IRS, including a partnership level audit, or the filing of an
13 amended federal return, federal refund claim, or an administrative adjustment request by the
14 taxpayer. A federal adjustment is positive to the extent that it increases state taxable income as
15 determined under Rhode Island state laws and is negative to the extent that it decreases state taxable
16 income as determined under Rhode Island state laws.

17 (5) "Final determination date" means if the federal adjustment arises from an IRS audit or
18 other action by the IRS, the final determination date is the first day on which no federal adjustments
19 arising from that audit or other action remain to be finally determined, whether by IRS decision
20 with respect to which all rights of appeal have been waived or exhausted, by agreement, or, if
21 appealed or contested, by a final decision with respect to which all rights of appeal have been
22 waived or exhausted. For agreements required to be signed by the IRS and the taxpayer, the final
23 determination date is the date on which the last party signed the agreement.

24 (6) "Final federal adjustment" means a federal adjustment after the final determination date
25 for that federal adjustment has passed.

26 (7) "Indirect partner" means a partner in a partnership or pass-through entity that itself
27 holds an interest directly, or through another indirect partner, in a partnership or pass-through
28 entity.

29 (8) "Member" means an individual who is a shareholder of an S corporation; a partner in a
30 general partnership, a limited partnership, or a limited liability partnership; a member of a limited
31 liability company; or a beneficiary of a trust;

32 (9) "Nonresident" means an individual who is not a resident of or domiciled in the state, a
33 business entity that does not have its commercial domicile in the state, and a trust not organized in
34 the state.

1 (10) "Partner" means a person that holds an interest directly or indirectly in a partnership
2 or other pass-through entity.

3 (11) "Partnership" means an entity subject to taxation under Subchapter K of the IRC.

4 (12) "Partnership level audit" means an examination by the IRS at the partnership level
5 pursuant to Subchapter C of Title 26, Subtitle F, Chapter 63 of the IRC, as enacted by the Bipartisan
6 Budget Act of 2015, Public Law 114-74, which results in Federal Adjustments.

7 (13) "Pass-through entity" means a corporation that for the applicable tax year is treated as
8 an S Corporation under IRC § 1362(a) [26 U.S.C. § 1362(a)], and a general partnership, limited
9 partnership, limited liability partnership, trust, or limited liability company that for the applicable
10 tax year is not taxed as a corporation for federal tax purposes under the state's check-the-box
11 regulation.

12 (14) "Tiered partner" means any partner that is a partnership or pass-through entity.

13 (b) Withholding.

14 (1) A pass-through entity shall withhold income tax at the highest Rhode Island
15 withholding tax rate provided for individuals or seven percent (7%) for corporations on the
16 member's share of income of the entity that is derived from or attributable to sources within this
17 state distributed to each nonresident member and pay the withheld amount in the manner prescribed
18 by the tax administrator. The pass-through entity shall be liable for the payment of the tax required
19 to be withheld under this section and shall not be liable to the member for the amount withheld and
20 paid over in compliance with this section. A member of a pass-through entity that is itself a pass-
21 through entity (a "lower-tier pass-through entity") shall be subject to this same requirement to
22 withhold and pay over income tax on the share of income distributed by the lower-tier pass-through
23 entity to each of its nonresident members. The tax administrator shall apply tax withheld and paid
24 over by a pass-through entity on distributions to a lower-tier pass-through entity to the withholding
25 required of that lower-tier pass-through entity.

26 (2) A pass-through entity shall, at the time of payment made pursuant to this section, deliver
27 to the tax administrator a return upon a form prescribed by the tax administrator showing the total
28 amounts paid or credited to its nonresident members, the amount withheld in accordance with this
29 section, and any other information the tax administrator may require. A pass-through entity shall
30 furnish to its nonresident member annually, but not later than the fifteenth day of the third month
31 after the end of its taxable year, a record of the amount of tax withheld on behalf of the member on
32 a form prescribed by the tax administrator.

33 (c) Notwithstanding subsection (b), a pass-through entity is not required to withhold tax
34 for a nonresident member if:

1 (1) The member has a pro rata or distributive share of income of the pass-through entity
2 from doing business in, or deriving income from sources within, this state of less than \$1,000 per
3 annual accounting period;

4 (2) The tax administrator has determined by regulation, ruling, or instruction that the
5 member's income is not subject to withholding;

6 (3) The member elects to have the tax due paid as part of a composite return filed by the
7 pass-through entity under subsection (d); or

8 (4) The entity is a publicly traded partnership as defined by 26 U.S.C. § 7704(b) that is
9 treated as a partnership for the purposes of the Internal Revenue Code and that has agreed to file
10 an annual information return reporting the name, address, taxpayer identification number, and other
11 information requested by the tax administrator of each unitholder with an income in the state in
12 excess of \$500.

13 (d) Composite return.

14 (1) A pass-through entity may file a composite income tax return on behalf of electing
15 nonresident members reporting and paying income tax at the state's highest marginal rate on the
16 members' pro rata or distributive shares of income of the pass-through entity from doing business
17 in, or deriving income from sources within, this State. [For the purposes of this chapter, for tax years
18 beginning on or after January 1, 2027, any reference to the highest marginal rate shall be the sum
19 of the highest marginal tax rate in § 44-30-2.6\(c\)\(3\)\(A\)\(I\)\(1\) and the high-income surtax in § 44-
20 30-2.6\(c\)\(3\)\(A\)\(I\)\(2\).](#)

21 (2) A nonresident member whose only source of income within a state is from one or more
22 pass-through entities may elect to be included in a composite return filed pursuant to this section.

23 (3) A nonresident member that has been included in a composite return may file an
24 individual income tax return and shall receive credit for tax paid on the member's behalf by the
25 pass-through entity.

26 (e) Partnership level audit.

27 (1) A partnership shall report final federal adjustments pursuant to IRC section 6225(a)(2)
28 arising from a partnership level audit or an administrative adjustment request and make payments
29 by filing the applicable supplemental return as prescribed under § 44-11-2.2(e)(1)(ii), and as
30 required under § 44-11-19(b), in lieu of taxes owed by its direct and indirect partners.

31 (i) Failure of the audited partnership or tiered partner to report final federal adjustments
32 pursuant to IRC section 6225(a) and 6225(c) or pay does not prevent the tax administrator from
33 assessing the audited partnership, direct partners, or indirect partners for taxes they owe, using the
34 best information available, in the event that a partnership or tiered partner fails to timely make any

1 report or payment required by § 44-11-19(b) for any reason.

2 (ii) The tax administrator may promulgate rules and regulations, not inconsistent with law,
3 to carry into effect the provisions of this chapter.

4 **44-11-2.3. Pass-through entities — Election to pay state income tax at the entity level.**

5 (a) **Definitions.** As used in this section:

6 (1) “Election” means the annual election to be made by the pass-through entity by filing
7 the prescribed tax form and remitting the appropriate tax.

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

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

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

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

26 (b) **Elections.**

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

29 (2) For tax years beginning on or after January 1, 2027, a pass-through entity electing to
30 pay the state tax in subsection (b)(1) of this section may also elect to pay the state tax at the entity
31 level on income equal to or exceeding the amount in § 44-30-2.6(c)(3)(A)(I)(2) at the rate in § 44-
32 30-2.6(c)(3)(A)(I)(2).

33 ~~(2)(3)~~ If a pass-through entity elects to pay an entity tax under this subsection, the entity
34 shall not have to comply with the provisions of § 44-11-2.2 regarding withholding on non-resident

1 owners. In that instance, the entity shall not have to comply with the provisions of § 44-11-2.2
2 regarding withholding on non-resident owners.

3 (c) **Reporting.**

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

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

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

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

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

19 **44-11-11. "Net income" defined.**

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

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

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

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

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

27 ~~(iv)~~ (4) For any taxable year beginning on or after January 1, 2020, the amount of any
28 Paycheck Protection Program loan forgiven for federal income tax purposes as authorized by the
29 Coronavirus Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act,
30 2021 and/or any other subsequent federal stimulus relief packages enacted by law, to the extent that
31 the amount of the loan forgiven exceeds \$250,000; ~~and minus:~~

32 (5) For the taxable year beginning on or before January 1, 2025, the amount of any income,
33 deduction, or allowance that would be subject to federal income tax but for the Congressional
34 enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment. The

1 enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment and any
2 Internal Revenue Service changes to forms, regulations, and/or processing which go into effect
3 during the current tax year or within six (6) months of the beginning of the next tax year shall be
4 deemed grounds for the promulgation of emergency rules and regulations under § 42-35-2.10 to
5 effectuate the purpose of preserving the Rhode Island tax base under Rhode Island law with respect
6 to the One Big Beautiful Bill Act or any other similar Congressional enactment;

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

12 (7) For any taxable year beginning on or after January 1, 2027, the amount of any deduction
13 allowable for depreciation, amortization, or depletion pursuant to 26 U.S.C. § 163(j)(8)(A)(v); and

14 (8) For any taxable year beginning on or after January 1, 2027, the amount excluded from
15 income pursuant to 26 U.S.C. § 1202.

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

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

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

20 ~~(vii)~~(3) For any taxable year beginning on or after January 1, 2025, in the case of a taxpayer
21 that is licensed in accordance with chapters 28.6 and/or 28.11 of title 21, the amount equal to any
22 expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed under
23 26 U.S.C. § 280E; and

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

34 (4) For any taxable year beginning on or after January 1, 2026, the amount as determined

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

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

12 ~~(b)~~(e) A net operating loss deduction shall be allowed, which shall be the same as the net
13 operating loss deduction allowed under 26 U.S.C. § 172, except that:

14 (1) Any net operating loss included in determining the deduction shall be adjusted to reflect
15 the inclusions and exclusions from entire net income required by subsection (a) of this section and
16 § 44-11-11.1;

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

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

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

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

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

33 ~~(d)~~(g) A corporation that qualifies as a “foreign sales corporation” (FSC) under the
34 provisions of subchapter N, 26 U.S.C. § 861 et seq., and that has in effect for the entire taxable year

1 a valid election under federal law to be treated as a FSC, shall not pay the amount of the tax
2 computed under § 44-11-2(a). Any income to shareholders of FSCs is to be treated in the same
3 manner as it is treated under federal income tax law as it exists on January 1, 1985.

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

8 SECTION 3. Sections 44-20-1, 44-20-4.1 and 44-20-8.2 of the General Laws in Chapter
9 44-20 entitled "Cigarette, Other Tobacco Products, and Electronic Nicotine-Delivery System
10 Products" are hereby amended to read as follows:

11 **44-20-1. Definitions.**

12 Whenever used in this chapter, unless the context requires otherwise:

13 (1) "Administrator" means the tax administrator.

14 (2) "Cigarettes" means and includes any cigarettes suitable for smoking in cigarette form,
15 "heat not burn products," and each sheet of cigarette rolling paper, including but not limited to,
16 paper made into a hollow cylinder or cone, made with paper or any other material, with or without
17 a filter suitable for use in making cigarettes.

18 (3) "Dealer" means any person whether located within or outside of this state, who sells or
19 distributes cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
20 products to a consumer in this state.

21 (4) "Distributor" means any person:

22 (i) Whether located within or outside of this state, other than a dealer, who sells or
23 distributes cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
24 products within or into this state. Such term shall not include any cigarette or other tobacco product
25 manufacturer, export warehouse proprietor, or importer with a valid permit under 26 U.S.C. § 5712,
26 if such person sells or distributes cigarettes and/or other tobacco products and/or electronic
27 nicotine-delivery system products in this state only to licensed distributors, or to an export
28 warehouse proprietor or another manufacturer with a valid permit under 26 U.S.C. § 5712;

29 (ii) Selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery
30 system products directly to purchasers in this state by means of at least twenty-five (25) vending
31 machines;

32 (iii) Engaged in this state in the business of manufacturing cigarettes and/or other tobacco
33 products and/or electronic nicotine-delivery system products or any person engaged in the business
34 of selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system

1 products to dealers, or to other persons, for the purpose of resale only; provided, that seventy-five
2 percent (75%) of all cigarettes and/or other tobacco products and/or electronic nicotine-delivery
3 system products sold by that person in this state are sold to dealers or other persons for resale and
4 selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products
5 directly to at least forty (40) dealers or other persons for resale; ~~or~~

6 (iv) Maintaining one or more regular places of business in this state for that purpose;
7 provided, that seventy-five percent (75%) of the sold cigarettes and/or other tobacco products
8 and/or electronic nicotine-delivery system products are purchased directly from the manufacturer
9 and selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
10 products directly to at least forty (40) dealers or other persons for resale; or

11 (v) Engaged in this state as a dealer and whose annual business sales of cigars are greater
12 than fifty percent (50%) of their sales.

13 (5) “Electronic nicotine-delivery system” means an electronic device that may be used to
14 simulate smoking in the delivery of nicotine or other substance to a person inhaling from the device,
15 and includes, but is not limited to, an electronic cigarette, electronic cigar, electronic cigarillo,
16 electronic little cigars, electronic pipe, electronic hookah, e-liquids, e-liquid products, or any related
17 device and any cartridge or other component of such device.

18 (6) “Electronic nicotine-delivery system products” means any combination of electronic
19 nicotine-delivery system and/or e-liquid and/or any derivative thereof, and/or any e-liquid
20 container. Electronic nicotine-delivery system products shall include hemp-derived consumable
21 CBD products as defined in § 2-26-3.

22 (7) “E-liquid” and “e-liquid products” mean any liquid or substance placed in or sold for
23 use in an electronic nicotine-delivery system that generally utilizes a heating element that
24 aerosolizes, vaporizes, or combusts a liquid or other substance containing nicotine or nicotine
25 derivative:

26 (i) Whether the liquid or substance contains nicotine or a nicotine derivative; or

27 (ii) Whether sold separately or sold in combination with a personal vaporizer, electronic
28 nicotine-delivery system, or an electronic inhaler.

29 (8) “Importer” means any person who imports into the United States, either directly or
30 indirectly, a finished cigarette or other tobacco product and/or electronic nicotine-delivery system
31 product for sale or distribution.

32 (9) “Licensed,” when used with reference to a manufacturer, importer, distributor, or
33 dealer, means only those persons who hold a valid and current license issued under § 44-20-2 for
34 the type of business being engaged in. When the term “licensed” is used before a list of entities,

1 such as “licensed manufacturer, importer, wholesale dealer, or retailer dealer,” such term shall be
2 deemed to apply to each entity in such list.

3 (10) “Manufacturer” means any person who manufactures, fabricates, assembles,
4 processes, or labels a finished cigarette and/or other tobacco products and/or electronic nicotine-
5 delivery system products.

6 (11) “Other tobacco products” (OTP) means any products that are made from or derived
7 from tobacco or that contain nicotine, whether natural or artificial, including, but not limited to,
8 cigars (excluding Little Cigars, as defined in § 44-20.2-1, which are subject to cigarette tax),
9 cheroots, stogies, smoking tobacco (including granulated, plug cut, crimp cut, ready rubbed and
10 any other kinds and forms of tobacco suitable for smoking in a pipe or otherwise), chewing tobacco
11 (including Cavendish, twist, plug, scrap and any other kinds and forms of tobacco suitable for
12 chewing), any and all forms of hookah, shisha and “mu’assel” tobacco, snuff, and shall include any
13 other articles or products made of, derived from, or containing tobacco or nicotine, in whole or in
14 part, or any tobacco or nicotine substitute, except cigarettes and electronic nicotine-delivery system
15 products. Other tobacco products shall not mean any product that has been approved by the United
16 States Food and Drug Administration for the sale of or use as a tobacco or nicotine cessation
17 product or for other medical purposes and is marketed and sold or prescribed exclusively for that
18 approved purpose.

19 (12) “Person” means any individual, including an employee or agent, firm, fiduciary,
20 partnership, corporation, trust, or association, however formed.

21 (13) “Pipe” means an apparatus made of any material used to burn or vaporize products so
22 that the smoke or vapors can be inhaled or ingested by the user.

23 (14) “Place of business” means any location where cigarettes and/or other tobacco products
24 and/or electronic nicotine-delivery system products are sold, stored, or kept, including, but not
25 limited to; any storage room, attic, basement, garage or other facility immediately adjacent to the
26 location. It also includes any receptacle, hide, vessel, vehicle, airplane, train, or vending machine.

27 (15) “Sale” or “sell” means gifts, exchanges, and barter of cigarettes and/or other tobacco
28 products and/or electronic nicotine-delivery system products. The act of holding, storing, or
29 keeping cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
30 products at a place of business for any purpose shall be presumed to be holding the cigarettes and/or
31 other tobacco products and/or electronic nicotine-delivery system products for sale. Furthermore,
32 any sale of cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
33 products by the servants, employees, or agents of the licensed dealer during business hours at the
34 place of business shall be presumed to be a sale by the licensee.

1 (16) "Stamp" means the impression, device, stamp, label, or print manufactured, printed,
2 or made as prescribed by the administrator to be affixed to packages of cigarettes, as evidence of
3 the payment of the tax provided by this chapter or to indicate that the cigarettes are intended for a
4 sale or distribution in this state that is exempt from state tax under the provisions of state law; and
5 also includes impressions made by metering machines authorized to be used under the provisions
6 of this chapter.

7 **44-20-8.2. Transactions only with licensed manufacturers, importers, distributors,**
8 **and dealers.**

9 A manufacturer or importer may sell or distribute cigarettes and/or other tobacco products
10 and/or electronic nicotine-delivery system products to a person located or doing business within
11 this state, only if such person is a licensed importer or distributor. An importer may obtain cigarettes
12 and/or other tobacco products and/or electronic nicotine-delivery system products only from a
13 licensed manufacturer. A distributor may sell or distribute cigarettes and/or other tobacco products
14 and/or electronic nicotine-delivery system products to a person located or doing business within
15 this state, only if such person is a licensed distributor or dealer. A distributor may obtain cigarettes
16 and/or other tobacco products and/or electronic nicotine-delivery system products only from a
17 licensed manufacturer, importer, or distributor. A dealer may obtain cigarettes and/or other tobacco
18 products and/or electronic nicotine-delivery system products only from a licensed distributor.

19 Provided, however, this section shall not apply to cigars. [Provided, further, a distributor](#)
20 [who qualifies for a license under § 44-20-1\(4\)\(v\) may also obtain pipe tobacco products from an](#)
21 [unlicensed manufacturer, importer, or distributor.](#)

22 **44-20-4.1. License availability.**

23 (a) No license under this chapter may be granted, maintained, or renewed if the applicant,
24 or any combination of persons owning directly or indirectly any interests in the applicant:

25 (1) Owes five hundred dollars (\$500) or more in delinquent taxes;

26 (2) Is delinquent in any tax filings for one month or more;

27 (3) Had a license under this chapter revoked by the administrator within the past two (2)
28 years;

29 (4) Has been convicted of a crime relating to cigarettes and/or other tobacco products
30 and/or any electronic nicotine-delivery system products;

31 (5) Is a cigarette manufacturer or importer that is neither: (i) A participating manufacturer
32 as defined in subsection II (jj) of the "Master Settlement Agreement" as defined in § 23-71-2; nor
33 (ii) In full compliance with chapter 20.2 of this title and § 23-71-3;

34 (6) Has imported, or caused to be imported, into the United States any cigarette and/or

1 other tobacco product and/or electronic nicotine-delivery system products in violation of 19 U.S.C.
2 § 1681a or any other state or federal law; or

3 (7) Has imported, or caused to be imported into the United States, or manufactured for sale
4 or distribution in the United States any cigarette that does not fully comply with the Federal
5 Cigarette Labeling and Advertising Act (15 U.S.C. § 1331 et seq.).

6 (b)(1) No person shall apply for a new license or permit (as defined in § 44-19-1) or renewal
7 of a license or permit, and no license or permit shall be issued or renewed for any applicant, or any
8 combination of persons owning directly or indirectly any interests in the applicant, unless all
9 outstanding fines, fees, or other charges relating to any license or permit held by the applicant, or
10 any combination of persons owning directly or indirectly any interests in the applicant, as well as
11 any other tax obligations of the applicant, or any combination of persons owning directly or
12 indirectly any interests in the applicant have been paid.

13 (2) No license or permit shall be issued relating to a business until all prior licenses or
14 permits relating to that business or to that location have been officially terminated and all fines,
15 fees, or charges relating to the prior license or permit have been paid or otherwise resolved or the
16 administrator has found that the person applying for the new license or permit is not acting as an
17 agent for the prior licensee or permit holder who is subject to any such related fines, fees, or charges
18 that are still due. Evidence of such agency status includes, but is not limited to, a direct familial
19 relationship and/or an employment, contractual, or other formal financial or business relationship
20 with the prior licensee or permit holder.

21 (3) No person shall apply for a new license or permit pertaining to a specific location in
22 order to evade payment of any fines, fees, or other charges relating to a prior license or permit.

23 (4) No new license or permit shall be issued for a business at a specific location for which
24 a license or permit already has been issued unless there is a bona fide, good-faith change in
25 ownership of the business at that location. [A distributor who qualifies for a license under § 44-20-](#)
26 [1\(4\)\(v\) may hold said license at the same location as its dealer's license.](#)

27 (5) No license or permit shall be issued, renewed, or maintained for any person, including
28 the owners of the business being licensed or having applied and received a permit, that has been
29 convicted of violating any criminal law relating to tobacco products, the payment of taxes, or fraud
30 or has been ordered to pay civil fines of more than twenty-five thousand dollars (\$25,000) for
31 violations of any civil law relating to tobacco products, the payment of taxes, or fraud.

32 SECTION 4. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is hereby
33 amended by adding thereto the following section:

34 **44-30-104. Child Tax Credit.**

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

2 (1) “Child” means an individual who is eighteen years of age or under as of December 31
3 of the tax year.

4 (2) “Eligible taxpayer” means any natural person or persons domiciled in this state who
5 filed a Rhode Island state personal income tax return for the tax year.

6 (b) Child Tax Credit. For tax years beginning on or after January 1, 2027, a tax credit in
7 the amount of three hundred thirty dollars (\$330) shall be allowed for each claimed child on the
8 resident tax return of the eligible taxpayer.

9 (c) Child Tax Credit Phase Out

10 (1) In the case of any eligible taxpayer filing a return as a single, married filing separately,
11 head of household, or qualifying widow/widower taxpayer whose adjusted gross income, as
12 modified pursuant to § 44-30-12, for the taxable year beginning on or after January 1, 2027,
13 exceeds eighty-eight thousand five hundred dollars (\$88,500), the credit amount shall be reduced
14 by the applicable percentage. The term “applicable percentage” for purposes of this subsection
15 means twenty (20) percentage points for each two thousand eight hundred seventy-five (\$2,875)
16 (or fraction thereof) by which the eligible taxpayer’s adjusted gross income for the taxable year
17 exceeds eighty-eight thousand five hundred dollars (\$88,500).

18 (2) In the case of any eligible taxpayer filing a return as married filing jointly taxpayer
19 whose adjusted gross income, as modified pursuant to § 44-30-12, for the taxable year beginning
20 on or after January 1, 2027, exceeds one hundred ten thousand six hundred forty dollars (\$110,640),
21 the credit amount shall be reduced by the applicable percentage. The term “applicable percentage”
22 for purposes of this subsection means twenty (20) percentage points for each three thousand five
23 hundred ninety dollars (\$3,590) (or fraction thereof) by which the eligible taxpayer’s adjusted gross
24 income for the taxable year exceeds one hundred ten thousand six hundred forty dollars (\$110,640).

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

27 (I) Such dollar amounts contained in subsections (b) and (c) of this section adjusted for
28 inflation using a base tax year of 2026, multiplied by:

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

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

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

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

7 SECTION 5. Sections 44-30-2.6 and 44-30-12 of the General Laws in Chapter 44-30
8 entitled "Personal Income Tax" are hereby amended to read as follows:

9 **44-30-2.6. Rhode Island taxable income — Rate of tax.**

10 (a) “Rhode Island taxable income” means federal taxable income as determined under the
11 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-
12 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax
13 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of
14 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

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

27 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative
28 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island
29 alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by
30 multiplying the federal tentative minimum tax without allowing for the increased exemptions under
31 the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal form 6251
32 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%) for tax year
33 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing the product
34 to the Rhode Island tax as computed otherwise under this section. The excess shall be the taxpayer’s

1 Rhode Island alternative minimum tax.

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

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

10 (A) **Tax imposed.**

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

13 If taxable income is:	The tax is:
14 Not over \$53,150	3.75% of taxable income
15 Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the excess over \$53,150
16 Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the excess over \$128,500
17 Over \$195,850 but not over \$349,700	\$12,487.25 plus 9.00% of the excess over \$195,850
18 Over \$349,700	\$26,333.75 plus 9.90% of the excess over \$349,700

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

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

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

30 If taxable income is:	The tax is:
31 Not over \$31,850	3.75% of taxable income
32 Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the excess over \$31,850
33 Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the excess over \$77,100
34 Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the excess over \$160,850

1 Over \$349,700 \$27,849.00 plus 9.90% of the excess over \$349,700

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

4 If taxable income is:	5 The tax is:
6 Not over \$26,575	7 3.75% of taxable income
8 Over \$26,575 but not over \$64,250	9 \$996.56 plus 7.00% of the excess over \$26,575
10 Over \$64,250 but not over \$97,925	11 \$3,633.81 plus 7.75% of the excess over \$64,250
12 Over \$97,925 but not over \$174,850	13 \$6,243.63 plus 9.00% of the excess over \$97,925
14 Over \$174,850	15 \$13,166.88 plus 9.90% of the excess over \$174,850

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

18 If taxable income is:	19 The tax is:
20 Not over \$2,150	21 3.75% of taxable income
22 Over \$2,150 but not over \$5,000	23 \$80.63 plus 7.00% of the excess over \$2,150
24 Over \$5,000 but not over \$7,650	25 \$280.13 plus 7.75% of the excess over \$5,000
26 Over \$7,650 but not over \$10,450	27 \$485.50 plus 9.00% of the excess over \$7,650
28 Over \$10,450	29 \$737.50 plus 9.90% of the excess over \$10,450

30 (6) Adjustments for inflation.

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

- 32 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;
- 33 (b) The cost-of-living adjustment determined under section (J) with a base year of 1993;
- 34 (c) The cost-of-living adjustment referred to in subparagraphs (a) and (b) used in making
35 adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall
36 be determined under section (J) by substituting "1994" for "1993."

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

38 (1) In general.

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

41 (a) 2.5% of the net capital gain as reported for federal income tax purposes under section
42 26 U.S.C. § 1(h)(1)(a) and 26 U.S.C. § 1(h)(1)(b).

43 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
44 § 1(h)(1)(c).

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

1 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
2 § 1(h)(1)(e).

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

5 **(C) Itemized deductions.**

6 (1) In general.

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

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

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

12 (3) Basic standard deduction.

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

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

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

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

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

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

27 (a) \$850;

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

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

30 In the case of:

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

32 (b) Nonresident alien individual;

33 (c) An estate or trust;

34 The standard deduction shall be zero.

1 (7) Adjustments for inflation.

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

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

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

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

8 (1) General rule.

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

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

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

16 (2) Applicable amount.

17 (a) In general.

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

20 (b) Adjustments for inflation.

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

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

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

24 (3) Phase-out of Limitation.

25 (a) In general.

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

29 (b) Applicable fraction.

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

32 For taxable years beginning in calendar year	The applicable fraction is
33 2006 and 2007	$\frac{2}{3}$
34 2008 and 2009	$\frac{1}{3}$

1 (E) **Exemption amount.**

2 (1) In general.

3 Except as otherwise provided in this subsection, the term “exemption amount” means
4 \$3,400.

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

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

9 (3) Adjustments for inflation.

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

- 11 (a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by
- 12 (b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

13 (4) Limitation.

14 (a) In general.

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

17 (b) Applicable percentage.

18 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the
19 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each
20 \$2,500 (or fraction thereof) by which the taxpayer’s adjusted gross income for the taxable year
21 exceeds the threshold amount. In the case of a married individual filing a separate return, the
22 preceding sentence shall be applied by substituting “\$1,250” for “\$2,500.” In no event shall the
23 applicable percentage exceed one hundred percent (100%).

24 (c) Threshold Amount.

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

27 Filing status	Amount
28 Single	\$156,400
29 Married filing jointly of qualifying widow(er)	\$234,600
30 Married filing separately	\$117,300
31 Head of Household	\$195,500

32 (d) Adjustments for inflation.

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

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

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

2 (5) Phase-out of limitation.

3 (a) In general.

4 In the case of taxable years beginning after December 31, 2005, and before January 1,
5 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
6 would be the amount of such reduction.

7 (b) Applicable fraction.

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

10 For taxable years beginning in calendar year	The applicable fraction is
11 2006 and 2007	$\frac{2}{3}$
12 2008 and 2009	$\frac{1}{3}$

13 **(F) Alternative minimum tax.**

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

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

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

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

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

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

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

23 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so
24 much of the federal alternative minimum taxable income as modified by the modifications in § 44-
25 30-12 as exceeds the exemption amount.

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

28 (6) Exemption amount.

29 For purposes of this section "exemption amount" means:

30 Filing status	Amount
31 Single	\$39,150
32 Married filing jointly or qualifying widow(er)	\$53,700
33 Married filing separately	\$26,850
34 Head of Household	\$39,150

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

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

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

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

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

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

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

10 (a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. §
11 1301].

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

13 (1) In general.

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

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

16 (b) The CPI for the base year.

17 (2) CPI for any calendar year.

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

21 (3) Consumer price index.

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

26 (4) Rounding.

27 (a) In general.

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

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

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

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

2 (2) Child and dependent care credit;

3 (3) General business credits;

4 (4) Credit for elderly or the disabled;

5 (5) Credit for prior year minimum tax;

6 (6) Mortgage interest credit;

7 (7) Empowerment zone employment credit;

8 (8) Qualified electric vehicle credit.

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

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

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

21 (1) In general.

22 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-
23 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent
24 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode
25 Island income tax.

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

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

34 For tax years beginning on or after January 1, 2017, a taxpayer entitled to a federal earned-

1 income credit shall be allowed a Rhode Island earned-income credit equal to fifteen percent (15%)
2 of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode Island
3 income tax.

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

8 (2) Refundable portion.

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

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

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

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

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

27 (A) **Tax imposed.**

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

32 [\(1\)](#)

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

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

4 (2) High-income surtax. (i) For tax years beginning on or after January 1, 2027, until the
5 tax year beginning January 1, 2028, there is hereby imposed on the taxable income of married
6 individuals filing joint returns, qualifying widow(er), every head of household, unmarried
7 individuals, married individuals filing separate returns and bankruptcy estates, a tax at one percent
8 (1%) of Rhode Island taxable income over one million dollars (\$1,000,000).

9 (ii) For tax years beginning on or after January 1, 2028, until the tax year beginning January
10 1, 2029, there is hereby imposed on the taxable income of married individuals filing joint returns,
11 qualifying widow(er), every head of household, unmarried individuals, married individuals filing
12 separate returns and bankruptcy estates, a tax at two percent (2%) of Rhode Island taxable income
13 over one million dollars (\$1,000,000), as adjusted for inflation.

14 (iii) For tax years beginning on or after January 1, 2029, there is hereby imposed on the
15 taxable income of married individuals filing joint returns, qualifying widow(er), every head of
16 household, unmarried individuals, married individuals filing separate returns and bankruptcy
17 estates, a tax at three percent (3%) of Rhode Island taxable income over one million dollars
18 (\$1,000,000), as adjusted for inflation.

19 (3) Highest Rhode Island withholding tax rate provided for individuals. For the
20 purposes of this chapter, for tax years beginning on or after January 1, 2027, any reference to the
21 highest Rhode Island withholding tax rate provided for individuals shall be the sum of the highest
22 marginal tax rate in § 44-30-2.6(c)(3)(A)(I)(1) and the high-income surtax in § 44-30-
23 2.6(c)(3)(A)(I)(2).

24 (4) Personal income tax. For the purposes of this title, any reference to personal income
25 tax for individuals shall include the tax imposed in § 44-30-2.6(c)(3)(A)(I)(1) and the high-income
26 surtax in § 44-30-2.6(c)(3)(A)(I)(2)

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

29 (1)

RI Taxable Income		RI Income Tax	
Over	But not over	Pay + % on Excess	on the amount over
31 \$ 0 -	\$ 2,230	\$ 0 + 3.75%	\$ 0
32 2,230 -	7,022	84 + 4.75%	2,230
33 7,022 -		312 + 5.99%	7,022

1 (2) High-income surtax. (i) For tax years beginning on or after January 1, 2027, until the
2 tax year beginning January 1, 2028, there is hereby imposed on the taxable income of an estate or
3 trust, a tax at one percent (1%) of Rhode Island taxable income over thirty-six thousand four
4 hundred twenty-seven dollars (\$36,427).

5 (ii) For tax years beginning on or after January 1, 2028, until the tax year beginning January
6 1, 2029, there is hereby imposed on the taxable income of an estate or trust, a tax at two percent
7 (2%) of Rhode Island taxable income over thirty-six thousand four hundred twenty-seven dollars
8 (\$36,427), as adjusted for inflation.

9 (iii) For tax years beginning on or after January 1, 2029, there is hereby imposed on the
10 taxable income of an estate or trust, a tax at three percent (3%) of Rhode Island taxable income
11 over thirty-six thousand four hundred twenty-seven dollars (\$36,427), as adjusted for inflation.

12 (3) **Personal income tax.** For the purposes of this title, any reference to personal income
13 tax for an estate or trust shall include the tax imposed in § 44-30-2.6(c)(3)(A)(II)(1) and the high-
14 income surtax in § 44-30-2.6(c)(3)(A)(II)(2).

15 **(B) Deductions:**

16 (I) Rhode Island Basic Standard Deduction.

17 Only the Rhode Island standard deduction shall be allowed in accordance with the
18 following table:

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

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

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

32 **(C) Exemption Amount:**

33 (I) The term “exemption amount” means three thousand five hundred dollars (\$3,500)
34 multiplied by the number of exemptions allowed for the taxable year for federal income tax

1 purposes. For tax years beginning on or after 2018, the term “exemption amount” means the same
2 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
3 Jobs Act (Pub. L. No. 115-97) on December 22, 2017.

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

8 (III) Identifying information required.

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

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

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

24 (E) **Adjustment for inflation.** The dollar amount contained in subparagraphs 44-30-
25 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
26 equal to:

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

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

30 (III) For tax years beginning on or after January 1, 2027, for §§ 44-30-2.6(c)(3)(A)(I)(2)
31 and 44-30-2.6(c)(3)(A)(II)(2), the base tax year and the base year shall be 2026.

32 (IV) For the purposes of this section, the cost-of-living adjustment for any calendar year is
33 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
34 the consumer price index for the base year. The consumer price index for any calendar year is the

1 average of the consumer price index as of the close of the twelve-month (12) period ending on
2 August 31, of such calendar year.

3 ~~(V)~~(V) For the purpose of this section the term “consumer price index” means the last
4 consumer price index for all urban consumers published by the department of labor. For the purpose
5 of this section the revision of the consumer price index that is most consistent with the consumer
6 price index for calendar year 1986 shall be used.

7 ~~(V)~~(VI) If any increase determined under this section is not a multiple of fifty dollars
8 (\$50.00), such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the
9 case of a married individual filing separate return, if any increase determined under this section is
10 not a multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower
11 multiple of twenty-five dollars (\$25.00).

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

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

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

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

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

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

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

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

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

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

33 (i) Credit for tax withheld. Wages upon which tax is required to be withheld shall be taxable
34 as if no withholding were required, but any amount of Rhode Island personal income tax actually

1 deducted and withheld in any calendar year shall be deemed to have been paid to the tax
2 administrator on behalf of the person from whom withheld, and the person shall be credited with
3 having paid that amount of tax for the taxable year beginning in that calendar year. For a taxable
4 year of less than twelve (12) months, the credit shall be made under regulations of the tax
5 administrator.

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

8 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in
9 § 42-64.20-1 et seq.

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

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

17 [\(n\) Child tax credit: Effective for tax years beginning on or after January 1, 2027, credit](#)
18 [shall be allowed for the child tax credit as provided in § 44-30-104.](#)

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

21 **44-30-12. Rhode Island income of a resident individual.**

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

25 (b) **Modifications increasing federal adjusted gross income.** There shall be added to
26 federal adjusted gross income:

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

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

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

34 (4)(i) The amount defined below of a nonqualified withdrawal made from an account in

1 the tuition savings program pursuant to § 16-57-6.1. For purposes of this section, a nonqualified
2 withdrawal is:

3 (A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal
4 Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-
5 6.1; and

6 (B) A withdrawal or distribution that is:

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

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

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

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

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

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

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

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

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

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

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

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

21 (11) For any taxable year beginning on or after January 1, 2027, the amount of any
22 deduction allowable for depreciation, amortization, or depletion pursuant to 26 U.S.C. §
23 163(j)(8)(A)(v); and

24 (12) For any taxable year beginning on or after January 1, 2027, the amount excluded from
25 income pursuant to 26 U.S.C. § 1202.

26 (c) **Modifications reducing federal adjusted gross income.** There shall be subtracted
27 from federal adjusted gross income:

28 (1) Any interest income on obligations of the United States and its possessions to the extent
29 includible in gross income for federal income tax purposes, and any interest or dividend income on
30 obligations, or securities of any authority, commission, or instrumentality of the United States to
31 the extent includible in gross income for federal income tax purposes but exempt from state income
32 taxes under the laws of the United States; provided, that the amount to be subtracted shall in any
33 case be reduced by any interest on indebtedness incurred or continued to purchase or carry
34 obligations or securities the income of which is exempt from Rhode Island personal income tax, to

1 the extent the interest has been deducted in determining federal adjusted gross income or taxable
2 income;

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

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

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

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

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

14 (A) Contributions made by any person to an account who is not a participant of the account
15 at the time the contribution is made;

16 (B) Transfers or rollovers to an account from any other tuition savings program account or
17 from any other “qualified tuition program” under section 529 of the Internal Revenue Code, 26
18 U.S.C. § 529; or

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

20 (iii) The subtraction pursuant to this subdivision shall not reduce the taxpayer’s federal
21 adjusted gross income to less than zero (0);

22 (iv) The contributions carryover to a taxable year for purpose of this subdivision is the
23 excess, if any, of the total amount of contributions actually made by the taxpayer to the tuition
24 savings program for all preceding taxable years for which this subsection is effective over the sum
25 of:

26 (A) The total of the subtractions under this subdivision allowable to the taxpayer for all
27 such preceding taxable years; and

28 (B) That part of any remaining contribution carryover at the end of the taxable year which
29 exceeds the amount of any nonqualified withdrawals during the year and the prior two (2) taxable
30 years not included in the addition provided for in this subdivision for those years. Any such part
31 shall be disregarded in computing the contributions carryover for any subsequent taxable year;

32 (v) For any taxable year for which a contributions carryover is applicable, the taxpayer
33 shall include a computation of the carryover with the taxpayer’s Rhode Island personal income tax
34 return for that year, and if for any taxable year on which the carryover is based the taxpayer filed a

1 joint Rhode Island personal income tax return but filed a return on a basis other than jointly for a
2 subsequent taxable year, the computation shall reflect how the carryover is being allocated between
3 the prior joint filers;

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

5 (6) Amounts deemed taxable income to the taxpayer due to payment or provision of
6 insurance benefits to a dependent, including a domestic partner pursuant to chapter 12 of title 36 or
7 other coverage plan;

8 **(7) Modification for organ transplantation.**

9 (i) An individual may subtract up to ten thousand dollars (\$10,000) from federal adjusted
10 gross income if the individual, while living, donates one or more of their human organs to another
11 human being for human organ transplantation, except that for purposes of this subsection, “human
12 organ” means all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow. A subtract
13 modification that is claimed hereunder may be claimed in the taxable year in which the human
14 organ transplantation occurs.

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

18 (A) Travel expenses.

19 (B) Lodging expenses.

20 (C) Lost wages.

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

23 **(8) Modification for taxable Social Security income.**

24 (i) For tax years beginning on or after January 1, 2016, [until the tax year beginning January](#)
25 [1, 2027](#):

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

30 (B) A married individual filing jointly or individual filing qualifying widow(er) who has
31 attained the age used for calculating full or unreduced Social Security retirement benefits whose
32 joint federal adjusted gross income for the taxable year is less than one hundred thousand dollars
33 (\$100,000), an amount equal to the Social Security benefits includible in federal adjusted gross
34 income.

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

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

5 (B) A married individual filing jointly or individual filing qualifying widow(er) whose joint
6 federal adjusted gross income for the taxable year is less than one hundred thousand dollars
7 (\$100,000), an amount equal to the Social Security benefits includible in federal adjusted gross
8 income.

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

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

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

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

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

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

28 **(9) Modification of taxable retirement income from certain pension plans or**
29 **annuities.**

30 (i) For tax years beginning on or after January 1, 2017, until the tax year beginning January
31 1, 2022, a modification shall be allowed for up to fifteen thousand dollars (\$15,000), and for tax
32 years beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, a
33 modification shall be allowed for up to twenty thousand dollars (\$20,000), and for tax years
34 beginning on or after January 1, 2025, a modification shall be allowed for up to fifty thousand

1 dollars (\$50,000), of taxable pension and/or annuity income that is included in federal adjusted
2 gross income for the taxable year:

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

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

22 (ii) Adjustment for inflation.

23 The dollar amount contained by reference in subsections (c)(9)(i)(A) and (c)(9)(i)(B) of
24 this section shall be increased annually for tax years beginning on or after January 1, 2018, by an
25 amount equal to:

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

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

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

34 (iv) For the purpose of this section, the term “consumer price index” means the last

1 consumer price index for all urban consumers published by the department of labor. For the purpose
2 of this section, the revision of the consumer price index which is most consistent with the consumer
3 price index for calendar year 1986 shall be used.

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

9 (vi) For tax years beginning on or after January 1, 2022, until the tax year beginning
10 January 1, 2027, the dollar amount contained by reference in subsection (c)(9)(i)(A) shall be
11 adjusted to equal the dollar amount contained in subsection (c)(8)(i)(A), as adjusted for inflation,
12 and the dollar amount contained by reference in subsection(c)(9)(i)(B) shall be adjusted to equal
13 the dollar amount contained in subsection (c)(8)(i)(B), as adjusted for inflation. For tax years
14 beginning on or after January 1, 2027, the dollar amount contained by reference in subsection
15 (c)(9)(i)(A) shall be adjusted to equal the dollar amount contained in subsection (c)(8)(ii)(A), as
16 adjusted for inflation, and the dollar amount contained by reference in subsection (c)(9)(i)(B) shall
17 be adjusted to equal the dollar amount contained in subsection (c)(8)(ii)(B), as adjusted for
18 inflation;

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

24 (11) **Modification for military service pensions.**

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

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

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

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

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

3 (13) For tax years beginning on or after January 1, 2025, in the case of a taxpayer that is
4 licensed in accordance with chapters 28.6 and/or 28.11 of title 21, the amount equal to any
5 expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed under
6 26 U.S.C. § 280E; and

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

13 (d) **Modification for Rhode Island fiduciary adjustment.** There shall be added to, or
14 subtracted from, federal adjusted gross income (as the case may be) the taxpayer's share, as
15 beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under § 44-
16 30-17.

17 (e) **Partners.** The amounts of modifications required to be made under this section by a
18 partner, which relate to items of income or deduction of a partnership, shall be determined under §
19 44-30-15.

20 SECTION 6. This article shall take effect upon passage.