

2026 -- S 2823 SUBSTITUTE A

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO TAXATION -- PERSONAL INCOME TAX

Introduced By: Senators Vargas, Lawson, Murray, DiPalma, DiMario, Quezada, Acosta,
Urso, and Lauria

Date Introduced: March 04, 2026

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

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

3 **44-30-104. Child Tax Credit.**

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

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

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

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

12 (c) Child Tax Credit Phase Out

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

1 exceeds eighty-eight thousand five hundred dollars (\$88,500).

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

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

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

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

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

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

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

25 SECTION 2. Sections 44-30-2.6 and 44-30-12 of the General Laws in Chapter 44-30
26 entitled "Personal Income Tax" are hereby amended to read as follows:

27 **44-30-2.6. Rhode Island taxable income — Rate of tax.**

28 (a) “Rhode Island taxable income” means federal taxable income as determined under the
29 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-
30 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax
31 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of
32 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

33 (b) Notwithstanding the provisions of §§ 44-30-1 and 44-30-2, for tax years beginning on
34 or after January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island

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

11 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative
12 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island
13 alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by
14 multiplying the federal tentative minimum tax without allowing for the increased exemptions under
15 the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal form 6251
16 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%) for tax year
17 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing the product
18 to the Rhode Island tax as computed otherwise under this section. The excess shall be the taxpayer's
19 Rhode Island alternative minimum tax.

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

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

28 (A) **Tax imposed.**

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

31 If taxable income is:	The tax is:
32 Not over \$53,150	3.75% of taxable income
33 Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the excess over \$53,150
34 Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the excess over \$128,500

1	Over \$195,850 but not over \$349,700	\$12,487.25 plus 9.00% of the excess over \$195,850
2	Over \$349,700	\$26,333.75 plus 9.90% of the excess over \$349,700

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

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

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

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

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

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

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

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

1 Over \$10,450 \$737.50 plus 9.90% of the excess over \$10,450

2 (6) Adjustments for inflation.

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

4 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;

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

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

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

10 (1) In general.

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

13 (a) 2.5% of the net capital gain as reported for federal income tax purposes under section
14 26 U.S.C. § 1(h)(1)(a) and 26 U.S.C. § 1(h)(1)(b).

15 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
16 § 1(h)(1)(c).

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

19 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
20 § 1(h)(1)(e).

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

23 **(C) Itemized deductions.**

24 (1) In general.

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

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

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

30 (3) Basic standard deduction.

31 The Rhode Island standard deduction shall be allowed in accordance with the following
32 table:

33 Filing status	Amount
34 Single	\$5,350

1	Married filing jointly or qualifying widow(er)	\$8,900
2	Married filing separately	\$4,450
3	Head of Household	\$7,850

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

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

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

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

11 (a) \$850;

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

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

14 In the case of:

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

16 (b) Nonresident alien individual;

17 (c) An estate or trust;

18 The standard deduction shall be zero.

19 (7) Adjustments for inflation.

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

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

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

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

26 (1) General rule.

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

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

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

34 (2) Applicable amount.

1 (a) In general.

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

4 (b) Adjustments for inflation.

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

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

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

8 (3) Phase-out of Limitation.

9 (a) In general.

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

13 (b) Applicable fraction.

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

16 For taxable years beginning in calendar year	The applicable fraction is
17 2006 and 2007	$\frac{2}{3}$
18 2008 and 2009	$\frac{1}{3}$

19 **(E) Exemption amount.**

20 (1) In general.

21 Except as otherwise provided in this subsection, the term “exemption amount” means
22 \$3,400.

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

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

27 (3) Adjustments for inflation.

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

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

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

31 (4) Limitation.

32 (a) In general.

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

1 (b) Applicable percentage.

2 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the
3 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each
4 \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
5 exceeds the threshold amount. In the case of a married individual filing a separate return, the
6 preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the
7 applicable percentage exceed one hundred percent (100%).

8 (c) Threshold Amount.

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

11 Filing status	Amount
12 Single	\$156,400
13 Married filing jointly of qualifying widow(er)	\$234,600
14 Married filing separately	\$117,300
15 Head of Household	\$195,500

16 (d) Adjustments for inflation.

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

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

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

20 (5) Phase-out of limitation.

21 (a) In general.

22 In the case of taxable years beginning after December 31, 2005, and before January 1,
23 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
24 would be the amount of such reduction.

25 (b) Applicable fraction.

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

28 For taxable years beginning in calendar year	The applicable fraction is
29 2006 and 2007	$\frac{2}{3}$
30 2008 and 2009	$\frac{1}{3}$

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

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

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

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

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

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

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

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

7 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so
8 much of the federal alternative minimum taxable income as modified by the modifications in § 44-
9 30-12 as exceeds the exemption amount.

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

12 (6) Exemption amount.

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

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

20 (7) Treatment of unearned income of minor children

21 (a) In general.

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

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

25 (ii) \$6,000.

26 (8) Adjustments for inflation.

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

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

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

31 (9) Phase-out.

32 (a) In general.

33 The exemption amount of any taxpayer shall be reduced (but not below zero) by an amount
34 equal to twenty-five percent (25%) of the amount by which alternative minimum taxable income

1 of the taxpayer exceeds the threshold amount.

2 (b) Threshold amount.

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

5 Filing status	Amount
6 Single	\$123,250
7 Married filing jointly or qualifying widow(er)	\$164,350
8 Married filing separately	\$82,175
9 Head of Household	\$123,250
10 Estate or Trust	\$82,150

11 (c) Adjustments for inflation

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

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

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

15 **(G) Other Rhode Island taxes.**

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

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

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

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

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

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

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

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

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

28 (a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. §
29 1301].

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

31 (1) In general.

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

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

34 (b) The CPI for the base year.

1 (2) CPI for any calendar year.

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

5 (3) Consumer price index.

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

10 (4) Rounding.

11 (a) In general.

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

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

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

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

20 (2) Child and dependent care credit;

21 (3) General business credits;

22 (4) Credit for elderly or the disabled;

23 (5) Credit for prior year minimum tax;

24 (6) Mortgage interest credit;

25 (7) Empowerment zone employment credit;

26 (8) Qualified electric vehicle credit.

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

31 (M) The credit shall be twenty-five percent (25%) of the aforementioned federal credits
32 provided there shall be no deduction based on any federal credits enacted after January 1, 1996,
33 including the rate reduction credit provided by the federal Economic Growth and Tax
34 Reconciliation Act of 2001 (EGTRRA). In no event shall the tax imposed under this section be

1 reduced to less than zero. A taxpayer required to recapture any of the above credits for federal tax
2 purposes shall determine the Rhode Island amount to be recaptured in the same manner as
3 prescribed in this subsection.

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

5 (1) In general.

6 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-
7 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent
8 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode
9 Island income tax.

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

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

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

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

26 (2) Refundable portion.

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

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

33 (ii) For tax years beginning on or after January 1, 2015, for purposes of paragraph (2)
34 refundable earned-income credit means one hundred percent (100%) of the amount by which the

1 Rhode Island earned-income credit exceeds the Rhode Island income tax.

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

5 (3) For the period January 1, 2011, through December 31, 2011, and thereafter, “Rhode
6 Island taxable income” means federal adjusted gross income as determined under the Internal
7 Revenue Code, 26 U.S.C. § 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-
8 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph
9 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph
10 44-30-2.6(c)(3)(C).

11 (A) **Tax imposed.**

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

16 (1)

RI Taxable Income		RI Income Tax	
Over	But not over	Pay + % on Excess	on the amount over
18 \$ 0 -	\$ 55,000	\$ 0 + 3.75%	\$ 0
20 55,000 -	125,000	2,063 + 4.75%	55,000
21 125,000 -		5,388 + 5.99%	125,000

22 (2) High-income surtax. (i) For tax years beginning on or after January 1, 2027, until the
23 tax year beginning January 1, 2028, there is hereby imposed on the taxable income of married
24 individuals filing joint returns, qualifying widow(er), every head of household, unmarried
25 individuals, married individuals filing separate returns and bankruptcy estates, a tax at one percent
26 (1%) of Rhode Island taxable income over one million dollars (\$1,000,000).

27 (ii) For tax years beginning on or after January 1, 2028, until the tax year beginning January
28 1, 2029, there is hereby imposed on the taxable income of married individuals filing joint returns,
29 qualifying widow(er), every head of household, unmarried individuals, married individuals filing
30 separate returns and bankruptcy estates, a tax at two percent (2%) of Rhode Island taxable income
31 over one million dollars (\$1,000,000), as adjusted for inflation.

32 (iii) For tax years beginning on or after January 1, 2029, there is hereby imposed on the
33 taxable income of married individuals filing joint returns, qualifying widow(er), every head of
34 household, unmarried individuals, married individuals filing separate returns and bankruptcy

1 estates, a tax at three percent (3%) of Rhode Island taxable income over one million dollars
2 (\$1,000,000), as adjusted for inflation.

3 (3) **Highest Rhode Island withholding tax rate provided for individuals.** For the
4 purposes of this chapter, for tax years beginning on or after January 1, 2027, any reference to the
5 highest Rhode Island withholding tax rate provided for individuals shall be the sum of the highest
6 marginal tax rate in § 44-30-2.6(c)(3)(A)(I)(1) and the high-income surtax in § 44-30-
7 2.6(c)(3)(A)(I)(2).

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

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

13 (1)

RI Taxable Income		RI Income Tax	
Over	But not over	Pay + % on Excess	on the amount over
15 \$ 0 -	16 \$ 2,230	\$ 0 + 3.75%	\$ 0
17 2,230 -	7,022	84 + 4.75%	2,230
18 7,022 -		312 + 5.99%	7,022

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

23 (ii) For tax years beginning on or after January 1, 2028, until the tax year beginning January
24 1, 2029, there is hereby imposed on the taxable income of an estate or trust, a tax at two percent
25 (2%) of Rhode Island taxable income over thirty-six thousand four hundred twenty-seven dollars
26 (\$36,427), as adjusted for inflation.

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

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

33 **(B) Deductions:**

34 (I) Rhode Island Basic Standard Deduction.

1 Only the Rhode Island standard deduction shall be allowed in accordance with the
2 following table:

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

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

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

16 **(C) Exemption Amount:**

17 (I) The term “exemption amount” means three thousand five hundred dollars (\$3,500)
18 multiplied by the number of exemptions allowed for the taxable year for federal income tax
19 purposes. For tax years beginning on or after 2018, the term “exemption amount” means the same
20 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
21 Jobs Act (Pub. L. No. 115-97) on December 22, 2017.

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

26 (III) Identifying information required.

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

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

1 said exemption(s).

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

8 (E) **Adjustment for inflation.** The dollar amount contained in subparagraphs 44-30-
9 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
10 equal to:

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

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

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

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

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

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

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

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

34 (a) Rhode Island earned-income credit: Credit shall be allowed for earned-income credit

1 pursuant to subparagraph 44-30-2.6(c)(2)(N).

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

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

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

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

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

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

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

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

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

26 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in
27 § 42-64.20-1 et seq.

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

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

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

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

5 SECTION 3. This act shall take effect upon passage.

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LC005297/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- PERSONAL INCOME TAX

- 1 This act would establish a child tax credit in the amount of three hundred thirty dollars
- 2 (\$330) for eligible taxpayers adjusted for inflation annually commencing January 1, 2027.
- 3 This act would take effect upon passage.

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LC005297/SUB A
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