2010

TAX EXPENDITURES

REPORT

STATE OF RHODE ISLAND

Department of Revenue

Office of Revenue Analysis

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I. Executive Summary

The *2010 Tax Expenditures Report* contains information on 227 tax expenditure items enacted in Rhode Island General Law as of January 1, 2009. Of these tax expenditure items, 90, or 39.6 percent, had no reliable data from which to estimate the revenue foregone. The tax expenditure category with the largest number of items for which no reliable data existed was Exemptions at 38 items. The tax type with the largest number of tax expenditure items for which no reliable data existed was the Sales and Use Tax at 29 items.

For the tax expenditure items that did have reliable data from which to estimate the revenue foregone, the total estimated foregone revenue was $1,672,672,928 in Tax Year 2008. The tax expenditure item with the largest amount of foregone revenue was Exemptions at $945,539,385, or 56.5 percent of the estimated total foregone revenue. The tax expenditure item with the smallest amount of foregone revenue was Tax Abatements at $1,681,535, or 0.1 percent of the estimated total foregone revenue. The table below shows the amount of foregone revenue, the number of tax expenditure items in each category and the average reliability index level by tax expenditure item category.

Summary Table by Tax Expenditure Item

Tax Expenditure Item Category	**Tax Year 2008 Cost**	**Number of Items in Each Category**	**Average Reliability Index Level**
Credits	$ 242,206,316	41	1.5
Deductions	283,097,770	23	4.0
Exemptions	945,539,385	93	3.6
Exclusions	56,300,166	25	4.6
Modifications	9,421,675	28	2.1
Preferential Tax Rates	134,426,081	5	1.8
Tax Abatement	1,681,535	2	1.0
Tax Deferral	—	2	5.0
Other Items	—	8	5.0
Total	***$ 1,672,672,928***	***227***	***3.2***

The tax type with the largest amount of foregone revenue was the Sales and Use Tax at $847,296,543, or 50.7 percent of the estimated total foregone revenue. The tax types with the smallest amount of foregone revenue were the Franchise Tax, the Generation Skipping Transfer Tax, and the Public Service Corporation Tax at $0. The table below shows the amount of foregone revenue, the number of tax expenditure items in each tax type and the average reliability index level by tax type.

Summary Table by Tax Type

Tax Type	Tax Year 2008 Cost	Number of Tax Expenditure Items	Average Reliability Index Level
Alcoholic Beverage Tax	$ —	2	5.0
Bank Deposits Tax	90,000	5	3.4
Bank Tax	6,987,297	19	2.3
Beverage Container Fee	—	2	5.0
Business Corporation Tax	79,449,513	60	3.4
Cigarette Tax	1,691,221	4	3.3
Estate Tax	—	2	5.0
Franchise Tax	0	6	3.7
Generation Skip Transfer Tax	0	1	1.0
Insurance Companies Tax	29,728,742	22	2.1
Motor Carrier Fuel Tax	2,182,997	1	1.0
Motor Fuel Tax	56,252,431	2	1.5
Personal Income Tax	646,120,383	83	2.0
Public Service Corporation Tax	0	22	3.0
Rental Vehicle Surcharge	2,873,801	1	1.0
Real Estate Conveyance Tax	—	4	5.0
Sales and Use Tax	847,296,543	83	3.6
Total	***$ 1,672,672,928***	***319***	***2.9***

The largest individual tax expenditure item in terms of foregone revenue is the Sales and Use Tax exemption for Food and Food Ingredients. This tax expenditure item yields foregone revenue of $155,680,167 or 9.3 percent of the total estimable foregone revenue in Tax Year 2008. There were 57 tax expenditure items which had the smallest possible foregone revenue of $0.

With respect to the reliability level index, 71 tax expenditure items, or 31.3 percent had a reliability level index of one (1) meaning the estimate of foregone revenue is the most reliable possible and 12 tax expenditure items, or 5.3 percent had a reliability level index of two (2) meaning the estimate of foregone revenue is the second most reliable possible. Similarly, 31 tax expenditure items, or 13.7 percent had a reliability index level of three (3) and 23 tax expenditure items, or 10.1 percent had a reliability index level of four (4). Finally, 90, or 39.6 percent, of tax expenditure items had a reliability index level of five (5) meaning that “no reliable data exists from which to derive an estimate” of the associated foregone revenue.

II. Foreword

In the 2006 session, the General Assembly enacted legislation that created the Department of Revenue and the Office of Revenue Analysis (see Rhode Island Public Laws 2006, Chapter 246, Article 38 Substitute A as Amended). Section 16 of this legislation transferred the responsibility for the delivery of a tax expenditures report from the State Tax Administrator to the Chief of the Office of Revenue Analysis. The position of Chief of the Office of Revenue Analysis was not filled until April 1, 2008, three months after the last delivery of a tax expenditures report to the General Assembly. This edition of the State of Rhode Island's Tax Expenditures Report (hereafter referred to as the "Tax Expenditures Report") is the first to be delivered by the Chief of the Office of Revenue Analysis.

Over the years criticisms have been levied against the Tax Expenditures Report. In 2003, one such criticism was that a significant amount of the information contained in the Tax Expenditures Report was outdated. During the period from 1998 to 2003, the Tax Expenditures Report was only required to "provide the minimum information for twenty-five percent (25%) of existing tax expenditures so that the information provided on any expenditure will have been reported no more than four (4) years prior." Thus, the January 2002 Tax Expenditures Report contained the "minimum information" on 25.0 percent of "existing tax expenditures" based on data from 1998, 25.0 percent of "existing tax expenditures" based on data from 1999, 25.0 percent of "existing tax expenditures" based on data from 2000, and 25.0 percent of "existing tax expenditures" based on data from 2001. As a result, in the 2002 Tax Expenditures Report, the "minimum information" on 25.0 percent of "existing tax expenditures" was four years old and thus dated.

In response to this criticism, the 2003 General Assembly passed legislation that required "the minimum information for one hundred percent (100%) of tax expenditures in effect on January 1 of the calendar year preceding the report's publication." In exchange for this change in the reporting requirements, the General Assembly changed the reporting period from annual to bi-annual beginning in 2004. Thus, the Tax Expenditure Reports delivered in 2004, 2006, and 2008 contained the "minimum information" on all tax expenditure items in effect on January 1st of 2003, 2005, and 2007. As a result, the biannual Tax Expenditure Reports of 2004, 2006, and 2008 contained more comprehensive and more up-to-date information than any of the annual Tax Expenditure Reports that preceded it.

In 2009, legislation was submitted (see 2009-S-0526) that sought to make multiple substantial changes to the Tax Expenditure Reporting statute (see Rhode Island General Laws § 44-48.1-1). These changes included (i) changing the reporting period from bi-annual to annual; (ii) changing the reporting basis from calendar year to fiscal year; (iii) requiring the report to be submitted as part of the budget; (iv) requiring the report to be updated electronically within one week of the conclusion of any Revenue Estimating Conference (see Rhode Island General Laws Chapter 35-16); (v) displaying the history of multiple years of foregone revenues for each tax expenditure; (vi) projecting the revenues foregone from each tax expenditure item for the five years succeeding the base year; (vii) providing a rationale or purpose for each tax expenditure item; (viii) evaluating whether each tax expenditure is achieving its stated purpose; (ix) showing the distribution of each tax expenditure item by income level; (x) expanding the Tax Expenditures Report to include revenues foregone from items that are not subject to taxation; and (xi) annually recommending ways to improve the report.

The sheer scope of the proposed changes made it infeasible to incorporate them all into the *2010 Tax Expenditures Report*. In addition, many of the proposed changes did not make sense from a reporting perspective. Further, some of the proposed changes would have necessitated that the Chief of the Office of Revenue Analysis divine legislative intent when none was given. Finally, other proposed changes simply cannot be executed due to a lack of information and resources available to the Chief of the Office of Revenue Analysis. In spite of these limitations, the 2010 Tax Expenditures Report incorporates those proposed changes that the Chief of the Office of Revenue Analysis determined to be attainable.

Perhaps the greatest criticisms of the Tax Expenditures Report are those that have been made by the Center on Budget and Policy Priorities (CBPP) in its report *Promoting State Budget Accountability Through Tax Expenditure Reporting.*[1] CBPP notes that "[W]hile Rhode Island's report lists tax expenditures for each of the state's taxes, it leaves out cost estimates for many of them."[2] The CBPP further notes that the Tax Expenditures Report "includes cost estimates for 29 of the 72 sales tax expenditures, 27 of the 38 PIT (personal income tax) expenditures, and 3 of the 25 CIT (corporate income tax) expenditures…Since cost estimates are included for less than half of the expenditures under the sales and corporate income taxes, we do not count the report as covering those taxes."[3]

What CBPP doesn't mention is that the *major* categories of the sales tax expenditures such as 'food products and food ingredients', 'clothing and footwear', and 'gasoline' all have non-zero estimates while *minor* categories such as 'agriculture products which constitute fibers for human use', 'florist supplies', and 'horse food' have no cost estimates. Not all tax expenditures are created equal and the focus of the Tax Expenditures Report has been on those tax expenditures that have the largest estimated foregone revenues. With respect to the corporate income tax expenditures, the Rhode Island Division of Taxation lacks the resources to capture all of the information on the corporate income tax returns filed by the more than 3,500 businesses that pay more than the state's minimum corporate income tax. The foregone revenue information in the Tax Expenditures Report is provided by the Division of Taxation.

[1] Levitis, Jason, Nicholas Johnson, and Jeremy Koulish, *Promoting State Budget Accountability Through Tax Expenditure Reporting.* Center on Budget and Policy Priorities: Washington, D.C., April 2009.
[2] Levitis, Johnson, and Koulish (2009), Table 1, footnote l, p.15.
[3] Levitis, Johnson, and Koulish (2009), Table 1, footnote l, p.15.

CBPP further labels the "practice of listing a tax expenditure's cost as $0 when the cost is uncertain" as "highly misleading".[4] It should be noted that Rhode Island General Law § 44-48.1-1(c)(2) requires a reliability index score to be assigned to each tax expenditure item as it pertains to the estimated amount of revenue foregone in a given calendar year. This reliability index ranges from level one to level five, with level one indicating that the source of the foregone revenue estimate is "actual tax returns" and level five indicating that "no reliable data exists" for the estimated foregone revenue. Each of the items in the Tax Expenditures Report that were listed with a "cost of $0" were assigned a reliability index value of 5 indicating that "no reliable data exists" from which to make an estimate. CBPP acknowledges this assignation of reliability level 5 for these tax expenditure items but does so in a footnote.[5]

In response to the criticisms put forth by CBPP, the Tax Expenditures Report will no longer assign "$0" as the estimated foregone revenue with a reliability index level of 5 for a tax expenditure for which no data exists. Rather, for tax expenditure items for which no estimate of foregone revenue can be made because no data exists upon which to base an estimate the term "no estimate possible" will be used. This term will be accompanied by a reliability index level of 5 indicating that "no reliable data exists from which to estimate". Hopefully, the use of the term "no estimate possible" in conjunction with a reliability index level of 5 will make it clear to all that no estimate of foregone revenue from the tax expenditure is possible and dissuade readers of the 2010 Tax Expenditures Report from falsely concluding that the Office of Revenue Analysis is trying to mislead them.

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[4] Levitis, Johnson, and Koulish (2009), p. 18.
[5] Levitis, Johnson and Koulish (2009), p. 20, footnote 28. Levitis, Johnson and Koulish incorrectly interpret reliability level 5 as indicating that the foregone revenue estimate is "highly unreliable" rather than being an estimate for which "no reliable data exists".

III. Introduction

Purpose of the Tax Expenditures Report

The purpose of the Tax Expenditures Report is to provide information on the cost of tax preference items that are mandated by Rhode Island law, federal law, or other legal mandates. Tax expenditure items are not subject to the same public scrutiny as spending appropriations that are made via the budget process. Oftentimes, the estimated cost of a tax expenditure item is made only once — at the time that the tax expenditure item is passed into law. The Tax Expenditures Report provides for an accounting of the cost of tax expenditure items on an ongoing basis. By providing this cost information, the Tax Expenditures Report allows these expenditures to be assessed on par with appropriated expenditures. Absent a Tax Expenditures Report, it would be extremely difficult to assess the cost effectiveness of a tax expenditure vis-à-vis an appropriated expenditure. As the Center on Budget and Policy Priorities notes tax expenditures are simply "spending by another name."[6]

Current Rhode Island Law on Tax Expenditures Reporting

Rhode Island General Law § 44-48.1(a)[7] mandates that the Chief of the Office of Revenue Analysis deliver to the General Assembly by the second Tuesday in January of each even numbered year a tax expenditure report. The tax expenditure report must include the minimum information for 100.0 percent of the tax expenditures in place on January 1 of the odd numbered year preceding the report's publication. Thus, the 2010 Tax Expenditures Report covers all of the tax expenditures that were in place on January 1, 2009.

Rhode Island General Law § 44-48.1(b) defines a tax expenditure as "any tax credit, deduction, exemption, exclusion, credit preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers." The term "credit preferential tax rate" is not defined in the statute. The Chief of the Office of Revenue Analysis has chosen to interpret this item to mean a "modification" or "preferential tax rate" and reports on each of these tax expenditure items separately. The Office of Revenue Analysis has determined that, as of January 1, 2009, there were 227 tax expenditure items in effect either "directly through Rhode Island general laws or constitutional provisions or indirectly through adoption of other tax codes."

Rhode Island General Law § 44-48.1(c) delineates the information on each tax expenditure item that must be included in the report. This information includes: (1) the legal reference of the tax expenditure and whether the tax expenditure is the result of a federal or state constitutional, judiciary or statutory mandate; (2) the actual amount of revenue foregone, or an estimate thereof, from the tax expenditure, in the

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[6] Levitis, Jason, Nicholas Johnson, and Jeremy Koulish, *Promoting State Budget Accountability Through Tax Expenditure Reporting.* Center on Budget and Policy Priorities: Washington, D.C., April 2009, page 5.
[7] A full copy of the statute governing tax expenditure reporting is contained in Appendix A.

"calendar year immediately preceding the publication of the report"; (3) estimates of the revenue foregone in the calendar year in which the report is published and the calendar year immediately following the publication of the report; (4) an index of the reliability of each estimate that ranges in value from one to five with level one being the most reliable; (5) the identification of the beneficiaries of the tax expenditure by "number, income, class and industry"; (6) a comparison of the Rhode Island tax expenditure item to tax expenditure items of the other New England states but particularly Connecticut and Massachusetts; (7) "the data sources and analysis methodology" for each tax expenditure item estimate; and (8) "identification of similar taxpayers or industries" that do not benefit from the tax expenditure item. To the greatest extent possible the Office of Revenue Analysis has tried to comply with each of these informational mandates.

Rhode Island General Law § 44-48.1(d) requires that each report contain a section comprised of recommendations to improve the effectiveness of the Tax Expenditures Report as a tax policy tool. The recommendations are to be accompanied with an identification of the resources needed to implement the recommendations and an estimate of the costs associated with the recommendations.

History of Rhode Island Law on Tax Expenditures Reporting

Rhode Island's governing statute for tax expenditure reporting was passed into law without the Governor's signature on August 9, 1996 (see Rhode Island Public Laws 1996 Chapter 327, Section 1 and Chapter 394, Section 1). This initial statute required the state tax administrator to submit annually to the General Assembly beginning in 1998, on or before the second Tuesday in January, "to the extent possible within the appropriations provided for the purpose" a tax expenditure report. The report for 1998 was to provide the "minimum information" for 25.0 percent of existing tax expenditures. The report for 1999 would cover an additional 25.0 percent of the tax expenditures so that 50.0 percent of tax expenditures will have been reported. Similar 25.0 percent increments were required for 2000 and 2001 such that by January 2001, 100.0 percent of tax expenditures will have been reported. Beginning in January 2002, the cycle repeated itself so that no report on a tax expenditure item was more than four years old.

The definition of tax expenditure was the same as it is in current law as was the requirement for providing the legal reference of each tax expenditure, identifying the beneficiaries of each tax expenditure as well as similar taxpayers or industries that did not benefit from the tax expenditure, and comparing Rhode Island's tax expenditure items to those of other New England states particularly Connecticut and Massachusetts. The original statute also required that the report include the legislative history of each tax expenditure, the "[D]etermination of the beneficiary's state tax burden" and a cost/benefit analysis of each tax expenditure item "including the direct revenue loss from the tax expenditure as well as the economic and tax revenue gains occurring through the economic activity resulting from the tax expenditure." On June 25, 1997 (see Rhode Island Public Laws 1997 Chapter 30

Section 1) the original statute was amended to delete the requirement of the inclusion of a cost/benefit analysis for each tax expenditure item in the tax expenditure report.

On July 10, 2003 the statute was amended again to change the periodicity of the report from annually to biannually beginning in 2004. In addition, the rolling renewal of 25.0 percent of existing tax expenditures was changed to require that "the minimum information on 100.0 percent of tax expenditures in effect on January 1" of the prior calendar year be reported. The requirement that the legislative history of a tax expenditure item be reported was eliminated leaving only the requirement that the legal reference for each tax expenditure item be reported. Further, the original statute was modified to require that an estimate of the foregone revenue that results from each tax expenditure item be reported if the actual amount cannot be determined and that such estimates be made for the calendar year preceding and following the year in which the report is published as well as the report's publication year. Additionally, the requirement that the beneficiary of tax expenditure item's state tax burden be determined was deleted and replaced with the requirement that the data sources and analysis methodology underlying each estimate of foregone revenue be provided. Also, the amendment to the statute required each report to include "a section containing recommendations for improving the effectiveness of the report as a tax policy tool" including the resources required and an estimate of the costs associated with these recommendations. Finally, the revision to the statute required the state tax administrator to "make available to the General Assembly a plan to improve Rhode Island's tax expenditure reporting effort" by the second Tuesday in January 2004.

On June 30, 2006, Rhode Island General Law Chapter 44-48.1 was amended to shift the responsibility for the delivery of the tax expenditure report from "the state tax administrator, to the extent possible within the appropriations provided for the purpose" to the Chief of the Office of Revenue Analysis without regard to appropriations provided for that purpose. In addition, this amendment required the Chief of the Office of Revenue Analysis to "make available to the General Assembly a plan to improve Rhode Island's tax expenditure reporting effort" by the second Tuesday in January 2004. This latter amendment could not be fulfilled given that the Office of Revenue Analysis was not created until June 2006.

IV. Interpreting the Report

The Index of Reliability

Rhode Island General Law § 44-48.1-(c)2 requires the state tax administrator to "develop an index of the reliability" of each estimate of foregone revenue from a given tax expenditure. By statute, the index of reliability is based on a scale of one to five with "one being most reliable". The statute further goes on to specify that estimates of foregone revenue that are derived from actual tax returns "be assigned reliability level one" while those estimates of foregone revenue for which no reliable data exists are to "be assigned reliability level five". A perusal of previously published tax expenditures reports indicates that no index of reliability has been developed beyond that which is specified in statute. The *2010 Tax Expenditures Report* is the first such report to do so.

Throughout the *2010 Tax Expenditures Report*, the following index of reliability will be employed:

Index of Reliability	Interpretation
Level One (1)	Estimate is from actual Rhode Island tax return data
Level Two (2)	Estimate is extrapolated from Rhode Island source data
Level Three (3)	Estimate is from Rhode Island tax simulation model
Level Four (4)	Estimate is federal/national data scaled to Rhode Island
Level Five (5)	No reliable data exists from which to derive an estimate

The end points of the Index of Reliability (i.e., Level One and Level Five) are consistent with their statutory mandates. An estimate of foregone revenue for a tax expenditure item that is assigned an Index of Reliability Level One will be based on actual Rhode Island tax return data from the calendar year immediately preceding the tax expenditure cutoff date (which is January 1 of the odd numbered year preceding the report's publication). Given the fact that an Index of Reliability Level Five indicates that "no reliable data exists from which to derive an estimate", tax expenditure items assigned this level will not have an estimate of foregone revenue presented. Rather, the phrase "no estimate possible" will be presented next to the tax expenditure item.

The Index of Reliability Levels Two through Four requires some further explanation. An estimate of foregone revenue with an Index of Reliability Level Two is based on data that can be directly sourced to Rhode Island or an update of a previously derived estimate of the tax expenditure item. Some examples of data that can be directly sourced to Rhode Island include data provided by the U.S. Census Bureau, the U.S. Bureau of Labor Statistics, and the U.S. Bureau of Economic Analysis. In addition, state government agencies, quasi-public agencies, and non-governmental organizations are able to provide reliable Rhode Island specific data from which to estimate the foregone revenue of a tax expenditure item. In the case of updating a previously derived estimate the original estimate may be from a previously published tax expenditures report, a fiscal note that was completed for a particular piece of legislation during a session of the General Assembly, or an estimate that was derived by the Budget Office, the Division of Taxation, the Office of Revenue Analysis or some other state agency for a purpose other than that of the tax expenditures report. When an Index of Reliability Level Two is assigned to the foregone revenue estimate of a tax expenditure item, the source of the Rhode Island data will be specified.

An estimate of foregone revenue for a tax expenditure item with an Index of Reliability Level Three is derived from a micro simulation model of a particular tax that has been developed and provided by a third party vendor. In some cases such a micro simulation model will generate estimates based on underlying Rhode Island economic data rather than actual tax data. The most obvious example of this type of micro simulation model is the *Rhode Island Micro Sales Tax Model* that was purchased by the General Assembly in 2008 and made available to the Office of Revenue Analysis for the purpose of estimating the revenue impacts from changing sales tax rates, sales tax exemptions, and/or the sales tax base. This model is used extensively in the *2010 Tax Expenditures Report* to estimate the foregone revenue from the numerous transactions that are exempt from the State's sales and use tax.

Finally, an estimate of foregone revenue for a tax expenditure item with an Index of Reliability Level Four is based on federal / national data that is scaled to Rhode Island. Alternatively, the estimate may be based on federal data that is then adjusted by a factor that allows for the extrapolation of the federal data to Rhode Island. When an Index of Reliability Level Four is assigned to the foregone revenue estimate of a tax expenditure item, the date on which the original estimate was derived will be stated if it is known as will the method used to update the original estimate. In the case of an estimate that is based on federal date that is scaled to Rhode Island, the base federal data will be identified as will the scaling factor.

Structure of the Report

Previous tax expenditures reports presented tax expenditure items by tax type. In other words, the primary organizing key was tax type with tax expenditure items appearing under each tax type. For example, in the *Tax Expenditures Report, January 2008*, thirty-eight tax expenditure items are listed under the heading "Personal Income" and these tax expenditure items are comprised of modifications, credits, exclusions, adjustments, deductions and preferential tax rates.[8] In addition, when it comes to tax expenditure items, it is often the case that what is available for one tax type will also be made available for other tax types. For example, the Motion Picture Production Tax Credit allows for a credit of 25.0 percent "of the state certified production costs incurred directly attributable to activity within the state provided that the primary locations are within the state of Rhode Island and the total production budget as defined herein is a minimum of three hundred thousand dollars ($300,000)."[9] This credit, which can be transferred or sold, can be used against the "tax imposed" under the state's business corporation tax, financial institutions tax, insurance companies gross premiums tax, and the personal income tax. As a result of this type of tax expenditure, previous tax expenditures reports had to include a category labeled "Tax Preference Items Applicable to More Than One Tax"[10] in order to consistently categorize tax expenditure items.

[8] State of Rhode Island, Department of Revenue, Division of Taxation, *Tax Expenditures Report, January 2008,* p. 3. This report was prepared by Cecilia C. Vallee, Revenue Analyst at the request of David M. Sullivan, Rhode Island Tax Administrator.
[9] See Rhode Island General Law § 44-31.2-5(a).
[10] See *Tax Expenditures Report, January 2008,* p. 144.

The *2010 Tax Expenditures Report* adopts a different presentation format. Rather than list the tax expenditure items by the tax type to which they apply, the *2010 Tax Expenditures Report* uses the category of tax expenditure item as the organizing key. That is, each category of tax expenditure item will list each individual tax expenditure item and the tax types to which the individual tax expenditure item applies. For example, the Motion Picture Production Tax Credit would be categorized under "Credits" with the business corporation tax, financial institutions tax, insurance companies gross premiums tax, and the personal income tax as the relevant tax types. The difference between the two presentation formats is illustrated in **Appendix B**.

Definition of Terms

The following definitions will be used when referring to the different types of tax expenditure items included in this report.

Credit: The direct dollar-for-dollar reduction of an individual's tax liability. The value of a tax credit is invariant to a taxpayer's tax bracket.

Deduction: An amount subtracted from adjusted gross income when calculating taxable income. The value of a tax deduction is proportional to a taxpayer's tax bracket.

Exclusion: An amount or proportion that can be legally excluded from the taxable base prior to the assessment of tax.

Exemption: A taxable expenditure, income, or investment on which no tax is levied. A tax exemption may be of limited or permanent duration.

Modification: An amount added to or subtracted from gross income to arrive at adjusted gross income. Usually, adjusted gross income is the basis from which taxable income is derived.

Preferential Tax Rate: A tax rate made available to certain taxpayer's that is less than the statutory tax rate. Typically, the preferential tax rate is made available to a taxpayer that meets specified criteria.

Tax Abatement: Rebate given in levies or taxes under special circumstances or as an offset to the performance of particular actions.

Tax Deferral: Paying taxes in the future for income earned in the current year, such as through an Individual Retirement Account (IRA), 401(k), Simplified Employee Pension (SEP) IRA or Keogh plan.

Categorization of Tax Expenditure Items

The tables on the following pages show the categorization of tax expenditure items by type and to which taxes the tax expenditure items apply. The individual tax expenditure items are listed alphabetically and those tax expenditure items that originate in the federal Internal Revenue Code are so indicated.

Number	2010 TAX EXPENDITURES REPORT										
	Tax Expenditure Item	**Tax Against Which Tax Expenditure Item May Be Applied**									
	Credits:	**RI Statutory Reference:**	**Bus Corp 44-11**	**Franchise 44-12**	**Pub Serv 44-13**	**Banks 44-14**	**Bank Dep 44-15**	**Ins Cos 44-17**	**PIT 44-30**	**SUT 44-18**	**Other Taxes**
1	Accommodations Under Americans with Disabilities Act	44-54-1	X	X							
2	Adoption (Federal)	44-30-2.6							X		
3	Adult and Child Daycare	44-47-1	X		X	X	X		X		
4	Adult Education	44-46-1	X		X	X	X	X	X		
5	Apprenticeship	44-11-41	X								
6	Artwork Exhibition	44-30-24							X		
7	Biotechnology Investment	44-31-1.1	X						X		
8	Child and Dependent Care (Federal)	44-30-2.6							X		
9	Contributions to Scholarship Organizations	44-62-1	X		X	X	X	X	X		
10	Earned Income (Federal)	44-30-2.6							X		
11	Education Assistance and Development	44-42-2	X		X	X		X			
12	Elderly or Disabled (Federal)	44-30-2.6							X		
13	Employment - Welfare Bonus Program	44-39.1-1	X		X	X		X	X		
14	Enterprise Zone Wage	42-64.3-6	X		X	X		X	X		
15	Farm to School Income	44-30-27							X		
16	General Business (Federal)	44-30-2.6							X		
17	Historic Homeownership Assistance	44-33.1-3							X		
18	Historic Structures	44-33.2-3	X	X	X	X		X	X		
19	Hydroelectric Power	44-30-22	X						X		
20	Incentives for Innovation and Growth	44-63-3	X	X					X		
21	Interest for Loans to Mill Building Owners	42-64.9-9	X		X	X		X	X		
22	Investment	44-31-1	X						X		
23	Jobs Training	42-64.6-4	X		X	X		X	X		
24	Juvenile Restitution	14-1-32.1(c)	X						X		
25	Lead Paint Abatement	44-30.3-1							X		
26	Mortgage Interest (Federal)	44-30-2.6							X		
27	Motion Picture Production Company	44-31.2-5	X			X		X	X		
28	Motor Carrier Fuel Use Taxes Paid to Rhode Island	31-36.1-15									X
29	Nonresident Trust Beneficiary for Accumulating Distribution	44-30-37							X		
30	Prior Year Minimum Tax (Federal)	44-30-2.6							X		
31	Property Tax Relief	44-33-1							X		
32	Qualified Electric Vehicle (Federal)	44-30-2.6							X		
33	Qualifying Widow(er)	44-30-26							X		
34	Real or Personal Property Taxed in Another State	44-40-3									X
35	Research and Development Expense	44-32-3	X					X	X		
36	Research and Development Property	44-32-2	X					X	X		
37	Resident Trust Beneficiary for Accumulating Distribution	44-30-19							X		
38	Residential Renewable Energy System	44-57-1	X						X		
39	Specialized Investment in Mill Building	42-64.9-7	X			X		X	X		
40	Taxes Paid to Other States	44-30-18							X		
41	Wages Paid by Employers in Mill Buildings	42-64.9-8	X						X		

Definitions : Bus Corp: Business Corporation Tax; Franchise: Franchise Tax; Pub Serv: Public Service Corporation Tax; Banks: Taxation of Banks; Bank Dep: Tax on Bank Deposits Generally; Ins Cos: Taxation of Insurance Companies; PIT: Personal Income Tax; and SUT: Sales and Use Tax

Number	2010 TAX EXPENDITURES REPORT										
	Tax Expenditure Item	Tax Against Which Tax Expenditure Item May Be Applied									
Number	**Deductions:**	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Accelerated Amortization for Certain Manufacturers	44-11-11.3	X								
2	Alimony Paid (Federal)	44-30-12/44-30-32							X		
3	Amortization of Air or Water Pollution Control Facilities	44-30-7							X		
4	Amortization of Air or Water Pollution Prevention and Treatment Facilities	44-11-11.1	X								
5	Certain Business Expenses of Reservists, etc. (Federal)	44-30-12/44-30-32							X		
6	Connecting Fees, Switching and Carrier Access Charges	44-13-1(b)			X						
7	Domestic Production Activities (Federal)	44-30-12/44-30-32							X		
8	Educator Expenses (Federal)	44-30-12/44-30-32							X		
9	Electricity for Resale	44-13-4(2)			X						
10	Health Savings Account (Federal)	44-30-12/44-30-32							X		
11	Individual Retirement Arrangement (IRA) Contributions (Federal)	44-30-12/44-30-32							X		
12	Itemized Deductions from Federal Return	44-30-2.6(c)(2)(C)(1)							X		
13	Keogh and Simplified Employee Pension Plan Contributions (Federal)	44-30-12/44-30-32							X		
14	Merchandise Sold	44-13-5(a)			X						
15	Moving Expenses (Federal)	44-30-12/44-30-32							X		
16	Net Operating Losses	44-11-11(b)	X								
17	One-Half of Self Employment Tax (Federal)	44-30-12/44-30-32							X		
18	Penalty of Early Withdrawal of Savings (Federal)	44-30-12/44-30-32							X		
19	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed	44-17-2						X			
20	Self-Employed Health Insurance (Federal)	44-30-12/44-30-32							X		
21	Standard Deduction	44-30-2.6(c)(2)(C)(2)-(7)							X		
22	Student Loan Interest (Federal)	44-30-12/44-30-32							X		
23	Tuition and Fees (Federal)	44-30-12/44-30-32							X		

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	2010 TAX EXPENDITURES										
	Tax Expenditure Item	Tax Against Which Tax Expenditure Item May Be Applied									
Number	**Exemptions:**	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Agricultural Products for Human Consumption	44-18-30(62)								X	
2	Air and Water Pollution Control Facilities	44-18-30(15)								X	
3	Aircraft and Aircraft Parts	44-18-30(56)								X	
4	Banks and Regulated Investment Companies Interstate Toll Free Calls	44-18-30(49)								X	
5	Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee	44-44-3.6								X	
6	Bibles	44-18-30(29)								X	
7	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair or Sale	44-18-30(46)								X	
8	Boats or Vessels Generally	44-18-30(48)								X	
9	Boats to Non Residents	44-18-30(30)								X	
10	Building Materials to Used Rebuild After Disaster	44-18-30(51)								X	
11	Camps	44-18-30(16)								X	
12	Casual Sales	44-18-20(g)								X	
13	Charitable, Educational or Religious Organizations	44-18-30(5)								X	
14	Clothing and Footwear	44-18-30(27)								X	
15	Coffins, Caskets and Burial Garments	44-18-30(12)								X	
16	Coins	44-18-30(43)								X	
17	Commercial Fishing Vessels in Excess of Five Net Tons	44-18-30(26)								X	
18	Commercial Vessels of More Than 50 Tons Burden	44-18-30(25)								X	
19	Compressed Air	44-18-30(33)								X	
20	Containers	44-18-30(4)									
21	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	44-25-2(b)									X
22	Dietary Supplements	44-18-30(59)								X	
23	Educational Institutions Rental Charges	44-18-30(18)								X	
24	Electricity and Gas for Domestic Use by Occupants of Residential Premises	44-18-30(21)								X	
25	Electricity, Steam and Thermal Energy from RI Economic Development Corporation	44-18-40.1								X	
26	Equipment for Research and Development	44-18-30(42)								X	
27	Estates of Persons Declared Missing in Action by the U.S. Armed Forces	44-22-2									X
28	Farm Equipment	44-18-30(32)								X	
29	Farm Structure Construction Materials	44-18-30(44)								X	
30	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	3-10-1(c)									X
31	Flags	44-18-30(34)								X	
32	Food and Food Ingredients	44-18-30(9)								X	
33	Food Items Paid for by Food Stamps	44-18-30(39)								X	
34	Gasoline	44-18-30(6)								X	
35	Heating Fuels	44-18-30(20)								X	
36	Horse Food Products	44-18-30(53)								X	
37	Hospitals and Other Specific Corporations	44-12-11		X							
38	Human Blood	44-18-30(60)								X	
39	Installation Labor Charges When Separately Stated	44-18-12(b)(ii)								X	

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Number	2010 TAX EXPENDITURES										
	Tax Expenditure Item	Tax Against Which Tax Expenditure Item May Be Applied									
	Exemptions:	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
40	Jewelry Display Product	44-18-30(47)								X	
41	Manufacturers' Machinery and Equipment	44-18-30(22)								X	
42	Medicines, Drugs and Durable Medical Equipment	44-18-30(10)								X	
43	Mobile and Manufactured Homes Generally	44-18-30(50)								X	
44	Motor Vehicle and Adaptive Equipment for Amputee Veterans	44-18-30(35)								X	
45	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	44-18-30(19)								X	
46	Narragansett Pier Railroad Company	44-13-1(a)			X						
47	Newspapers	44-18-30(2)								X	
48	Ocean Marine Insurance	44-17-1(3)						X			
49	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	3-10-2									X
50	Personal and Dependent	44-30-2.6(c)(2)(E)							X		
51	Precious Metal Bullion	44-18-30(24)								X	
52	Prewritten Computer Software Delivered Electronically	44-18-30(61)								X	
53	Promotional and Product Literature of Boat Manufacturers	44-18-30(38)								X	
54	Property Otherwise Exempted	44-18-36(3)								X	
55	Property Purchased from Federal Government	44-18-35								X	
56	Property Purchased Outside of State by Nonresident and Brought into State	44-18-36(2)								X	
57	Property Returned Within 120 Days from the Date of Delivery	44-18-30(58)								X	
58	Prosthetic Devices and Mobility Enhancing Equipment	44-18-30(11)								X	
59	Purchases Used for Manufacturing Purposes	44-18-30(7)								X	
60	Refillable and Reusable Beverage Containers	44-44-3									X
61	Renewable Energy Products	44-18-30(57)								X	
62	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home	44-18-30(17)								X	
63	Rhode Island Economic Development Corporation Project Status Designees	42-64-20								X	
64	Rhode Island Industrial Facilities Corporation Lessees	45-37.1-9								X	
65	Sacramental Wines Sold Directly to Member of Clergy	3-10-1(b)									X
66	Sales and Use Taxes Paid to Other Jurisdictions	44-18-30A(a)								X	
67	Sales beyond Constitutional Power of State	44-18-30(1)								X	
68	Sales by Writers, Composers, Artists	44-18-30B								X	
69	Sales in Municipal Economic Development Zones	44-18-30C								X	
70	Sales in Public Buildings by Blind People	44-18-30(14)								X	
71	Sales of Motor Vehicles to Nonresidents	44-18-30(13)								X	
72	Sales of Non-Motorized Recreational Vehicles to Nonresidents	44-18-30(54)								X	
73	Sales of Trailers Ordinarily Used for Residential Purposes	44-18-20(d)(3)								X	
74	Sales to Common Carriers for Use Outside of the State	44-18-33								X	
75	Sales to Federal Government	44-18-31								X	

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Number	2010 TAX EXPENDITURES										
	Tax Expenditure Item	Tax Against Which Tax Expenditure Item May Be Applied									
Number	**Exemptions:**	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
76	Sales to the State or Its Political Subdivisions	44-18-30(8)								X	
77	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	31-36-13									X
78	School Meals	44-18-30(3)								X	
79	Special Adaptations for Wheelchair Accessible Taxicabs	44-18-30(19)(iii)								X	
80	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	44-18-30(37)								X	
81	Supplies Used in Preparing Floral Products and/or Arrangements	44-18-30(52)								X	
82	Telecommunications Carrier Access Service	44-18-30(45)								X	
83	Textbooks	44-18-30(36)								X	
84	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	44-18-21 (c)								X	
85	Trade-in Value of Boats	44-18-30(41)								X	
86	Trade-In Value of Private Passenger Automobiles	44-18-30(23)								X	
87	Transfers or Sales Made to Immediate Family Members	44-18-20(d)(1)								X	
88	Transfers or Sales Related to Business Dissolution or Partial Liquidation	44-18-20(d)(2)								X	
89	Transportation Charges of Motor Carriers to Haul Goods	44-18-30(40)								X	
90	Trucks, Buses, or Trailers Used by a Bus or Trucking Company in Interstate Commerce	44-18-40								X	
91	Vehicles Purchased by Nonresident Military Personnel Subject to Sales Tax Elsewhere	44-18-30A(b)								X	
92	Water for Residential Use	44-18-30(28)								X	
93	Youth Activities Equipment Sold for $20 or less by Nonprofit Organizations	44-18-30(31)								X	

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Number	2010 TAX EXPENDITURES										
	Tax Expenditure Item	Tax Against Which Tax Expenditure Item May Be Applied									
Number	**Exclusions:**	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Conveyance of Mobile/Manufactured Homes for Consideration of $100 or Less	31-44-20(a)									X
2	Conveyance of Real Estate for Consideration of $100 or Less	44-25-1(a)									X
3	Conveyance of Real Estate Relating to the Capitol Center Project	44-25-2(c)									
4	Corporations Excluded from Taxation by Charter	44-11-1(2)(vi)	X								
5	Corporations Not Doing Business for Profit	44-11-1(2)(iv)	X								
6	Corporations Taxed Under the Business Corporation Tax	44-12-1(b)		X							
7	Corporations That Maintain and Manage Intangible Investments	44-11-1(2)(vii)	X								
8	Dividends Received From Shares of Stock	44-11-12(1)	X								
9	Financial Institutions	44-11-1(2)(i)	X								

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Ins Cos: Taxation of Insurance Companies; PIT: Personal Income Tax; and SUT: Sales and Use Tax

Number	2010 TAX EXPENDITURES										
	Tax Expenditure Item	Tax Against Which Tax Expenditure Item May Be Applied									
	Exclusions:	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
10	Fraternal Beneficiary Societies	44-11-1(2)(v)	X								
11	Fraternal Benefit Societies	44-17-1(a)						X			
12	Gain or Loss on Sale of Any Property Other Than Securities	44-14-11				X					
13	Income from Sale of International Investment Management Services	44-11-14.5	X								
14	Insurance and Surety Companies	44-11-1(2)(iii)	X								
15	Interest Received from Debt Instruments Issued by Public Service Corporations	44-11-12(2)	X								
16	Long-Term Gain From Capital Investment in Small Business	44-43-5	X		X	X			X		
17	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	31-36-1(4)									X
18	Maximum Tax of $0.50 per Cigar	44-20-13.2(a)(2)									X
19	Net Taxable Estate Amount	44-22-1.1									X
20	Possession of Ten Packs of Cigarettes with Out-of-State Tax Stamps	44-20-16									X
21	Public Service Corporations	44-11-1(2)(ii)	X								
22	Subchapter S Corporations	44-11-2(d)(1)	X								
23	Taxed Gross Earnings and Associated Costs	44-13-2.2	X						X		
24	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	44-18-12(b)(iv)									
25	Value-Added Non-Voice Services That Use Computer Processing Applications	44-13-4(4)			X						

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Number	2010 TAX EXPENDITURES										
	Tax Expenditure Item	Tax Against Which Tax Expenditure Item May Be Applied									
	Modifications:	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003	44-61-1	X			X			X		
2	Companies Engaged in Buying, Selling, Dealing In or Holding Securities on Own Behalf	44-11-2(b)	X								
3	Contribution to Medical Savings Account by Scituate Residents	44-30-25.1(d)(1)							X		
4	Contributions to an Account under Tuition Savings Program	44-30-12(c)(4)							X		
5	Domestic International Sales Corporations (DISCs)	44-11-11(c)	X								
6	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone	42-64.3-7	X						X		
7	Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code	44-61-1.1	X			X			X		
8	Federally Taxable Withdrawals from Tuition Savings Program Account	44-30-12(c)(3)							X		
9	Foreign Sales Corporation (FSC)	44-11-11(d)	X								
10	Gain from Stock Options in Qualifying Corporations	44-39.3-1							X		
11	Income Earned on a Rhode Island Family Education Account	44-30-25(f)							X		

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Acronyms : JCWAA of 2002, Job Creation and Worker Assistance Act of 2002; JGTRRA of 2003, Jobs and Growth Tax Relief Reconciliation Act of 2003

Number	Tax Expenditure Item	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
	2010 TAX EXPENDITURES										
	Tax Expenditure Item	**Tax Against Which Tax Expenditure Item May Be Applied**									
	Modifications:										
12	Income from the Assignment or Transfer of Historic Structures Tax Credits	44-33.2-3(2)							X		
13	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits	44-31.2-9									
14	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation	44-43-8	X		X	X			X		
15	Interest on Obligations of the United States and its Possessions	44-30-12(c)(1)	X						X		
16	Military Pay of Nonresident Individuals	44-30-32(d)							X		
17	New Research and Development Facilities	44-32-1	X						X		
18	Non-Qualified WithDrawals or Distributions from a Rhode Island Family Education Account	44-30-12(3)							X		
19	Non-Qualified WithDrawals from a Medical Savings Account by Scituate Residents	44-30-25.1(d)(3)(i)							X		
20	One-half of Rental Vehicle Surcharge Retained by Rental Car Companies	31-34.1-2(b)									X
21	Performance-Based Income of Eligible Employees via the Jobs Growth Act	42-64.11-4							X		
22	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	44-11-2(c)	X								
23	Profits or Gains from Sale of Work by Artists, Writers, and Composers	44-30-1.1(c)(1)							X		
24	Provision of Insurance Benefit to Dependent or Domestic Partner	44-30-12(c)(6)							X		
25	Qualifying Investment in a Certified Venture Capital Partnership	44-43-2	X		X	X		X	X		
26	Railroad Retirement Benefits	45 U.S.C. 231m(a)									
27	Rhode Island Fiduciary Adjustment	44-30-12(d)							X		
28	Tax Incentives for Employers	44-55	X		X	X	X	X	X		

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Acronyms: JCWAA of 2002, Job Creation and Worker Assistance Act of 2002; JGTRRA of 2003, Jobs and Growth Tax Relief Reconciliation Act of 2003

Number	Tax Expenditure Item	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
	2010 TAX EXPENDITURES										
	Tax Expenditure Item	**Tax Against Which Tax Expenditure Item May Be Applied**									
	Preferential Tax Rate:										
1	Alternative Personal Income Tax	44-30-2.10							X		
2	Capital Gains Tax Treatment for Assets Held Between One and Five Years	44-30-2.6(c)(2)(B)							X		
3	Capital Gains Tax Treatment for Assets Held More Than Five Years	44-30-2.7							X		
4	Nonprofit Hospital and Medical Service Corporations and HMOs	44-17-1(2)						X			
5	Jobs Development Act	42-64.5-3	X		X	X		X			

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Number	2010 TAX EXPENDITURES										
	Tax Expenditure Item	Tax Against Which Tax Expenditure Item May Be Applied									
	Tax Abatement:	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Cigarette Tax Stamping Discount	44-20-19									X
2	Political Check-Off	44-30-2(3)(d)							X		

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Number	2010 TAX EXPENDITURES										
	Tax Expenditure Item	Tax Against Which Tax Expenditure Item May Be Applied									
	Tax Deferral:	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Holding Period for Unstamped Cigarettes	44-20-14									X
2	Write-Downs or Reserves for Securities Losses	44-14-14				X					

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Number	2010 TAX EXPENDITURES										
	Tax Expenditure Item	Tax Against Which Tax Expenditure Item May Be Applied									
	Other Items:	RI Statutory Reference:	Bus Corp 44-11	Franchise 44-12	Pub Serv 44-13	Banks 44-14	Bank Dep 44-15	Ins Cos 44-17	PIT 44-30	SUT 44-18	Other Taxes
1	Allocation and Apportionment of Brokerage Services	44-11-14.2(a)	X								
2	Allocation and Apportionment of Credit Card Banks	44-11-14.3	X								
3	Allocation and Apportionment of Manufacturers	44-11-14.6	X								
4	Allocation and Apportionment of Regulated Investment Companies	44-11-14.2(b)	X								
5	Allocation and Apportionment of Retirement and Pension Plans	44-11-14.4	X								
6	Passive Investment Treatment	44-11-43	X								
7	Returns of Affiliated Groups of Corporations	44-11-4	X								
8	Special Apportionment of U.S. Federal Drug Administration Facilities	44-11-14.1	X								

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V. Summary Results by Tax Expenditure Item

Tax expenditure items with a Reliability Level of 5 have no estimate of revenue foregone due to a lack of reliable data from which to estimate.

Credits

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Accommodations Under Americans with Disabilities Act	$ 0	1
2	Adoption (Federal)	81,469	1
3	Adult and Child Daycare	41,605	1
4	Adult Education	2,356	1
5	Apprenticeship	0	1
6	Artwork Exhibition	200	1
7	Biotechnology Investment	—	5
8	Child and Dependent Care (Federal)	2,457,715	1
9	Contribution to Scholarship Organizations	1,436,602	1
10	Earned Income (Federal)	9,428,414	1
11	Education Assistance and Development	0	1
12	Elderly or Disabled (Federal)	74,461	1
13	Employment – Welfare Bonus Program	—	5
14	Enterprise Zone Wage	1,213,002	1
15	Farm to School Income	3,508	1
16	General Business (Federal)	631,068	4
17	Historic Homeownership Assistance	893,320	1
18	Historic Structures	37,480,518	1
19	Hydroelectric Power	0	1
20	Incentives for Innovation and Growth	139,051	1
21	Interest for Loans to Mill Building Owners	4,861	1
22	Investment	16,945,466	1
23	Jobs Training	482,305	1
24	Juvenile Restitution	0	1
25	Lead Paint Abatement	200,450	1
26	Mortgage Interest (Federal)	42,589	1
27	Motion Picture Production Company	11,101,032	1
28	Motor Fuel Use Carrier Taxes Paid to Rhode Island	2,182,997	1
29	Nonresident Trust Beneficiary for Accumulating Distribution	0	1
30	Prior Year Minimum Tax (Federal)	896,099	4
31	Property Tax Relief	16,494,226	1
32	Qualified Electric Vehicle (Federal)	—	5
33	Qualifying Widow(er)	30	1
34	Real or Personal Property Taxed in Another State	0	1
35	Research and Development Expense	4,894,430	1
36	Research and Development Property	228,289	1
37	Resident Trust Beneficiary for Accumulating Distribution	2,169	1
38	Residential Renewable Energy System	116,325	1

Number	Item	Tax Year 2008 Cost	Reliability Level
39	Specialized Investment in Mill Building	—	5
40	Taxes Paid to Other States	134,713,759	1
41	Wages Paid by Employers in Mill Buildings	18,000	1
	Total	***$242,206,316***	***1.5***

Deductions

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Accelerated Amortization for Certain Manufacturers	$ —	5
2	Alimony Paid (Federal)	944,836	4
3	Amortization of Air or Water Pollution Control Facilities	—	5
4	Amortization of Air or Water Pollution Prevention and Treatment Facilities	—	5
5	Certain Business Expenses of Reservists, etc. (Federal)	44,817	4
6	Connecting Fees, Switching and Carrier Access Charges	—	5
7	Domestic Production Activities (Federal)	695,093	4
8	Educator Expenses (Federal)	98,015	4
9	Electricity for Resale	—	5
10	Health Savings Account (Federal)	151,575	4
11	Individual Retirement Arrangement Contributions (Federal)	1,380,990	4
12	Itemized deductions from Federal Return	168,126,571	1
13	Keough and SEP Contributions (Federal)	2,108,864	4
14	Merchandise Sold	—	5
15	Moving Expenses (Federal)	300,753	4
16	Net Operating Losses	43,768,275	2
17	One-Half of Self Employment Tax (Federal)	2,407,953	4
18	Penalty of Early Withdrawal of Savings (Federal)	165,663	4
19	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed	—	5
20	Self Employed Health Insurance (Federal)	2,026,916	4
21	Standard Deduction	58,976,152	1
22	Student Loan Interest (Federal)	786,636	4
23	Tuition and Fees (Federal)	1,114,661	4
	Total	***$283,097,770***	***4.0***

Exemptions

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Agricultural Products for Human Consumption	$ 73,196	2
2	Air and Water Pollution Control Facilities	1,637,721	3
3	Aircraft and Aircraft Parts	866,066	3
4	Banks and Regulated Investment Companies Interstate Toll Free Calls	126,301	4
5	Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee	—	5
6	Bibles	—	5
7	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair or Sale	—	5

Number	Item	Tax Year 2008 Cost	Reliability Level
8	Boats or Vessels Generally	8,323,929	3
9	Boats to Non Residents	—	5
10	Building Materials Used to Rebuild After Disaster	—	5
11	Camps	466,392	3
12	Casual Sales	170,452	1
13	Charitable, Educational or Religious Organizations	62,928,900	3
14	Clothing and Footwear	83,572,243	3
15	Coffins, Caskets and Burial Garments	5,526,837	3
16	Coins	$ 134,792	4
17	Commercial Fishing Vessels in Excess of Five Net Tons	—	5
18	Commercial Vessels of More Than 50 Tons Burden	—	5
19	Compressed Air	580,225	3
20	Containers	11,747,282	3
21	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	—	5
22	Dietary Supplements	1,313,774	4
23	Educational Institutions Rental Charges	6,659,143	3
24	Electricity and Gas for Domestic Use by Occupants of Residential Premises	45,215,454	3
25	Electricity, Steam and Thermal Energy from RI Economic Development Corporation	—	5
26	Equipment for Research and Development	4,898,167	3
27	Estates of Persons Declared Missing in Action by the U.S. Armed Forces	—	5
28	Farm Equipment	757,808	3
29	Farm Structure Construction Materials	2,181,530	3
30	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	3,551	1
31	Flags	24,191	4
32	Food and Food Ingredients	155,680,167	3
33	Food Items Paid for by Food Stamps	—	5
34	Gasoline	105,703,798	2
35	Heating Fuels	29,042,097	2
36	Horse Food Products	44,054	3
37	Hospitals and Other Specific Corporations	—	5
38	Human Blood	803,925	4
39	Installation Labor Charges When Separately Stated	—	5
40	Jewelry Display Product	—	5
41	Manufacturers' Machinery and Equipment	34,446,144	3
42	Medicines, Drugs and Durable Medical Equipment	120,197,528	3
43	Mobile and Manufactured Homes Generally	128,378	2
44	Motor Vehicle and Adaptive Equipment for Amputee Veterans	13,030	4
45	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	87,135	4
46	Narragansett Pier Railroad Company	—	5
47	Newspapers	5,394,032	3
48	Ocean Marine Insurance	—	5
49	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	—	5
50	Personal and Dependent	98,070,218	1
51	Precious Metal Bullion	229,524	4
52	Prewritten Computer Software Delivered Electronically	801,720	3
53	Promotional and Product Literature of Boat Manufacturers	20,168	2

Number	Item	Tax Year 2008 Cost	Reliability Level
54	Property Otherwise Exempted	—	5
55	Property Purchased from Federal Government	2,941,856	3
56	Property Purchased Outside of State by Nonresident and Brought into State	—	5
57	Property Returned Within 120 Days from the Date of Delivery	—	5
58	Prosthetic Devices and Mobility Enhancing Equipment	9,322,800	3
59	Purchases Used for Manufacturing Purposes	27,175,640	3
60	Refillable and Reusable Beverage Containers	—	5
61	Renewable Energy Products	21,154	2
62	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home	27,954,648	3
63	Rhode Island Economic Development Corporation Project Status Designees	4,870,493	1
64	Rhode Island Industrial Facilities Corporation Lessees	468,182	1
65	Sacramental Wines Sold Directly to Member of Clergy	—	5
66	Sales and Use Taxes Paid to Other Jurisdictions	—	5
67	Sales beyond Constitutional Power of State	—	5
68	Sales by Writers, Composers, Artists	—	5
69	Sales in Municipal Economic Development Zones	—	5
70	Sales in Public Buildings by Blind People	121,971	2
71	Sales of Motor Vehicles to Nonresidents	—	5
72	Sales of Non-Motorized Recreational Vehicles to Nonresidents	—	5
73	Sales of Trailers Ordinarily Used for Residential Purposes	1,342,529	3
74	Sales to Common Carriers for Use Outside of the State	—	5
75	Sales to Federal Government	6,198,415	3
76	Sales to the State or Its Political Subdivisions	29,223,979	3
77	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	172,624	1
78	School Meals	4,328,443	1
79	Special Adaptations for Wheelchair Accessible Taxicabs	—	5
80	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	—	5
81	Supplies Used in Preparing Floral Products and/or Arrangements	1,068,736	3
82	Telecommunications Carrier Access Service	—	5
83	Textbooks	2,238,537	3
84	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	438,942	1
85	Trade-in Value of Boats	—	5
86	Trade-In Value of Private Passenger Automobiles	12,731,098	3
87	Transfers or Sales Made to Immediate Family Members	—	5
88	Transfers or Sales Related to Business Dissolution or Partial Liquidation	—	5
89	Transportation Charges of Motor Carriers to Haul Goods	—	5
90	Trucks, Buses, or Trailers Used by a Bus or Trucking Company in Interstate Commerce	18,364,254	3

Number	Item	Tax Year 2008 Cost	Reliability Level
91	Vehicles Purchased by Nonresident Military Personnel Subject to Sales Tax Elsewhere	—	5
92	Water for Residential Use	8,685,212	2
93	Youth Activities Equipment Sold for $20 or less by Nonprofit Organizations	—	5
	Total	***$945,539,385***	***3.6***

Exclusions

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Conveyance of Mobile/Manufactured Homes for Consideration of $100 or less	$ —	5
2	Conveyance of Real Estate for Consideration of $100 or less	—	5
3	Conveyance of Real Estate Relating to the Capitol Center Project	—	5
4	Corporations Excluded from Taxation by Charter	—	5
5	Corporations Not Doing Business for Profit	—	5
6	Corporations Taxed Under the Business Corporation Tax	—	5
7	Corporations That Maintain and Manage Intangible Investments	—	5
8	Dividends Received from Shares of Stock	10,672.666	2
9	Financial Institutions	—	5
10	Fraternal Beneficiary Societies	—	5
11	Fraternal Benefit Societies	—	5
12	Gain or Loss on Sale of Property Other Than Securities	—	5
13	Income from the Sale of International Investment Management Services	—	5
14	Insurance and Surety Companies	—	5
15	Interest Received from Debt Instruments Issued by Public Service Corporations	—	5
16	Long-Term Gain From Capital Investment in Small Business	—	5
17	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	56,079,807	2
18	Maximum Tax of $0.50 per Cigar	209,686	2
19	Net Taxable Estate Amount	—	5
20	Possession of 10 Packs of Cigarettes with Out-of-State Tax Stamps	—	5
21	Public Service Corporations	—	5
22	Subchapter S Corporations	—	5
23	Taxed Gross Earnings and Associated Costs	—	5
24	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	—	5
25	Value-Added Non-Voice Services That Use Computer Processing Applications	—	5
	Total	***$56,300,166***	***4.6***

Modifications

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003	$ 0	1
2	Companies Engaged in Buying, Selling, Dealing In or Holding Securities on Own Behalf	—	5
3	Contribution to Medical Savings Account by Scituate Residents	3,130	1
4	Contributions to an Account under Tuition Savings Program)	85,917	1
5	Domestic International Sales Corporations (DISCs)	—	5
6	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone	—	5
7	Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code	0	5
8	Federally Taxable Withdrawals from Tuition Savings Program Account	—	5
9	Foreign Sales Corporation (FSC)	—	5
10	Gain from Stock Options in Qualifying Corporations	—	5
11	Income Earned on a Rhode Island Family Education Account	7,090	1
12	Income from the Assignment or Transfer of Historic Structures Tax Credits	24,371	1
13	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits	8,504	1
14	Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation	3,110	1
15	Interest on Obligations of the United States and its Possessions	4,724,085	1
16	Military Pay of Nonresident Individuals	533,955	1
17	New Research and Development Facilities	67	1
18	Nonqualified Withdrawals or Distributions from Rhode Island Family Education Accounts	0	1
19	Nonqualified Withdrawals from a Medical Savings Account by Scituate Residents	0	1
20	One-half of Rental Vehicle Surcharge Retained by Rental Car Companies	2,873,801	1
21	Performance-Based Income of Eligible Employees via the Jobs Growth Act	988,950	1
22	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	—	5
23	Profits or Gains from Sale of Work by Artists, Writers, and Composers	16,250	1
24	Provision of Insurance Benefit to Dependent or Domestic Partner	11,326	1
25	Qualifying Investment in a Certified Venture Capital Partnership	55,106	1
26	Railroad Retirement Benefits	83,081	1
27	Rhode Island Fiduciary Adjustment	0	1
28	Tax Incentives for Employers	2,932	1
	Total	***$9,421,675***	***2.1***

Preferential Tax Rate

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Alternative Personal Income Tax	$ 20,120,000	1
2	Capital Gains Tax Treatment for Assets Held Between One and Five Years	—	5
3	Capital Gains Tax Treatment for Assets Held More Than Five Years	81,702,864	1
4	Nonprofit Hospital and Medical Service Corporations and HMOs	11,859,919	1
5	Jobs Development Act	20,743,298	1
	Total	***$134,426,081***	***1.8***

Tax Abatement

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Cigarette Tax Stamping Discount	$ 1,481,535	1
2	Political Check-Off	200,000	1
	Total	***$1,681,535***	***1.0***

Tax Deferral

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Holding Period for Unstamped Cigarettes	$ —	5
2	Write-Downs or Reserves for Securities Losses	—	5
	Total	***$ —***	***5.0***

Other Items

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Allocation and Apportionment of Brokerage Services	$ —	5
2	Allocation and Apportionment of Credit Card Banks	—	5
3	Allocation and Apportionment of Manufacturers	—	5
4	Allocation and Apportionment of Regulated Investment Companies	—	5
5	Allocation and Apportionment of Retirement and Pension Plans	—	5
6	Passive Investment Treatment	$ —	5
7	Returns of Affiliated Groups of Corporations	—	5
8	Special Apportionment of U.S. Federal Drug Administration Facilities	—	5
	Total	***$ —***	***5.0***

VI. Detailed Results by Tax Expenditure Item

CREDITS

1. Accommodations Under Americans with Disabilities Act (ADA):

Statutory Reference: Rhode Island General Law Section 44-54-1

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 1997 / N/A

Description: This law provides a tax credit against the tax imposed by Rhode Island General Law Chapters 44-11 and 44-13. The amount of credit allowed is equal to 10.0 percent of the total amount expended by a small business that incurs expenses to provide access to persons with disabilities. A small business is defined as a business with 30 or fewer full-time employees or a business with less than $1.0 million of gross receipts. The credit received cannot exceed $1,000.

Data Source: Business Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$0	0
2008 Public Service Corp Tax	$0	0
Total 2008	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$0	0
2009 Public Service Corp Tax	$0	0
Projected Total 2009	**$0**	**0**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$0	0
2010 Public Service Corp Tax	$0	0
Projected Total 2010	**$0**	**0**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$0	0
2011 Public Service Corp Tax	$0	0
Projected Total 2011	**$0**	**0**

Law comparison: Only Vermont has a similar provision.

Vermont: Vermont's law provides a rehabilitation tax credit for bringing older or historic buildings into compliance with the Vermont accessibility law with the Americans with Disabilities Act.

Vermont Statute: Title 32, Subtitle 2, Part 3, Chapter 151, subchapter 11G, Section 5930p.

2. Adoption (Federal):

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(L)

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 2005 / N/A

Description: For tax years beginning on or after January 1, 2006, a taxpayer entitled to the federal adoption credit is entitled to a credit against the tax imposed by Rhode Island General Law Chapter 44-30 if the adopted child was under the care, custody, or supervision of the Rhode Island Department of Children, Youth, and Families prior to the adoption. The amount of the credit is equal to 25.0 percent of the federal credit.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$81,469**	**70**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Adoption (Federal) credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$81,469**	**70**
2010 Personal Income Tax	**$81,469**	**70**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law Comparison: Only Vermont has a similar provision.

Vermont: No specific adoption credit found. The statutes of the United States relating to the federal income tax, as in effect for taxable year 2008, but without regard to federal income tax rates under Section 1 of the Internal Revenue Code, are adopted for the purpose of computing the tax liability under this chapter.

3. **Adult and Child Daycare:**

Statutory Reference: Rhode Island General Law Chapter 44-47

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 1987 / 1994

Description: A 30.0 percent credit is allowed against the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-17 and 44-30 for the total amount expended in the State by a taxpayer (a) "for day care services purchased to provide care for the dependent children or dependent adult family members of the taxpayer's employees or employees of commercial tenants of the taxpayer during the employees' hours of employment"; (b) "in the establishment and/or operation of a day care facility (in the State) used primarily by the dependent children of the taxpayer's employees or employees of commercial tenants of the taxpayer during the employees' hours of employment"; (c) "in conjunction with one or more other taxpayers for the establishment and/or operation of a day care facility (in the State) used primarily by the dependent children of the taxpayer's employees or employees of commercial tenants of the taxpayer during the employees' hours of employment"; or(d) the total amount foregone in rent or lease payments related to the dedication of rental or lease space to child day care services."

The maximum total credit allowed is $30,000 and may be carried forward for the next five consecutive taxable years but only if the credit has been earned under conditions (b), (c), or (d) above. No carry forward provision is available for credit amounts earned under condition (a).

Data Source: Business Tax Section, Rhode Island Division of Taxation;
TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$23,787	2
2008 Public Service Corp Tax	$0	0
2008 Bank Tax	$0	0
2008 Insurance Companies Tax	$0	0
2008 Personal Income Tax	$17,818	19
Total 2008	**$41,605**	**21**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Adult and Child Daycare credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$23,787	2
2009 Public Service Corp Tax	$0	0
2009 Bank Tax	$0	0
2009 Insurance Companies Tax	$0	0
2009 Personal Income Tax	$17,818	19
Projected Total 2009	**$41,605**	**21**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$23,787	2
2010 Public Service Corp Tax	$0	0
2010 Bank Tax	$0	0
2010 Insurance Companies Tax	$0	0
2010 Personal Income Tax	$17,818	19
Projected Total 2010	**$41,605**	**21**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$23,787	2
2011 Public Service Corp Tax	$0	0
2011 Bank Tax	$0	0
2011 Insurance Companies Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$23,787**	**2**

Law Comparisons: Only Connecticut and Maine have similar provisions.

Connecticut: Corporations subject to the corporation business tax may obtain credits for their human capital investments. Among the types of expenditures that can qualify as human capital investments are: (1) expenses related to a day care center located in Connecticut, for use primarily by children of Connecticut employees (eligible expenses include planning, site preparation, construction, renovation or acquisition); or (2) subsidies paid to Connecticut employees for the child care expenses incurred in Connecticut.

Connecticut Statute: Conn. Gen. Stat. Section12-217x (b).

Maine: Maine's provisions include a credit for employers in the amount of the lesser of (1) 20.0 percent of the costs incurred by the taxpayer in providing daycare for children of employees or (2) $100 for each child of the employee enrolled on a full time basis in daycare service. The credit has a maximum of $5,000 and a carry forward of 15 years or a carry back of 3 years.

Maine Statute: Title 36, Part 8, Chapter 822, Section 5217.

4. Adult Education:

Statutory Reference: Rhode Island General Law Chapter 44-46

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 1985 / 1999

Description: An employer is allowed a credit against the tax imposed by Rhode Island General Laws Chapters 44-11, 44-13, 44-14, 44-15, 44-17 and 44-30 for 50.0 percent of the costs incurred solely and directly for non-worksite or worksite-based adult education programs as specifically defined. The employees for whom the employer claims an adult education tax credit must remain in the employ of the business for a minimum period of 13 consecutive weeks *and* a minimum of 455 hours of paid employment before said employer is eligible for the credit.

The maximum credit per employee is $300 and the maximum overall credit per taxable year per employer is $5,000. The credit is not refundable and any amount of the credit that is not used in the taxable year in which the employer becomes eligible for the credit cannot be carried forward to the following year.

Data Source: Business Tax Section, Rhode Island Division of Taxation;
TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$820	1
2008 Public Service Corp Tax	$0	0
2008 Bank Tax	$0	0
2008 Bank Deposits Tax	$0	0
2008 Insurance Companies Tax	$0	0
2008 Personal Income Tax	$1,536	5
Total 2008	**$2,356**	**6**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Adult Education credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$820	1
2009 Public Service Corp Tax	$0	0
2009 Bank Tax	$0	0
2009 Bank Deposits Tax	$0	0
2009 Insurance Companies Tax	$0	0
2009 Personal Income Tax	$1,536	5
Projected Total 2009	**$2,356**	**6**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$820	1
2010 Public Service Corp Tax	$0	0
2010 Bank Tax	$0	0
2010 Bank Deposits Tax	$0	0
2010 Insurance Companies Tax	$0	0
2010 Personal Income Tax	$1,536	5
Projected Total 2010	**$2,356**	**6**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$820	1
2011 Public Service Corp Tax	$0	0
2011 Bank Tax	$0	0
2011 Bank Deposits Tax	$0	0
2011 Insurance Companies Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$820**	**1**

Law Comparison: Only Maine has a similar provision.

Maine: A taxpayer constituting an "opportunity program participant" or an employer of a qualified employee is allowed an income tax credit for each taxable year. The amount of the credit is dependent on the loan payment made by the opportunity program participant. The credit may not reduce the income tax otherwise due to less than zero. A taxpayer entitled to the credit for any taxable year may carry over and apply to the tax liability for any one or more of the next succeeding 10 years the portion, as reduced from year to year, of any unused credits. More than one taxpayer may claim a credit based on loan payments actually made to a relevant lender or lenders to benefit a single opportunity program participant, but no two taxpayers may claim the credit based on the same payment.

Maine Statute: Me. Rev. Stat. Ann. 36 Section5217-D (2)

5. Apprenticeship:

Statutory Reference: Rhode Island General Law Section 44-11-41

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 1996 / N/A

Description: Any taxpayer who employs a machine tool or metal trade apprentice or plastic process technician apprentice duly enrolled and registered under the terms of a qualified program is eligible for a credit against the tax imposed by Rhode Island General Law Chapter 44-11. The amount of the credit is equal to 50.0 percent of the actual wages paid to each qualifying apprentice or $4,800 whichever is less. The number of apprenticeships for which tax credit is allowed must exceed the average number of apprenticeships begun during the five preceding years.

The credit is not refundable and amounts of credit not deductible in the taxable year in which the credit is earned may not be carried over to succeeding tax years.

Data Source: Business Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	**$0**	**0**
2010 Business Corporation Tax	**$0**	**0**
2011 Business Corporation Tax	**$0**	**0**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Effective July 1, 2006, the amount of credit for each apprenticeship in the construction trades is equal to $2 per hour multiplied by the total number of hours completed by each apprentice toward completion of the program. The credit is awarded in the income year of completion. The amount of credit allowed with respect to each apprentice may not exceed $4,000 or 50.0 percent of actual wages paid over the first four income years of the apprenticeship, whichever is less.

Connecticut Statute: Title 12, Chapter 208, Part 1, Section 12-217g (c).

6. Artwork Exhibition:

Statutory Reference: Rhode Island General Law Section 44-30-24

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 1986 / N/A

Description: An individual is entitled to a tax credit equal to 10.0 percent of each $1,000 of the purchase price of art up to a maximum purchase price of $10,000. The purchased art must be certified by the Board of Curators (see Rhode Island General Law Chapter 42-97). The credit may be used against taxes due under Rhode Island General Law Chapter 44-30.

Amounts of unused credits may not be carried forward to succeeding tax years. This credit cannot be used until after all other credits available to the taxpayer for that taxable year have been applied

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$200**	**1**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Artwork Exhibition credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$200**	**0**
2010 Personal Income Tax	**$200**	**0**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law comparison: No similar provisions found in the other New England States.

7. Biotechnology Investment:

Statutory Reference: Rhode Island General Law Section 44-31-1.1

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 2006 / N/A

Description: Any company primarily engaged in commercial biological research and development or manufacturing and sale of biotechnology products or active pharmaceutical ingredients shall be allowed a credit of 10.0 percent of the cost or other basis for federal tax purposes of tangible personal property, excluding vehicles and furniture, and other tangible property with situs in Rhode Island and principally used in the production of biotechnology products after December 31, 2001. This credit can be used against the tax imposed by Rhode Island General Law Chapters 44-11 and 44-30.

To qualify for the tax credit a company must pay its employees that work a minimum of thirty (30) hours per week within the State, a median annual wage equal to or greater than 125.0 percent of the average annual wage paid by all employers in Rhode Island to employees that work a minimum of thirty (30) hours per week, and the company must provide benefits typical to the biotechnology industry.

Any amount of the credit not used in the taxable year in which it is earned may be carried forward for up to 15 succeeding years.

Data Source: No reliable data exists for this particular credit. Any data pertaining to this credit is included under the Investment Tax Credit

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	No estimate possible	No estimate possible
2008 Personal Income Tax	No estimate possible	No estimate possible
Total 2008	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data. In Calendar Year 2011 the Biotechnology Investment credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	No estimate possible	No estimate possible
2009 Personal Income Tax	No estimate possible	No estimate possible
Projected Total 2009	**No estimate possible**	**No estimate possible**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	No estimate possible	No estimate possible
2010 Personal Income Tax	No estimate possible	No estimate possible
Projected Total 2010	**No estimate possible**	**No estimate possible**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	No estimate possible	No estimate possible
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

8. Child and Dependent Care (Federal):

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(K)

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 2001 / 2007

Description: For tax years beginning on or after January 1, 2001, a taxpayer entitled to the federal child and dependent care credit is entitled to a credit against the Rhode Island personal income tax. In general, if a taxpayer can claim the federal credit for expenses paid for someone to care for a dependent that is under age 13 or to care for a spouse or dependent whom is unable to care for himself/herself, then the taxpayer can claim a credit for the same expenses against the tax imposed under Rhode Island General Law Chapter 44-30. The child and/or dependent care expenses must be paid in order for the taxpayer to work or look for work.

The amount of the credit is equal to 25.0 percent of the federal credit that is claimed.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$2,457,715**	**18,429**

Projection Methodology: Calendar Year 2009 amount of credit and number of taxpayers is the three-year moving average growth rate for 2006 through 2008 applied to the 2008 values. Calendar Year 2010 and Calendar Year 2011 assume no growth from Calendar Year 2009.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$2,478,221**	**18,304**
2010 Personal Income Tax	**$2,478,221**	**18,304**
2011 Personal Income Tax	**$2,478,221**	**18,304**

Law Comparison:

Connecticut: No similar child and dependent care credit provision found.

Connecticut Statute: Title 12, Chapter 229, Section 12-701.

Maine: A resident individual is allowed a credit against the tax otherwise due in the amount of 25.0 percent of the federal tax credit allowable for child and dependent care expenses in the same tax year, except that for tax years beginning in 2003, 2004 and 2005, the applicable percentage is 21.5 percent instead of 25.0 percent.

Maine Statute: Title 36, Part 8, Chapter 822, Section 5218.

Massachusetts: No similar provision for child and dependent care credit found. Massachusetts' provisions provide for the reduction of taxes of any federal credit allowable on the resident's federal income tax return.

Massachusetts Statute: Chapter 62, Section 6 (a)(ii).

New Hampshire: New Hampshire does not impose a personal income tax.

Vermont: A taxpayer is entitled to a credit against the tax imposed of 24.0 percent of the child care and dependent care credit allowed against the taxpayer's federal income tax for the taxable year.

Vermont Statute: Title 32, Subtitle 2, Chapter 151 Part 3, Section 5822.

9. Contributions To Scholarship Organizations:

Statutory Reference: Rhode Island General Law Chapter 44-62-1

Stated Purpose: "In order to enhance the educational opportunities available to all students in this state, a business entity will be allowed a tax credit…for voluntary cash contribution (sic) made by the business entity to a qualified scholarship."

Year Enacted / Year Amended: 2006 / 2007

Description: Taxpayers that make voluntary cash contributions to certified scholarship organizations are entitled to receive a credit against the tax imposed by Rhode Island General Law Chapters 44-11, 44-13, 44-14, 44-15, 44-17, or 44-30. The maximum credit allowed a business entity is no greater than $100,000 in any tax year. The total aggregate amount of all tax credits for contributions to scholarship organizations approved by the Division of Taxation in a fiscal year cannot exceed $1,000,000.

There are two methods by which the tax credit can be earned, a two-year contribution plan and a one-time contribution plan. Under the two-year contribution plan, the taxpayer commits to making the same amount of contribution for two consecutive tax years. In this case, the yearly tax credit earned is equal to 90.0 percent of the total voluntary contribution made by the business entity. Under the one-time contribution plan, the business entity receives a credit equal to 75.0 percent of the total voluntary contribution that is made.

The tax credit must be used in the tax year that the contribution was made. The tax credit is not refundable, assignable, or transferable and unused amounts cannot be carried forward to succeeding tax years.

Data Source: Business Tax Section, Rhode Island Division of Taxation;
TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$358,275	8
2008 Public Service Corp Tax	$0	0
2008 Bank Tax	$90,000	1
2008 Bank Deposits Tax	$90,000	1
2008 Insurance Companies Tax	$180,000	2
2008 Personal Income Tax	$718,327	64
Total 2008	**$1,436,602**	**76**

Projection Methodology: Amount of credit and number of taxpayers held constant.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$358,275	8
2009 Public Service Corp Tax	$0	0
2009 Bank Tax	$90,000	1
2009 Bank Deposits Tax	$90,000	1
2009 Insurance Companies Tax	$180,000	2
2009 Personal Income Tax	$718,327	64
Projected Total 2009	**$1,436,602**	**76**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$358,275	8
2010 Public Service Corp Tax	$0	0
2010 Bank Tax	$90,000	1
2010 Bank Deposits Tax	$90,000	1
2010 Insurance Companies Tax	$180,000	2
2010 Personal Income Tax	$718,327	64
Projected Total 2010	**$1,436,602**	**76**

Calendar Year / Tax Type	Revenue Foregone	Number of Taxpayers
2011 Business Corporation Tax	$358,275	8
2011 Public Service Corp Tax	$0	0
2011 Bank Tax	$90,000	1
2011 Bank Deposits Tax	$90,000	1
2011 Insurance Companies Tax	$180,000	2
2011 Personal Income Tax	$718,327	64
Projected Total 2011	**$1,436,602**	**76**

Law comparison: No similar provisions found in the other New England States.

10. Earned Income (Federal):

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(N)

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 2001 / 2007

Description: A taxpayer entitled to a federal earned income credit is allowed a Rhode Island earned income credit equal to 25.0 percent of the federal earned income credit. In the event the Rhode Island earned income credit allowed exceeds the amount of Rhode Island income tax, a refundable earned income credit is allowed. Refundable earned income credit means 15.0 percent of the amount by which the Rhode Island earned income credit exceeds the Rhode Island income tax.

In general, a taxpayer can claim the federal credit if he/she is employed and meets certain income criteria and rules including those having to do with children living in the home. The American Recovery and Reinvestment Act of 2009 increased the federal earned income tax credit from 40.0 to 45.0 percent of the first $12,570 in earned income for taxpayers with three or more eligible dependents.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	Revenue Foregone	Number of Taxpayers
2008 Personal Income Tax	**$9,428,414**	**75,682**

Projection Methodology: Calendar Year 2009 amount of credit and number of taxpayers is the three-year moving average growth rate for 2006 through 2008 applied to the 2008 values. Calendar Year 2010 and Calendar Year 2011 assume no growth from Calendar Year 2009.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$10,686,771**	**78,961**
2010 Personal Income Tax	**$10,686,771**	**78,961**
2011 Personal Income Tax	**$10,686,771**	**78,961**

Law Comparison: Only Maine, Massachusetts and Vermont have similar provisions.

Maine: A resident individual is allowed an income tax credit in the amount of 5.0 percent of the federal earned income credit for the same taxable year. Effective July 18, 2008, a nonresident individual and a part-year resident is allowed an income tax credit in the amount of 5.0 percent of the federal earned income credit for the same taxable year multiplied by the ratio of the individual's Maine adjusted gross income. The credit may not reduce the Maine income tax to less than zero.

Maine Statute: Me Rev. Stat. Ann. 36, sub section 5219-S (1).

Massachusetts: Massachusetts' provisions include a credit against the taxes imposed if the taxpayer qualified for and claimed the federal earned income credit. The amount of the credit is 15.0 percent of the federal credit received by the taxpayer for the taxable year. If the taxpayer claims and receives other state income tax credit, this credit must be applied last. If the amount of the credit exceeds the taxpayer's liability, the excess is treated as an overpayment, and the taxpayer will be refunded the excess, without interest.

Massachusetts Statute: Chapter 62, Section 6 (h).

Vermont: Vermont's provisions include a credit equal to that provided for federal purposes. In the event that the taxpayer's earnings come from periods of part-year residency, the credit is prorated. For tax years beginning on and after January 1, 2005, the credit is 32.0 percent of the individual's federal earned income tax credit multiplied by the percentage that the individual's earned income that is earned or received while a Vermont resident, bears to the individual's total earned income. If the credit exceeds the taxpayer's income tax liability for the year, the excess of credits over payments due shall be paid to the taxpayer.

Vermont Statute: Title 32, Subtitle 2, Chapter 151, Section 5828 b.

11. Educational Assistance Development:

Statutory Reference: Rhode Island General Law Chapter 44-42

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 1985 / N/A

Description: An 8.0 percent credit is allowed against the taxes imposed by Rhode Island General Law Chapters 44-11, 44-13, 44-14, and 44-17 for contributions in excess of $10,000 made to an institution of higher education in Rhode Island (a) for the establishment or maintenance of a faculty chair, department, or program for scientific research or education; (b) for a work fellowship program that is providing training connected with scientific research or education for the students of the institution; or (c) for tangible personal property contributed for use in an educational, training, or research program for scientific research or education excluding sale discounts and sale-gift or similar arrangements for equipment.

The credit cannot reduce the tax due below $100 in a given tax year. Any amount of the credit that is unused in the taxable year earned may be carried forward for five succeeding years.

Data Source: Business Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$0	0
2008 Public Service Corp Tax	$0	0
2008 Bank Tax	$0	0
2008 Insurance Companies Tax	$0	0
Total 2008	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$0	0
2009 Public Service Corp Tax	$0	0
2009 Bank Tax	$0	0
2009 Insurance Companies Tax	$0	0
Projected Total 2009	**$0**	**0**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$0	0
2010 Public Service Corp Tax	$0	0
2010 Bank Tax	$0	0
2010 Insurance Companies Tax	$0	0
Projected Total 2010	**$0**	**0**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$0	0
2011 Public Service Corp Tax	$0	0
2011 Bank Tax	$0	0
2011 Insurance Companies Tax	$0	0
Projected Total 2011	**$0**	**0**

Law Comparisons: No similar provisions found in the other New England States.

12. Elderly or Disabled (Federal):

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(K)

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 2001 / 2007

Description: For tax years beginning on or after January 1, 2001, a taxpayer entitled to the federal elderly or disabled credit is entitled to a credit against the Rhode Island personal income tax. In general, an individual who is qualified as elderly and disabled can take a credit equal to 25.0 percent of the amount of credit claimed on their federal personal income tax against the tax imposed by Rhode Island General Law Chapter 44-30.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$74,461**	**732**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Elderly or Disabled (Federal) credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$74,461**	**732**
2010 Personal Income Tax	**$74,461**	**732**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law Comparison: Only Vermont has a similar provision.

Vermont: A taxpayer is entitled to a credit against the tax imposed of 24.0 percent of the credits allowed against the taxpayer's federal income tax for the taxable year, which includes the elderly and permanently totally disabled credit.

Vermont Statute: Title 32, Chapter 151, Subtitle 2, Part 3, Chapter 151, Subchapter 2, Section 5822.

13. Employment – Welfare Bonus Program:

Statutory Reference: Rhode Island General Law Chapter 44-39.1

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 1985 / 1986

Description: Any employer participating in the Bonus Program under Rhode Island General Law Chapter 40-6.3 is entitled to apply for the credit. The credit is awarded to employers that hire individuals who had previously received Aid to Families with Dependent Children (AFDC) for 30 consecutive months prior to the law's enactment and employ such individuals for at least 24 consecutive months prior to application for the credit. The credit is equal to $250 per eligible employee and the credit can be applied against the tax imposed by Rhode Island General Law Chapters 44-11, 44-13, 44-14, 44-17, and 44-30.

The application of the credit cannot lower the taxpayer's tax liability below $100 and the credit cannot be applied until all other credits for which the taxpayer is eligible to use have been applied. The credit is not refundable and any unused credit amounts cannot be carried forward to succeeding tax years. The credit is limited to the first 100 individuals that are eligible to participate in the Bonus Program.

Data Source: Business Tax Section, Rhode Island Division of Taxation
No reliable data exists for this particular credit for personal income tax

Reliability Index: Business Taxes: 1; Personal Income Tax: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$0	0
2008 Public Service Corp Tax	$0	0
2008 Bank Tax	$0	0
2008 Insurance Companies Tax	$0	0
2008 Personal Income Tax	No estimate possible	No estimate possible
Total 2008	**Unknown**	**Unknown**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Employment-Welfare Bonus Program credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$0	0
2009 Public Service Corp Tax	$0	0
2009 Bank Tax	$0	0
2009 Insurance Companies Tax	$0	0
2009 Personal Income Tax	No estimate possible	No estimate possible
Projected Total 2009	**Unknown**	**Unknown**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$0	0
2010 Public Service Corp Tax	$0	0
2010 Bank Tax	$0	0
2010 Insurance Companies Tax	$0	0
2010 Personal Income Tax	No estimate possible	No estimate possible
Projected Total 2010	**Unknown**	**Unknown**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$0	0
2011 Public Service Corp Tax	$0	0
2011 Bank Tax	$0	0
2011 Insurance Companies Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$0**	**0**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Corporations and other business firms subject to the corporation business tax may receive credits for hiring persons who, at the time of hiring, have been receiving benefits from Connecticut's temporary family assistance program for more than nine months and who continue to receive benefits. Qualifying employees must be employed at least 30 hours per week for a full calendar month. The credit amount is equal to $125 per qualified employee per full month of employment, with a $1 million annual statewide limit for all corporations.

Connecticut Statute: Conn. Gen. Stat, Section12-217y (a).

14. Enterprise Zone Wage:

Statutory Reference: Rhode Island General Law Chapter 42-64.3

Stated Purpose: “The general assembly finds and declares: (1) That there are certain distressed areas in this state which are characterized by substantial and persistent levels of unemployment; blighted areas; obsolete, dilapidated, and abandoned industrial and commercial structures; and, as a consequence, continually shrinking tax bases which threaten their very existence; (2) That the numerous programs undertaken by the federal government and the state during the past two (2) decades to stop the deterioration and stimulate economic activity in these urban areas have, in large part, failed; and (3) That it is the public policy of this state to undertake an experimental program to stimulate economic revitalization, promote employment opportunities, and encourage business development and expansion in distressed areas.

Year Enacted / Year Amended: 1982 / 2004

Description: A qualified business located in an enterprise zone is allowed a credit against the tax imposed by Rhode Island General Law Chapters 44-11, 44-13 (except the taxation of tangible personal property under Section 44-13-13), 44-14, 44-17, and 44-30. A business becomes qualified for the credit if the business increases its employment from the prior year by at least 5.0 percent, pays more in total wages and salaries than in the previous year and is certified by the Enterprise Zone Council. The credit is equal to 50.0 percent of the Rhode Island salaries and wages paid to the newly hired workers up to $5,000 if the newly hired worked is a resident of an enterprise zone or $2,500 if the newly hired is not a resident of an enterprise zone.

The newly hired workers’ wages and salaries must be reduced by any state or federal assistance received by the business in connection with their employment. The credit is not refundable and credit amounts not used in the tax year that they are earned cannot be carried forward to succeeding tax years

Data Source: Business Tax Section, Rhode Island Division of Taxation;
TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$319,934	14
2008 Public Service Corp Tax	$0	0
2008 Bank Tax	$0	0
2008 Insurance Companies Tax	$0	0
2008 Personal Income Tax	$893,068	150
Total 2008	**$1,213,002**	**164**

Projection Methodology: For Business Taxes, the amount of credit and number of taxpayers held constant. For Personal Income Taxes, Calendar Year 2009 amount of credit and number of taxpayers is the three-year moving average growth rate for 2006 through 2008 applied to the 2008 values. Calendar Year 2010 assumes no growth from

Calendar Year 2009. In Calendar Year 2011 the Enterprise Zone Wage credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$319,934	14
2009 Public Service Corp Tax	$0	0
2009 Bank Tax	$0	0
2009 Insurance Companies Tax	$0	0
2009 Personal Income Tax	$820,560	165
Projected Total 2009	**$1,140,494**	**179**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$319,934	14
2010 Public Service Corp Tax	$0	0
2010 Bank Tax	$0	0
2010 Insurance Companies Tax	$0	0
2010 Personal Income Tax	$820,560	165
Projected Total 2010	**$1,140,494**	**179**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$319,934	14
2011 Public Service Corp Tax	$0	0
2011 Bank Tax	$0	0
2011 Insurance Companies Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$319,934**	**14**

Law Comparison: Connecticut, Massachusetts and New Hampshire have similar provisions. Vermont previously had a similar provision.

Connecticut: The basic enterprise zone credit applies to any qualifying corporation, which meets certain employment levels. There are also two credits specifically for manufacturing facilities located in enterprise zones. A corporation may qualify for a credit equal to 50.0 percent of the corporation business tax that is allocable to a manufacturing facility located in a designated enterprise zone or other area designated as having enterprise zone level benefits. There is a 25.0 percent credit for manufacturing facilities that do not meet the employment criteria to qualify for the 50.0 percent credit. A corporation may also receive a reduced credit for a manufacturing facility located outside an enterprise zone but within a targeted investment community, which is known as a "service facility."

Connecticut Statute: Title 12, Chapter 208, Part I, Section 12-217v.

Massachusetts: Massachusetts' provisions are predicated on the location of the eligible business in a poverty area. The tax incentive is an additional deduction in determining net income of 25.0 percent of the wages paid to individuals working in the facility with the deduction not to exceed $5,000 per individual.

Massachusetts Statute: Chapter 63, Section 38E

New Hampshire: Effective July 1, 2007, an economic revitalization zone tax credit is allowed against either the business profits tax or the business enterprise tax to encourage the creation of new jobs in areas identified by the Commissioner of Resources and Economic Development as economic revitalization zones. The economic revitalization zone tax credit program replaces the CROP (Community Reinvestment and Opportunity Zone) credit program. The program is prospectively repealed effective July 1, 2011.

New Hampshire Statute: N.H. Rev. Stat. Ann. Section162-N.1.

Vermont: Credit repealed effective July 1, 2005.

Vermont Statute: Title 32, Chapter 151, Section 5926.

15. Farm to School Income:

Statutory Reference: Rhode Island General Law Section 44-30-27

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 2007 / N/A

Description: Upon presentation of written certification by a local education agency (LEA), an individual or entity domiciled in the State for the entire tax year, shall be entitled to an income tax credit for the purchase of produce grown in the state which shall be furnished or used in connection with that individual's or entity's agreement to provide food to the LEA. The tax credit is equal to 5.0 percent of the cost of farm products grown or produced in Rhode Island.

Any amount of credit not used in the taxable year of certification can not be carried over to succeeding tax years. The credit cannot be applied until all other credits available to the taxpayer for that taxable year are applied.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$3,508**	**3**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Farm to School Income credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$3,508**	**3**
2010 Personal Income Tax	**$3,508**	**3**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law comparison: No similar provisions found in the other New England States.

16. General Business (Federal):

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(K)

Stated Purpose: None specified in law.

Year Enacted / Year Amended: 2001 / 2007

Description: For tax years beginning on or after January 1, 2001, a taxpayer entitled to the federal general business credit is entitled to a credit against the Rhode Island personal income tax. In general, an individual who qualifies for general business credits under the Internal Revenue Code can take a credit equal to 25.0 percent of the amount of credit claimed on their federal personal income tax against the tax imposed by Rhode Island General Law Chapter 44-30.

The federal general business credit is targeted to small business and includes 26 possible credits. Rhode Island allows 14 of these 26 credits to be applied against Rhode Island income tax owed. These 14 credits are: investment; alcohol used as fuel; increasing research activities; low income housing; disabled access; enhanced oil recovery; renewable energy production; Indian employment; Employer Social Security and Medicare Taxes Paid on Certain Employees; Contributions to Selected Community Development Corporations; Prior Year Minimum Tax; Qualified Electric Vehicle; Empowerment Zone Employment; Federal Tax Paid on Fuels

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal credit data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$631,068**	**828**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the General Business (Federal) credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$631,068**	**828**
2010 Personal Income Tax	**$631,068**	**828**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law comparison: No similar provisions found in the other New England States.

17. Historic Homeownership Assistance:

Statutory Reference: Rhode Island General Law Chapter 44-33.1

Stated Purpose: "The purpose of this chapter is to encourage maintenance and rehabilitation of residential properties that have historic merit by providing income tax credit for the maintenance or rehabilitation of historic residences."

Year Enacted / Year Amended: 1989 / 2000

Description: A taxpayer who owns and lives in a Rhode Island historical residence may claim a credit against the tax imposed by Rhode Island General Laws Chapter 44-30 for up to 20.0 percent of the certified costs of renovation in the year in which the work is completed.

The maximum credit per year is $2,000 and unused amounts of the credit can be carried forward to succeeding tax years by the owner who received the income tax credit. This credit is administered by the Rhode Island Historical Preservation and Heritage Commission.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$893,320**	**177**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Historic Homeownership Assistance credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$893,320**	**177**
2010 Personal Income Tax	**$893,320**	**177**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law Comparison:

Connecticut: The credit is equal to the lesser of 25.0 percent of the actual qualified rehabilitation expenditures or 25.0 percent of the projected rehabilitation expenditures allocation determined at the time of certification by the Connecticut Commission on Culture. If the Connecticut Commission on Culture certifies that the rehabilitation plan conforms to the standards developed under the provisions of the Connecticut statute, the commission reserves for the benefit of the owner, an allocation for a tax credit equivalent to 25.0 percent of the projected qualified rehabilitation expenditures, not exceeding $2,700,000. Following the completion of rehabilitation of a certified historic structure, the commission reviews the rehabilitation and verifies its compliance with the rehabilitation plan. Following verification, the commission issues a tax credit voucher to the owner rehabilitating the certified historic structure or to the taxpayer named by the owner as contributing to the rehabilitation. The tax credit voucher shall be in an amount equivalent to the lesser of the tax credit reserved upon certification of the rehabilitation plan or 25.0 percent of the actual qualified rehabilitation expenditures not to exceed $2,700,000.

Connecticut Law Cite: Title 10, Chapter 177, Section 10-416a.

Maine: Effective June 30, 2008 and applicable for expenditures incurred after December 31, 2007, taxpayers are allowed an historic rehabilitation credit against the corporate income tax. A credit is allowed against the corporate income tax in an amount: equal to 25.0 percent of the taxpayer's certified qualified rehabilitation expenditures for which a tax credit is claimed under Section 47 of the Internal Revenue Code for a certified historic structure located in Maine, or equal to 25.0 percent of the certified qualified rehabilitation expenditures of a taxpayer who incurs not less than $50,000 and up to $250,000 in certified qualified rehabilitation expenditures in the rehabilitation of a certified historic structure located in Maine and who does not claim the federal credit with regard to those expenditures.

Maine Statute: Me. Rev. Stat. Ann. 36 Section5219-BB (2)

Massachusetts: Massachusetts grants an historic rehabilitation tax credit to taxpayers that make substantial rehabilitation of qualified historic structures. A structure is substantially rehabilitated if the qualified rehabilitation expenditures of the building during the 24-month period selected by the taxpayer ending with or within the taxable year exceed 25.0 percent of the taxpayer's adjusted basis in the building. The credit is equal to 20.0 percent of the qualified rehabilitation expenditures on a qualified historic property.

Massachusetts Statute: Mass. Gen. L. Chapter 62 Section 6J(a)

New Hampshire: New Hampshire does not impose a personal income tax.

Vermont: Vermont's provisions are similar to Rhode Island but allow a credit in an amount equal to 25.0 percent of an amount not exceeding $100,000 of qualified expenditures. Vermont also includes a credit for "older buildings" or buildings, which have been constructed prior to January 1, 1983.

Vermont Statute: Title 32, Subtitle 2, Part 3, Chapter 151, Subchapter 11G, Section 5930p.

18. Historic Structures:

Statutory Reference: Rhode Island General Law Chapter 44-33.2

Stated Purpose: "The general assembly finds and declares that Rhode Island's historic structures have experienced high vacancy rates and physical deterioration. Without adding economic incentive, these structures are not viable for the redevelopment and reuse by modern commercial, residential or manufacturing enterprises and will continue their physical deterioration. The redevelopment and reuse of these historic structures are of critical importance to the economic measures and will assist in stimulating the reuse and redevelopment of historic structures and will improve property values, foster civic beauty, and promote public education, pleasure, and welfare. The purpose of this chapter is to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic structures."

Year Enacted / Year Amended: 2001 / 2008

Description: A credit in an amount equal to 30.0 percent of the qualified rehabilitation expenditures (QREs) incurred to rehabilitate the historic structure. This credit is allowed against the taxes imposed by Rhode Island General Laws Chapters 44-11, 44-12, 44-13, 44-14, 44-17 or 44-30 for the redevelopment and reuse of Rhode Island's historic structures. The structure must have been certified as historic by the Rhode Island Historical Preservation and Heritage Commission and placed into service prior to January 1, 2008. The credit processing fee for these projects is 2.25 percent of the QREs. Projects that are in progress as of January 1, 2008 but not yet placed into service are eligible to receive a credit equal to either 27.0 percent of the QREs incurred with a credit processing fee of 5.0 percent of the QREs incurred or 26.0 percent of the QREs incurred with a credit processing fee of 4.0 percent of the QREs incurred or 25.0 percent of the QREs incurred with a credit processing fee of 3.0 of the same.

Historic structures tax credits are transferrable and unused amounts of the credit may be carried forward to a maximum of 10 succeeding tax years. Proceeds from the sale of historic structures tax credits are exempt from Rhode Island taxes.

Data Source: Business Tax Section, Rhode Island Division of Taxation;
TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$371,912	5
2008 Franchise Tax	$0	0
2008 Public Service Corp Tax	$0	0
2008 Bank Tax	$2,960,988	2
2008 Insurance Companies Tax	$15,408,634	17
2008 Personal Income Tax	$18,738,984	525
Total 2008	**$37,480,518**	**549**

Projection Methodology: Tax Year 2009 figures are actual tax credit redemptions for that year. Tax Year 2010 figures are actual tax credit redemptions from January to June and the ratio of one-half of the Office of Revenue Analysis tax year 2010 estimate as of July 28, 2010 to Tax Year 2009 figures. Tax Year 2011 figures is the ratio of the Office of Revenue Analysis tax year 2011 estimate as of July 28, 2010 to Tax Year 2009 figures.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$1,052,867	Unknown
2009 Franchise Tax	$0	Unknown
2009 Public Service Corp Tax	$0	Unknown
2009 Bank Tax	$0	Unknown
2009 Insurance Companies Tax	$15,356,782	Unknown
2009 Personal Income Tax	$21,859,763	Unknown
Projected Total 2009	**$38,269,412**	**Unknown**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$1,007,503	Unknown
2010 Franchise Tax	$0	Unknown
2010 Public Service Corp Tax	$0	Unknown
2010 Bank Tax	$188,525	Unknown
2010 Insurance Companies Tax	$29,291,611	Unknown
2010 Personal Income Tax	$12,979,350	Unknown
Projected Total 2010	**$43,466,989**	**Unknown**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$975,456	Unknown
2011 Franchise Tax	$0	Unknown
2011 Public Service Corp Tax	$0	Unknown
2011 Bank Tax	$0	Unknown
2011 Insurance Companies Tax	$14,227,699	Unknown
2011 Personal Income Tax	$20,252,599	Unknown
Projected Total 2011	**$35,455,715**	**Unknown**

Law Comparison:

Connecticut: Connecticut provides a tax credit of 25.0 percent of the qualified rehabilitation expenditures incurred in the rehabilitation of an historic structure, not to exceed $2,700,000. Unused credit amounts may be carried forward to a maximum of five succeeding tax years.

Connecticut Statute: 99-488, Section 82

Massachusetts: Massachusetts' provisions include a 20.0 percent credit of qualified rehabilitation expenditures incurred in the rehabilitation of a certified historic structure. The credit is not refundable. The Commissioner of the Department of Revenue in consultation with the Massachusetts Historical Commission will authorize annually for the six years beginning January 1, 2006 and ending December 31, 2011 an aggregate amount of available historic structures credits not to exceed $50 million per year.

Massachusetts' Statute: Chapter 62, Section 6J.

Maine: After December 31, 2007, taxpayers are allowed historic rehabilitation credits for the certified qualified rehabilitation expenditures incurred. A "substantial rehabilitation credit" is allowed against the income tax in an amount equal to 25.0 percent of the taxpayer's certified qualified rehabilitation expenditures for which a tax credit is claimed under the Internal Revenue Code Section 47 for a certified historic structure located in Maine.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 5219-BB(2)(A).

New Hampshire: No similar provision found.

Vermont: Under the Vermont Downtown and Village Center Tax Credit program, a qualified applicant of a qualified historic rehabilitation project may claim against his or her individual income tax liability a credit of 10.0 percent of the qualified rehabilitation expenditures as defined under Section 47(c) of the Internal Revenue Code and properly chargeable to the federally certified rehabilitation. To qualify for this tax credit, expenditures for the qualified project must exceed $5,000.

Vermont Statute: Vt. Stat. Ann. 32 Section 5930cc(a).

19. **<u>Hydroelectric Power</u>:**

Statutory Reference: Rhode Island General Law Section 44-30-22

Stated Purpose: "It is the policy of this state to support and foster the development of hydropower generating facilities by the establishment of tax incentives for those owners of existing dams who install hydroelectric power generation equipment." (Rhode Island General Laws Section 44-30-20(b))

Year Enacted / Year Amended: 1980 / N/A

Description: A hydroelectric power developer will be allowed a non-refundable state income tax credit in the amount of 10.0 percent of the installation costs of a small hydroelectric power production facility at an existing dam site in Rhode Island. The credit is can be used to against the taxes imposed by Rhode Island General Laws Chapters 44-11 or 44-30. The credit is limited to a maximum of $500,000 in costs to develop a small hydroelectric power production facility for a maximum income tax credit of $50,000.

If the allowable amount of the credit exceeds the tax liability of the developer in the taxable year the credit is earned, unused portions of the credit may be carried forward to no more than five succeeding tax years. (Rhode Island General Laws Section 44-30-23)

Data Source: Data Warehouse, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$0	0
2008 Personal Income Tax	$0	0
Total 2008	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Hydroelectric Power credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$0	0
2009 Personal Income Tax	$0	0
Projected Total 2009	**$0**	**0**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$0	0
2010 Personal Income Tax	$0	0
Projected Total 2010	**$0**	**0**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$0**	**0**

Law comparison: No similar provisions found in the other New England States.

20. Incentives for Innovation and Growth:

Statutory Reference: Rhode Island General Law Chapter 44-63

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2006 / N/A

Description: This act provides for a tax credit against the tax imposed by Rhode Island General Law Chapters 44-11, 44-12 or 44-30. The tax credit is equal to 50.0 percent of the amount invested in an eligible qualified innovative company, but in no case shall the amount of the tax credit exceed $100,000. A tax credit certificate may be issued in the name of the eligible company, an executive employee or employees of the company, an investor in the company or any combination thereof.

Only companies with business primarily in those industries or trades identified by the Rhode Island Economic Development Corporation (RIEDC) upon advisory resolution of the Rhode Island Science and Technology Advisor Council as “Innovation Industries” producing traded goods and services can be deemed eligible for the investment. RIEDC can approve no more than $1,000,000 in credits in any two year period.

If the allowable amount of the credit exceeds the tax liability of the investor in the taxable year the credit is earned, unused portions of the credit may be carried forward to no more than three succeeding tax years. No tax credit can be approved by RIEDC after December 31, 2016.

Data Source: Business Tax Section, Rhode Island Division of Taxation;
TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$0	0
2008 Franchise Tax	$0	0
2008 Personal Income Tax	$139,051	24
Total 2008	**$139,051**	**24**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Incentives for Innovation and Growth credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$0	0
2009 Franchise Tax	$0	0
2009 Personal Income Tax	$139,051	24
Projected Total 2009	**$139,051**	**24**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$0	0
2010 Franchise Tax	$0	0
2010 Personal Income Tax	$139,051	24
Projected Total 2010	**$139,051**	**24**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$0	0
2011 Franchise Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$0**	**0**

Law comparison: No similar provisions found in the other New England States.

21. Interest for Loans to Mill Building Owners:

Statutory Reference: Rhode Island General Law Section 42-64.9-9

Stated Purpose: The adoption of certain economic incentive measures will assist in stimulating the reuse and redevelopment of Rhode Island's historic industrial mill structures, and will benefit the health, safety, welfare and prosperity of the people of this state. It is the purpose of this chapter to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic industrial mill structures. (Rhode Island General Law sections 42-64.9-2 and 42-64.9-3)

Year Enacted / Year Amended: 2004 / 2005

Description: A tax credit of 10.0 percent of the interest earned and paid on loans made to eligible businesses, solely and exclusively for expenditures made within a certified mill building. The tax credit can be used against the tax imposed by Rhode Island General Law Chapters 44-11, 44-13, 44-14, 44-17, and 44-30.

Data Source: Data Warehouse Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$0	0
2008 Public Service Corp Tax	$0	0
2008 Bank Tax	$0	0
2008 Insurance Companies Tax	$0	0
2008 Personal Income Tax	$4,861	3
Total 2008	**$4,861**	**3**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Interest for Loans to Mill Building Owners credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$0	0
2009 Public Service Corp Tax	$0	0
2009 Bank Tax	$0	0
2009 Insurance Companies Tax	$0	0
2009 Personal Income Tax	$4,861	3
Projected Total 2009	**$4,861**	**3**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$0	0
2010 Public Service Corp Tax	$0	0
2010 Bank Tax	$0	0
2010 Insurance Companies Tax	$0	0
2010 Personal Income Tax	$4,861	3
Projected Total 2010	**$4,861**	**3**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$0	0
2011 Public Service Corp Tax	$0	0
2011 Bank Tax	$0	0
2011 Insurance Companies Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$0**	**0**

Law comparison: No similar provisions found in the other New England States.

22. Investment:

Statutory Reference: Rhode Island General Law Section 44-31-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1974 / 2002

Description: A credit is allowed against the tax imposed by Rhode Island General Law Chapters 44-11, 44-14, 44-17 and 44-30 for the cost of realty and tangible personalty in Rhode Island, which are principally used by the taxpayer in the production of goods by manufacturing, processing or assembling. General manufacturers are provided with a credit of 4.0 percent of the cost or qualified amounts for leased assets of tangible personal property and buildings and structural components of buildings provided that the assets have a useful life of at least four years. A credit equal to 10.0 percent of the cost or qualified amounts for leased assets of tangible personal property, excluding motor vehicles and furniture, provided that the assets have a useful life of at least four years, is granted to manufacturers that are classified in major groups 20 through 39, 50 and 51, 60 through 67, 73, 76, 80 through 82, 87, and 89 in the Standard Industrial Classification manual (SIC Codes). A 10.0 percent credit of the cost or qualified amounts for leased assets of buildings and structural components is also provided to "high performance manufacturers" which are defined as businesses described in major groups 28, 30, 34 to 36 and 38 of the SIC Codes. For leased buildings and structural components, the lease must have a term of at least 20 years. High performance manufacturers must also meet certain wage requirements to qualify. The above noted credit percentages also apply to computers, software, and telecommunications hardware even if these assets have useful lives of less than four years.

The 4.0 percent credit can reduce the tax due to the amount of the corporate minimum tax, currently $500. The 10.0 percent credit can only reduce a tax liability by 50.0 percent unless it has been applied by a high performance manufacturer to the acquisition of buildings by purchase or by a lease of 20 years or more in which case the tax liability can be reduced to the amount of the corporate minimum tax.

All of the credits are non-refundable and unused amounts of the credits not used in the taxable year earned can be carried forward to not more than seven succeeding tax years.

Data Source: Business Tax Section, Rhode Island Division of Taxation;
TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1; Data includes the amount of the Biotechnology Investment tax credit. It is not possible to break this data out from the Investment tax credit.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$13,265,936	151
2008 Public Service Corp Tax	$0	0
2008 Bank Tax	$0	0
2008 Insurance Companies Tax	$853,683	3
2008 Personal Income Tax	$2,825,847	602
Total 2008	**$16,945,466**	**756**

Projection Methodology: For Business Taxes, the amount and number of taxpayers held constant. For Personal Income Taxes, Calendar Year 2009 amount of credit and number of taxpayers is the three-year moving average growth rate for 2006 through 2008 applied to the 2008 values. Calendar Year 2010 assumes no growth from Calendar Year 2009. In Calendar Year 2011 the Investment credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$13,265,936	151
2009 Public Service Corp Tax	$0	0
2009 Bank Tax	$0	0
2009 Insurance Companies Tax	$853,683	3
2009 Personal Income Tax	$2,597,765	555
Projected Total 2009	**$16,717,384**	**709**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$13,265,936	151
2010 Public Service Corp Tax	$0	0
2010 Bank Tax	$0	0
2010 Insurance Companies Tax	$853,683	3
2010 Personal Income Tax	$2,597,765	555
Projected Total 2010	**$16,717,384**	**709**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$13,265,936	151
2011 Public Service Corp Tax	$0	0
2011 Bank Tax	$0	0
2011 Insurance Companies Tax	$853,683	3
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$14,119,619**	**154**

Law Comparison:

Connecticut: Connecticut's provisions include a credit equal to 5.0 percent of the amount paid or incurred by the corporation during such income year against the tax imposed for any corporation for a percentage of the acquisition of any new fixed capital. A carry forward of any tax not used in the income year is allowed for the five years immediately succeeding income years.

Connecticut Statute: Title 12, Chapter 208, Part I, Section 12-217w.

Massachusetts: Massachusetts provisions include only manufacturers; corporations engaged primarily in research and development; or in agriculture or commercial fishing. The credit is 3.0 percent of the cost or other basis of the property including buildings and leased tangible personalty and has a three year carry forward of unused credit.

Massachusetts Statute: Chapter 63, Section 31A

Maine: Maine's provisions include 1.0 percent machinery and equipment investment credit and is limited to tangible personalty used directly and sold or leased for final consumption and is limited to $25,000 plus 75.0 percent of the taxpayer's tax over $25,000.

Maine Statute: Investment Tax Credit: Title 36, Part 8, Chapter 822, Section 5219-E.

New Hampshire: An investment tax credit equal to 75.0 percent of the contribution made to the Community Development Finance Authority during the contributor's tax year is allowed against the business profits tax, the insurance taxes or the business enterprise tax individually or in combination. The credit or any unused portion of the credit may be carried forward for five succeeding years but may not exceed $1.0 million in any given tax year. Contributors may only take the credit after the contributions are actually received by the authority.

New Hampshire Statute: N.H. Rev. Stat. Ann. Section162-L:10

Vermont: A person, upon obtaining the approval of the Vermont economic progress council may receive a credit against its income taxes imposed by this chapter in an amount equal to five to ten percent of its total investments within the state of Vermont in plants or facilities and machinery and equipment in the applicable tax year, but only if those investments exceed $150,000.00

Vermont Statute: Title 32, Subtitle 2, Part 3, Chapter 151, Subchapter 11D, Section 5930(g).

23. Jobs Training:

Statutory Reference: Rhode Island General Law Section 42-64.6-4

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1996 / 1997

Description: A qualified employer is allowed a credit against the taxes imposed by Rhode Island General Law Chapters 44-11, 44-13, 44-14, 44-17 and 44-30 of 50.0 percent of the qualifying expenses to provide training and/or retraining to qualifying employees. A qualified employer must be so sanctioned by the Rhode Island Human Resource Investment Council. A qualifying employee is certain individuals employed by the employer in Rhode Island for at least 30 hours per week and earns or will earn immediately upon completion of the training and/or retraining program 150.0 percent of the State minimum wage.

Fifty percent of the credit amount can be used in the taxable year in which the expense is incurred with the balance to be used in the succeeding tax year. The maximum credit per employee is no more than $5,000 in any three-year period.

Data Source: Business Tax Section, Rhode Island Division of Taxation;
TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$216,857	4
2008 Public Service Corp Tax	$0	0
2008 Bank Tax	$0	0
2008 Insurance Companies Tax	$0	0
2008 Personal Income Tax	$265,448	86
Total 2008	**$482,305**	**90**

Projection Methodology: For Business Taxes, the amount and number of taxpayers held constant. For Personal Income Taxes, Calendar Year 2009 amount of credit and number of taxpayers is the three-year moving average growth rate for 2006 through 2008 applied to the 2008 values. Calendar Year 2010 assumes no growth from Calendar Year 2009. In Calendar Year 2011 the Jobs Training credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$216,857	4
2009 Public Service Corp Tax	$0	0
2009 Bank Tax	$0	0
2009 Insurance Companies Tax	$0	0
2009 Personal Income Tax	$236,199	100
Projected Total 2009	**$453,056**	**104**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$216,857	4
2010 Public Service Corp Tax	$0	0
2010 Bank Tax	$0	0
2010 Insurance Companies Tax	$0	0
2010 Personal Income Tax	$236,199	100
Projected Total 2010	**$453,056**	**104**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$216,857	4
2011 Public Service Corp Tax	$0	0
2011 Bank Tax	$0	0
2011 Insurance Companies Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$216,857**	**4**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Corporations subject to the corporation business tax may obtain credits for their human capital investments. Some of the following types of expenditures that can qualify as human capital investments are:

- Job training in Connecticut for persons employed in the state;
- Work education programs in Connecticut, such as programs in public high schools and work education-diversified occupations programs;
- Worker training and education for persons employed in Connecticut, provided by Connecticut higher education institutions;

A corporation may receive a credit of 5.0 percent of the amount spent during the income year as a human capital investment. A credit cannot exceed the amount of corporation business tax otherwise payable, although unused amounts can be carried forward for up to five succeeding income years.

Connecticut Statute: Conn. Gen. Stat. Section12-217x(b).

24. Juvenile Restitution:

Statutory Reference: Rhode Island General Law Section 14-1-32.1(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1980 / 1994

Description: An employer of a juvenile hired under the juvenile victim restitution program of the Family Court is entitled to receive a credit of 10.0 percent of the wages paid to the juvenile annually. The credit cannot exceed $3,000 annually and may be taken against the taxes imposed by Rhode Island General Law Chapters 44-11 and 44-30.

Data Source: Business Tax Section, Rhode Island Division of Taxation;
TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$0	0
2008 Personal Income Tax	$0	0
Total 2008	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Juvenile Restitution credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$0	0
2009 Personal Income Tax	$0	0
Projected Total 2009	**$0**	**0**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$0	0
2010 Personal Income Tax	$0	0
Projected Total 2010	**$0**	**0**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$0**	**0**

Law Comparison: No similar provisions found in the other New England States.

25. Lead Paint Abatement:

Statutory Reference: Rhode Island General Law Chapter 44-30.3

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2004 / N/A

Description: A property owner or lessee who resides in this State is entitled to tax relief for residential lead removal or lead hazard reduction when he or she obtains a housing resources commission regulated certification, obtains a Department of Health regulated lead safe certification and fulfills all requirements, including certain income requirements as provided by this law. The tax relief can be used against the tax imposed by Rhode Island General Law Chapter 44-30.

The tax relief shall be equal to the amount actually paid for the required lead abatement or lead hazard mitigation up to a maximum of one thousand five hundred dollars ($1,500) per dwelling unit for mitigation and up to five thousand dollars ($5,000) per dwelling unit for abatement. The credit can be earned on a maximum of three dwelling units per claimant. The tax credit is refundable for the amounts of the credit claimed in excess of the taxpayer's liability.

The maximum amount of credits that can be claimed in a given fiscal year is $250,000. Claimants with household incomes of $35,200 or less shall receive priority in receiving tax credit certificates.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$200,450**	**44**

Projection Methodology: Calendar Year 2009 amount of credit and number of taxpayers is the three-year moving average growth rate for 2006 through 2008 applied to the 2008 values. Calendar Year 2010 and Calendar Year 2011 assume no growth from Calendar Year 2009.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$221,879**	**44**
2010 Personal Income Tax	**$221,879**	**44**
2011 Personal Income Tax	**$221,879**	**44**

Law Comparison: Only Massachusetts and Vermont have similar provisions.

Massachusetts: Massachusetts' provisions allow a credit to an owner of a residence who pays for the containment or abatement of any paint, plaster or other accessible structural materials containing dangerous levels of lead or who pays for the replacement of one or more window units in a dwelling constructed before 1978 in order to bring the dwelling into full compliance with the provisions of Mass. Gen. L. c. 111, Section 197 (concerning materials containing dangerous levels of lead) may claim a credit for the lesser of the cost of the removal, containment or replacement or $1,500 per dwelling.

Massachusetts Statute: Chapter 62, Section 6.

Vermont: Vermont's provisions allow the owner of a qualified building be entitled to a credit in an amount equal to 25.0 percent of an amount not to exceed one-hundred thousand dollars ($100,000). The aggregate total of tax credits within a fiscal year cannot exceed one million dollars ($1,000,000).

Vermont Statute: Title 32, Subtitle 2, Part 3, Chapter 151, Subchapter 11G, Section 5930p.

26. **Mortgage Interest (Federal):**

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(K)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / 2007

Description: For tax years beginning on or after January 1, 2001, a taxpayer entitled to the federal mortgage interest credit is entitled to a credit against the Rhode Island personal income tax. The federal credit is for the interest paid or accrued by a taxpayer on the remaining principal of the certified amount of indebtedness. If the credit rate exceeds 20.0 percent for any taxable year the credit amount cannot exceed $2,000. In general, a taxpayer can take a credit equal to 25.0 percent of the amount of credit claimed on their federal personal income tax against the tax imposed by Rhode Island General Law Chapter 44-30.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$42,589**	**128**

Projection Methodology: Calendar Year 2009 amount of credit and number of taxpayers is the three-year moving average growth rate for 2006 through 2008 applied to the 2008 values. Calendar Year 2010 assumes no growth from Calendar Year 2009. In Calendar Year 2011 the Mortgage Interest (Federal) credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$38,361**	**110**
2010 Personal Income Tax	**$38,361**	**110**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law Comparison: No similar provisions found in the other New England States.

27. **Motion Picture Production Company:**

Statutory Reference: Rhode Island General Law Section 44-31.2-5

Stated Purpose: The primary objective of this chapter is to encourage development in Rhode Island of a strong capital base for motion picture film, videotape, and television program productions, in order to achieve a more independent, self-supporting industry. This objective is divided into immediate and long-term objectives as follows:

(1) Immediate objectives are to:

(i) Attract private investment for the production of motion pictures, videotape productions, and television programs, which contain substantial Rhode Island content as defined herein.

(ii) Develop a tax infrastructure, which encourages private investment. This infrastructure will provide for state participation in the form of tax credits to encourage investment in state- certified productions.

(iii) Develop a tax infrastructure utilizing tax credits, which encourage investments in multiple state-certified production projects.
(2) Long-term objectives are to:

(i) Encourage increased employment opportunities within this sector and increased competition with other states in fully developing economic development options within the film and video industry.

(ii) Encourage new education curricula in order to provide a labor force trained in all aspects of film production

Year Enacted / Year Amended: 2005 / 2008

Description: A 25.0 percent tax credit of the amount of state certified productions costs incurred within the State is awarded, provided that the primary locations are within Rhode Island and the total production budget is a minimum of $300,000. The credit is allowed to a motion picture production company and can be used against the tax imposed by Rhode Island General Law Chapters 44-11, 44-14, 44-17, and 44-30. The credit cannot exceed the total production budget from which the credit is earned.

The credit can be transferred or sold to another Rhode Island taxpayer and unused amounts of the credit can be carried forward for not more than three succeeding tax years. No more than $15,000,000 of credits can be issued in any tax year.

Data Source: Business Tax Section, Rhode Island Division of Taxation;
TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$608,208	5
2008 Bank Tax	$0	
2008 Insurance Companies Tax	$1,426,506	6
2008 Personal Income Tax	$9,066,318	264
Total 2008	**$11,101,032**	**275**

Projection Methodology: Tax Year 2009, Tax Year 2010, and Tax Year 2011 figures are the ratios of the Office of Revenue Analysis tax year 2009 through tax year 2011 estimates as of July 28, 2010 to Tax Year 2008 figures.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$9,096,900	Unknown
2009 Bank Tax	$0	Unknown
2009 Insurance Companies Tax	$610,260	Unknown
2009 Personal Income Tax	$1,431,318	Unknown
Projected Total 2009	**$11,138,478**	**Unknown**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$7,581,521	Unknown
2010 Bank Tax	$0	Unknown
2010 Insurance Companies Tax	$508,601	Unknown
2010 Personal Income Tax	$1,192,886	Unknown
Projected Total 2010	**$9,283,009**	**Unknown**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$8,877,946	Unknown
2011 Bank Tax	$0	Unknown
2011 Insurance Companies Tax	$595,571	Unknown
2011 Personal Income Tax	$1,396,867	Unknown
Projected Total 2011	**$10,870,384**	**Unknown**

Law Comparison: Connecticut, Massachusetts, Maine and Vermont have similar provisions.

Connecticut: For income years starting January 1, 2010, the minimum expenditure to qualify for the digital media and film tax credit is $100,000 and the credit amount is dependent on the production's total expenses or costs. Production companies incurring production expenses or costs between $100,000 and $500,000 are eligible for a 10.0 percent credit, between $500,000 and $1,000,000 are eligible for a 15.0 percent credit, and over $1,000,000 continue to be eligible for a 30.0 percent credit.

Connecticut Statute: Connecticut General Statute 12-217 kk

Massachusetts: Effective for taxable years beginning on or after January 1, 2006, and before January 1, 2023, a taxpayer whose production expenses exceed 50.0 percent of the total production expenses for a motion picture or who shoot at least 50.0 percent of the total principal photography days of the film in Massachusetts is entitled to an additional nonrefundable credit equal to 25.0 percent of all Massachusetts production expenses, excluding the payroll expenses used to claim the total aggregate payroll credit. The entire salary paid to a high salary employee that is equal to or greater than $1 million may be used to calculate the production expense credit including the portion of the salary that is less than $1 million provided that such salary is excluded from the payroll credit, for which it does not qualify. It is not refundable but may be carried forward to any of the 5 subsequent taxable years.

Massachusetts Statute: Chapter 62, Section 6 (l).

Maine: Effective March 29, 2006, a media production company is allowed a nonrefundable income tax credit in an amount equal to the Maine income tax imposed on income directly related to a certified media production. A media production company certified by the Department of Economic and Community Development is allowed a reimbursement equal to 12.0 percent of certified production wages paid to employees who are residents of Maine and 10.0 percent of certified production wages paid to other employees.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 5219-Y and Section 6902(1)

Vermont: Nonresidents can take a credit on income they receive for a dramatic performance in a commercial film production during that tax year. This credit is in the amount by which the Vermont tax on this income, exclusive of the credit, exceeds the highest personal income tax rate in the taxpayers' home state, multiplied by the Vermont commercial film production income.

Vermont Statute: Vt. Stat. Ann. 32 Section 5826.

28. Motor Carrier Fuel Use Taxes Paid to Rhode Island:

Statutory Reference: Rhode Island General Law Chapter 31-36.1

Stated Purpose: "The purpose of this chapter is to assure the payment of tax on fuel consumed by motor carriers in propelling qualified motor vehicles on the public highways in Rhode Island."

Year Enacted / Year Amended: 1981 / 2006

Description: All motor carriers are entitled to a credit against the tax imposed by Rhode Island General Law Chapter 31-36 on all motor fuel purchased within the State but used outside of the State for its operations provided that the tax imposed by the laws of the State of Rhode Island has been paid by the motor carrier on said fuel. The credit is equal to the tax rate per gallon of motor fuel in effect when the fuel was purchased.

The tax credit is refundable to the extent that the credit exceeds the amount of the motor fuel tax for which the motor carrier is liable.

Data Source: Excise Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Motor Carrier Fuel Use Tax	**$2,182,997**	**45**

Projection Methodology: Amount of credit and number of taxpayers held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Motor Carrier Fuel Use Tax	**$2,182,997**	**45**
2010 Motor Carrier Fuel Use Tax	**$2,182,997**	**45**
2011 Motor Carrier Fuel Use Tax	**$2,182,997**	**45**

Law Comparison: All of the other five New England states are signatories of the International Fuel Tax Agreement and, therefore, all have similar provisions.

29. Nonresident Trust Beneficiary for Accumulating Distribution:

Statutory Reference: Rhode Island General Law Section 44-30-37

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1971 / N/A

Description: A nonresident beneficiary of a trust is allowed a credit against the tax otherwise due under Rhode Island General Law Chapter 44-30 when Rhode Island income includes all or part of an accumulation distribution by the trust on which the trust has paid the Rhode Island tax.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Nonresident Trust Beneficiary for Accumulating Distribution credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$0**	**0**
2010 Personal Income Tax	**$0**	**0**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: A trustee or other fiduciary having control of the payment to a nonresident of the Commonwealth shall reduce the amount of taxable income.

Massachusetts Statute: Chapter 62, Section 10.

30. Prior Year Minimum Tax (Federal):

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(K)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / 2007

Description: For tax years beginning on or after January 1, 2001, a taxpayer entitled to the federal prior year minimum tax credit is entitled to a credit against the Rhode Island personal income tax. The federal credit is for taxpayers that paid the alternative minimum tax in prior tax years. In general, a taxpayer can take a credit equal to 25.0 percent of the amount of credit claimed on their federal personal income tax against the tax imposed by Rhode Island General Law Chapter 44-30.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal credit data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$896,099**	**1,473**

Projection Methodology: Amount of credit and number of taxpayers held constant. In Calendar Year 2011 the Prior Year Minimum Tax (Federal) credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$896,099**	**1,473**
2010 Personal Income Tax	**$896,099**	**1,473**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law Comparison: No similar provisions found in the other New England States.

31. Property Tax Relief:

Statutory Reference: Rhode Island General Law Chapter 44-33

Stated Purpose: "The purpose of this chapter is to provide relief, through a system of tax credits and refunds and appropriations from the general fund, to elderly and/or disabled persons who own or rent their homes."

Year Enacted / Year Amended: 1977 / 2006

Description: Rhode Island full-year residents with total annual household income of $30,000 or less is entitled to a credit against the tax imposed by Rhode Island General Law Chapter 44-30 equal to the amount by which the property taxes accrued or rent constituting property taxes accrued upon the claimant's homestead for the taxable year exceeds a certain percentage of the claimant's total household income for that taxable year, which percentage is based upon income level and household size. The credit is computed based on the following table:

Income Range	1 Person	2 or More Persons
Less than $6,000	3.0 %	3.0 %
$6,001 to $9,000	4.0 %	4.0 %
$9,001 to $12,000	5.0 %	5.0%
$12,001 to $15,000	6.0 %	6.0 %
$15,001 to $30,000	6.0 %	6.0 %

The maximum credit allowed is $300.00 per household per year. The credit is refundable up to the maximum amount of credit in any given tax year.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$16,494,226**	**59,228**

Projection Methodology: Calendar Year 2009 amount of credit and number of taxpayers is the year-over-year growth rate for 2008 applied to the 2008 values. Calendar Year 2010 and Calendar Year 2011 assume no growth from Calendar Year 2009.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$16,728,683**	**59,769**
2010 Personal Income Tax	**$16,728,683**	**59,769**
2011 Personal Income Tax	**$16,728,683**	**59,769**

Law Comparison:

Connecticut: State law provides a property tax credit program for Connecticut owners in residence of real property, who are elderly (65 and over) or totally disabled, and whose annual incomes do not exceed certain limits. The credit amount is calculated by the local assessor and applied by the tax collector to the applicant's real property tax bill. The amount of the tax benefit that may be granted is up to $1,250 for married couples and $700 for single renters. Credit amounts are based on a graduated income scale. Application may be made with the Assessor's Office between February 1 and May 15th.

Connecticut Statute: Sections 12-170aa, 12- 170bb and 12-170cc.

Massachusetts: Massachusetts' provisions include a credit available only if the taxpayer's total income does not exceed $49,000 for a single individual who is not the head of household. $62,000 for a head of household, and $74,000 for a husband and wife filing a joint return and the assessed valuation of the residence does not exceed $793,000. The value of the credit that may be granted is $930.

Massachusetts Statute: Chapter 62, Section 6

Maine: Maine's provisions include renters and owners and are limited to residents who are 62 years of age or older or age 55 if the resident is receiving federal disability payments. For an "elderly household", a resident claimant 62 or older, the rent constituting property tax paid is 25.0 percent and for non-elderly households, it is 20.0 percent. The maximum benefits are based on household income and number of persons in the household. The value of the refund granted ranges from $400 for homeowners and renters living alone to $2,000 for homeowners and renters of all ages.

Maine Statute: Title 36, Chapter 907, Section 6201.

New Hampshire: New Hampshire does not impose a personal income tax.

Vermont: Vermont's provisions include an adjustment of statewide or local share property tax liability or a homestead owner or renter credit. Homeowners have a two part calculation in determining the adjustment amount: 1) Single Threshold: 2% adjusted to reflect the district's per pupil spending, with higher thresholds for districts with higher spending. 2) Multiple Threshold: 3 brackets and thresholds: *Lowest Bracket:* 2% for income up to $9,999 *Highest Bracket:* 5% for income $25,000–$47,000.
This includes a minimum benefit based on education taxes on up to $15,000 of house site value. Renters have a Multiple Threshold calculation: 3 brackets and thresholds: *Lowest Bracket:* 2% for income up to $9,999. *Highest Bracket:* 5% for income $25,000–$47,000. The maximum benefit a taxpayer may receive is not more than $8,000 related to any one property tax year.

Vermont Statute: Title 32, Chapter 154, Section 6066.

32. Qualified Electric Vehicle (Federal):

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(K)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / 2007

Description: For tax years beginning on or after January 1, 2001, a taxpayer entitled to the federal qualified electric vehicle credit is entitled to a credit against the Rhode Island personal income tax. The federal credit is equal to 10.0 percent of the cost of any qualified electric vehicle acquired by the taxpayer between February 17, 2009 and December 31, 2011 up to a maximum of $2,500. In general, a taxpayer can take a credit equal to 25.0 percent of the amount of credit claimed on their federal personal income tax against the tax imposed by Rhode Island General Law Chapter 44-30.

Data Source: No reliable data exists from which to determine revenue foregone.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data. In Calendar Year 2011 the Qualified Electric Vehicle (Federal) credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**No estimate possible**	**No estimate possible**
2010 Personal Income Tax	**No estimate possible**	**No estimate possible**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law Comparison: No similar provisions found in the other New England States.

33. Qualifying Widow(er):

Statutory Reference: Rhode Island General Law Section 44-30-26

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1993 / N/A

Description: A Rhode Island resident who qualifies as a “surviving spouse” under the Internal Revenue Code of the United States, is at least 65 years of age, and has an adjusted gross income (AGI) of less than $25,000 is entitled to a credit against the tax imposed by Rhode Island General Law Chapter 44-30. The credit is equal to 2.0 percent of the taxpayer’s AGI up to a maximum of $500.

The credit is not refundable and cannot be carried forward to succeeding tax years.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	$30	1

Projection Methodology: Calendar Year 2009 amount of credit and number of taxpayers is the average amounts for tax years 2005 through 2008. Calendar Year 2010 assumes no growth from Calendar Year 2009. In Calendar Year 2011 the Qualifying Widow(er) credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$123**	**1**
2010 Personal Income Tax	**$123**	**1**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law comparison: No similar provisions found in the other New England States.

34. Real or Personal Property Taxed in Another State:

Statutory Reference: Rhode Island General Law Section 44-40-3(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1981 / 1991

Description: To the extent that a tax is imposed on a generation-skipping transfer by Rhode Island General Law Section 44-40-3(a) a reduction in said tax is allowed for any real property located in another state or personal property with taxable situs in another state which requires the payment of a tax for which credit is received against the federal generation-skipping transfer tax. The amount of the reduction is the ratio of the value of the property in the other state to the value of the gross generation-skipping transfer for federal tax purposes.

Data Source: Estate Tax section, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Generation Skipping Transfer Tax	**$0**	**0**

Projection Methodology: Amount of credit and number of taxpayers held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Generation Skipping Transfer Tax	**$0**	**0**
2010 Generation Skipping Transfer Tax	**$0**	**0**
2011 Generation Skipping Transfer Tax	**$0**	**0**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Real or tangible personal located outside of Connecticut that is subject to generation-skipping transfer taxes by any state or states other than Connecticut for which such federal credit is allowable, the amount of tax due shall be reduced by the lesser of (1) the amount of any such taxes paid to such other state or states and allowed as a credit against the federal generation-skipping transfer tax or (2) an amount computed by multiplying such federal credit by a fraction.

Connecticut Statute: Conn. Gen. Stat. Chapter 216a, Section 12-390b.

35. Research and Development Expense:

Statutory Reference: Rhode Island General Law Section 44-32-3

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1994 / 1999

Description: A taxpayer is allowed a credit against the tax imposed under Rhode Island General Law Chapters 44-11, 44-17, and 44-30 for the excess, if any, of the qualified research expenses for the taxable year over the base period research expenses, where qualified and base period research expenses are as defined in 26 U.S.C. § 41. The amount of credit is equal to 22.5 percent of the federal credit for the first $25,000 worth of federal credit taken and 16.9 percent for the amount of federal credit taken that is above $25,000.

The credit allowed cannot reduce the tax due for any taxable year by more than 50.0 percent of the tax liability that would be payable and for corporations to no less than the minimum tax as set in Rhode Island General Law Section 44-11-2(e).. Unused amounts of the credit earned in a taxable year may be carried forward to not more than seven succeeding tax years.

Data Source: TY 2008 Statistics of Corporate Income, C Corporation Returns, Rhode Island Division of Taxation; TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$3,493,681	36
2008 Insurance Companies Tax	$0	0
2008 Personal Income Tax	$1,400,749	152
Total 2008	**$4,894,430**	**188**

Projection Methodology: For Business Taxes, the amount of credit and number of taxpayers is held constant. For the Personal Income Tax, the Calendar Year 2009 amount of credit and the number of taxpayers is the two-year moving average growth rate for 2007 through 2008 applied to the 2008 values. Calendar Year 2010 assumes no growth from Calendar Year 2009. In Calendar Year 2011 the Research and Development Expense credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$3,493,681	36
2009 Insurance Companies Tax	$0	0
2009 Personal Income Tax	$1,399,123	163
Projected Total 2009	**$4,892,804**	**199**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$3,493,681	36
2010 Insurance Companies Tax	$0	0
2010 Personal Income Tax	$1,399,123	163
Projected Total 2010	**$4,892,804**	**199**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$3,493,681	36
2011 Insurance Companies Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$3,493,681**	**36**

Law Comparison:

Connecticut: A corporation may receive a credit against the corporation business tax equal to 20.0 percent of the amount spent by the corporation directly on research and experimental expenditures as defined in Internal Revenue Code Section 174, which are conducted in Connecticut and which exceeds the amount spent by the corporation on such expenditures during the preceding income year. Biotechnology companies are allowed a 15 year carry forward of unused credit.

Connecticut Statute: Title 12, Chapter 208, Part I, Section 12-217j.

Massachusetts: A credit is allowed for domestic or foreign corporations against its excise tax equal to the sum of 10.0 percent of the excess, if any, of the qualified research expenses for the taxable year. Effective January 1, 2009, the distinction between domestic and business corporations is eliminated and both are designated as business corporations.

Massachusetts Statute: Chapter 63, Section 38M.

Maine: Maine’s provisions include a credit of 5.0 percent of the excess, if any, of the qualified research expenses for the tax year over the base amount, the average spent on research expenses over the last 3 years, and 7.5 percent of the basic research payments. The credit is limited to 10.0 percent of the corporation's first $25,000 of tax and 75.0 percent of the tax in excess of $25,000 and has a 15 year carryover.

Maine Statute: Title 36, Part 8, Chapter 822, Section 5219-K.

New Hampshire: Applicable to taxes due on account of tax periods ending on or after September 7, 2007, a research and development tax credit is allowed for qualified manufacturing research and development expenditures made or incurred during the fiscal year, as follows: The aggregate of tax credits issued by the Commissioner of Revenue Administration to all taxpayers claiming the credit must not exceed $1 million for any fiscal year, except that any amount of the credit less than $1 million that is not claimed in the fiscal year ending June 30, 2008 can be claimed in the fiscal year ending June 30, 2009.

New Hampshire Statute: N.H. Rev. Ann. Section77-A:5, XIII(a).

Vermont: Vermont's provisions allow for a 10.0 percent qualified research and development expense credit upon obtaining approval of the Progress Council.

Vermont Statute: Title 32, Subtitle 2, Part 3, Chapter 151, Subchapter 11E, Section 5930d.

36. Research and Development Property:

Statutory Reference: Rhode Island General Law Section 44-32-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1994 / 1999

Description: A taxpayer is allowed a credit against the tax imposed under Rhode Island General Law Chapters 44-11, 44-17, and 44-30 for tangible personal property and other tangible property, including buildings and structural components of buildings that is acquired, constructed or reconstructed, or erected after July 1, 1994. The property must be depreciable or a recovery property as determined under 26 U.S.C. § 167 and § 168, have a useful life of at least three years, have a situs in the State, and are used principally for purposes of research and development in the experimental or laboratory sense. The amount of credit is equal to 10.0 percent of the cost or other basis for federal income tax purposes of the property.

The credit allowed cannot reduce the tax due for corporations to less than the minimum tax as set in Rhode Island General Law Section 44-11-2(e).. Unused amounts of the credit earned in a taxable year may be carried forward to not more than seven succeeding tax years.

Data Source: TY 2008 Statistics of C Corporate Income, RI Division of Taxation
TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$204,166	3
2008 Insurance Companies Tax	$0	0
2008 Personal Income Tax	$24,123	19
Total 2008	**$228,289**	**22**

Projection Methodology: For Business Taxes, the amount of credit and number of taxpayers is held constant. For the Personal Income Tax, the Calendar Year 2009 amount of credit and the number of taxpayers is the three-year moving average growth rate for 2006 through 2008 applied to the 2008 values. Calendar Year 2010 assumes no growth from Calendar Year 2009. In Calendar Year 2011 the Research and Development Property credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$204,166	3
2009 Insurance Companies Tax	$0	0
2009 Personal Income Tax	$28,799	23
Projected Total 2009	**$232,965**	**26**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$204,166	3
2010 Insurance Companies Tax	$0	0
2010 Personal Income Tax	$28,799	23
Projected Total 2010	**$232,965**	**26**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$204,166	3
2011 Insurance Companies Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$204,166**	**3**

Law Comparison: No similar provisions found in the other New England States.

37. Resident Trust Beneficiary for Accumulating Distribution:

Statutory Reference: Rhode Island General Law Section 44-30-19

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1971/ N/A

Description: A resident beneficiary of a trust is allowed a credit against the tax otherwise due under Rhode Island General Law Chapter 44-30 when Rhode Island income includes all or part of an accumulation distribution by the trust on which the trust has paid the Rhode Island tax.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$2,169**	**1**

Projection Methodology: Amount of credit and number of taxpayers is held constant. In Calendar Year 2011 the Resident Trust Beneficiary for Accumulating Distribution credit can no longer be used to offset personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$2,169**	**1**
2010 Personal Income Tax	**$2,169**	**1**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law Comparison: Only Maine, Massachusetts and Vermont have similar provisions.

Maine: A beneficiary of a trust whose adjusted gross income includes all or part of an accumulation distribution by that trust, as defined in the Internal Revenue Code, Section 665, or its equivalent, shall be allowed a credit against the tax otherwise due under this Part for all or a proportionate part of any tax paid by the trust.

Maine Statute: Title 36, Section 5214-A.

Massachusetts: Massachusetts' provisions include that no person shall be taxed for income received from any trustee or other fiduciary which income has itself been taxed under Massachusetts' law.

Massachusetts Statute: Chapter 62, Section 10.

Vermont: Credit is available to a partner, member, shareholder, or beneficiary required to pay Vermont income tax in the same proportion as the income of the person is distributed to the shareholder, partner, member or beneficiary.

Vermont Statute: Title 32, Subtitle 2, Part 3, Chapter 151, Section 5930 i.

38. Residential Renewable Energy System:

Statutory Reference: Rhode Island General Law Chapter 44-57

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2000 / N/A

Description: An eligible person who pays all or part of the cost of an eligible renewable energy system is allowed a credit of 25.0 percent of the cost of the system against the tax imposed by Rhode Island General Law Chapters 44-11 and 44-30. Eligible renewable energy systems consist of a photovoltaic system, a solar domestic hot water system, an active solar space heating system, a geothermal system or a wind-generating system that is installed in a dwelling.

The computation of the credit is subject to a maximum renewable energy system cost of $15,000 for a photovoltaic system, $7,000 for a solar domestic hot water system, $15,000 for an active solar heating system, $7,000 for a geothermal system and $15,000 for a wind-energy system. Renewable energy systems with cost in excess of these maximums will receive a credit of 25.0 percent of the maximum allowable system cost.

The tax credit cannot lower the claimant's tax liability to below the minimum tax as required by Rhode Island law and unused amounts of the credit cannot be carried forward to succeeding tax years.

Data Source: Data Warehouse, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$0	0
2008 Personal Income Tax	$116,325	77
Total 2008	**$116,325**	**77**

Projection Methodology: Amount of credit and number of taxpayers is held constant. In Calendar Year 2011 the Residential Renewable Energy System credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$0	0
2009 Personal Income Tax	$116,325	77
Projected Total 2009	**$116,325**	**77**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$0	0
2010 Personal Income Tax	$116,325	77
Projected Total 2010	**$116,325**	**77**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$0**	**0**

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Massachusetts provides a credit equal to the lesser of 15.0 percent of the net expenditure or $1,000. Massachusetts allows a carry over of any excess amount.

Massachusetts Statute: Chapter 62, Section 6.

39. Specialized Mill Building Investment:

Statutory Reference: Rhode Island General Law Section 42-64.9-7

Stated Purpose: The adoption of certain economic incentive measures will assist in stimulating the reuse and redevelopment of Rhode Island's historic industrial mill structures, and will benefit the health, safety, welfare and prosperity of the people of this state. It is the purpose of this chapter to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic industrial mill structures. (Rhode Island General Law sections 42-64.9-2 and 42-64.9-3)

Year Enacted / Year Amended: 2004 / N/A

Description: The owner of a certified mill building may be allowed a specialized investment tax credit as set out in Rhode Island General Law Section 44-31-2. A credit of 10.0 percent of the rehabilitation and reconstruction costs of a certified mill building that has been substantially rehabilitated may be taken against the tax imposed by Rhode Island General Law Chapters 44-11, 44-14, 44-17, and 44-30.

Application of the tax credit cannot reduce the taxpayer’s tax liability below the minimum tax required by Rhode Island law. The tax credit not refundable but unused portions of the tax credit may be carried forward no more than seven succeeding tax years.

Data Source: Business Tax Section, Rhode Island Division of Taxation;
No reliable data exists for Personal Income Tax

Reliability Index: Business taxes: 1; Personal income taxes: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$0	0
2008 Bank Tax	$0	0
2008 Insurance Companies Tax	$0	0
2008 Personal Income Tax	No estimate possible	No estimate possible
Total 2008	**No estimate possible**	**No estimate possible**

Projection Methodology: Amount of credit and number of taxpayers is held constant or no reliable data exists from which to estimate revenue foregone. In Calendar Year 2011 the Specialized Mill Building Investment credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$0	0
2009 Bank Tax	$0	0
2009 Insurance Companies Tax	$0	0
2009 Personal Income Tax	No estimate possible	No estimate possible
Projected Total 2009	**No estimate possible**	**No estimate possible**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$0	0
2010 Bank Tax	$0	0
2010 Insurance Companies Tax	$0	0
2010 Personal Income Tax	No estimate possible	No estimate possible
Projected Total 2010	**No estimate possible**	**No estimate possible**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$0	0
2011 Bank Tax	$0	0
2011 Insurance Companies Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$0**	**0**

Law comparison: No similar provisions found in the other New England States.

40. Taxes Paid to Other States:

Statutory Reference: Rhode Island General Law Section 44-30-18

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1971 / 1972

Description: A resident shall be allowed a credit against the tax imposed by Rhode Island General Law Chapter 44-30 for the aggregate of net income taxes imposed for the taxable year by other states, including the District of Columbia, of the United States, provided that such taxes are imposed irrespective of the residence of the taxpayer. The credit shall not exceed the proportion of the taxpayer's Rhode Island personal income tax that the taxpayer's Rhode Island income derived from the other taxing states bears to his or her entire Rhode Island income for the same taxable year.

Data Source: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$134,713,759**	**72,840**

Projection Methodology: Calendar Year 2009 amount of credit and number of taxpayers is the three-year moving average growth rate for 2006 through 2008 applied to the 2008 values. Calendar Year 2010 and Calendar Year 2011 assume no growth from Calendar Year 2009.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$137,090,976**	**73,098**
2010 Personal Income Tax	**$137,090,976**	**73,098**
2011 Personal Income Tax	**$137,090,976**	**73,098**

Law Comparison:

Connecticut: Connecticut's provisions also include any resident or part year resident a credit against the Connecticut adjusted gross income taxes in allowable "states".

Connecticut Statute: Title 12, Chapter 229, Section 12-704

Massachusetts: Massachusetts' provisions also include the income taxes of all territories or possessions of the United States [e.g. Guam, Puerto Rico, the US Virgin Islands], as well as, of the Canadian provinces.

Massachusetts Statute: Chapter 62, Section 6 (a).

Maine: Maine's provisions also include the income taxes of any state, political subdivision thereof, the District of Columbia, or any political subdivision of a foreign country, which is analogous to a state of the United States; however, the other taxing jurisdiction must allow a reciprocal reduction of its tax.

Maine Statute: Title 36, Chapter 822, Section 5217-A.

New Hampshire: New Hampshire does not impose a personal income tax.

Vermont: Vermont's provisions also include credit for the income taxes of all territories or possessions of the United States [e.g. Guam, Puerto Rico, the US Virgin Islands], the District of Columbia and a limited credit for the income taxes of the Canadian provinces.

Vermont Statute: Title 32, Subtitle 2, Part 3, Chapter 151, Section 5825.

41. Wages Paid by Employers in Mill Buildings:

Statutory Reference: Rhode Island General Law Section 42-64.9-8

Stated Purpose: The adoption of certain economic incentive measures will assist in stimulating the reuse and redevelopment of Rhode Island's historic industrial mill structures, and will benefit the health, safety, welfare and prosperity of the people of this state. It is the purpose of this chapter to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic industrial mill structures. (Rhode Island General Law sections 42-64.9-2 and 42-64.9-3)

Year Enacted / Year Amended: 2004 / N/A

Description: A taxpayer who owns and operates an eligible business within a certified mill building that has been substantially rehabilitated is allowed a credit against the tax imposed under Rhode Island General Law Chapters 44-11 or 44-30. The credit is equal to 100.0 percent of the total amount of Rhode Island salaries and wages as are paid to the same employees in excess of the prior calendar year. The maximum credit allowed per taxable year under the provision of the subsection is three thousand dollars ($3,000) per qualified employee.

The credit cannot reduce the tax liability of the taxpayer below the minimum tax required by Rhode Island law. Unused amounts of the credit cannot be carried forward to succeeding tax years. An eligible business that is also located in an enterprise zone can use the credit provided under this section or that provided in Rhode Island General Law Section 42-64.3-6 but not both.

Data Source: Discover Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$0	0
2008 Personal Income Tax	$18,000	1
Total 2008	**$18,000**	**1**

Projection Methodology: Amount of credit and number of taxpayers is held constant. In Calendar Year 2011 the Wages Paid by Employers in Mill Buildings credit can no longer be used to offset personal income tax liability.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$0	0
2009 Personal Income Tax	$18,000	1
Projected Total 2009	**$18,000**	**1**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$0	0
2010 Personal Income Tax	$18,000	1
Projected Total 2010	**$18,000**	**1**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$0	0
2011 Personal Income Tax	Not applicable	Not applicable
Projected Total 2011	**$0**	**0**

Law comparison: No similar provisions found in the other New England States.

DEDUCTIONS

1. Accelerated Amortization for Certain Manufacturers:

Statutory Reference: Rhode Island General Law Section 44-11-11.3

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1994 / N/A

Description: Any taxpayer engaged in manufacturing activities in Rhode Island that has on the average over the five previous years annually produced goods at facilities located in Rhode Island which generate net sales of at least $10,000,000) and where on the average at least 80.0 percent of that production has been for eventual sale to a branch of the United States armed services may if it represents that it anticipates the need to reduce its reliance on such sales, elect to amortize the unrecovered basis of all or a portion of its depreciable assets over a 60 month period in equal monthly installments.

Data Source: No reliable data exists for this particular deduction

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	**No estimate possible**	**No estimate possible**
2010 Business Corporation Tax	**No estimate possible**	**No estimate possible**
2011 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

2. Alimony Paid (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income includes a deduction for alimony paid "under divorce or separate maintenance decrees or written separation agreements" between the taxpayer and the taxpayer's spouse or former spouse.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United

States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
P ***2008 Personal Income Tax***	**$944,836**	**2,345**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$944,836**	**2,345**
2010 Personal Income Tax	**$944,836**	**2,345**
2011 Personal Income Tax	**$944,836**	**2,345**

Law Comparison:

Connecticut: Connecticut's income base provisions begin with federal adjusted gross income and, therefore, allow this item since it is part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for amounts paid to former spouses for alimony or separate maintenance under court order.

Massachusetts Law Cite: Chapter 62, Section 2.

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for alimony paid.

Maine Statute: Title 36, Part 8, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of alimony or separate maintenance payments is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

3. <u>Amortization of Air or Water Pollution Control Facilities</u>:

<u>Statutory Reference</u>: Rhode Island General Law Section 44-30-7

<u>Stated Purpose</u>: No stated purpose given in law.

<u>Year Enacted / Year Amended</u>: 1974 / N/A

<u>Description</u>: A taxpayer, at his or her election, is allowed to take as a deduction the amortization of the adjusted basis for determining gain of any "treatment facility" over a period of 60 months. The deduction is allowed against the tax imposed by Rhode Island General Law Chapter 44-30. The amortization deduction requires that the federal depreciation or amortization, if any, must be added back before the Rhode Island calculation is made. A treatment facility means "any land, facility, device, building, machinery, or equipment, the construction, reconstruction, erection, installation, or acquisition of which" meets federal and state standards for the control of air or water pollution, has been made primarily to control the pollution of water or air, and is certified as approved by the Director of the Rhode Island Department of Health.

<u>Data Source</u>: No reliable data exists for this particular deduction

<u>Reliability Index</u>: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**No estimate possible**	**No estimate possible**

<u>Projection Methodology</u>: No projection is made due to lack of reliable data.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**No estimate possible**	**No estimate possible**
2010 Personal Income Tax	**No estimate possible**	**No estimate possible**
2011 Personal Income Tax	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

4. <u>Amortization of Air or Water Pollution Prevention and Treatment Facilities</u>:

<u>Statutory Reference</u>: Rhode Island General Law Section 44-11-11.1

<u>Stated Purpose</u>: No stated purpose given in law.

<u>Year Enacted / Year Amended</u>: 1966 / 2000

<u>Description</u>: A taxpayer, at his or her election, is allowed to take as a deduction the amortization of the adjusted basis for determining gain of any "treatment facility" over a

period of 60 months. The deduction is allowed against the tax imposed by Rhode Island General Law Chapter 44-11. The amortization deduction requires that the federal depreciation or amortization, if any, must be added back before the Rhode Island calculation is made.

A treatment facility means "any land, facility, device, building, machinery, or equipment, the construction, reconstruction, erection, installation, or acquisition of which" meets federal and state standards for the control of air or water pollution, has been made primarily to control the pollution of water or air and applies only to water and air pollution control facilities that are installed for the treatment of waste waters and air contaminants resulting from industrial processes.

A prevention facility means "any land, facility, device, building, machinery, or equipment the construction, reconstruction, erection, installation, or acquisition of which" meets federal and state standards for the prevention of air or water pollution or contamination, has been made primarily to prevent the pollution or contamination of water or air, and applies only to water and air pollution prevention facilities that are installed for the prevention of waste waters, air contaminants, and hazardous solid wastes resulting from industrial processes.

The treatment or prevention facility must be certified by the Director of the Department of Environmental Management.

Data Source: No reliable data exists for this particular deduction

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	**No estimate possible**	**No estimate possible**
2010 Business Corporation Tax	**No estimate possible**	**No estimate possible**
2011 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Massachusetts' provisions include a deduction for 100.0 percent of the costs associated with an approved air or industrial treatment facility during the taxable year of the construction, reconstruction, erection or improvement of the facility.

Massachusetts Statute: Chapter 63, Section 38D(a)

5. Certain Business Expenses of Reservists, etc. (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income includes a deduction for certain business expenses of Armed Forces reservists, qualified performing artists, and fee-basis government officials. These expenses are ordinary and necessary unreimbursed expenses attributable to an individual's job including vehicle expenses, expenses related to travel that is not overnight (parking fees, tolls, transportation by train, bus, etc.) excluding meals and entertainment, expenses related to overnight travel (lodging, airfare, etc.) excluding meals and entertainment, other business expenses, and meals and entertainment.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$44,817**	**546**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$44,817**	**546**
2010 Personal Income Tax	**$44,817**	**546**
2011 Personal Income Tax	**$44,817**	**546**

Law Comparison:

Connecticut: Connecticut's income base provisions begin with federal adjusted gross income and, therefore, allow this item since it is part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for certain business expenses of Armed Forces reservists, qualified performing artists, and fee-based government officials as stated on the taxpayer's federal income tax return.

Massachusetts Law Cite: Chapter 62, Section 2.

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for certain business expenses of Armed Forces reservists, qualified performance artists, and fee-based government officials.

Maine Statute: Title 36, Part 8, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of certain business expenses of Armed Forces reservists, qualified performance artists, and fee-based government officials is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

6. Connecting Fees, Switching and Carrier Access Charges:

Statutory Reference: Rhode Island General Law Section 44-13-1(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1942 / 1985

Description: All amounts paid by a corporation subject to the tax imposed under Rhode Island General Law Section 44-13-4(4) to another corporation for connecting fees, switching charges, and carrier access charges shall be deducted from the gross earnings of the paying corporation.

Data Source: No reliable data exists for this particular deduction

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**
2010 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**
2011 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**

Law Comparison: No similar provisions were found for the other New England states.

7. Domestic Production Activities (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income includes a deduction for qualified domestic production activities. Qualified domestic production activities include manufacturing based in the U.S., selling, leasing or licensing items that have been manufactured in the U.S., selling, leasing, or licensing movies that have been produced in the U.S., construction services in the U.S., architectural and engineering services related to a U.S. based project, and software development, including video games, in the U.S.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$695,093**	**1,780**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$695,093**	**1,780**
2010 Personal Income Tax	**$695,093**	**1,780**
2011 Personal Income Tax	**$695,093**	**1,780**

Law Comparison:

Connecticut: Connecticut's income base provisions begin with federal adjusted gross income and, therefore, allow this item since it is part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for qualified domestic production activities as stated on the taxpayer's federal income tax return.

Massachusetts Law Cite: Chapter 62, Section 2.

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for qualified domestic production activities.

Maine Statute: Title 36, Part 8, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of qualified domestic production activities is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

8. Educator Expenses (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income allows a qualified educator to deduct unreimbursed expenses incurred for books, supplies, computer equipment, other equipment, and supplementary materials used in a classroom or related to athletics. The maximum allowable deduction is $250.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$98,015**	**14,672**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$98,015**	**14,672**
2010 Personal Income Tax	**$98,015**	**14,672**
2011 Personal Income Tax	**$98,015**	**14,672**

Law Comparison:

Connecticut: Connecticut's income base provisions begin with federal adjusted gross income and, therefore, allow this item since it is part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for educator expenses as stated on the taxpayer's federal income tax return.

Massachusetts Law Cite: Chapter 62, Section 2.

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for educator expenses.

Maine Statute: Title 36, Part 8, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of educator expenses is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

9. Electricity for Resale:

Statutory Reference: Rhode Island General Law Section 44-13-4(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1942 / 2008

Description: The transmission or sale of electricity to other public utilities, non-regulated power producers or municipal utilities for resale whether within the state or not shall be deducted from gross earnings prior to the calculation of the tax imposed by this section.

Data Source: No reliable data exists for this particular deduction

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**
2010 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**
2011 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: A deduction is allowed from all sales for resale of water, steam, gas and electricity to public service corporations and municipal utilities, whether or not such purchasers are Connecticut public service corporations or Connecticut municipal utilities, and whether or not they are subject to the tax imposed by this chapter.

Connecticut Statute: Title 12, Chapter 212, Section 12-265.

10. Health Savings Account (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income allows for the deduction of contributions to a qualified health savings account (HSA). For contributions to a HSA to be deductible, the taxpayer must be enrolled in a high-deductible health insurance plan and not be covered by another type of health insurance. The high deductible health insurance plan must satisfy certain criteria. In tax year 2008, the maximum deductible HSA contribution is $2,900 for individual coverage and $5,800 for family coverage.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$151,575**	**2,310**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$151,575**	**2,310**
2010 Personal Income Tax	**$151,575**	**2,310**
2011 Personal Income Tax	**$151,575**	**2,310**

Law Comparison:

Connecticut: Connecticut's income base provisions begin with federal adjusted gross income and, therefore, allow this item since it is part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).
Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for contributions to a Health Savings Account as stated on the taxpayer's federal income tax return.

Massachusetts Law Cite: Chapter 62, Section 2.

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for contributions to a Health Savings Account.

Maine Statute: Title 36, Part 8, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of contributions to a Health Savings Account is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

11. Individual Retirement Arrangement (IRA) Contributions (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income includes a deduction for contributions to traditional individual retirement arrangements. For tax year 2008, the contributions are subject to a maximum amount of $5,000 if the taxpayer is less than 50 years old or $6,000 if the taxpayer is 50 years old or more. In addition, in tax year 2008, such contributions are not deductible if the taxpayer is covered by a retirement plan at work and his or her modified adjusted gross income is more than $105,000 for a married couple filing a joint return, $63,000 for a single individual or head of household, and $10,000 for a married individual filing a separate return.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$1,380,990**	**13,389**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$1,380,990**	**13,389**
2010 Personal Income Tax	**$1,380,990**	**13,389**
2011 Personal Income Tax	**$1,380,990**	**13,389**

Law Comparison:

Connecticut: Connecticut's income base provisions begin with Federal adjusted gross income and, therefore, allow this item as part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for contributions to an Individual Retirement Arrangement as stated on the taxpayer's federal income tax return.

Massachusetts Statute: Chapter 62, Section 5 (b).

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for contributions to an Individual Retirement Arrangement.

Maine Statute: Title 36, Part 8, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of contributions to Individual Retirement Arrangements is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

12. Itemized Deductions from Federal Return:

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(C)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / 2007

Description: Rhode Island allows as a deduction from modified adjusted gross income the amount of federal itemized deductions claimed on the taxpayer's federal income tax return as modified by the modifications in Rhode Island General Law Section 44-30-12.

Data Source: Resident Filers: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation. Non-Resident Filers: Data Warehouse, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$168,126,571**	**296,246**

Projection Methodology: Calendar Year 2009 amount of credit and the number of taxpayers is the two-year moving average growth rate for 2007 through 2008 applied to the 2008 values. Calendar Year 2010 assumes no growth from Calendar Year 2009. In Calendar Year 2011 itemized deductions will no longer be allowed in determining personal income tax liability.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$173,962,074**	**294,824**
2010 Personal Income Tax	**$173,962,074**	**294,824**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law Comparison:

Connecticut: Connecticut does not allow any standard or itemized deductions from Connecticut adjusted gross income in determining the taxpayer's Connecticut tax liability. Connecticut allows only exemption amounts to be deducted from Connecticut adjusted gross income when determining the taxpayer's Connecticut tax liability. These exemption amounts depend on the filing status of the taxpayer and phase out as Connecticut adjusted gross income increases.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)

Massachusetts: Massachusetts does not allow for the use of federal itemized deductions against Massachusetts' 5.3 percent income. Massachusetts does have its own schedule of deductions that can be taken against 5.3 percent income. These deductions are the amounts paid to Social Security, Medicare, and Railroad, U.S. or Massachusetts retirement up to a maximum of $2,000; the allowance for children under age 13 or disabled dependent/spouse expenses; number of dependent members of household under age 12 or age 65 or over or disabled dependents up to a maximum of two; a rental deduction up to a maximum of $3,000; and other deductions including deductions allowed on the federal return to arrive at federal adjusted gross income.

Massachusetts Statute: Chapter 62, Section 3.

Maine: An individual who has claimed itemized deductions from federal adjusted gross income in determining the individual's federal taxable income for the taxable year may claim itemized deductions from Maine adjusted gross income as provided.

Maine Statute: Title 36, Part 8, Chapter 805, Section 5125.

New Hampshire: New Hampshire does not impose a personal income tax.

Vermont: Vermont does not have a state-determined standard deduction or itemized deductions. Since Vermont uses federal income tax liability as the starting point for calculating Vermont personal income tax liability, the federal standard and itemized deductions are used in calculating an individual's Vermont income tax liability.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)

13. Keogh Plan and Simplified Employee Pension Plan Contributions (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income includes a deduction for contributions to a Keough plan and a simplified employee pension (SEP) plan. For tax year 2008, the deduction for contributions to a defined contribution Keough or SEP plan is limited to 25.0 percent of the compensation paid to the employees that are participating in the plan. For a defined benefit Keough or SEP plan, the tax year 2008 deduction limit is based on the actuarial assumptions and computations underlying the plan and an actuary must determine the deduction limit.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$2,108,864**	**4,516**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$2,108,864**	**4,516**
2010 Personal Income Tax	**$2,108,864**	**4,516**
2011 Personal Income Tax	**$2,108,864**	**4,516**

Law Comparison:
Connecticut: Connecticut's income based provisions begin with Federal adjusted gross income and, therefore, allow this item as part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for contributions to Keough and Simplified Employee Pension plans as stated on the taxpayer's federal income tax return.

Massachusetts Statute: Chapter 52, Section 2.

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for contributions to Keough and Simplified Employee Pension plans.

Maine Statute: Title 36, part 8, Chapter 805, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of deductions for contributions to Keough and Simplified Employee Pension plans is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

14. Merchandise Sold:

Statutory Reference: Rhode Island General Law Section 44-13-5(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1942 / 2003

Description: Corporations with a principal line of business in manufacturing, selling, and distributing to the public illuminating or heating gas may deduct from the gross earnings reported on the corporations' gross earnings tax return "the net invoice price plus the transportation cost" of any merchandise sales.

Data Source: No reliable data exists for this particular deduction

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**
2010 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**
2011 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut's provisions allow the deduction from the Utilities Companies' Tax for sales of appliances, which use water, steam, gas or electricity for the net invoice price plus transportation costs of such appliances.

Connecticut Statute: Title 12, Chapter 212, Section 12-265(b)(i)(c).

15. Moving Expenses (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income includes a deduction for moving expenses provided that the expenses are incurred within one year from the date that the taxpayer has reported to work in the new location, the new main job location is at least 50 miles farther from your former home than your old job location was from your former home, and the taxpayer works full-time for 39 weeks in the first 12 months after arrival in the area of the new job location (self-employed taxpayers must also work 78 weeks in the first 24 months after arrival in the area of the new job location).

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$300,753**	**4,442**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$300,753**	**4,442**
2010 Personal Income Tax	**$300,753**	**4,442**
2011 Personal Income Tax	**$300,753**	**4,442**

Law Comparison:

Connecticut: Connecticut's income based provisions begin with Federal adjusted gross income and, therefore, allow this item as part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for moving expenses.

Massachusetts Statute: Chapter 62, Section 2 (a).

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for moving expenses.

Maine Statute: Title 36, Part 8, Section 5125.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of deductions for moving expenses is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

16. **Net Operating Losses:**

Statutory Reference: Rhode Island General Law Section 44-11-11(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 2007

Description: A taxpayer subject to the tax imposed by Rhode Island General Law Chapter 44-11 shall be allowed a net operating loss deduction that is the same as that allowed under 26 U.S.C. § 172 subject to the specific determinative criteria outlined in Rhode Island General Law Section 44-11-11.

This section also allows the taxpayer to carry the net operating loss forward for 5 succeeding tax years.

Data Source: TY 2008 Statistics of Corporate Income, C Corporation Returns, Rhode Island Division of Taxation. An estimated apportionment factor of 0.5 percent was applied to the total net operating losses reported. The amount of foregone revenue is derived by multiplying the apportioned net operating losses by the Business Corporations tax rate of 9.0 percent.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**$43,768,275**	**2,605**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	**$43,768,275**	**2,605**
2010 Business Corporation Tax	**$43,768,275**	**2,605**
2011 Business Corporation Tax	**$43,768,275**	**2,605**

Law Comparison: All New England states have net operating loss deduction provisions.

Connecticut: Connecticut has a specific statutory provision allowing a net operating loss carryover deduction and does not simply follow IRC Section 172. Any excess of allowable deductions over the gross income in the same year or the amount of such excess apportioned to Connecticut under Connecticut General Statute Section12-218 is an operating loss and is deductible as an operating loss carry-over for operating losses incurred in income years commencing on or after January 1, 2000, in each of the 20 income years following the loss year. Losses may not be carried back.

Connecticut Statute: Conn. Gen. Stat. Section12-217 (a)(4).

Massachusetts: Corporations are allowed a deduction for net operating losses computed under Massachusetts' law. The Massachusetts net operating loss is the amount by which the sum of the deductions allowed to arrive at net income, excluding the deductions for net operating loss and the dividends-received deduction exceeds gross income for the taxable year.

Massachusetts Statute: Chapter 63, Section 30(5)(b).

Maine: Maine generally conforms to the Internal Revenue Code as of a specific date but Maine requires several modifications to federal taxable income related to net operating losses in order to arrive at Maine net income. For each taxable year subsequent to the year of the loss, a subtraction modification is allowed for an amount equal to the absolute value of the amount of any net operating loss arising from tax years beginning on or after January 1, 2002, for which federal adjusted gross income was increased under Me. Rev. Stat. Ann. 36 Section 5200-A(1)(H), and that, pursuant to 26 U.S.C. Section 172 , was carried back for federal income tax purposes, less the absolute value of loss used in the taxable year of loss to offset any addition modification required by Me. Rev. Stat. Ann. 36 Section5200-A(1).

Maine Statute: Me. Rev. Stat. Ann. 36 Section 5200-A (1)

New Hampshire: New Hampshire allows a deduction for the amount of the net operating loss carryover determined under 26 U.S.C. Section172 in effect on December 31, 1996. A net operating loss is apportioned in the year incurred according to N.H. Rev. Stat. Ann. Section77-A: 3. The law does not allow for the carry-back of losses in any instance. New Hampshire uses 26 U.S.C. Section 172 that was in effect on December 31, 1996 except for the requirement to carry back the loss and the limitation to carry forward for 10 years following the loss year. The net operating loss must be apportioned in the year the loss is incurred and is also a deduction before apportionment in the year deducted.

New Hampshire Statute: Title V, Chapter 77-A, Section 77A: 4, XIII.

Vermont: Effective for tax years beginning on and after January 1, 2007, Vermont enacted a "stand-alone" net operating loss deduction, in place of the federal net operating loss deduction, by defining "Vermont net operating loss" (VNOL) as any negative income after allocation and apportionment of Vermont net income. The VNOL is allowed as a carry-forward in the 10 years following the loss year.

Vermont Statute: Vt. Stat. Ann. 32 Section 5888(4)(B).

17. One Half of Self Employment Tax (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income includes a deduction for one-half of the amount of self employment tax paid by self-employed taxpayers. Self employed individuals, those taxpayers who are sole proprietors, independent contractors, partners in a partnership, and members in a single member LLC, must pay a tax on net earnings from self employment for Social Security and Medicare. Since taxpayers that are employees are responsible for only one-half of the Social Security and Medicare taxes assessed, the other half being paid by the employer, self-employed taxpayers are allowed to deduct one-half of the self employment tax paid to Social Security and Medicare.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
P ***2008 Personal Income Tax***	**$2,407,953**	**69,836**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$2,407,953**	**69,836**
2010 Personal Income Tax	**$2,407,953**	**69,836**
2011 Personal Income Tax	**$2,407,953**	**69,836**

Law Comparison:

Connecticut: Connecticut's income based provisions begin with federal adjusted gross income and, therefore, allow this item as part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for one-half of the self-employment tax paid as stated on the taxpayer's federal income tax return.

Massachusetts Statute: Chapter 62, Section 2.

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for one-half of the self-employment tax paid.

Maine Statute: Title 36, Part 8, Chapter 805, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of deductions for one-half of the self- employment tax is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

18. Penalty of Early Withdrawal of Savings (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income allows a deduction for the penalty paid for the withdrawal of monies from a certificate of deposit or other time deposit savings account prior to the maturation of the time deposit savings account.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$165,663**	**4,831**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$165,663**	**4,831**
2010 Personal Income Tax	**$165,663**	**4,831**
2011 Personal Income Tax	**$165,663**	**4,831**

Law Comparison:

Connecticut: Connecticut's income base provisions begin with federal adjusted gross income and, therefore, allow this item since it is part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for the penalty on the early withdrawal of monies from time deposit savings accounts.

Massachusetts Law Cite: Chapter 62, Section 2.

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for the penalty on the early withdrawal of monies from time deposit savings accounts.

Maine Statute: Title 36, Part 8, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of the penalty on the early withdrawal of monies from time deposit savings accounts is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

19. Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed:

Statutory Reference: Rhode Island General Law Section 44-17-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1896 / 2007

Description: Taxpayers subject to the tax imposed by Rhode Island General Law Chapter 44-17 are allowed to deduct from gross premiums "the amount of return premiums on contracts covering property and risks", "the amount of premiums for reinsurance assumed of the property and risks", and, for mutual insurance companies, "the amount of dividends or unabsorbed premiums" applied as a partial payment of the premiums or returned to policyholders in cash or credited to policyholders.

Data Source: No reliable data exists for this particular deduction

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Insurance Companies Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Insurance Companies Tax	**No estimate possible**	**No estimate possible**
2010 Insurance Companies Tax	**No estimate possible**	**No estimate possible**
2011 Insurance Companies Tax	**No estimate possible**	**No estimate possible**

Law Comparison: Only Maine and New Hampshire have similar provisions.

Maine: The Maine insurance premiums tax is measured by the full amount of gross insurance premiums, reduced by all direct return premiums on the gross direct premiums, and all dividends paid to policy holders on direct premiums. Except when direct return premiums are returned in the same tax year that the premium was paid, the deduction allowed may be taken only if the tax has been paid.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 2515.

New Hampshire: The premium tax on authorized and formerly authorized insurers is calculated based on the total of gross direct premiums received during the previous calendar year for policies insuring property, subjects or risks resident or located in the state, or to be performed in the state, minus premiums or dividends returned or credited to policyholders. Title insurers may also deduct the portion of the premiums chargeable to title search and examination services.

New Hampshire Statute: N.H. Rev. Stat. Ann. Section400-A:31, I(a).

20. Self-Employed Health Insurance (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income includes a deduction for the premiums paid for medical, dental, and qualified long-term care insurance for the taxpayer, the taxpayer's spouse, and the taxpayer's dependents if the taxpayer is a self-employed individual with a net profit, a partner with net earnings from self-employment, or a shareholder owning more than 2.0 percent of the outstanding stock of an S corporation with wages from the corporation. The insurance plan must be established under the business. The premium deduction for qualified long-term care insurance is subject to a maximum allowable amount.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$2,026,916**	**14,179**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$2,026,916**	**14,179**
2010 Personal Income Tax	**$2,026,916**	**14,179**
2011 Personal Income Tax	**$2,026,916**	**14,179**

Law Comparison:

Connecticut: Connecticut's income base provisions begin with federal adjusted gross income and, therefore, allow this item since it is part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for payments for health insurance by the self-employed.

Massachusetts Statute: Chapter 62, Section 2.

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for payments for health insurance by the self-employed.

Maine Statute: Title 36, Part 8, Chapter 805, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of deductions for payments for health insurance by the self-employed is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

21. Standard Deduction:

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(C)(2)-(7)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / 2007

Description: For individual's that do not itemize deductions, Rhode Island allows as a deduction from modified adjusted gross income a basic standard deduction with an additional standard deduction for taxpayers age 65 or older or blind. In the case of certain dependents, there is a limitation on the basic standard deduction while for certain individuals no standard deduction is allowed. Finally, the standard deduction values are adjusted for inflation as specified by Rhode Island General Law Section 44-30-2.6(c)(2)(J).

Data Source: Resident Filers: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation. Non-Resident Filers: Data Warehouse, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$58,976,152**	**275,051**

Projection Methodology: Calendar Year 2009 amount of credit and the number of taxpayers is the three-year moving average growth rate for 2006 through 2008 applied to the 2008 values. Calendar Year 2010 assumes no growth from Calendar Year 2009. CY 2011 incorporates standard deduction in effect on January 1, 2011.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$61,100,228**	**278,976**
2010 Personal Income Tax	**$61,100,228**	**278,976**
2011 Personal Income Tax	**$156,427,028**	**593,418**

Law Comparison:

Connecticut: Connecticut does not allow any standard or itemized deductions from Connecticut adjusted gross income in determining the taxpayer's Connecticut tax liability. Connecticut allows only exemption amounts to be deducted from Connecticut adjusted gross income when determining the taxpayer's Connecticut tax liability. These exemption amounts depend on the filing status of the taxpayer and phase out as Connecticut adjusted gross income increases.

Connecticut Statute: Conn. Gen. Stat. § 12-701(a)(20)

Massachusetts: Massachusetts does not allow a fixed amount standard deduction in lieu of the deductions allowed by Massachusetts' law.

Maine: Section 5124-A is applicable to tax years beginning on or after January 1, 2008 and repealed applicable to income tax years beginning on or after January 1, 2010. Maine's provisions include a standard deduction for resident individual is equal to the standard deduction as determined in accordance with the Internal Revenue Code, Section 63 except for tax years beginning after 2002, the Internal Revenue Code, Section 63(c)(2) must be applied as if the basic standard deduction is $5,000 for a joint return and surviving spouse and $2,500 in the case of a married filing separate return.

Maine Statute: Title 36, Part 8, Section 5124-A

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: Vermont does not have a standard deduction or itemized deductions. Since Vermont uses federal income tax liability as the starting point for calculating Vermont personal income tax liability, the federal standard and itemized deductions are used in calculating an individual's Vermont income tax liability.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)

22. Student Loan Interest (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income allows a deduction for the interest paid on a qualified student loan. A qualified student loan is a loan that was taken out solely to pay qualified education expenses. A deduction is only available to taxpayers with modified federal adjusted gross income of less than $70,000 if filing single or less than $145,000 if filing a joint return.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$786,636**	**36,404**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$786,636**	**36,404**
2010 Personal Income Tax	**$786,636**	**36,404**
2011 Personal Income Tax	**$786,636**	**36,404**

Law Comparison:

Connecticut: Connecticut's income base provisions begin with federal adjusted gross income and, therefore, allow this item since it is part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for interest paid on a student loan as stated on the taxpayer's federal income tax return.

Massachusetts Law Cite: Chapter 62, Section 2.

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for interest paid on a student loan.

Maine Statute: Title 36, Part 8, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of interest paid on a student loan is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

23. Tuition and Fees (Federal):

Statutory Reference: Rhode Island General Law Sections 44-30-12 and 44-30-32

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: § 44-30-12: 1971 / 2006; § 44-30-32: 1971 / 2002

Description: The Rhode Island income for a resident individual is the individual's federal adjusted gross income with the modifications contained in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c).

The Rhode Island income of a nonresident individual includes "[T]he net amount of items of income and deductions entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources" with the portion of modifications described in Rhode Island General Law Sections 44-30-12(b) and 44-30-12(c), including those that relate to the tuition savings plan program referenced in Rhode Island General Law Section 16-57-6.1, which relate to income derive from Rhode Island sources.

Federal adjusted gross income allows a deduction for tuition and fees. Tuition and fees are defined as qualified expenses for higher education. The maximum amount of tuition and fees that can be deducted is $4,000. The qualified higher education expenses can be for the taxpayer, the taxpayer's spouse, or a dependent of the taxpayer.

Data Source: Internal Revenue Service, Statistics of Income Bulletin, Spring 2009, Volume 28: Number 4. Data is for Tax Year 2007. Federal deduction data is scaled to Rhode Island using the ratio of total Rhode Island adjusted gross income to total United States adjusted gross income for Tax Year 2007. Revenue foregone is determined by multiplying calculated Rhode Island value of the deduction by an effective tax rate of 2.981 percent. Federal number of taxpayer data is scaled to Rhode Island using the ratio of total Rhode Island tax filers to total United States tax filers for Tax Year 2007.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$1,114,661**	**18,160**

Projection Methodology: Amount of deduction and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$1,114,661**	**18,160**
2010 Personal Income Tax	**$1,114,661**	**18,160**
2011 Personal Income Tax	**$1,114,661**	**18,160**

Law Comparison:

Connecticut: Connecticut's income base provisions begin with federal adjusted gross income and, therefore, allow this item since it is part of the determination of the taxpayer's federal gross income.

Connecticut Statute: Title 12, Chapter 229, Section 12-701 (19).

Massachusetts: Massachusetts' provisions include a deduction from total 5.3 percent income for amounts paid for college tuition.

Massachusetts Law Cite: Chapter 62, Section 2.

Maine: Maine's personal income tax base is the federal adjusted gross income as defined by federal law, which by application allows a deduction for tuition and fees paid for qualified higher education.

Maine Statute: Title 36, Part 8, Section 5121.

New Hampshire: New Hampshire does not impose personal income tax.

Vermont: The starting point for determining every individual's taxable income subject to Vermont income tax is federal taxable income. Since Vermont uses an individual's federal taxable income as the starting point for calculating Vermont income tax liability, the federal treatment of tuition and fees paid for qualified higher education is adopted.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B)

EXEMPTIONS

1. Agricultural Products for Human Consumption:

Statutory Reference: Rhode Island General Law Section 44-18-30(62)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2007 / N/A

Description: The sale or storage, use or consumption of livestock and poultry of the kinds of products, which ordinarily constitute food for human consumption and of livestock of the kind the products of which ordinarily constitute fibers for human use are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: New England Agricultural Statistics 2008. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$73,196**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$69,837**	**$69,837**	**$69,837**

Law comparison: No similar provisions were found for the other New England states.

2. Air and Water Pollution Control Facilities:

Statutory Reference: Rhode Island General Law Section 44-18-30(15)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1966 / 1980

Description: The sale or storage, use or consumption of tangible personal property or supplies acquired for use in the operation of air and/or water pollution control facilities and which have been certified as approved for that purpose by the Director of the Rhode Island Department of Environmental management are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

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Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$1,637,721**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$1,562,562**	**$1,562,562**	**$1,562,562**

Law Comparison: Only Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provisions include personal property incorporated into waste treatment facilities or consumed in air pollution control facilities.

Connecticut Statute: Title 12, Chapter 219, Section 12-412 (21) & (22).

Maine: Maine's provisions include sales of water pollution control and air pollution control facilities certified as such by the Commissioner of Environmental Protection and any part or accessories thereof or any materials for the construction or maintenance of a facility.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760 (29) and (30).

3. Aircraft and Aircraft Parts:

Statutory Reference: Rhode Island General Law Section 44-18-30(56)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2004 / N/A

Description: The sale or storage, use or consumption of any new or used aircraft or aircraft parts is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$866,066**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$826,320**	**$826,320**	**$826,320**

Law Comparison:

Connecticut: The sale, storage, use or other consumption of, aircraft having a maximum certificated takeoff weight of 6,000 pounds or more is exempt from tax. Effective July 1, 2006, all aircraft repair or replacement parts and repair services are exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-412

Massachusetts: The sale, storage, use or other consumption of aircraft and repair or replacement parts exclusively for use in aircraft or in the significant overhauling or rebuilding of aircraft or aircraft parts or components on a factory basis is exempt from sales and use taxes.

Massachusetts Statute: Mass. Gen. L. Chapter 64H Section 6(uu) – (vv)

Maine: An exemption applies to sales or leases of aircraft that weigh over 6,000 pounds, that are propelled by one or more turbine engines, or that are in use by a Federal Aviation Administration classified 135 operator. A “classified 135 operator” is a small commercial air carrier such as a commuter airline or air taxi. An exemption also applies to the sale or use in Maine of replacement or repair parts of an aircraft used by a scheduled airline in the performance of service under 49 U.S. Code, Subtitle VII and Federal Aviation Administration regulations.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760(88) – (76).

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: There is an exemption for aircraft sold to a person, which holds itself out to the public as engaging in air commerce, for use primarily in the carrying of persons or property for compensation or hire. Effective June 11, 2007 through June 30, 2018, an exemption also applies to parts, machinery, and equipment to be installed in any aircraft.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Subchapter 2, Section 9741(29).

4. Banks and Regulated Investment Companies Interstate Toll Free Calls:

Statutory Reference: Rhode Island General Law Section 44-18-30(49)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1996 / 1999

Description: The tax imposed by Rhode Island General Law Chapter 44-18 does not apply to "the furnishing of interstate and international, toll-free, terminating telecommunication service that is used directly and exclusively by or for the benefit of an eligible company."

An eligible company is a company that employs "on average during the calendar year" at least 500 full-time equivalent employees and is a regulated investment company as defined in 26 U.S.C. § 1 et seq. or a corporation to the extent the service is provided…to or on behalf of a regulated investment company, an employee benefit plan, a retirement plan or a pension plan or a state chartered bank.

Data Source: Investment Company Fact Book 2009 and Federal Communications Commission. It is assumed that there are 4 hours of toll free calls per day, five days a week 52 weeks per year at a cost of 6.9 cents per minute. This figure is multiplied by the total number of toll free calls in the U.S. per the FCC to arrive at a total cost of toll free calls. This figure is then scaled to U.S. investment firms using the ratio of the number of U.S. investment forms to total U.S. firms. The result is then scaled to Rhode Island using the ratio of Rhode Island investment firms to U.S. investment firms. Foregone revenue is then determined by multiplying this figure by 7.0 percent.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$126,301**	**1,322**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	2009	2010	2011
Projected Impact	**$120,504**	**$120,504**	**$120,504**

Law comparison: No similar provisions were found for the other New England states.

5. Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee:

Statutory Reference: Rhode Island General Law Chapter 44-44

Stated Purpose: This chapter is enacted to provide funding for the litter reduction and recycling program and the hard-to-dispose material – control and recycling program, created pursuant to Rhode Island General Law Chapter 37-15.1.

Year Enacted / Year Amended: 1988 / N/A

Description: Rhode Island General Law Section 44-44-3.6 expressly exempts from the taxes and fees imposed by Rhode Island General Law Chapter 44-44 "any measure upon which this state is prohibited from taxing under the Constitution of the United States.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
Beverage Container Fee 2008	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

6. Bibles:

Statutory Reference: Rhode Island General Law Section 44-18-30(29)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1982 / N/A

Description: From the sale and from the storage, use, or other consumption "any canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited to, the Old Testament and the New Testament versions.

This sales and use tax exemption has been deemed unconstitutional by the Rhode Island Supreme Court (see Ahlburn v. Clark, 728 A.2d 449 (RI. 1999); see notes to Decisions).

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

7. Boats or Vessels Brought in Exclusively for Winter Storage Maintenance, Repair or Sale:

Statutory Reference: Rhode Island General Law Section 44-18-30(46)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1991 / N/A

Description: The tax imposed by Rhode Island General Law Section 44-18-20 “is not applicable for the period commencing on the first day of October in any year to and including the 30th day of April next succeeding with respect to the use of any boat or vessel within Rhode Island exclusively for purposes of: (i) delivery of a vessel to a facility in this state for storage, including dry storage and storage in water by means of apparatus preventing ice damage to the hull, maintenance, or repair; (ii) the actual process of storage, maintenance, or repair of the boat or vessel; or (iii) storage for the purpose of selling the boat or vessel.”

Data Source: No reliable data exists for this particular exemption. The estimated foregone revenue for this exemption is included in the foregone revenue estimate for “Boats or Vessels Generally”.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provisions include exemption from use tax for vessels brought into the state exclusively for storage, maintenance or repair.

Connecticut Statute: Title 12, Chapter 219, Section 12-413 (a)

Maine: Sales to a person that is not a resident of Maine, for the repair, alteration, refitting, reconstruction, overhaul, or restoration of a watercraft that is sailed or transported outside Maine within 30 days of delivery by the seller are exempt.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 1760(25).

8. Boats or Vessels Generally:

Statutory Reference: Rhode Island General Law Section 44-18-30(48)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1993 / N/A

Description: From the sale and from the storage, use or other consumption of any new or used boat is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$8,323,929**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$7,941,924**	**$7,941,924**	**$7,941,924**

Law comparison: No similar provisions were found for the other New England states.

9. Boats to Non Residents:

Statutory Reference: Rhode Island General Law Section 44-18-30(30)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1982 / N/A

Description: The sale of a boat or vessel to a bona fide nonresident of this state who does not register the boat or vessel in this state, or document the boat or vessel with the United States government at a home port within the state, whether the sale or delivery of the boat or vessel is made in this state or elsewhere; provided, that the nonresident transports the boat within thirty (30) days after delivery by the seller outside the state for use thereafter solely outside the state is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption. The estimated foregone revenue for this exemption is included in the foregone revenue estimate for "Boats or Vessels Generally".

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut and Maine have similar provisions.

Connecticut: A vessel sold to a nonresident is exempt from tax, if the nonresident does not maintain a permanent place of abode in Connecticut, the vessel is not registered or required to be registered with the Connecticut Department of Motor Vehicles and the nonresident provides the retailer with CERT-139 (Sales and Use Tax Exemption for a Vessel Purchased by a Nonresident of Connecticut).

Connecticut Statute: Conn. Gen. Stat. Section 12-412(60) and Section12-408 (1).

Maine: Sales of watercraft to a person that is not a resident of Maine, when the watercraft is intended to be sailed or transported outside the State immediately upon delivery by the seller; sales to a person that is not a resident of the State, under contracts for the construction of a watercraft intended to be sailed or transported outside the State immediately upon delivery by the seller, of materials to be incorporated in the watercraft; and sales to a person that is not a resident of the State for the repair, alteration, refitting, reconstruction, overhaul or restoration of a watercraft intended to be sailed or transported outside the State immediately upon delivery by the seller, of materials to be incorporated in the watercraft are exempt from the sales and use tax.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 1760(25).

10. Building Materials Used to Rebuild After Disaster:

Statutory Reference: Rhode Island General Law Section 44-18-30(51)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1998 / N/A

Description: The sale, storage, use or other consumption of lumber, hardware, and other building materials used in the reconstruction of a manufacturing business facility, which suffers the destruction of 60.0 percent or more of the facility is exempt from the tax imposed under Rhode Island General Law Chapter 44-18. The exemption does not apply to the cost of the reconstruction materials, which are reimbursed by insurance.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

11. Camps:

Statutory Reference: Rhode Island General Law Section 44-18-30(16)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1967 / N/A

Description: The rental charged for living quarters, or sleeping or housekeeping accommodations at camps or retreat houses operated by religious, charitable, educational, or other nonprofit organizations as listed in Rhode Island General Law Section 44-18-30(5) or privately owned and operated summer camps for children are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$466,392**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$444,988**	**$444,988**	**$444,988**

Law Comparison: Only Maine has a similar provision.

Maine: Maine's provisions include an exemption for living quarters, sleeping or housekeeping accommodations at camps, which are also entitled to a corresponding property tax exemption.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760 (17).

12. Casual Sales:

Statutory Reference: Rhode Island General Law Section 44-18-20(g)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 1995

Description: The sale of tangible personal property not held or used by the seller in the course of the activities for which the seller is required to hold a seller's permit are exempt from the tax Imposed by Rhode Island General Law Chapter 44-18. Casual sales are limited to no more than five in any twelve-month period and include sales made at bazaars, fairs, picnics, or similar events by nonprofit organizations for a total of two events that do not exceed six days in duration.

Data Source: Excise Tax Section, Rhode Island Division of Taxation. Data is for the casual sale of motor vehicles only.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$170,452**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$162,630**	**$162,630**	**$162,630**

Law Comparison:

Connecticut: Casual or isolated sales are exempt from tax. These are sales whose number, scope, and character are insufficient to make it necessary for the seller to have a seller's permit. This exemption is based on the fact that sales tax applies only to sales by retailers and a person making casual or isolated sales would not meet the definition of “retailer” contained in Connecticut law.

Connecticut Statute: Conn. Gen Stat. Section 12-407(a)(12).

Maine: Casual sales, in general, are not subject to Maine's sales and use taxes. These taxes are imposed on sales at retail, and casual sales are specifically excluded from the definition of retail sales.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 1811 and Section 1752.

Massachusetts: Casual and isolated sales by a vendor not regularly engaged in the business of making sales at retail are exempt.

Massachusetts Statute: Chapter 64H, Section 6(c)

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Sale of tangible personalty as a casual sale is exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741.

13. **Charitable, Education or Religious Organizations**:

Statutory Reference: Rhode Island General Law Section 44-18-30(5)

Stated Purpose: No stated purpose given in law.
Year Enacted / Year Amended: 1961 / 1988

Description: The sale to and from the storage, use, and other consumption of tangible personal property by nonprofit hospitals, educational institutions, churches, orphanages and other institutions or organizations operated exclusively for religious or charitable purposes, interest free loan associations not operated for profit, nonprofit organized sporting leagues and associations and bands for boys and girls under the age of 19, state chapters of national vocational students organizations, organized nonprofit golden age and senior citizens clubs for men and women and parent teacher associations are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$62,928,900**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$60,040,945**	**$60,040,945**	**$60,040,945**

Law Comparison:

Connecticut: The exemption extends to any organization, which is exempt from Federal Income Tax under various Internal Revenue Code Section 501 provisions.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(5).

Massachusetts: The exemption includes sales to any corporation, foundation, organization or institution exempt from tax under Internal Revenue Code Section 501(c)(3).

Massachusetts Statute: Chapter 64H, Section 6(e)

Maine: The exemption includes hospitals, research centers, churches and schools, and, also to incorporated, private, non-profit, residential child-caring institutions.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760.

New Hampshire: New Hampshire does not impose a sales and use tax.

Vermont: No similar provision found.

14. Clothing and Footwear:

Statutory Reference: Rhode Island General Law Section 44-18-30(27)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1977 / 2006

Description: The sales of articles of clothing and footwear suitable for general use to be worn as human wearing apparel are exempt from the tax imposed by Rhode Island General Law Chapter 44-18. This exemption does not apply to clothing for athletic activity or protective use.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$83,572,243**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$79,736,917**	**$79,736,917**	**$79,736,917**

Law Comparison: Only Connecticut, Massachusetts and Vermont have similar provisions.

Connecticut: Connecticut’s exemption provisions are limited to clothing costing less than $50.00. If an article of clothing or footwear is sold for more than the exemption limit, tax is computed on the entire purchase price, not merely the excess.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(47).

Massachusetts: Massachusetts' exemption provisions are limited to clothing, including footwear that is intended to be worn or carried on the human body. The exemption, which is limited to $175 for any article of clothing, does not apply to special clothing or footwear designed for athletic activity or protective use and is not normally worn except for the athletic or protective use.

Massachusetts Statute: Mass. Gen. L. Chapter 64I, Section 6(k)

Vermont: Effective January 1, 2007, a sales and use tax exemption applies to all clothing, but clothing shall not include clothing accessories or equipment, protective equipment, or sport or recreational equipment. Clothing and footwear will not be subject to sales tax regardless of price.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233 and Subchapter 2, Section 9741(45).

15. Coffins, Caskets, and Burial Garments:

Statutory Reference: Rhode Island General Law Section 44-18-30(12)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1952 / N/A

Description: The sale, storage, use or other consumption of coffins, caskets, shrouds and other burial garments ordinarily sold by a funeral director as part of the business of funeral directing are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$5,526,837**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$5,273,197**	**$5,273,197**	**$5,273,197**

Law Comparison:

Connecticut: Connecticut exempts tangible personal property by any funeral establishment performing the primary services in preparation for and the conduct of burial or cremation, provided any such property must be used directly in the performance of such services and the total amount of such exempt sales with respect to any single funeral may not exceed $2,500, and caskets used for burial or cremation.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(55).

Massachusetts: Sales of coffins, caskets, burial garments or other materials, which are ordinarily sold by a funeral director as part of the business of funeral directing are exempt

Massachusetts Statute: Chapter 64H, Section 6(n)

Maine: Maine's provisions are similar to those of Rhode Island but also include funeral services.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760(24).
New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Funeral charges, including sales of tangible personal property such as caskets, vaults, boxes, clothing, crematory urns, and other such funeral furnishings as are necessary incidents of the funeral, but excluding the sale of flowers and other items sold as an accommodation rather than as an integral part of the funeral service or preparation therefore are exempt

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741(22).

16. Coins:

Statutory Reference: Rhode Island General Law Section 44-18-30(43)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1988 / N/A

Description: The sale and other consumption of coins having numismatic or investment value are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: The United States Mint 2008 Annual Report. Total U.S. coin sales are scaled to Rhode Island by multiplying this amount by the ratio of Rhode Island's population as of July 1, 2008 to the U.S. population as of July 1, 2008. Foregone revenue is determined by multiplying this amount by 7.0 percent. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$134,792**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$128,606**	**$128,606**	**$128,606**

Law Comparison: Only Connecticut, Massachusetts and Vermont have similar provisions.

Connecticut: Connecticut's provisions include exemptions for gold or silver bullion, legal tender of any nation, rare and antique coins and coins traded according to value as a precious metal. The exemption is limited to transactions in which the total value of the sale is less than $1,000.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(45).

Massachusetts: Massachusetts' exemption includes sales of $1,000 or more of items traded or sold according to their value as precious metals such as rare coins of numismatic value, gold or silver bullion or coins and gold or silver tender.

Massachusetts Statute: Chapter 64H, Section 6(ll)

Vermont: Stamps and other philatelic items when purchased other than for use as postage; coins and other numismatic items when purchased other than for use as a medium of exchange; and precious metals such as bullion, ingots, and wafers are exempt.

Vermont Statute: Code of Vt. Rules Section 1.9701(A)(4) – (A)(5).

17. Commercial Fishing Vessels in Excess of Five Net Tons:

Statutory Reference: Rhode Island General Law Section 44-18-30(26)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1976 / 2002

Description: The sales of vessels and other watercraft of more than five net tons if used exclusively for commercial fishing are exempt from the tax imposed by Rhode Island General Law Chapter 44-18. The exemption also applies to fishing equipment used in connection with the commercial fishing done by the vessel.

Data Source: No reliable data exists for this particular exemption. The estimated foregone revenue for this exemption is included in the foregone revenue estimate for "Boats or Vessels Generally".

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: Commercial fishing vessels and machinery or equipment for use thereon are exempt. A "commercial fishing vessel" includes any vessel with a certificate of documentation issued by the United States Coast Guard for coastwise fishery.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(40)

Massachusetts: Massachusetts' provisions include exemption for vessels used directly and exclusively in commercial fishing, machinery and equipment and replacement parts thereof.

Massachusetts Statute: Chapter 64H, Section 6(o)

18. Commercial Vessels of More Than 50 Tons Burden:

Statutory Reference: Rhode Island General Law Section 44-18-30(25)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1976 / N/A

Description: Sales made to commercial ships, barges or other vessels of 50 tons burden or more primarily engaged in interstate or foreign commerce are exempt from the tax imposed by Rhode Island General Law Chapter 44-18. Provisions, supplies and material purchased for maintenance and repair of such commercial vessels are also exempt.

Data Source: No reliable data exists for this particular exemption. The estimated foregone revenue for this exemption is included in the foregone revenue estimate for "Boats or Vessels Generally".

Reliability Index: 5

Calendar Year / Tax Type	Revenue Foregone	Number of Taxpayers
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	2009	2010	2011
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Sales of barges or vessels of 50 ton burden are exempt from tax when constructed in the Commonwealth and sold by their builders. Also exempt are sales of fuel or fuel substitutes for those vessels engaged in interstate or foreign commerce or used directly and exclusively in commercial fishing along with the machinery and equipment used for those vessels, and replacement parts for the vessels, machinery, and equipment.

Massachusetts Statute: Chapter 64H, Section 6

19. Compressed Air:

Statutory Reference: Rhode Island General Law Section 44-18-30(33)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1984 / N/A

Description: The sale, storage, consumption or other use of compressed air is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	Revenue Foregone	Number of Taxpayers
2008 Sales and Use Tax	**$580,225**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue

foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$553,597**	**$553,597**	**$553,597**

Law comparison: No similar provisions were found for the other New England states.

20. **Containers:**

Statutory Reference: Rhode Island General Law Section 44-18-30(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 1988

Description: The sale, storage, use or other consumption of non-returnable containers, including boxes, paper bags, and wrapping materials which are biodegradable and all bags and wrapping materials utilized in the medical and healing arts, when sold without the contents to people who place the contents in the container and sell the contents with the container are exempt from the tax imposed by Rhode Island General Law Chapter 44-18. Returnable containers are also exempt when sold with the contents in connection with the retail sale of the contents. Returnable containers are also exempt when sold for refilling.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$11,747,282**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$11,208,172**	**$11,208,172**	**$11,208,172**

Law Comparison:

Connecticut: Connecticut's provisions include an exemption for returnable dairy product containers when sold without the contents.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(14).

Massachusetts: Massachusetts' provides for the exemption of any bags in which feed for livestock or poultry is contained.

Massachusetts Statute: Chapter 64H, Section 6(q)(1)

Maine: Maine's provisions include returnable containers sold with the contents or resold for refilling. A further part of the provisions cover packaging materials when sold for packing or shipping tangible personalty or for packing or shipping tangible personalty sold by the purchaser of the packaging materials.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760(12).

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Materials, containers, labels, sacks, cans, boxes, drums or bags and other packing, packaging or shipping materials for use in packing, packaging or shipping tangible personalty by a manufacturer or distributor are exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741.

21. Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island:

Statutory Reference: Rhode Island General Law Section 44-25-2(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1968 / 2005

Description: Any deed, instrument, or writing where the United States, the State of Rhode Island or one the State's political subdivisions are the grantor is exempt from the tax imposed by Rhode Island General Law Chapter 44-25.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Real Estate Conveyance Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut's provisions include exemption for those deeds for which Connecticut is prohibited from taxation under the US Constitution or related laws.

Connecticut Law Cite: Title 12, Chapter 223, Section 12-498.

22. Dietary Supplements:

Statutory Reference: Rhode Island General Law Section 44-18-30(59)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2006 / N/A

Description: The sale, storage, use or other consumption of dietary supplements as defined in Rhode Island General Law Section 44-18-7.1(1)(v) sold on prescription are exempt from the tax imposed by Rhode Island General Law Chapter 44-18. A dietary supplement is any product, other than tobacco, that contains one or more of the following: a vitamin; a mineral; an herb or other botanical; an amino acid; a dietary substance for use by humans that increases the total dietary intake; or a concentrate, metabolite, constituent, extract, or combination of any ingredient described in above.

Data Source: National Institutes of Health, Office of Dietary Supplements 2005 Report. Total sales of dietary supplements in the Unite States were inflated from its 2005 value to its 2007 value using the U.S. Consumer Price Index for All Urban Consumers (CPI-U). It was assumed that 25.0 percent of dietary supplements are by prescription and total U.S. sales in 2007 were reduced by this amount. The 2007 adjusted value of U.S. sales of dietary supplements was scaled to Rhode Island using the ratio of Rhode Island's population as of July 1, 2008 to the U.S. population as of July 1, 2008. The 2007 Rhode Island sales estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at the TY 2008 Rhode Island sales estimate . Foregone revenue is determined by multiplying this amount by 7.0 percent. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$1,313,774**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue

foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$1,253,482**	**$1,253,482**	**$1,253,482**

Law Comparison: Only Maine and Vermont have similar provisions.

Maine**:** Medicines, tonics, vitamins and preparations in liquid, powdered, granular, tablet, lozenge or pill form, sold as dietary supplements or adjuncts, when sold on the prescription of a physician are exempt

Maine Statute: Me. Rev. Stat. Ann. 36 §1752(3-B)

Vermont: Sales of food, food products, and beverages for consumption off the premises where sold are exempt from sales tax. Food and food products specifically include dietary supplements.

Vermont Statute: Vt. Stat. Ann. 32 Section 9741(13)

23. Educational Institutions Rental Charges:

Statutory Reference: Rhode Island General Law Section 44-18-30(18)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1967 / N/A

Description: The rent charged by any educational institution for living quarters, or sleeping or housekeeping accommodations or other rooms or accommodations to any student or teacher necessitated by attendance at an educational institution is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$6,659,143**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$6,353,539**	**$6,353,539**	**$6,353,539**

Law Comparison: Only Connecticut and Maine have similar provisions under the Sales and Use Tax. Massachusetts and Vermont do not have similar provisions under Sales and Use Tax they do, however, provide similar exclusions under their Rooms or Rooms and Meals taxes.

Connecticut: Connecticut's provisions include lodging accommodations at educational institutions.

Connecticut Statute: Title 12, Chapter 219, Section 12-407(17).

Maine: Maine's provisions include rental charges for living quarters, sleeping or housekeeping accommodations to any student necessitated by attendance at a school as defined further by Maine statutes.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760 (19).

New Hampshire: New Hampshire does not impose sales and use tax.

24. Electricity and Gas for Domestic Use by Occupants of Residential Premises:

Statutory Reference: Rhode Island General Law Section 44-18-30(21)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1972 / N/A

Description: The sale, use, storage or other consumption of electricity or gas furnished for domestic use by occupants of residential premises is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$45,215,454**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue

foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$43,140,411**	**$43,140,411**	**$43,140,411**

Law Comparison:

Connecticut: Connecticut's provisions exempt the sale, furnishing or service of gas, including bottled gas, and electricity, when delivered to consumers through mains, lines, pipes or bottles for use in any residential dwelling.
Connecticut Statute: Title 12, Chapter 219, Section 12-412(3).

Massachusetts: Massachusetts' provisions are similar to Rhode Island, which exempts the sales, furnishing or service of water, gas, steam or electricity used for residential purposes.

Massachusetts Statute: Chapter 64H, Section 6 (i)

Maine: Maine exempts coal, oil, wood and all other fuels, *except* gas and electricity, when bought for cooking and heating in buildings designed and used for both human habitation and sleeping.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760(9).

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Vermont exempts sales of electricity, oil, gas and other fuels used in a residence for all domestic use, including heating.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Subchapter 2, Section 9741(26).

25. Electricity, Steam and Thermal Energy from Rhode Island Economic Development Corporation:

Statutory Reference: Rhode Island General Law Section 44-18-40.1

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1995 / N/A

Description: The gross receipts from the sale, storage, use or other consumption of electricity, steam and thermal energy that is produced, transmitted and/or sold by the Rhode Island Economic Development Corporation are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

26. Equipment for Research and Development:

Statutory Reference: Rhode Island General Law Section 44-18-30(42)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1987 / 1996

Description: The sale, use, storage or other consumption of equipment that is used for research and development purposes by a qualifying company is exempt from the tax imposed by Rhode Island General Law Chapter 44-18. A qualifying company is a business "for which the use of research and development equipment is an integral part of its operation". Equipment means "scientific equipment, computers, software and related items".

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is for electronic computers, computer storage devices, computer terminals, and other computer peripheral equipment only. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$4,898,167**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$4,674,046**	**$4,674,046**	**$4,674,046**

Law Comparison:

Connecticut: Property used in research and development can qualify for the exemptions given to manufacturing materials. Research and development services are not among the list of taxable services and, therefore, are not subject to tax.

Connecticut Statute: Conn. Gen. Stat Section 12-407(a)(37).

Massachusetts: Sales of machinery or replacement parts thereof used in research and development by a manufacturing corporation or a research and development corporation is exempt.

Massachusetts Statute: Chapter 64H, Section 6(r)

Maine: Maine's provisions include sales of machinery and equipment for the use by the purchaser directly and exclusively in research and development in the experimental and laboratory sense and primarily biotechnology applications and also by the purchaser to be used.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760(32).

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Vermont's provisions exempt sales of tangible personal property purchased for use or consumption directly and exclusively, except for isolated or occasional uses, in commercial industrial or agricultural research and development.

Vermont's Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Subchapter 2, Section 9741(24).

27. Estates of Persons Declared Missing in Action by U.S. Armed Forces:

Statutory Reference: Rhode Island General Law Section 44-22-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1977 / 1990

Description: The estate of a serviceman or servicewoman who has been classified by the armed forces of the United States as missing in action is exempt from the tax imposed by Rhode Island General Law Chapter 44-22.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Estate Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

28. Farm Equipment:

Statutory Reference: Rhode Island General Law Section 44-18-30(32)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1984 / 2004

Description: The sale, storage, use or other consumption of machinery and equipment, including replacement parts, and tools and supplies used in the repair and maintenance of farming equipment, used directly for commercial farming and agricultural production is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$757,808**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$723,030**	**$723,030**	**$723,030**

Law Comparison:

Connecticut: Connecticut's provisions include any items sold exclusively for use in agricultural production by a farmer engaged in such production as a business as evidenced by the Farmer's Tax Exemption Permit issued by the Connecticut Department of Revenue Services.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(63).

Massachusetts: Massachusetts' provisions include sales of machinery of replacement parts used directly and exclusively in agricultural production. Farmers (including persons who raise poultry and livestock) and fishermen pay no tax on materials, tools and fuel they buy that is used or consumed directly and exclusively in agricultural production and commercial fishing or in the production of laboratory animals for qualifying research.

Massachusetts Statute: Chapter 64H, Section 6(s)

Maine: Maine does not include an exemption but does provide a refund as follows. A refund and an alternative exemption card procedure exists for certain depreciable machinery and equipment used in commercial agricultural production, commercial fishing, or commercial aquacultural production. The refund procedure is also applicable to purchases of electricity used for such purposes.

Maine Statute: Me. Rev. Stat. Ann. 36 § 2013; Code Me. R. Section 323

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Sales of agricultural machinery and equipment for direct and exclusive use (except for isolated or occasional uses) to produce or grow tangible personalty for sale at farms (including stock, dairy, poultry, fruit, and truck farms) orchards, nurseries, or in greenhouses or other similar structures used primarily for the raising of agricultural or horticultural items for sale are exempt from sales and use tax. Uses will be presumed to not be isolated or occasional if they total not more than 4.0 percent of the time the machinery or equipment is operated.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741(25).

29. Farm Structure Construction Materials:

Statutory Reference: Rhode Island General Law Section 44-18-30(44)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1988 / N/A
Description: Lumber, hardware and other materials used in the new construction of farm structures including production facilities and any other structures used in connection with commercial farming.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$2,181,530**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$2,081,415**	**$2,081,415**	**$2,081,415**

Law comparison: No similar provisions were found for the other New England states.

30. First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months:

Statutory Reference: Rhode Island General Law Section 3-10-1(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1933 / 1998

Description: The first 100,000 barrels of beer produced by a brewer and distributed in the state in any calendar year is exempt from the tax imposed by Rhode Island General Law Chapter 3-10 provided that the brewer is actively and directly owned, managed and operated in the state for at least 12 consecutive months.

Data Source: Excise Tax Section, Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Alcoholic Beverage Tax	**$3,551**	**2**

Projection Methodology: TY 2009 estimate is based on actual returns for that tax year. No growth is assumed for TY 2010 and TY 2011. The number of taxpayers is unchanged.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$1,881**	**$1,881**	**$1,881**

Law comparison: No similar provisions were found for the other New England states.

31. Flags:

Statutory Reference: Rhode Island General Law Section 44-18-30(34)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1984 / 1992

Description: The sale, use, storage or other consumption of United States, Rhode Island or POW-MIA flags is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: *Christian Science Monitor*, July 1, 2003. Estimate is based on total value of flags imported from China and the assumption that the value of the imported flags comprises 5.0 percent of the total value of U.S. flag sales. Total U.S. flag sales were scaled to Rhode Island using the ratio of Rhode Island's population as of July 1, 2008 to the U.S. population as of July 1, 2008. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$24,191**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$23,081**	**$23,081**	**$23,081**

Law Comparison:

Connecticut: Flags of the United States and the State of Connecticut are exempt.

Connecticut Statute: Title 12, Section 12-412(23).

Massachusetts: Flags of the United States are exempt.

Massachusetts Statute: Chapter 64H, Section 6(W)

Maine: No similar provisions found.

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Flags of the United States sold to and by veterans' organizations, which are exempted under Internal Revenue Code 501(c)(19) are exempt.

Vermont Statute: Chapter 233, Title 32, Sub-section 9741(33).

32. Food and Food Ingredients:

Statutory Reference: Rhode Island General Law Section 44-18-30(9)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1948 / 2006

Description: The sale, storage, use or other consumption of all food and food ingredients sold for ingestion or chewing by humans for their taste or nutritional value are exempt from the tax imposed by Rhode Island General Law Chapter 44-18. For the purposes of this chapter, "food and food ingredients" does not include candy, soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending machines or prepared foods generally.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$155,680,167**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$148,535,641**	**$148,535,641**	**$148,535,641**

Law Comparison:

Connecticut: Specific food groupings that are similar to those of Rhode Island are exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(13).

Massachusetts: Sales of food products for human consumption which includes cereals and cereal products, flour and flour products, milk and milk products, including ice cream, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, soft drinks, herbs, spices and salt, sugar and sugar products, candy and confectionery; coffee and coffee substitutes, tea, cocoa and cocoa products; and ice when used for household consumption are exempt.

Massachusetts Statute: Chapter 64H, Section 6(h)

Maine: Sale of grocery staples and certain meals are exempt.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760.

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Sales of food, food stamps, purchases made with food stamps, food products and beverages sold for human consumption off the premises where sold are exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741(13).

33. Food Items Paid for by Food Stamps:

Statutory Reference: Rhode Island General Law Section 44-18-30(39)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1986 / N/A

Description: The sale, storage, use or other consumption of eligible food items which are properly paid for with U.S. government food stamps issued in accordance with the Food Stamp Act of 1977, 7 U.S.C. § 2011 et seq., are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption. The estimated foregone revenue for this exemption is included in the foregone revenue estimate for "Food and Food Ingredients".

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: Items purchased with Federal Food Stamp coupons, subject to the provisions of Section 12-412e, are exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(57).

Massachusetts: Tangible personal property purchased with Federal Food Stamps and not otherwise exempt under this Chapter is exempt.

Massachusetts Statute: Chapter 64H, Section 6(kk)

Maine: Sales of items purchased with Federal Food Stamps distributed by the Department of Human Services are exempt.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760.

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Sales of food, food stamps, and purchases made with Food Stamps are exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741.

34. Gasoline:

Statutory Reference: Rhode Island General Law Section 44-18-30(6)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 1996

Description: The sale, storage, use or other consumption of gasoline and other products taxed under Rhode Island General Law Chapter 31-36 and aviation fuel are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Excise Tax Section, Rhode Island Division of Taxation; Self-Serve Unleaded Gasoline Prices, State of Rhode Island Office of Energy Resources. Office of Revenue Analysis calculated total Rhode Island taxable sales of motor fuel, gasoline and diesel, in 2008 by multiplying taxable gallons of gasoline and diesel by the monthly average per gallon price, including state and federal taxes, of self-serve unleaded gasoline and low sulfur diesel fuels. This figure was multiplied by 7.0 percent to derive foregone revenue. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$105,703,798**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$100,852,804**	**$100,852,804**	**$100,852,804**

Law Comparison:

Connecticut: The sale, storage, use or other consumption of motor fuel is exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(15).

Massachusetts: Gasoline and special motor carrier fuels that are subject to the provisions of Chapter 64A (Taxation of Sales of Gasoline), 64E (Taxation of Special Fuels in the Propulsion of Motor Vehicles), or 64F (Taxation of Fuel and Special Fuels Acquired Outside and Used within the Commonwealth) of the Massachusetts General Laws are exempt.

Massachusetts Statute: Mass. Gen. L. Chapter 64H Section 6(g)

Maine: Certain motor fuels upon which a tax at the minimum rate for highway use has been paid is exempt from sales and use tax.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760.

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Vermont's provisions are similar to those of Rhode Island except that jet fuel is taxable for sales and use tax purposes.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Subchapter 2, Section 9741.

35. **Heating Fuels:**

Statutory Reference: Rhode Island General Law Section 44-18-30(20)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1972 / N/A

Description: The sale, storage, use or other consumption of every type of fuel used in the heating of homes and residential premises.

Data Source: Distillate Fuel Oil Sales for Residential Use, Independent Statistics and Analysis, U.S. Energy Information Administration; U.S. Department of Energy; (Fuel) Oil Prices, State of Rhode Island Office of Energy Resources. Office of Revenue Analysis calculated total Rhode Island sales of residential distillate fuel oil in 2008 by multiplying total Rhode Island residential gallons of distillate fuel oil consumed by the monthly average per gallon price of home heating oil. This figure was multiplied by 7.0 percent to derive foregone revenue. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$29,422,358**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$28,072,097**	**$28,072,097**	**$28,072,097**

Law Comparison:

Connecticut: All fuels used for heating purposes for residential use are exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(16).

Massachusetts: The sales of fuel used for residential heating purposes are exempt.

Massachusetts Statute: Chapter 64H, Section 6(j)

Maine: Coal, oil, wood and all other fuels, except gas and electricity, when bought for cooking and heating in buildings designed and used for both human habitation and sleeping are exempt.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760(9).
New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: The sales of electricity, oil, gas and other fuels used in a residence for all domestic use including heating are exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741(26).

36. Horse Food Products:

Statutory Reference: Rhode Island General Law Section 44-18-30(53)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2000 / N/A

Description: The sale, use, storage or other consumption of horse food products purchased by a person engaged in the business of boarding horses is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007; New England Agriculture Statistics 2008. Sales and Use tax model TY 2007 estimate is for "Other Animal Food" category. This estimate was scaled to horses by multiplying it by the ratio of "total horses and ponies on Rhode Island farms" to "total number of livestock on Rhode Island farms". This TY 2007 estimate was grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$44,054**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$42,032**	**$42,032**	**$42,032**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut's exemption for "agricultural production", includes the raising, feeding, caring for, shearing, training or management of livestock, including horses.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(63)(C).

37. Hospitals and Other Specific Corporations:

Statutory Reference: Rhode Island General Law Section 44-12-11

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1923 / 1984

Description: The following corporations are specifically exempt from the tax imposed by Rhode Island General Law Chapter 44-12: Roger Williams General Hospital, Women and Infants Hospital, Rhode Island Hospital, St. Joseph's Hospital, Butler Hospital, Cranston General Hospital Osteopathic, the Woonsocket Hospital, Newport Hospital, South County Hospital, Lincoln School, St. George's School, the Wheeler School. In addition, insurance and surety companies, public service and nonprofit corporations, fraternal benefit societies, and all corporations exempt by charter are also exempt.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Franchise Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

38. Human Blood:

Statutory Reference: Rhode Island General Law Section 44-18-30(61)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2007 / N/A

Description: The sale, use, storage or other consumption of human blood.

Data Source: National Blood Collection and Utilization Survey Report 2007, United State Department of Health and Human Services. Total value of the units of blood used in U.S. was scaled to Rhode Island using ratio of Rhode Island's population as of July 1, 2008 to the U.S. population as of July 1, 2008. This TY 2007 estimate was grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes and this figure was multiplied by 7.0 percent to arrive at estimated foregone revenue. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$803,925**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$767,031**	**$767,031**	**$767,031**

Law Comparison: Only Connecticut, Massachusetts and Vermont have similar provisions.

Connecticut: Blood or blood plasma when sold for medical use in humans or animals is exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-412.

Massachusetts: Medical items, including oxygen, blood, and blood plasma are exempt.

Massachusetts Law Cite: Mass. Gen. L. Chapter 64H Section 6(l).

Vermont: Blood or blood plasma used in treatment intended to alleviate human suffering or to correct, in whole or in part, human physical disabilities is exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741(2).

39. Installation Labor Charges When Separately Stated:

Statutory Reference: Rhode Island General Law Section 44-18-12(b)(ii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 2006

Description: The amount charged for labor or services rendered in installing or applying the property sold is exempt from the tax imposed by Rhode Island General Law Chapter 44-18 provided that the charges for such labor or services rendered are separately stated by the retailer to the purchaser.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: Charges for labor rendered in installing or applying the property sold, provided such charge is separately stated are exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-407.

Massachusetts: Installation charges that are separately stated are exempt.

Massachusetts Statute: Mass. Gen L. Chapter 64H Section 1.

Maine: The price received for labor or services used in installing or applying or repairing the property sold or fabricated if separately charged or stated is exempt.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1752.

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Effective January 1, 2007, installation charges, if the charges are separately stated on the invoice, bill of sale, or similar document given to the purchaser, are exempt.

Vermont Statute: Vt. Stat. Ann. 32, Section 9701.

40. Jewelry Display Product:

Statutory Reference: Rhode Island General Law Section 44-18-30(47)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1993 / N/A

Description: The sale, use, storage or other consumption of tangible personal property used to display any jewelry product is exempt from the tax imposed by Rhode Island General Law Chapter 44-18 as long as the title to the jewelry display product is transferred by the jewelry manufacturer or seller and the jewelry display product is shipped out of state for use solely outside the state and is not returned to the manufacturer or seller.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

41. Manufacturers' Machinery and Equipment:

Statutory Reference: Rhode Island General Law Section 44-18-30(22)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1974 / 1998

Description: The sale, storage, use or other consumption of tools, dies, and molds, and machinery and equipment, including replacement parts, and related items to the extent used in connection with the actual manufacture, conversion, or processing of tangible personal property or computer software whether or not it is to be sold or that machinery and equipment used in the furnishing of power to an individual manufacturing plant is exempt from the tax imposed by Rhode Island General Law Chapter 44-18. Machinery and equipment used in administration or distribution operations is *not* exempt.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$34,466,144**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$32,884,412**	**$32,884,412**	**$32,884,412**

Law Comparison:

Connecticut: Machinery used directly in a manufacturing production process is exempt. Connecticut Statute: Title 12, Chapter 219, Section 12-412 (34).

Massachusetts: Machinery or its replacement parts, that is used directly and exclusively in an industrial plant in the actual manufacture of tangible personal property that is to be sold is exempt.

Massachusetts Statute: Chapter 64H, Section 6(s)

Maine: Machinery and equipment for use by the purchaser directly and primarily in either the production of tangible personal property intended to be sold or leased ultimately for final use or consumption or in the production of tangible personal property is exempt.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760 (31).

New Hampshire: New Hampshire does not impose sales and use tax.
Vermont: Machinery and equipment for use or consumption directly and exclusively except for isolated or occasional uses in the manufacture of tangible personal property for sale or in the manufacture of other machinery or equipment, parts or supplies for use in the manufacturing process is exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741(14).

42. Medicines, Drugs and Durable Medical Equipment:

Statutory Reference: Rhode Island General Law Section 44-18-30(10)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1948 / 2006

Description: The sale, use, storage or other consumption of drugs sold on prescription, medical oxygen, insulin whether or not it is sold on prescription, over-the-counter drugs, excluding grooming and hygiene products, durable medical equipment for home use only, and supplies and related ancillary dressings used to dispense or administer prescription drugs are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$120,197,528**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue

foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$114,681,383**	**$114,681,383**	**$114,681,383**

Law Comparison:

Connecticut: Only those items and the packaging materials for the items when sold on prescription are exempt.

Connecticut Statute: Title 12, Chapter 219, Sections S 12-412(4).

Massachusetts: Only those items sold on prescription are exempt.

Massachusetts Statute: Chapter 64H, Section 6(l)

Maine: Sale of medicines for human beings sold on prescription are exempt.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760.

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Drugs intended for human use, durable medical equipment, mobility enhancing equipment, and prosthetic devices and supplies, including blood, blood plasma, insulin, and medical oxygen, used in treatment intended to alleviate human suffering or to correct, in whole or in part, human physical disabilities are exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741.

43. Mobile and Manufactured Homes Generally:

Statutory Reference: Rhode Island General Law Section 44-18-30(50)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1996 / N/A

Description: The sale, use, storage or other consumption mobile and / or manufactured homes that are subject to tax under Rhode Island General Law Chapter 31-44 are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Manufactured Housing Institute, Industry Statistics and Finance 2007. Total number of mobile and manufactured homes shipped to Rhode Island was multiplied by the average price of mobile and manufactured homes shipped to Connecticut and Massachusetts (no price data was available for Rhode Island) to derive total Rhode Island mobile and manufactured home sales in 2007. This figure was multiplied by 7.0 percent to determine TY 2007 foregone revenue. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$128,378**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$122,487**	**$122,487**	**$122,487**

Law Comparison: Only Maine and Vermont have similar provisions.

Maine: Sales of new and used manufactured housing to the extent of all costs other than materials that is included in the sale price are exempt up to a maximum of 50.0 percent of the sale price.

Maine Statute: Title 36, Park 3, Chapter 211, Section 1760(40).

Vermont: Vermont's provisions include exclusion for 40.0 percent of the receipts from the sale of mobile homes and modular housing when they are resold as tangible personal property.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741(32).

44. Motor Vehicle and Adaptive Equipment for Amputee Veterans:

Statutory Reference: Rhode Island General Law Section 44-18-30(35)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1985 / 1989

Description: The sale of a motor vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or loss of use of a leg, foot, hand or arm or any veteran who is a double amputee, whether service-connected or not is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Tax Expenditures Report 2008, Rhode Island Division of Taxation. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island registry sales and use tax receipts to arrive at TY 2008 revenue foregone.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$13,030**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island registry sales and use tax receipts to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$13,497**	**$13,497**	**$13,497**

Law Comparison:

Connecticut: The purchase of a specially equipped motor vehicle by disabled veterans with a federal grant for such a purchase, to the extent of the grant, is exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-426-16a(c).

Massachusetts: Sales of motor vehicles purchased by or for the use of a veteran who has been determined to be permanently disabled, by the medical advisory board and has been issued a disabled veteran number plate are exempt. The exemption applies only to a single motor vehicle that must be purchased by and registered for the personal, noncommercial use of the disabled veteran.

Massachusetts Statute: Chapter 64H, Section 6(u)

Maine: Sales of motor vehicles to amputee veterans who have been granted free registration of such vehicles by the Secretary of State are exempt.

Maine Statute: Part 3, Chapter 211, Section 1760(22).

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: No similar provision found.

45. Motor Vehicles and Adaptive Equipment for Persons with Disabilities:

Statutory Reference: Rhode Island General Law Section 44-18-30(19)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1969 / 2000

Description: The sale of special adaptations, the component parts of special adaptations, or a specially adapted motor vehicle is exempt from the tax imposed by Rhode Island

General Law Chapter 44-18 provided that the owner supplies the tax administrator with an affidavit of a licensed physician indicating that the specially adapted motor vehicle is necessary to transport a disabled family member including the owner.

Data Source: Tax Expenditures Report 2008, Rhode Island Division of Taxation. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island registry sales and use tax receipts to arrive at TY 2008 revenue foregone.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$87,135**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island registry sales and use tax receipts to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$90,262**	**$90,262**	**$90,262**

Law Comparison: Only Massachusetts and Vermont have similar provisions.

Massachusetts: Sales of a motor vehicles purchased by and for the use of a person who has suffered loss, or permanent loss of use of, both legs or both arms or one leg and one arm or by and for the use of a veteran who has been determined to be permanently disabled by the medical advisory board and has been issued a disabled veteran number plate are exempt. This exemption applies to one motor vehicle only owned and registered for the personal, noncommercial use of such person.

Massachusetts Statute: Section 6(u), Chapter 64H

Vermont: An exemption for one motor vehicle owned or leased and operated by a permanently physically handicapped person for whom the vehicle controls have been altered to enable the person to drive is granted.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 219, Section 8911(12).

46. Narragansett Pier Railroad Company:

Statutory Reference: Rhode Island General Law Section 44-13-1(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1942 / 1985

Description: The Narragansett Pier Railroad Company is exempted from the tax imposed by Rhode Island General Law Chapter 44-13 "in any year until and unless the net receipts of the railroad applicable to dividends or other form of distribution of corporate earnings shall in the year amount to a sum not less than 4.0 percent of the aggregate valuation of the property of the railroad as determined by the public utility administrator."

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	***2009***	***2010***	***2011***
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

47. Newspapers:

Statutory Reference: Rhode Island General Law Section 44-18-30(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / N/A

Description: The sale, storage, use or other consumption of newspapers is exempt from the tax imposed by Rhode Island General Law Chapter 44-18. In this context, newspapers are defined as "unbound publications printed on newsprint, which contains news, editorial comment, opinions, features, advertising, and other matters of public interest." Newspapers do not include "a magazine, handbill, circular, flyer, sales catalog, or similar item unless the item is printed for and distributed as a part of a newspaper."

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$5,394,032**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$5,146,487**	**$5,146,487**	**$5,146,487**

Law Comparison:

Connecticut: Connecticut's provisions include newspapers by subscription, magazines, regardless of frequency, and publications by subscription, which only contain puzzles.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(114).

Massachusetts: Massachusetts' provisions include newspapers and magazines regardless of frequency.

Massachusetts Statute: Chapter 64H, Section 6(m)

Maine: No similar provision found.

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Vermont's provision includes newspapers and tangible personalty, which becomes part of a newspaper even if the newspaper is distributed without charge. Newspapers must, on an average for the tax year, contain as at least 10.0 percent of its printed material, news of general or community interest, community notices, editorial comment, or articles by different authors.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741(15).

48. Ocean Marine Insurance:

Statutory Reference: Rhode Island General Law Section 44-17-1(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1896 / N/A

Description: The premiums received from contracts of ocean marine insurance as defined in Rhode Island General Law Section 44-17-6 are exempt from the tax imposed by Rhode Island General Law Chapter 44-17.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Insurance Companies Tax	**No estimate possible**	**No estimate possible**

Projection Methodology**:** No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Ocean marine insurance companies are excluded from the tax on net direct insurance premiums.

Connecticut Statute: Title 12, Chapter 207, Section 12-210.

49. Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers:

Statutory Reference: Rhode Island General Law Section 3-10-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1933 / 1987

Description: Rhode Island based manufacturers of alcoholic beverages that have reason to ship any beverage out-of-state with the intention that the consumption of that beverage shall occur outside of the state's borders may receive an exemption from the tax imposed by Rhode Island General Law Section 3-10-2. The exemption from the tax imposed by Rhode Island General Law Section 3-10-2 shall be granted by the Department of Business Regulation.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Alcoholic Beverage Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	***2009***	***2010***	***2011***
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut and Massachusetts have similar provisions.
Connecticut: No tax is imposed on sales to licensed distributors or sales for export.

Connecticut Law Cite: Conn. Gen. Stat. Section12-435.

Massachusetts: Alcoholic beverages made in Massachusetts or imported into Massachusetts and then exported are exempt.

Massachusetts Law Cite: Mass. Gen. L. Chapter 138 Section 21.

50. Personal and Dependent:

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(E)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / 2007

Description: Resident and non-resident taxpayers are allowed a personal and/or dependent exemption against the tax imposed by Rhode Island General Law Chapter 44-30. The exemption amount is adjusted for inflation as determined by Rhode Island General Law Section 44-30-2.6(c)(2)(J) using 1989 as the base year. The personal exemption is granted to the taxpayer and spouse, if jointly filing a tax return, and the dependent exemption is granted to the dependents that are claimed by the taxpayer on their federal income tax return.

Data Source: Resident Filers: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation. Non-Resident Filers: Data Warehouse, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$98,070,218**	**588,378**

Projection Methodology: TY 2008 data was grown by the weighted average percentage increase in the personal and dependent exemption amount for TY 2009 and TY 2010. TY 2011 incorporates personal and dependent exemptions in effect on January 1, 2011.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$101,879,105**	**590,747**
2010 Personal Income Tax	**$101,879,105**	**590,747**
2011 Personal Income Tax	**$95,209,404**	**593,418**

Law Comparison:

Connecticut: Any person, other than a trust or estate, subject to the income tax for any taxable year who files under the federal income tax for such taxable year as a married individual filing separately or, for taxable years commencing January 1, 2008 but prior to January 1, 2009, a personal exemption of thirteen thousand dollars is allowed. In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds twenty-six thousand dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount.
A taxpayer filing as a head of household for Federal income tax purposes, is entitled to a personal exemption of nineteen thousand dollars in determining Connecticut taxable income. A taxpayer filing as head of household whose Connecticut adjusted gross income for the taxable year exceeds thirty-eight thousand dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds the said amount.

Any husband and wife subject to the Connecticut personal income tax for any taxable year who file a return under the federal income tax for such taxable year as married individuals filing a joint return or any person who files a return for such taxable year as a surviving spouse, as defined in Section 2(a) of the Internal Revenue Code, is entitled to a single personal exemption of twenty-four thousand dollars in determining Connecticut taxable income for purposes of this chapter. In the case of a taxpayer filing jointly or as a qualified widow(er) and the Connecticut adjusted gross income for the taxable year exceeds forty-eight thousand dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds the said amount. In no event shall the reduction exceed one hundred per cent of the exemption for each filing status.

Connecticut Statute: Title 12, Chapter 229, Section 12-702.

Massachusetts: Massachusetts' provisions include personal exemptions as a deduction to income as follows: A personal exemption amount is allowed for the single or married filing separately filer, which is $4,400. Married filing jointly is allowed an exemption amount of $8,800. Head of household is allowed a $6,800 exemption. There are additional exemptions provided for dependents, which is $1,000 per dependent and filers age 65 or over before 2009 for the primary filer and spouse are provided with an additional $700 each. Blindness for the primary filer and spouse is allowed $2,200 each.

Massachusetts Statute: Chapter 62, Section 3.

Maine: A resident individual is allowed $2,850 for each exemption that the individual properly claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed as a dependent on another return.

Maine Statute: Title 36, Chapter 805 Section 5126. (Not applicable to income tax years beginning on or after January 1, 2010.)

New Hampshire: New Hampshire does not impose a personal income tax.

Vermont: No similar provision found.

51. **Precious Metal Bullion:**

Statutory Reference: Rhode Island General Law Section 44-18-30(24)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1975 / N/A
Description: The sale, storage, use or other consumption of precious metal bullion is exempt from the tax imposed by Rhode Island General Law Chapter 44-18. Precious Metal Bullion is defined as an "any elementary precious metal which has been put through a process of smelting or refining…and which is in a state or condition that its value depends upon its content not upon its form." Precious metal bullion does not include fabricated precious metal that has been manufactured for one or more "customary industrial, professional or artistic uses."

Data Source: The United States Mint 2008 Annual Report. Total U.S. sales of gold, silver, and platinum are scaled to Rhode Island by multiplying this amount by the ratio of Rhode Island's population as of July 1, 2008 to the U.S. population as of July 1, 2008. Foregone revenue is determined by multiplying this amount by 7.0 percent. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 4

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$229,524**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$218,991**	**$218,991**	**$218,991**

Law Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut's provisions include gold or silver bullion, legal tender of any nation, rare and antique coins if such sales are less than $1,000.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(45).

Massachusetts: Massachusetts' provisions exempt sales of $1,000 or more of rare coins of numismatic value; gold or silver bullion or coins; or, gold or silver tender traded and sold according to value as precious metal are exempt.

Massachusetts Statute: Chapter 64H, Section 6(ll)

52. Prewritten Computer Software Delivered Electronically:

Statutory Reference: Rhode Island General Law Section 44-18-30(61)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2007 / N/A

Description: The sale, storage, use or other consumption of prewritten computer software delivered electronically or by load and leave is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is for consumer and intermediate purchases of software. It is assumed that 10.0 percent of all software sales are delivered electronically. The TY 2007 figure is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Year	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$801,720**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$764,927**	**$764,927**	**$764,927**

Law Comparison: No similar provisions were found for the other New England states.

53. Promotional and Product Literature of Boat Manufacturers:

Statutory Reference: Rhode Island General Law Section 44-18-30(38)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1984 / N/A

Description: The sale, storage, use, or other consumption of boat manufacturers' promotional and product literature is exempt from the tax imposed by Rhode Island General Law Chapter 44-18 provided that said literature is shipped to points outside of Rhode Island and either (1) accompanies the product which is sold; (2) is shipped in bulk to out-of-state dealers for use in the sale of the product; or (3) is mailed to directly to customers at no charge.

Data Source: Tax Expenditures Report 2008, Rhode Island Division of Taxation. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use tax receipts to arrive at TY 2008 revenue foregone.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$20,168**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use tax receipts to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$19,243**	**$19,243**	**$19,243**

Law comparison: No similar provisions were found for the other New England states.

54. Property Otherwise Exempted:

Statutory Reference: Rhode Island General Law Section 44-18-36(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 1989

Description: Property purchased at retail, the sale of which "would be exempt by express specification" from the sales tax imposed by Rhode Island General Law Chapter 44-18 is also exempted from the use tax imposed under Rhode Island General Law Section 44-18-20 had the sale been otherwise subject to the sales tax.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Items exempt from use tax are those, which are exempt if the storage, acceptance, consumption or other use is not otherwise taxable.

Connecticut Statute: Title 12, Chapter 219, Section 12-411.

55. Property Purchased from Federal Government:

Statutory Reference: Rhode Island General Law Section 44-18-35

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / N/A

Description: The storage, use, or other consumption of property purchased from the United States, its agencies and instrumentalities is exempt from the tax imposed by Rhode Island General Law Chapter 44-18 "only to the extent that the taxation in this state would violate the provisions of the Constitution of the United States."

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$2,941,856**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$2,806,847**	**$2,806,847**	**$2,806,847**

Law Comparison:

Connecticut: Sales of tangible personal property or services, which the state is prohibited from taxing under the Constitution or laws of the United States are exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-412.

Massachusetts: Sales, which the Commonwealth is prohibited from taxing under the Constitution or laws of the United States are exempt.

Massachusetts Statute: Chapter 64H, Section 6

Maine: No tax is imposed on the sales, storage or use on or in connection with sales made directly to the State of Maine or any political subdivision, or to the federal government, or to any unincorporated agency or instrumentality of Maine or the federal government, including agencies and instrumentalities that are wholly owned.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760.

New Hampshire: New Hampshire does not impose a sales and use tax.

Vermont: Sales not within the taxing power of the state under the Constitution of the United States are exempt. To qualify for the exemption, payment must be received directly from the governmental agency, instrumentality, public authority, public corporation or political subdivision. Sales to states other than Vermont or to their agencies, instrumentalities, public authorities, public corporations or political subdivisions are not exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9743.

56. Property Purchased Outside of State by Nonresident and Brought Into State:

Statutory Reference: Rhode Island General Law Section 44-18-36(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 1989

Description: The storage, use or other consumption of property purchased by the user while a nonresident, used outside of Rhode Island while a nonresident, and then brought into Rhode Island for the user's personal use is exempt from the use tax imposed by Rhode Island General Law Chapter 44-18. The term used outside of Rhode Island does not include "the mere removal of the property from the state of purchase" to Rhode Island.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Vermont has a similar provision.

Vermont: Property purchased by the user while a nonresident of this state, except in the case of tangible personal property, which the user, in the performance of a contract, incorporates into real property located in the state is exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Subchapter 2, Section 9744(2).

57. Property Returned Within 120 Days from the Date of Delivery:

Statutory Reference: Rhode Island General Law Section 44-18-30(58)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2006 / N/A

Description: The amount charged for property returned by customers within 120 days from the date of delivery when the entire amount, exclusive of handling charges, paid for the property is refunded in either cash or credit is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut's provisions include a general provision for refunds of sales tax paid if the item is returned within 90 days from the date of purchase.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-407.

Massachusetts: Massachusetts' law includes a general provision for refund of the sales tax paid if the items are returned within 90 days from date of sale.

Massachusetts Statute: Chapter 64H, Section 1

58. Prosthetic Devices and Mobility Enhancing Equipment:

Statutory Reference: Rhode Island General Law Section 44-18-30(11)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1948 / 2006

Description: The sale, storage, use or other consumption of prosthetic devices as defined in Rhode Island General Law Section 44-18-7.1(t) sold on prescription including but not limited to artificial limbs, dentures, spectacles and eyeglasses and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on prescription and mobility enhancing equipment as defined in Rhode Island General Law Section 44-18-7.1(p) including wheelchairs, crutches and canes are exempt from the tax imposed by Rhode Island General Law Chapter 18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$9,322,800**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$8,894,955**	**$8,894,955**	**$8,894,955**

Law Comparison:

Connecticut: Connecticut's exemption includes oxygen, blood plasma, prostheses, custom-made wigs or hairpieces, hearing and vision aids, canes, crutches, walkers and wheel chairs, vital life support equipment, apnea monitors, support hose and related repair or replacement parts and repair services.

Connecticut Statute: Title 12, Chapter 219, Section 12-412.

Massachusetts: Massachusetts' exemption includes sales of artificial devices individually designed, constructed or altered solely for a particular crippled person so as to become a brace, support, supplement, correction or substitute for the bodily structure including the extremities of the individual.

Massachusetts Statute: Chapter 64H, Section 6(l)

Maine: Maine's exemption includes prosthetic aids, hearing aids, eyeglasses or artificial devices designed for the use of a particular individual to correct or alleviate physical incapacity and crutches, and wheelchairs for the use of invalids or crippled persons and not for rental.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760.

New Hampshire: New Hampshire does not impose a sales and use tax.

Vermont: Vermont's exemptions include durable medical equipment, mobility enhancing equipment, and prosthetic devices and supplies, including blood, blood plasma, insulin, and medical oxygen, used in treatment intended to alleviate human suffering or to correct, in whole or in part, human physical disabilities.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741.

59. Purchases Used for Manufacturing Purposes:

Statutory Reference: Rhode Island General Law Section 44-18-30(7)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 1996

Description: The sale, storage, use or other consumption of "computer software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, and water" is exempt from the tax imposed by Rhode Island General Law Chapter 44-18 when "the property or service is purchased for the purpose of being manufactured into a finished product for resale and becomes an ingredient, component, or integral part of the manufactured, compounded, processed, assembled or prepared or if the property or service is consumed in the process of manufacturing for resale computer software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, or water."

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$27,175,640**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$25,928,486**	**$25,928,486**	**$25,928,486**

Law Comparison:

Connecticut: Sales of and the storage or use of materials, rope, fishing nets, tools and fuel or any substitute therefore, which become an ingredient or component part of tangible personal property to be sold or which are used directly in the fishing industry or in an industrial plant in the actual fabrication of the finished product to be sold are exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-412.

Massachusetts: Sales of machinery or replacement parts thereof used directly and exclusively in an industrial plant in the actual manufacture of tangible personal property to be sold are exempt.

Massachusetts Statute: Chapter 64H, Section 6

Maine: No similar provision found.

New Hampshire: New Hampshire does not impose a sales and use tax.

Vermont: Tangible personalty which becomes an ingredient or component part of, or is consumed or destroyed or loses its identity in the manufacture of tangible personal property for sale is exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741.

60. Refillable and Reusable Beverage Containers:

Statutory Reference: Rhode Island General Law Section 44-44-3

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1984 / 1998

Description: Reusable and refillable beverage containers are exempt from the tax imposed by Rhode Island General Law Chapter 44-44. Rhode Island General Law

Chapter 44-44 imposes a tax of $0.04 on each case of beverage containers sold by a wholesaler to a retailer or consumer.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Beverage Container Fee	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

61. Renewable Energy Products:

Statutory Reference: Rhode Island General Law Section 44-18-30(57)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2005 / N/A

Description: The sale, storage, use or other consumption of solar photovoltaic modules or panels, or any module or panel that generates electricity from light, solar thermal collectors, geothermal heat pumps, wind turbines, towers used to mount wind turbines if specified or sold by a wind turbine manufacturer, DC to AC inverters that interconnect with utility power lines, manufactured mounting racks and ballast pans for solar collector, module or panel installation, monitoring and control equipment if specified or supplied by a manufacturer of solar thermal, solar photovoltaic, geothermal or wind energy systems, and solar storage tanks that are part of a solar domestic hot water system or a solar space heating system are exempt from the tax imposed by Rhode Island general Law Chapter 44-18.

Data Source: 08-S-2469, 2008 Fiscal Notes, Rhode Island Budget Office. TY 2008 estimate is derived from credits taken against business corporations and personal income taxes. The Office of Revenue Analysis used this information to estimate total sales of renewable energy products as defined in the law and multiplied this figure by 7.0 percent to arrive at the revenue foregone figure for TY 2008.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$21,154**	**34**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$20,183**	**$20,183**	**$20,183**

Law Comparison:

Connecticut: Sales and use of solar energy electricity generating systems, passive or active solar water or space heating systems, geothermal resource systems, including related equipment and sales of installation services are exempt from sales tax.

Connecticut Statute: Chapter 219 Section12-412(117).

Massachusetts: Sales of equipment directly related to a solar, wind-powered, or heat pump system that serves as the primary or auxiliary heat source for taxpayer's principal residence is exempt.

Massachusetts Law Cite: Chapter 64H, Section 6(dd)

Maine: An exemption is provided for sales of tangible personal property to a qualified community wind power generator, as defined in Me. Rev. Stat. Ann. 36 Section 2017(1)(B) for use directly and primarily in the generation of electricity in Maine at a community wind power generation facility, as defined in Me. Rev. Stat. Ann. 36 Section 2017(1)(A-1). The exemption is limited to sales occurring on or before December 31, 2011.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760(89).

New Hampshire: New Hampshire does not impose a sales and use tax.

Vermont: Vermont's provisions exempt hot water systems that converts solar energy into thermal energy used to heat water but limited to the property directly used to capture, convert or store solar energy for this purpose.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741(46).

62. Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home:

Statutory Reference: Rhode Island General Law Section 44-18-30(17)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1967 / N/A

Description: The rental charged for living or sleeping quarters in an institution licensed by the state for the hospitalization, custodial, or nursing care of human beings is exempt from the tax imposed by Rhode Island General law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007; Medicare Cost Report 2008, Rhode Island Department of Health TY 2007 sales and use tax model estimate includes non-profit and propriety hospitals, non-profit and propriety nursing homes, medical care and hospitalization. The TY 2007 estimate was multiplied by the ratio of inpatient hospital charges to total hospital charges based on data from 12 Rhode Island based hospitals. This apportioned TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$27,954,648**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$26,671,744**	**$26,671,744**	**$26,671,744**

Law Comparison: Only Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provisions include exemption for rentals in nonprofit charitable hospitals, nursing homes, rest homes and homes for the aged.

Connecticut Statute: Title 12, Section 12-412(5).

Maine: Maine's provisions include an exemption on rental charged for living or sleeping quarters in an institution licensed by the state for the hospitalization or nursing care of human beings is exempt from tax.

Maine Statute: Part 3, Chapter 211, Section 1760, Number 18.

63. Rhode Island Economic Development Corporation Project Status Designees:

Statutory Reference: Rhode Island General Law Section 42-64-20(d)

Stated Purpose: The exercise of the powers granted by Rhode Island General Law Chapter 42-64 titled "Rhode Island Economic Development Corporation" will be in all respects for the benefit of the people of Rhode Island, the increase of their commerce, welfare, and prosperity and for the improvement of their health and living conditions and will constitute the performance of an essential governmental function.

Year Enacted / Year Amended: 1974 / 2006

Description: Acquisitions, projects of construction, reconstruction, rehabilitations, improvement and development projects of the Rhode Island Economic Development Corporation receive an exemption from the tax imposed by Rhode Island General Law Chapter 44-18. For purposes of the exemption the EDC shall not be required to hold legal title to any real or personal property, including any fixtures, furnishings or equipment which are acquired and used in the construction and development of the project, but the legal title may be held in the name of a lessee (including sublessees) from the corporation. This property, which shall not include any goods or inventory used in the project after completion of construction, shall be exempt from taxation to the same extent as if legal title of the property were in the name of the Rhode Island Economic Development Corporation. The sales tax benefits granted only apply to materials used in the construction, reconstruction or rehabilitation of the project and to the acquisition of furniture, fixtures and equipment, except automobiles, trucks or other motor vehicles, or materials that otherwise are depreciable and have a useful life of one year or more.

The EDC must submit an impact analysis to the General Assembly to include, description of project for tax exemption, estimated number of new jobs, amount of personal income tax revenue to be received and the estimated amount of loss of sales tax revenue. The EDC must annually certify that the number of estimated full-time jobs with benefits is on target or exceeds the estimate initially made by the EDC. The certification by the EDC is no longer needed when the income tax revenue exceeds the sales tax benefits granted.

Data Source: Field Audit Section, Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$4,870,493**	**12**

Projection Methodology: TY 2009 data is actual refunds paid out and number of taxpayers that filed for refunds as reported by the Field Audit Section, Rhode Island Division of Taxation. TY 2010 and TY 2011 estimates are the average of the TY 2008 and TY 2009 figures.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Sales and Use Tax	**$4,034,941**	**8**
2010 Sales and Use Tax	**$4,452,717**	**10**
2011 Sales and Use Tax	**$4,452,717**	**10**

Law Comparison: No similar provisions were found for the other New England states.

64. Rhode Island Industrial Facilities Corporation Lessees:

Statutory Reference: Rhode Island General Law Section 45-37.1-9

Stated Purpose: The exercise of the powers granted by Rhode Island General Law Chapter 45-37.1 titled "Rhode Island Industrial Facilities Corporation" will be in all respects for the benefit of the people of Rhode Island, the increase of their commerce, welfare, and prosperity and for the improvement of their health and living conditions and will constitute the performance of an essential government.

Year Enacted / Year Amended: 1967 / 2009

Description: The Rhode Island Industrial Facilities Corporation (RIIFC) is not required to pay any taxes or assessments upon or in respect of a project, or any property or moneys of the corporation. In the case of any person, partnership, corporation, or concern leasing a project from RIIFC any such person, partnership, corporation or concern so leased shall be exempt from payment of state sales tax applicable to materials used in construction of such a facility only to the extent that the costs of such materials do not exceed the amount financed through the corporation. The sales tax benefits granted only apply to materials used in the construction, reconstruction or rehabilitation of the project and to the acquisition of furniture, fixtures and equipment, except automobiles, trucks or other motor vehicles, or materials that otherwise are depreciable and have a useful life of one year or more.

Data Source: Field Audit Section, Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$468,182**	**2**

Projection Methodology: TY 2009 data is actual refunds paid out and number of taxpayers that filed for refunds as reported by the Field Audit Section, Rhode Island Division of Taxation. TY 2010 and TY 2011 estimates are the average of the TY 2008 and TY 2009 figures.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Sales and Use Tax	**$1,685,485**	**2**
2010 Sales and Use Tax	**$1,076,834**	**2**
2011 Sales and Use Tax	**$1,076,834**	**2**

Law Comparison: No similar provisions were found for the other New England states.

65. Sacramental Wines Sold Directly to Member of Clergy:

Statutory Reference: Rhode Island General Law Section 3-10-1(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1933 / 1998

Description: Sacramental wines sold directly to a member of the clergy for use by the purchaser, or his or her congregation for sacramental or other religious purposes is exempt from the tax imposed by Rhode Island General Law Chapter 3-10.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Alcoholic Beverage Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Sacramental wines are exempt from the excise tax on alcoholic beverages.

Massachusetts Law Cite: Mass. Gen. L. Chapter 138 Section 21.

66. Sales and Use Taxes Paid to Other Jurisdictions:

Statutory Reference: Rhode Island General Law Section 44-18-30A(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1965 / 1986

Description: The use tax provisions of Rhode Island General Law Chapter 44-18 do not apply to the use, storage or other consumption in Rhode Island of tangible personal property purchased at retail outside the state where the purchaser has paid a sales or use tax equal to or greater than the amount imposed by Rhode Island General Law Chapter 44-18 in another taxing jurisdiction. If the purchaser has paid a sales or use tax in an amount less than the amount imposed by Rhode Island General Law Chapter 44-18 in another taxing jurisdiction, then the purchaser must pay to the tax administrator the difference in the amount paid to the other taxing jurisdiction and the amount that would be imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: A credit is allowed if any taxable property or services have already been subjected to sales or use tax in another state or political subdivision thereof. Connecticut tax is due only on the difference between the applicable Connecticut rate and the rate on which the other jurisdiction's tax was computed. If the other jurisdiction's rate was higher than Connecticut's, no further tax is due.

Connecticut Statute: Title 12, Chapter 219, Section 12-430(5).

Massachusetts: A credit is allowed against Massachusetts use tax for sales tax paid to another state or territory on purchases of items for use, storage or other consumption in Massachusetts. The credit is allowed if (1) the other state allows a corresponding credit on sales or use tax paid to Massachusetts on property brought into the other state, (2) a sales or similar tax was actually paid to the other reciprocal state, and (3) the tax paid to the other state was legally due without any right to a refund or credit. If the Massachusetts tax rate is higher than the rate of the other state's tax, the use tax is payable to the extent of the rate difference.

Massachusetts Statute: Chapter 64I, Section 7(c)

Maine: Maine's use tax provisions do not apply to the use, storage or consumption in Maine of purchases made outside the state, if the purchaser paid the other jurisdiction a sales or use tax equal or greater to the amount of tax imposed by Maine. However, if the amount of tax paid to the other jurisdiction is less than the amount imposed by Maine, the purchaser must pay tax in an amount representing the difference between the tax paid in the other jurisdiction and the total amount of tax that otherwise would be due to Maine.

Maine Statute: Title 36, Part 3, Chapter 215, Section 1862.

New Hampshire: New Hampshire does not impose a sales and use tax.

Vermont: Vermont's provisions apply to motor vehicles only. Motor vehicles on which a state sales or use has been paid by the person applying for registration in Vermont or paid by the person at the time of the tax payment to another state was the spouse of the person now applying for registration.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 219, Section 8911(9).

67. Sales Beyond Constitutional Power of State:

Statutory Reference: Rhode Island General Law Section 44-18-30(1)

Stated Purpose: No stated purpose given in law.

Year enacted / year amended: 1947 / N/A

Description: The sale, storage, use, or other consumption of tangible personal property the gross receipts from the sale of which, or the storage, use, or other consumption of which, Rhode Island is prohibited from taxing under the Constitution of the United States or under the Constitution of Rhode Island are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: Sales of tangible personal property or services to federal and state governments are exempt from tax. This includes any federal or state agencies or political subdivisions, such as cities and towns.

Connecticut Statute: Conn. Gen. Stat. Section12-412(1).

Massachusetts: Sales made to the United States, Massachusetts or their political subdivisions or agencies are exempt from tax.

Massachusetts Statute: Mass. Gen. L. Chapter 64H Section 6(d).

Maine: Maine does not impose a tax on sales, storage or use on or in connection with sales made directly to the State of Maine or any political subdivision, or to the federal government, or to any unincorporated agency or instrumentality of Maine or the federal government, including agencies and instrumentalities that are wholly owned.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 1760(2).

New Hampshire: New Hampshire does not impose a sales and use tax.

Vermont: Under the Supremacy Clause of the U.S. Constitution and Vermont law, sales to the federal government, its agencies, and instrumentalities are exempt from sales and use tax.

Vermont Statute: Vt. Stat. Ann. 32 Section 9743(2).

68. Sales by Writers, Composers, Artists:

Statutory Reference: Rhode Island General Law Section 44-18-30B

Stated Purpose: "The General Assembly makes the following findings of facts: (1) The downtown area of the city of Providence has been characterized by blighted areas, and dilapidated and abandoned structures; (2) As a result, the downtown area has been designated an economic development zone in order to stop the deterioration and stimulate economic activity; (3) The capitol center area of the city of Providence has become an attractive location, especially with the construction of the Providence Place Mall; (4) In order to promote, revitalize and redevelop the "Old Downtown" area of the city of Providence it is necessary to provide tax exemptions to this area as it has been designated as an economic development zone; (5) In order to promote, revitalize, and redevelop the "Downtown or other industrial or manufacturing buildings" located in the City of Pawtucket, it is necessary to provide tax exemptions to this area as it has been designated as an economic development zone; (6) The development of an active artistic community, including "artists in residence", in this area would promote economic development, revitalization, tourism, employment opportunities, and encourage business development by providing alternative commercial enterprises while in Providence creating a link between the Old Downtown and the Capital Center Area; (7) There is a separate artistic community in the town of Westerly which is important to preserve, promote, and revitalize, and which is distinct from that in the city of Providence; (8) There is a separate artistic community in the city of Woonsocket which is important to promote and revitalize and which is distinct from that in the cities of Providence and Pawtucket and the town of Westerly; (9) There is a separate artistic community in the city of Warwick which is important to preserve, promote, and revitalize and which is distinct from that in the cities of Providence, Pawtucket, Woonsocket and the town of Westerly; (10) There are separate artistic communities in the city of Newport and in the town of Tiverton which are important to promote and revitalize and which are distinct from those in the cities of Providence, Pawtucket, Warwick and Woonsocket and the towns of Westerly and Little Compton; (11) There is a separate artistic community in the town of Warren which is important to promote and revitalize and which is distinct from that in the cities of Providence, Pawtucket, Newport, Warwick and Woonsocket and the towns of Westerly and Tiverton."

Year Enacted / Year Amended: 1996 / 2005

Description: The works of writers, composers, and artists residing in and conducting a business within a section of the defined economic development zone in the cities of Providence or Pawtucket, or the defined economic development zone in the town of Westerly or the defined economic zone in the city of Woonsocket, or the defined economic zone in the city of Warwick, or in those areas within the city of Newport, and the town of Little Compton, which are zoned "general business," "waterfront business," or "limited business" or have been designated by the city of Newport as part of the arts district, or in those areas of the town of Warren which are zoned "waterfront district," "special district," "village business district," "manufacturing district," "business district" or "Warren historic district," or in those areas of the town of Tiverton which are zoned "business commercial," "business waterfront" or "village commercial" are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

A "work" means an original and creative work, whether written, composed or executed for "one-of-a-kind limited" production and which falls into one of the following categories: (i) A book or other writing; (ii) A play or the performance of said play; (iii) A musical composition or the performance of said composition; (iv) A painting or other like picture; (v) A sculpture; (vi) Traditional and fine crafts; (vii) The creation of a film or the acting within the film; (viii) The creation of a dance or the performance of the dance.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Year	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

69. Sales in Municipal Economic Development Zones:

Statutory Reference: Rhode Island General Law Section 44-18-30C

Stated Purpose: The General Assembly makes the following findings of fact: (1) Various sections of several towns in the state, including, but not limited to, the town of West Warwick, are deteriorated, blighted areas which have created very difficult challenges to economic development; (2) Several areas of the state are in a distressed financial condition as defined by Rhode Island General Law Section 45-13-12(b) and cannot finance economic development projects on its own without the participation of private enterprise; (3) The General Assembly has found that it is nearly impossible for private enterprise alone to meet these challenges; (4) In certain sections of financially distressed communities, the serious challenges of economic development and/or redevelopment have not been met by private enterprise alone and the impact is being felt throughout the community; (5) Legislation enacted to encourage redevelopment of the deteriorated, blighted areas through the formation of local redevelopment agencies has had very limited success; (6) Various states, such as New Jersey, Pennsylvania and Michigan have had a great deal of success in generating economic development by exercising the authority to exempt and/or stabilize taxes; (7) The State of Rhode Island has generated economic growth by redirecting and/or exempting certain commercial and retail activity from the imposition of sales, use and income taxes with recent examples being the Providence Place Mall, the Arts Districts in the cities of Providence, Pawtucket and Westerly, and financial services and aquaculture industries; (8) Most recently, municipalities in our state have had great success in attracting large commercial development, including financial services, manufacturing, and major energy facilities, due in large part to the authority to exempt and/or stabilize property, tangible and/or inventory taxes; (9) Attracting large non-residential developments or encouraging expansion of existing commercial entities can be extremely important to municipalities, where the quality of public education is largely dependent on the local tax base, thereby expanding the commercial tax base and reducing reliance upon the residential tax base; (10) The ability to attract this development and increase the non-residential tax base, in turn, improves municipalities' ability to finance school systems, municipal services and infrastructure, thereby improving the quality of life; (11) In addition to increasing the local non-residential tax base, this development creates construction jobs, permanent jobs, and spurs additional investment by private enterprises; and (12) Providing authority to offer tax exemptions from, or to stabilize, the imposition of sales and use taxes will attract and assist in expanding, revitalizing and redeveloping the tax base in our municipalities, thereby providing long-term economic benefits and development.

Year Enacted / Year Amended: 2002 / 2005

Description: All businesses engaging in qualifying sales and located in new construction in a Municipal Economic Development (MED) Zone are exempt from the requirement to charge and collect 50.0 percent of the current sales and use tax pursuant to Rhode Island General Law Sections 44-18-18 and 44-18-20 for a period of 10 yeas. Sales and use taxes collected in a MED Zone shall be returned to the same MED Zone in accordance with the provisions of Rhode Island General Law Section 44-18-30C(b). Qualifying sales do not include “gambling activities, or the retail sales of motor vehicles, furniture, home furnishings, including mattresses and oriental rugs, tobacco products or packaged alcoholic beverages.” In addition, qualifying sales must originate and have the point of delivery within the same MED Zone.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

70. Sales in Public Buildings by Blind People:

Statutory Reference: Rhode Island General Law Section 44-18-30(14)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1965 / 1988

Description: The sale, storage, use or other consumption of all products or wares offered for purchase in all public buildings from a person licensed under Rhode Island General Law Section 40-9-11.1 titled "Authorization to Establish Vending Facilities for the Blind on State Property" is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Tax Expenditures Report 2008, Rhode Island Division of Taxation. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use tax receipts to arrive at TY 2008 revenue foregone.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$121,971**	**21**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use tax receipts to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$116,373**	**$116,373**	**$116,373**

Law comparison: No similar provisions were found for the other New England states.

71. Sales of Motor Vehicles to Nonresidents:

Statutory Reference: Rhode Island General Law Section 44-18-30(13)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1958 / 1990

Description: The sale of a motor vehicle to a bona fide nonresident who does not register the motor vehicle in Rhode Island regardless of where the sale or delivery of the motor vehicle took place is exempt from the tax imposed by Rhode Island General Law Chapter 44-18. If a motor vehicle is sold to a bona fide nonresident whose state of residence does not allow a like exemption to its nonresidents, then a sales tax is imposed at a rate equal to the rate that would have been imposed in the bona fide nonresident's home state not to exceed the rate that is imposed under Rhode Island General Law Section 44-18-20. When computing the tax, the licensed Rhode Island motor vehicle dealer shall take into consideration law in the bona fide nonresident's state of residence as it pertains to the trade-in of motor vehicles. The sales tax collected by the Rhode Island licensed motor vehicle dealer is remitted to the tax administrator.

Data Source: No reliable data exists for this particular exemption. It should be noted that Massachusetts is a non-reciprocal state when it comes to the assessment of a sales tax on the sale of motor vehicles to bona fide non-residents. Thus, sales by Rhode Island motor vehicle dealers to residents of Massachusetts are subject to Rhode Island sales tax up to the Massachusetts sales tax rate. The sales taxes collected from Massachusetts residents are remitted to the Rhode Island Department of Revenue.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: Connecticut's provision allows an exemption from the sales tax for nonresidents who do not register the vehicle in Connecticut.

Connecticut Statute: Title 12, Chapter 219, Section 12-412 (60) A.

Massachusetts: Massachusetts' provisions allow a corresponding exemption with respect to motor vehicles sales and use taxes paid to Massachusetts. If this exemption applies, and the rate of tax imposed by the state or territory where the tax was paid is less than that of Massachusetts, the purchaser or transferee must pay a use tax computed by multiplying the sales price of the vehicle by the difference between the Massachusetts rate and the rate imposed by the state or territory where the tax was imposed.

Massachusetts Statute: Chapter 64H, Section 6

Maine: Maine's provisions include sales of motor vehicles purchased by a nonresident and intended to be driven or transported outside the state immediately upon delivery by the seller.

Maine Statute: Part 3, Chapter 211, Section 1760, Number 23.

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Motor vehicles on which a sales or use tax has been paid to another state or province by the person applying for registration in Vermont, or paid by a person who, when the tax payment is made to another state, was the spouse of the person now applying for Vermont registration. If the tax paid to the other state is less than the Vermont tax, the difference must be paid as tax to Vermont.

Vermont Statute: Title 32, Chapter 219, Section 8911

72. Sales of Non-Motorized Recreational Vehicles Sold to Non-Residents:

Statutory Reference: Rhode Island General Law Section 44-18-30(54)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2003 / N/A

Description: The sale of a non-motorized recreational vehicle to a bona fide nonresident who does not register the non-motorized recreational vehicle in Rhode Island regardless of where the sale or delivery of the non-motorized recreational vehicle took place is exempt from the tax imposed by Rhode Island General Law Chapter 44-18. If a non-motorized recreational vehicle is sold to a bona fide nonresident whose state of residence does not allow a like exemption to its nonresidents, then a sales tax is imposed at a rate equal to the rate that would have been imposed in the bona fide nonresident's home state not to exceed the rate that is imposed under Rhode Island General Law Section 44-18-20. When computing the tax, the licensed Rhode Island non-motorized recreational vehicle dealer shall take into consideration law in the bona fide nonresident's state of residence as it pertains to the trade-in of non-motorized recreational vehicles. The sales tax collected by the Rhode Island licensed non-motorized recreational vehicle dealer is remitted to the tax administrator.

Non-motorized recreational vehicle is any portable dwelling designed and constructed to be used as a temporary dwelling for travel, camping, recreational and vacation use that is eligible to be registered for highway use.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

73. Sales of Trailers Ordinarily Used for Residential Purposes:

Statutory Reference: Rhode Island General Law Section 44-18-20(d)(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 1995

Description: The sale or transfer of a trailer, other than a camping trailer, of the type ordinarily used for residential purposes and commonly known as a house trailer or a mobile home is exempt from the tax imposed by Rhode Island General Law Section 44-18-20.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$1,342,549**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$1,280,917**	**$1,280,917**	**$1,280,917**

Law Comparison:

Connecticut: Connecticut's provisions include an exemption for mobile manufactured homes if such dwelling is permitted as a non-conforming use.

Connecticut Statute: Title 12, Chapter 219, Section 12-412c(b).
Massachusetts: No similar provision found.

Maine: Maine's exemptions include the sales of used manufactured housing and new manufactured housing to the extent of all costs, other than materials, included in the sale price, but the exemption may not exceed 50.0 percent of the sale price.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760.

New Hampshire: New Hampshire does not impose a sales and use tax.

Vermont: Vermont's provisions include an exemption of 40% of the receipts from the sales of mobile homes when sold as tangible personal property.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Subchapter 2, Section 9741.

74. Sales to Common Carriers for Use Outside of the State:

Statutory Reference: Rhode Island General Law Section 44-18-33

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / N/A

Description: The gross receipts from sales of tangible personal property to a common carrier, shipped by the seller via the purchasing carrier under a bill of lading to a point outside of Rhode Island and the property is actually shipped to the out-of-state destination for use by the carrier in the conduct of its business as a common carrier is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

75. Sales to Federal Government:

Statutory Reference: Rhode Island General Law Section 44-18-31

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / N/A

Description: The gross receipts from the sale of any tangible personal property to the United States government, its agencies and instrumentalities is exempt from the tax imposed by Rhode Island General Law Chapter 44-18..

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
Sales and Use Tax 2008	**$6,198,415**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$5,913,955**	**$5,913,955**	**$5,913,955**

Law Comparison:

Connecticut: Sales of tangible personal property or services to the United States or respective agencies are exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(1).

Massachusetts: Sales made to the United States, Massachusetts or their political subdivisions or agencies are exempt from tax.

Massachusetts Statute: Chapter 64H, Section 6(d)

Maine: Maine does not impose a tax on sales, storage or use on or in connection with sales made directly to the State of Maine or any political subdivision, or to the federal government, or to any unincorporated agency or instrumentality of Maine or the federal government, including agencies and instrumentalities that are wholly owned.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760 - 2.

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Under the Supremacy Clause of the U.S. Constitution and Vermont law, sales to the federal government, its agencies, and instrumentalities are exempt from sales and use tax.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9743(2).

76. Sales to the State or Its Political Subdivisions:

Statutory Reference: Rhode Island General Law Section 44-18-30(8)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / N/A

Description: The sale to and the storage, use or other consumption by the State of Rhode Island, any city, town, district or other political subdivision of the State is exempt from the tax imposed by Rhode Island General Law Chapter 44-18. Every redevelopment agency created pursuant Rhode Island General Law Chapter 45-31 is deemed to be a subdivision of the municipality in which it is located.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$29,223,979**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$27,882,822**	**$27,882,822**	**$27,882,822**

Law Comparison:

Connecticut: The sale of tangible personal property or services to the United States, the state of Connecticut or any of the political subdivisions thereof or their respective agencies shall be exempt.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-412.

Massachusetts: Sales to the United States, the Commonwealth or any political subdivision thereof or their respective agencies are exempt.

Massachusetts Statute: Chapter 64H, Section 6(d)

Maine: Sales to the state or any political subdivision or to the federal government or to any unincorporated agency or instrumentality of either of them or to any incorporated agency or instrumentality of them wholly owned by them shall be exempt.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760.

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: The state of Vermont, its agencies, instrumentalities, public authorities, public corporations, and political subdivisions are not subject to sales and use tax when: it is a purchaser, user, or consumer; it is a vendor of services or property of a kind not ordinarily sold by private persons; or it charges for admission to any amusement.

Vermont Statute: Vt. Stat. Ann. 32 Section 9743(1)

77. Sales to U.S. Government and Operators of Railroad Transportation Equipment:

Statutory Reference: Rhode Island General Law Section 31-36-13

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1925 / 1977

Description: Any fuel sold by a distributor to the United States government or to a person, firm, or corporation who or which shall use the fuel solely for the operation of railroad transportation equipment on fixed rails or tracks is exempt from the tax imposed by Rhode Island General Law Chapter 31-36.

Data Source: Excise Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Motor Fuel Tax	**$172,624**	**6**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue

foregone. TY 2010 and TY 2011 assume no additional growth. The number of taxpayers is assumed to remain constant at six.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$164,702**	**$164,702**	**$164,702**

Law comparison: No similar provisions were found for the other New England states.

78. School Meals:

Statutory Reference: Rhode Island General Law Section 44-18-30(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 1989

Description: The sale, storage, use or other consumption of meals served by public, private, or parochial schools, school districts, colleges, universities, student organizations, parent teacher associations to the students or teachers of a school, college, or university whether the meals are served by the educational institutions or by a food service or management entity under contract to the educational institutions is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$4,328,443**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$4,129,800**	**$4,129,800**	**$4,129,800**

Law Comparison:

Connecticut: Sales of meals and food products to students and teachers by schools, colleges and universities and to patients by hospitals, homes for the aged and convalescent homes, nursing homes and rest homes are exempt.

Connecticut Statute: Title 12, Chapter 219, Section 12-412.

Massachusetts: Only meals served to students at schools, colleges and universities and meals served by camps for children eighteen years of age or under or for developmentally disabled individuals is exempt.

Massachusetts Statute: Chapter 64H, Subsection 6

Maine: Meals served to students and teacher by schools, colleges, universities, student organizations and parent-teacher associations to the students or teachers of a school are exempt.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760.

New Hampshire: New Hampshire does not impose a sales and use tax.

Vermont: Vermont does not specifically exempt school meals but food products in general are exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741.

79. Special Adaptations for Wheelchair Accessible Taxicabs:

Statutory Reference: Rhode Island General Law Section 44-18-30(19)(iii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2007 / N/A

Description: The sale of: special adaptations or the component parts of the special adaptations, for a "wheelchair accessible taxicab" as defined in Rhode Island General Law Section 39-14-1 and/or a "wheelchair accessible public motor vehicle" as defined in Rhode Island General Law Section 39-14.1-1 are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	2009	2010	2011
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

80. Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment:

Statutory Reference: Rhode Island General Law Section 44-18-30(37)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1988 / N/A

Description: The sale, storage, use or other consumption of tangible personal property or supplies used or consumed in the operation of equipment, the exclusive function of which is recycling, reuse, or recovery of materials (other than precious metals) from the treatment of hazardous wastes as defined in Rhode Island General Law Section 23-19.1-4 are exempt from the tax imposed by Rhode Island General Law Chapter 44-18 provided that the hazardous wastes are generated in Rhode Island solely by the same taxpayer and where the personal property is located at, in or adjacent to a generating facility of the taxpayer in Rhode Island.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	***2009***	***2010***	***2011***
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Connecticut's provision includes an exemption for personal property for incorporation into or used in waste treatment facilities.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(21).

81. Supplies Used in Preparing Floral Products and/or Arrangements:

Statutory Reference: Rhode Island General Law Section 44-18-30(52)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2000 / N/A

Description: The sale, storage, use, or other consumption of tangible personal property or supplies purchased by florists, garden centers, or other like producers or vendors of flowers, plants, floral products, and natural and artificial floral arrangements which are ultimately sold with flowers, plants, floral products, and natural and artificial floral arrangements or are otherwise used in the decoration, fabrication, creation, processing, or preparation of flowers, plants, floral products, or natural and artificial floral arrangements are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$1,068,736**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$1,019,689**	**$1,019,689**	**$1,019,689**

Law comparison: No similar provisions were found for the other New England states.

82. Telecommunications Carrier Access Services:

Statutory Reference: Rhode Island General Law Section 44-18-30(45)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1989 / 2007

Description: Carrier access service or telecommunications service purchased by a telecommunications company from another telecommunications company to facilitate the provision of telecommunications service is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Vermont has a similar provision.

Vermont: Access and interconnection charges, i.e., charges for wholesale transactions between telecommunications service providers where the service is a component part of a service provided to an end user, including network access charges and interconnection charges paid to a local exchange carrier, are exempt.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9741(41).

83. Textbooks:

Statutory Reference: Rhode Island General Law Section 44-18-30(36)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1985 / 2007

Description: The sale, storage, use or other consumption of textbooks by an "educational institution" as defined in Rhode Island General Law Section 44-18-30(18) or within the purview of Rhode Island General Law Section 16-63-9(4) or used textbooks are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$2,238,537**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$2,135,805**	**$2,135,805**	**$2,135,805**

Law Comparison: Only Connecticut, Massachusetts and Vermont have similar provisions.

Connecticut: Connecticut exempts sales of college textbooks both new and used to full and part-time students enrolled at institutions of higher education or a private occupational school.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(109).

Massachusetts: Sales of books required for instructional purposes in educational institutions are exempt.

Massachusetts Statute: Chapter 64H, Section 6(m)

Vermont: Sales of textbooks by a school or college that is an Internal Revenue Code Section 501(c)(3) organization are exempt from the tax only if the school's gross sales of tangible personal property and services that would otherwise be subject to tax did not exceed $20,000 threshold because the state must collect tax on sales of tangible personal property and services that are in competition with other persons making similar retail sales.

Vermont Statute: Vt. Stat. Ann. 32 Section 9743(3), Code of Vt. Rules Section 1.9743(B)(3).

84. Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment:

Statutory Reference: Rhode Island General Law Section 44-18-21(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 1977

Description: In the case of a motor vehicle that has been destroyed or been deemed a total loss within 120 days of its purchase, the amount of the use tax paid on the vehicle constitutes an overpayment. The overpayment may be credited against the amount of use tax on any replacement vehicle, which the owner acquires or may be refunded in whole or in part.

Data Source: Tax Expenditures Report 2008, Rhode Island Division of Taxation. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use tax registry receipts to arrive at TY 2008 revenue foregone. Number of taxpayers is also grown by the same percentage.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$438,932**	**366**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use tax registry receipts to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$418,788**	**$418,788**	**$418,788**

Law Comparison: Only Vermont has a similar provision.

Vermont: Vermont's provisions include exemption for the total loss or destruction of a vehicle from an accident occurring within 3 months of the purchase.

Vermont's Statute: Title 32, Subtitle 2, part 5, Chapter 219 Section 8902.

85. Trade-In Value of Boats:

Statutory Reference: Rhode Island General Law Section 44-18-30(41)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1987 / N/A

Description: The sale, storage, use or other consumption of "so much of the purchase price paid for a new or used boat as is allocated for a trade-in allowance on the boat of the buyer given in trade to the seller or of the proceeds applicable only to the boat as are received from an insurance claim as a result of a stolen or damaged boat, towards the purchase of a new or used boat by the buyer" is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Massachusetts and Maine have similar provisions.

Massachusetts: Massachusetts' provisions include a reduction in the sale price for the amount allowed on a boat as a trade-in on the sale.

Massachusetts Statute: Section 27A, Chapter 64H

Maine: Maine's provisions generally exempt the trade in of one watercraft when traded in toward another of the same kind.

Maine Statute: Part 3, Chapter 211, Section 1765 Number 3.

86. Trade-In Value of Private Passenger Automobiles:

Statutory Reference: Rhode Island General Law Section 44-18-30(23)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1975 / 1985

Description: The sale, storage, use or other consumption of "so much of the purchase price paid for a new or used automobile as is allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller or of the proceeds applicable only to the motor vehicle as are received from an insurance claim as a result of a stolen or damaged motor vehicle, or of the proceeds applicable only to the automobile as are received from the manufacturer for the repurchase of the automobile towards the purchase of a new or used automobile by the buyer" is exempt from the tax imposed by Rhode Island General Law Chapter 44-18. The term automobile means a private passenger automobile not used for hire and does not refer to any other motor vehicle.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island registry sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$12,731,098**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island registry sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$13,188,056**	**$13,188,056**	**$13,188,056**

Law Comparison:

Connecticut: Connecticut exempts the trade in value of motor vehicles, vessels, aircraft, snowmobiles or farm tractors from the sales and use tax.

Connecticut Statute: Title 12, Chapter 219, Section 12-407.

Massachusetts: Massachusetts exempts the trade-in value of motor vehicles and trailers from the sales and use tax.

Massachusetts Statute: Chapter 64H, Section 26

Maine: Maine exempts the trade-in value of motor vehicles, watercraft, aircraft, chain saws, special mobile equipment, special livestock trailers and camper trailers from the sales and use tax provided that the trade-in must be for another item of the same kind.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1765.

New Hampshire: New Hampshire does not impose a sales and use tax.

Vermont: Vermont exempts the trade in value for motor vehicles but excludes from the trade in value any amount where the vehicle traded was originally purchased in a state, which did not have comparable trade in provision. Trade-in allowances are not included in the tax base for motor vehicle transactions. Transactions involving motor vehicles are exempt from sales tax, but subject to the motor vehicle purchase and use tax on the "taxable cost" of the vehicle.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 219 Section 8902.

87. Transfers or Sales Made to Immediate Family Members:

Statutory Reference: Rhode Island General Law Section 44-18-20(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 1995

Description: The sale or transfer of tangible personal property that is otherwise subject to the tax imposed by Rhode Island General Law Chapter 44-18 is exempt from said tax "when the transferee or purchaser is the spouse, mother, father, brother, sister, or child of the transferor or seller."

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut's provisions include an exemption for family members including a spouse, mother, father, brother, sister or child of the transferor or seller in the purchase of motor vehicles, vessels, snowmobiles and aircraft.

Connecticut Statute: Title 12, Chapter 219, Section 12-431.

Massachusetts: Massachusetts' provisions include an exemption for family members including a spouse, mother, father, brother, sister, or child of the seller in the purchase of motor vehicles, trailers, boats and airplanes.

Massachusetts Statute: Chapter 641, Section 7(b).

88. Transfers or Sales Related to Business Dissolution or Partial Liquidation:

Statutory Reference: Rhode Island General Law Section 44-18-20(d)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 1995

Description: The sale or transfer of tangible personal property that is otherwise subject to the tax imposed by Rhode Island General Law Chapter 44-18 is exempt from said tax "when the transfer or sale is made in connection with the organization, reorganization, dissolution, or partial liquidation of a business entity provided that: (1) the last taxable sale, transfer or use of the article being sold was subject to the tax imposed by Rhode Island General Law Chapter 44-18; (2) the transferee is the business entity referred to or is a stockholder, owner, member or partner; and (3) any gain or loss to the transferor is not recognized" as income for federal income tax purposes.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: Transfers of business assets as part of a merger or other reorganization can qualify for the occasional sales exemption. This exemption was allowed for a corporation that transferred all the assets of a division to a newly formed subsidiary. This transaction qualified as a "sale of a business in its entirety." Under certain circumstances, the occasional-sales exemption for a manufacturer's sale of used machinery and other equipment may apply.

Connecticut Statute: Conn. Gen. Stat. Section 12-412(62).

Massachusetts: In a transaction involving a merger of two or more corporations or the acquisition of a corporation by another corporation, the taxability of the transaction depends on the nature of the assets being transferred from one entity to another.

Massachusetts Statute: Mass. Gen. L. Chapter 64H Section 1.

Maine: No similar provision found.

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: The transfer of tangible personal property to a corporation in a reorganization, a merger or consolidation; the distribution of property by a corporation in liquidation, the distribution of property by a partnership in liquidation is exempt from tax.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9742.

89. Transportation Charges of Motor Carriers to Haul Goods:

Statutory Reference: Rhode Island General Law Section 44-18-30(40)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1987 / N/A

Description: The sale or hiring of motor carriers as defined in Rhode Island General Law Section 39-12-2(1) to haul goods when the contract or hiring cost is charged by a motor freight tariff filed with the Rhode Island Public Utilities Commission based on the number of miles driven or by the number of hours spent on the job is exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

90. Trucks, Busses or Trailers Used by a Bus or Trucking Company in Interstate Commerce:

Statutory Reference: Rhode Island General Law Section 44-18-40

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1992 / N/A

Description: The purchase, rental, or lease of a bus, truck, or trailer by a bus or trucking company is not subject to the tax imposed by Rhode Island General Law Chapter 44-18 provided that the bus, truck and/or trailer is utilized exclusively in interstate commerce.

Data Source: Rhode Island Interactive Sales and Use Tax Simulation Model TY 2007. TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rate in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 3

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$18,364,254**	**No estimate possible**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$17,521,476**	**$17,521,476**	**$17,521,476**

Law Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: Each purchaser of a commercial truck, truck, tractor, truck tractor, or semi-trailer or vehicle used in combination therewith is exempt from tax upon presentation of a certificate/permit issued by the Interstate Commerce Commission.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(70).

Massachusetts: Trucks that are used in interstate commerce may be exempt from the sales and use tax. The sale or transfer of a motor vehicle in any state or territory in the United States that is subsequently brought into or used in Massachusetts for interstate commerce is exempt from the use tax if the sale or transfer of the vehicle is exempt as an out-of-state transfer or if the use of the vehicle is exempt from the use tax under the U.S. Constitution or federal law.

Massachusetts Statute: Mass Reg. Code 830 CMR Section 64H.25.1(7)(h).

91. Vehicles Purchased by Nonresident Military Personnel Subject to Sales Tax Elsewhere:

Statutory Reference: Rhode Island General Law Section 44-18-30A(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1965 / 1986

Description: The use, storage or other consumption of a motor vehicle purchased in Rhode Island where the buyer is an active duty member of the United States Armed Forces stationed outside of Rhode Island and where the buyer has paid a sales or use tax greater than or equal to the amount imposed by Rhode Island General Law Chapter 44-18 is exempt from the use tax imposed by Rhode Island General Law Section 44-18-20. If the buyer has paid a sales or use tax in an amount less than that imposed by Rhode Island General Law Chapter 44-18, then the buyer must pay the difference between the amount of the tax paid and the amount of the tax imposed by Rhode Island General Law Chapter 44-18 to the tax administrator.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Sales of motor vehicles to nonresident members of the armed forces on full-time active duty in Connecticut or their spouses are taxed at a reduced 4.5 percent rate, provided that the retailer requires and obtains documentation including a declaration under penalty of false statement confirming the purchaser's military status and state of residency.

Connecticut Statute: Conn. Gen. Stat. Section 12-408(1)(B).

92. Water for Residential Use:

Statutory Reference: Rhode Island General Law Section 44-18-30(28)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1977 / N/A

Description: The sale, storage, use or other consumption of water provided for domestic use by occupants of residential premises is exempt from the tax imposed by Rhode Island General Law Chapter 44-18..

Data Source: Annual Survey of Rhode Island Water Rates 2006, Rhode Island Water Resources Board. Y 2006 estimate is based on usage of 73,000 gallons per household at a cost of $316.29 per year. It is estimated that there were 411,400 in Rhode Island in CY 2006. Thus total sales of water for residential use were $130,121,706 and foregone revenue in 2006 was $9,108,519. CY 2006 estimate is grown by the TY 2007 over TY 2006 and TY 2008 over TY 2007 growth rates in Rhode Island sales and use taxes to arrive at TY 2008 revenue foregone.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**$8,685,212**	**409,159**

Projection Methodology: Applied the TY 2009 over TY 2008 growth rate in Rhode Island sales and use taxes to TY 2008 revenue foregone to estimate TY 2009 revenue foregone. TY 2010 and TY 2011 assume no additional growth. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$8,286,627**	**$8,286,627**	**$8,286,627**

Law Comparison:

Connecticut: Connecticut exempts the sales of water, steam and telegraph services, when delivered to consumers through mains, lines, pipes or bottles.

Connecticut Statute: Title 12, Chapter 219, Section 12-412(C).

Massachusetts: The sales, furnishing, and service of water is exempt.

Massachusetts Statute: Chapter 64H, Section 6(i)

Maine: Sales of water purchased for use in buildings designed and used for both human habitation and sleeping, with the exception of hotels, are exempt.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1760(39).

New Hampshire: New Hampshire does not impose sales and use tax.

Vermont: Sales of water and steam services are specifically exempt from the sales tax.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9771.

93. Youth Activities Equipment Sold for $20 or Less:

Statutory Reference: Rhode Island General Law Section 44-18-30(31)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1984 / 1995

Description: The sale, storage, use or other consumption for not more than $20.00 per item sold by non-profit charitable organizations for youth activities which the organization is formed to sponsor and support or by accredited elementary and secondary schools for the purposes of the schools or of organized activities of enrolled students are exempt from the tax imposed by Rhode Island General Law Chapter 44-18.

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: A sales and use tax exemption is provided for sales of items for $20 or less made by eleemosynary organizations when the sales are made for purposes of supporting youth activities. Examples of such organizations include: Boy Scouts, Girl Scouts, Parent-Teacher Organizations, Boys' and Girls' Clubs, Little League, Pee Wee Football, 4-H Clubs, Camp Fire Girls and Junior Achievement.

Connecticut Statute: Title 12, Chapter 219, Section 12-412 (26).

Massachusetts: Sales by nonprofit organizations at fairs, picnics, and similar events qualify for exemption as casual or isolated sales if the organization holds only two events of one-day duration each during the calendar year. Fundraising sales by a nonprofit organization are presumed to be exempt casual and isolated sales.

Massachusetts Statute: Mass. Gen. L. Chapter 64H Section 6; Mass. Regulations Code 830 CMR Section 64H.6.5(10)(b)

EXCLUSIONS

1. Conveyance of Mobile/Manufactured Homes for Consideration of ≤ $100:

Statutory Reference: Rhode Island General Law Section 31-44-20

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1996 / N/A

Description: The tax imposed by Rhode Island General Law Section 31-44-20 applies only to mobile and manufactured homes that are conveyed for a consideration of more than $100. In the event that no consideration is paid for the conveyance of a mobile/manufactured home, no documentary stamps are required on the instrument of conveyance.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Real Estate Conveyance Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

2. Conveyance of Real Estate for Consideration of $100 or Less:

Statutory Reference: Rhode Island General Law Chapter 44-25

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1968 / 2004

Description: The tax imposed by Rhode Island General Law Section 44-25-1 applies only to "lands, tenements or other realty" that are conveyed for a consideration of more than $100. In the event that no consideration is paid for the conveyance of the lands, tenements, or realty, no documentary stamps are required on the instrument of conveyance.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Real Estate Conveyance Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparisons:

Connecticut: Connecticut's provisions include exclusion for conveyance of property where the consideration is less than $2,000.

Connecticut Statute: Title 12, Chapter 223, Section 12-498.

Massachusetts: Massachusetts' provisions include exclusion for conveyance where the consideration is not more than $500.

Massachusetts Statute: Chapter 64D, Section 1

Maine: No similar provision found.

New Hampshire: New Hampshire's provisions include exclusion for conveyance where the consideration is $4,000 or less at which time a minimum fee of $20 is imposed.

New Hampshire Statute: Title V, Chapter 78-B, Section 78-B:1.1(b).

Vermont: Vermont's provisions include exclusion of the first $100,000 for a conveyance of a principal residence if except that no tax shall be imposed on the first $110,000.00 in value of the property transferred if the purchaser obtains a purchase money mortgage funded in part with a homeland grant through the Vermont housing and conservation trust fund or which the Vermont housing and finance agency or U.S. Department of Agriculture and Rural Development has committed to make or purchase and tax at the rate of one and one-quarter percent shall be imposed on the value of that property in excess of $110,000.00 a guarantee fee is paid to the Vermont Home Mortgage Guaranty Program.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 231, Section 9602(1).

3. Conveyance of Real Estate Relating to the Capitol Center Project:

Statutory Reference: Rhode Island General Law Section 44-25-2(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1968 / 2000

Description: The tax imposed by Rhode Island General Law Section 44-25-1 "does not apply to any deed, instrument, or writing which has or shall be executed, delivered, accepted, or presented for recording" that relates to the Capitol Center Project in the City of Providence.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Real Estate Conveyance Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

4. Corporations Exempt from Taxation by Charter:

Statutory Reference: Rhode Island General Law Section 44-11-1(2)(vi)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 1994

Description: By definition any corporation that is expressly exempt from taxation by charter is excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Law Chapter 44-11. Corporation is defined in Rhode Island General Law Section 44-11-1(2).

Data Source: No reliable data exists for this particular exemption.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
Business Corporation Tax 2008	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

5. Corporations Not Doing Business for Profit:

Statutory Reference: Rhode Island General Law Section 44-11-1(2)(iv)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 1994

Description: By definition "[C]orporations specified in Rhode Island General Law Section 7-6-4, incorporated hospitals schools, colleges, and other institutions of learning not organized for business purposes and not doing business for profit and no part of the net earnings of which inures to the benefit of any private stockholder or individual." are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Law Chapter 44-11. Corporation is defined in Rhode Island General Law Section 44-11-1(2).

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: Connecticut's provisions include exclusion for organizations exempt under section 501 (a) or under any other section of the Internal Revenue Code however, such organizations are likewise taxed on their unrelated business income.

Connecticut Statute: Title 12, Chapter 208, Part I, Section 12-214 (a).

Massachusetts: Massachusetts' provisions include exclusion for corporations, which are tax exempt for federal income tax purposes under section 501 of the Internal Revenue Code.

Massachusetts Statute: Chapter 63, Section 30 (1) and (2).

Maine: Maine's provisions include a general exclusion for a corporation, which is exempt from federal income tax from the Maine corporate income tax by definition.

Maine Statute: Title 36, Section 5102.6.

New Hampshire: New Hampshire's provisions include exclusion from the business enterprise tax for organizations exempt from federal tax under section 501(c)(3) of the Internal Revenue Code and regulated investment companies.
New Hampshire Statute: N.H. Rev. Stat. Ann. Section 77-A: 1, I.

Vermont: For corporations that are organized for religious, charitable, scientific or educational purposes for which no part of the net earnings inures to the benefit of any private stockholder or individual member are exempt from corporate income tax.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(3)(J).

6. **Corporations Taxed Under Business Corporation Tax:**

Statutory Reference: Rhode Island General Law Section 44-12-1(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1912 / 2004

Description: A corporation that is subject to the tax imposed by Rhode Island General Law Chapter 44-11 is excluded from the tax imposed by Rhode Island General Law Chapter 44-12 to the extent that the tax imposed by Rhode Island General Law Chapter 44-11exceeds the tax imposed by Rhode Island General Law Chapter 44-12.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Franchise Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

7. **Corporations That Maintain and Manage Intangible Investments:**

Statutory Reference: Rhode Island General Law Section 44-11-1(2)(vii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 1994

Description: By definition "[C]orporations which together with all corporations under direct or indirect common ownership that employ not less than five full-time equivalent employees in the state, which maintain an office in the state which are confined to the maintenance and management of their intangible investments and the collection and distribution of the income from those investments or from tangible property physically located outside the state." are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Law Chapter 44-11. Corporation is defined in Rhode Island General Law Section 44-11-1(2).

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: Passive investment companies are exempt from the corporation business tax. In addition, dividends received, directly or indirectly, from such companies do not constitute gross income for corporation business tax purposes.

Connecticut Statute: Title 12, Chapter 208, Part I. Section 12-213(a)(1).

8. Dividends Received From Shares of Stock:

Statutory Reference: Rhode Island General Law Section 44-11-12(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 1989

Description: Dividends received from the shares of stock of any business entity subject to the tax imposed by Rhode Island General Law Chapter 44-14, Chapter 44-11 or Chapter 44-13 shall be excluded from a taxpayer's net income that is subject to the tax imposed under Rhode Island General Law Chapter 44-11.

Data Source: TY 2008 Statistics of Corporate Income, C Corporation Returns, Rhode Island Division of Taxation. An estimated apportionment factor of 0.5 percent was applied to the total dividends received that were reported. The amount of foregone revenue is derived by multiplying the apportioned dividends received by the Business Corporations tax rate of 9.0 percent.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**$10,672,666**	**1,035**

Projection Methodology: Amount of exclusion and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	**$10,672,666**	**1,035**
2010 Business Corporation Tax	**$10,672,666**	**1,035**
2011 Business Corporation Tax	**$10,672,666**	**1,035**

Law comparison: No similar provisions were found for the other New England states.

9. Financial Institutions:

Statutory Reference: Rhode Island General Law Section 44-11-1(2)(i)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 1994

Description: By definition "[S]tate banks, mutual savings banks, federal savings banks, trust companies, national banking associations, credit unions, and loan and investment companies" are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Law Chapter 44-11. These financial institutions are taxable under Rhode Island General Law Chapters 44-14 or 44-15.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: There is an exemption from the corporation business tax for qualified banks, insurers and investment companies located in a designated insurance and financial services export zone within the City of Hartford.

Connecticut Statute: Conn. Gen. Stat. Section 32-538.

Massachusetts: In lieu of the corporate excise tax, every financial institution engaged in business in Massachusetts is subject to an excise tax for financial institutions measured by taxable net income.
Massachusetts Statute: Mass. Gen. L. Chapter 63 Section 2(a).

Maine: Financial corporations subject to the Maine financial institutions franchise tax under Me. Rev. Stat. Ann. 36 Section 5206 are not subject to the Maine corporate income tax.

Maine Statute: Title 36, Section 5102(6)

New Hampshire: No similar provision found.

Vermont: Banking corporations and loan associations are exempt from the corporation income tax. Instead, they are subject to a franchise tax on the privilege of doing business in Vermont. The tax is imposed on every corporation that is a bank, savings bank, savings institution, trust company, savings and loan association, and building and loan association located in Vermont.

Vermont Statute: Vt. Stat. Ann. 32 Section 5836.

10. Fraternal Beneficiary Societies:

Statutory Reference: Rhode Island General Law Section 44-11-1(2)(v)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 1994

Description: By definition fraternal beneficiary societies as defined in Rhode Island General Law Section 27-25-1 are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Law Chapter 44-11.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: Fraternal benefit societies that are operated under the lodge system and designed to provide benefits to members and their dependents and other domestic fraternal societies operated under the lodge system, which devote their net earnings to charitable purposes are exempt from federal income tax under Internal Revenue Code Sections 501(c)(8) and 501(c)(10) and, therefore, are exempt from the Connecticut corporation business tax. However, entities exempt from federal income tax under Internal Revenue Code Section 501 may be subject to the Connecticut tax on unrelated business income, under appropriate circumstances.

Connecticut Statute: Title 12, Chapter 208 Part I, Section 12-214(a)(2)(b).

Massachusetts: Massachusetts' provisions include exemption for those corporations, which are tax exempt for federal income tax purposes under Section 501 of the Internal Revenue Code.

Massachusetts Statute: Chapter 63, Sections 30(1) and 30(2).

11. Fraternal Benefit Societies:

Statutory Reference: Rhode Island General Law Section 44-17-1(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1896 / 2009

Description: Insurers that are organized as fraternal benefit societies as defined in Rhode Island General Law Section 27-25-1 are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Law Chapter 44-17.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Insurance Premiums Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

12. **<u>Gain or Loss on Sale of Any Property Other Than Securities</u>:**

<u>Statutory Reference</u>: Rhode Island General Law Section 44-14-11

<u>Stated Purpose</u>: No stated purpose given in law.

<u>Year Enacted / Year Amended</u>: 1942 / 1943

<u>Description</u>: Taxpayers subject to the tax imposed by Rhode Island General Law Chapter 44-14 exclude from gross income the gains or losses that derive from the sale or disposition of any property other than securities. This means that the sale of such items as realty and tangible personalty owned by the taxpayer are excluded from gross income.

<u>Data Source</u>: No reliable data exists for this particular exclusion.

<u>Reliability Index</u>: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Bank Tax	**No estimate possible**	**No estimate possible**

<u>Projection Methodology</u>: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

13. **<u>Income from Sale of International Investment Management Services</u>:**

<u>Statutory Reference</u>: Rhode Island General Law Section 44-11-14.5

<u>Stated Purpose</u>: No stated purpose given in law.

<u>Year Enacted / Year Amended</u>: 1997 / N/A

<u>Description</u>: A taxpayer located in Rhode Island that employs, separately or as part of a consolidated tax return, an average of not less than 500 full-time equivalent employees in the state shall exclude from its net income subject to tax under Rhode Island General Law Chapter 44-11 any income derived from the sale of international investment management services to non-U.S. persons or non-U.S. investment funds.

<u>Data Source</u>: No reliable data exists for this particular exclusion.

<u>Reliability Index</u>: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

14. Insurance and Surety Companies:

Statutory Reference: Rhode Island General Law Section 44-11-1(2)(iii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 1994

Description: By definition insurance and surety companies are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Law Chapter 44-11. These companies are subject to the tax imposed under Rhode Island General Law Chapter 44-17.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: Connecticut's provisions include exclusion from the Corporation Business Tax for domestic insurance companies or those organized or incorporated under the laws of any other state or foreign government.

Connecticut Statute: Title 12, Chapter 208, Part I, Section 12-214(2).

Massachusetts: Massachusetts' provisions include exclusion for insurance companies from the corporate excise tax but provide that such companies are subject to a tax on premiums.

Massachusetts Statute: Chapter 63, Sections 30(1) and 30(2).

Maine: Maine's provisions include exclusion from the Maine corporate income tax for insurance companies by definition.

Maine Statute: Title 36, Section 5102(6).

New Hampshire: No similar provisions found.

Vermont: Life, fire, and marine insurance companies and mutual life, fire, and marine insurance companies are expressly excluded from the corporate income tax.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(3)(B).

15. Interest Received from Debt Instruments Issued by Public Service Corporations:

Statutory Reference: Rhode Island General Law Section 44-11-12(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 1989

Description: Interest received from the debt instruments, or the distributive share of the taxable income of any company subject to the tax imposed by Rhode Island General Law Chapter 44-13 shall be excluded from a taxpayer's net income that is subject to the tax imposed under Rhode Island General Law Chapter 44-11.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

16. **Long-Term Gain From Capital Investment in Small Business:**

Statutory Reference: Rhode Island General Law Section 44-43-5

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1987 / N/A

Description: A long-term capital gain realization from the sale or exchange of an interest in any entity which at the time the interest was acquired was a qualifying business entity is excluded from the determination of income that is subject to the tax imposed by Rhode Island General Law Chapters 44-11, 44-13, 44-14 or 44-30.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	No estimate possible	No estimate possible
2008 Public Service Corp Tax	No estimate possible	No estimate possible
2008 Bank Tax	No estimate possible	No estimate possible
2008 Personal Income Tax	No estimate possible	No estimate possible
Total 2008	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	No estimate possible	No estimate possible
2009 Public Service Corp Tax	No estimate possible	No estimate possible
2009 Bank Tax	No estimate possible	No estimate possible
2009 Personal Income Tax	No estimate possible	No estimate possible
Total 2009	**No estimate possible**	**No estimate possible**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	No estimate possible	No estimate possible
2010 Public Service Corp Tax	No estimate possible	No estimate possible
2010 Bank Tax	No estimate possible	No estimate possible
2010 Personal Income Tax	No estimate possible	No estimate possible
Total 2010	**No estimate possible**	**No estimate possible**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	No estimate possible	No estimate possible
2011 Public Service Corp Tax	No estimate possible	No estimate possible
2011 Bank Tax	No estimate possible	No estimate possible
2011 Personal Income Tax	No estimate possible	No estimate possible
Total 2011	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

17. Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil:

Statutory Reference: Rhode Island General Law Section 31-36-1(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1925 / 2009

Description: Lubricating oils, marine diesel fuel, aviation fuel, and heating oil are excluded from the list of fuels that are suitable to use in the operation and propulsion of motor vehicles with internal combustion engines that are subject to the tax imposed by Rhode Island General Law Chapter 31-36.

Data Source: Distillate Fuel Oil Sales for Residential Use, Independent Statistics and Analysis, U.S. Energy Information Administration; U.S. Department of Energy; Other Non-Taxable Distribution (Gallons), Excise Tax Section, Rhode Island Division of Taxation. Total gallons of residential fuel oil and other non-taxable gallons of fuel are summed and multiplied by the 2008 motor fuel tax rate of $0.30 per gallon to arrive at the foregone revenue in TY 2008. No reliable data exists from which to determine the number of taxpayers.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Motor Fuel Tax	**$56,079,807**	**No estimate possible**

Projection Methodology: TY 2009 figure incorporates an average motor fuel tax rate of $0.31 per gallon but makes no adjustment to the number of gallons excluded from the motor fuel tax that were reported in TY 2008. TY 2010 figure incorporates an average motor fuel tax rate of $0.32 per gallon but makes no adjustment to the number of gallons excluded from the motor fuel tax that were reported in TY 2009. TY 2011 figure is held constant at the TY 2010 level. No projection of the number of taxpayers is possible due to a lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$57,949,134**	**$59,818,461**	**$59,818,461**

Law Comparison:

Connecticut: Connecticut's motor vehicle fuels tax excludes lubricating oils from the law definition of "fuels".

Connecticut Statute: Title 12, Chapter 221, Section 12-455a

Massachusetts: Massachusetts' provisions exclude lubricating oils from the definition of fuel in the taxation of gasoline law cite.

Massachusetts Statute: Chapter 64A, Section 1

Maine: Maine's provisions exclude lubricating oils from the definition of internal combustion engine fuel.
Maine Statute: Title 36, Part 5, Chapter 451, Section 2902.

New Hampshire: No similar provision found.

Vermont: Vermont's law excludes lubricating oils from the gasoline tax definition. Gasoline or other motor fuel is defined to mean any type of fuel, by whatever name it may be called, used in an internal combustion engine to generate power to propel a motor vehicle upon a highway.

Vermont Statute: Title 23, Chapter 28, Subchapter 1, Section 3173.

18. Maximum Tax of $0.50 per Cigar:

Statutory Reference: Rhode Island General Law Section 44-20-13.2(a)(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1992 / 2009

Description: The tax imposed by Rhode Island General Law Section 44-20-13.2(a)(1) is placed on all smokeless tobacco, cigars, and pipe tobacco products sold or held for sale in the state by any person. As of July 1, 2009, the tax imposed is at a rate of 80.0 percent of the wholesale cost of cigars, pipe tobacco products and smokeless tobacco other than snuff. Notwithstanding the 80.0 percent rate, the tax on cigars shall not exceed $0.50 for each cigar.

Data Source: Excise Tax Section, Rhode Island Division of Taxation; TY 2007 estimate is grown by the TY 2008 over TY 2007 growth rates in Rhode Island smokeless tobacco taxes to arrive at TY 2008 revenue foregone.

Reliability Index: 2

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Cigarette Tax	**$209,686**	**No estimate possible**

Projection Methodology: Amount of exclusion is grown by the TY 2009 over TY 2008 ratio of smokeless tobacco taxes. No growth is assumed for TY 2010 and TY 2011.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$235,245**	**$235,245**	**$235,245**

Law comparison: No similar provisions were found for the other New England states.

19. Net Taxable Estate Amount:

Statutory Reference: Rhode Island General Law Section 44-22-1.1

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1985 / 2009

Description: As of June 30, 2009 decedents whose death occurs on or after January 1, 2002, but prior to January 1, 2010 a tax is imposed upon the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C. Section 2011 as it was in effect as of January 1, 2001; provided, however, that the tax shall be imposed only if the net taxable estate exceeds $675,000. Any scheduled increase in the unified credit provided in 26 U.S.C. Section 2010 in effect on January 1, 2001, or thereafter, shall not apply.

For decedents whose death occurs after December 31, 2009, the net taxable estate amount excluded from the Rhode Island estate and transfer tax is increased to $850,000 and the net taxable estate exclusion amount was indexed to the rate of inflation as measured by Consumer Price Index for all Urban Consumers as of September 30 of the prior calendar year. This inflation adjustment is to be compounded annually and rounded up to the nearest five dollar ($5.00) increment. The indexation of the net taxable estate exclusion amount for inflation is effective January 1, 2011.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Estate Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: Connecticut has a unified exclusion for Connecticut estate and gift tax of $2.0 million. Similar to the applicable federal exclusion amount, the Connecticut unified exclusion amount applies to either gift or estate tax. Unlike the federal exclusion, the Connecticut amount is only conditionally available. If the sum exceeds $2.0 million, Connecticut estate tax is due on the sum including the first $2.0 million.

Connecticut Statute: Conn. Gen. Stat. Section 12-391(c)(1).

Massachusetts: The filing thresholds and exclusion amounts for Massachusetts estate tax purposes for the estate of a decedent dying on or after January 1, 2003, with no adjusted taxable gifts, are as follows: for 2003, $700,000; 2004; $850,000; 2005, $950,000; 2006 and thereafter, $1,000,000. The filing threshold and exclusion amount for the estate of decedents with adjustable gifts are individually determined for both Massachusetts and federal tax purposes.

Massachusetts Statute: Mass. Gen. L. Chapter 65C Section 2A

Maine: For 2003 and beyond, Maine partially decoupled from the federal estate tax law by reducing the estate tax unified credit amount and resetting the state death tax credit calculation to levels that existed prior to the federal Economic Growth and Tax Relief Reconciliation Act of 2001.

Maine Law Cite: Me. Rev. Stat. Ann. 36 Section 4062(1-A)(A).

New Hampshire: The amount of the New Hampshire estate tax is equal to the maximum federal estate tax credit allowable for state death taxes with respect to property subject to this state's jurisdiction to impose a tax.

New Hampshire Statute: N.H. Rev. Stat. Ann. Section 87:1

Vermont: The tax imposed under state law cannot exceed the maximum allowable credit for state death taxes under the Internal Revenue Code Section2011. This “piggyback” system was changed for decedents with a date of death on or after January 1, 2002. Effective for estates of individuals dying on or after January 1, 2009, the Vermont estate tax will not exceed the amount of tax imposed by the Internal Revenue Code Section 2001calculated using the applicable credit amount under the Internal Revenue Code Section2010 as in effect on January 1, 2008, with no deduction under IRC Section 2058. This exclusion amount is $3.5 million.

Vermont Statute: Vt. Stat. Ann. 32 Section7442a(c).

20. Possession of Ten Packs of Cigarettes with Out-of-State Tax Stamps:

Statutory Reference: Rhode Island General Law Section 44-20-16

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1948 / 1991

Description: The provisions of Rhode Island General Law Sections 44-20-13 – 44-20-17 do not apply to the use or storage of cigarettes up to a maximum of 10 packs as "ordinarily defined by the practice of the trade" which have been brought into the state on the person.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Cigarette Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Maine has a similar provision.

Maine: Maine's provisions allow an unlicensed individual to transport cigarettes for personal use not to exceed two cartons as commonly defined.

Maine Statute: Title 36, Part 7, Chapter 703, Section 4366-B.

21. Public Service Corporations:

Statutory Reference: Rhode Island General Law Section 44-11-1(2)(ii)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 1994

Description: By definition public service corporations, with the exception of those public service corporations that are provided for in Rhode Island General Law Section 44-13-2.2, are excluded from the base of taxpayers subject to the tax imposed by Rhode Island General Law Chapter 44-11. These companies are subject to the tax imposed under Rhode Island General Law Chapter 44-13.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

22. Subchapter S Corporations:

Statutory Reference: Rhode Island General Law Section 44-11-2(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / N/A

Description: Small business corporations organized under subchapter S, 26 U.S.C. § 1361 et seq. shall not be subject to the tax imposed by Rhode Island General Law Chapter 44-11 except "to the extent of the income that is subject to federal tax under subchapter S". Subchapter S corporations are subject to the state's minimum business corporation tax of $500 (see Rhode Island General Law section 44-11-2(e)).

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: Subchapter S corporations are exempt from the corporation business tax for income years beginning on or after January 1, 2001. Applicable to income years beginning on or after January 1, 2002, however, subchapter S corporations are subject to an annual business entity tax of $250.

Connecticut Statute: Conn. Gen. Stat. Section12-217(c)(2)

Massachusetts: Until January 1, 2009, generally, the income of a qualified subchapter S corporation is not subject to the net income measure of the corporate excise tax. Shareholders are subject to the personal income tax on their distributive share of qualified subchapter S corporation income. Subchapter S corporations with total receipts for the taxable year of $6 million or more, however, are subject to the net income measure of the corporate excise tax.

Massachusetts Statute: Chapter 63, Section 32D.

Maine: Subchapter S Corporations are generally exempt from the Maine corporate income tax. A subchapter S Corporation, however, is a "taxable corporation," for purposes of the Maine corporate income tax, if it is required to file a return by Me. Rev. Stat. Ann. 36 Section 5241, relating to subchapter S Corporations with resident shareholders or income derived from sources in Maine; and is subject to federal tax under the Internal Revenue Code Sections 1374 and 1375.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 5102(10).

New Hampshire: Subchapter S corporations are exempt from the New Hampshire corporate income tax but are subject to the state's business enterprise tax on the total undistributed revenues of the enterprise whatever source derived.

New Hampshire Statute: N.H. Rev. Stat. Ann. § 77-E:1

Vermont: A subchapter S Corporation is defined as a corporation for which a valid election under Internal Revenue Code Section 1362(a) is in effect. A corporation that elects and is granted subchapter S Corporation treatment for federal income tax purposes is considered a subchapter S corporation for Vermont income tax purposes. Subchapter S Corporations are not subject to Vermont's corporate income tax, except to the extent of income taxable to the corporation under the Internal Revenue Code. Subchapter S Corporations are subject to a minimum tax of $250.

Vermont Statute: Title 32, Subtitle 2, Part 3, Section 5911.

23. Taxes Legally Imposed on Consumer but Separately Stated on Invoice:

Statutory Reference: Rhode Island General Law Section 44-18-12 (b)(iv)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1947 / 2006

Description: Taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document provided to the purchaser are not included in the sale price upon which the tax imposed by Rhode Island General Law Chapter 44-18 is assessed.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Sales and Use Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: Connecticut's law excludes from the sales price, the amount of any tax not including manufacturers or importer's excise tax imposed by the United States upon or with respect to retail sales.

Connecticut Statute: Title 12, Chapter 219, Section 12-407.

Massachusetts: In computing the tax due, and before applying the rate, the vendor should exclude the tax reimbursement paid by purchaser to vendor and the federal manufacturers' excise (currently applicable to the federal retail excise tax provisions) levied on motor vehicles (trucks) under the Internal Revenue Code.

Massachusetts Statute: Mass. Gen. L. Chapter 64H Section 1

Maine: The sale price does not include the amount of any tax imposed by the United States on or with respect to retail sales.

Maine Statute: Title 36, Part 3, Chapter 211, Section 1752.

New Hampshire: New Hampshire does not impose a sales and use tax.

Vermont: Effective January 1, 2007, the term "sales price," which is the tax base for the sales and use tax, does not include any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.

Vermont Statute: Vt. Stat. Ann. 32 Section 9701(4)(B)(iii)

24. Taxed Gross Earnings and Associated Costs of Non-Public Service Corporations:

Statutory Reference: Rhode Island General Law Section 44-13-2.2

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1997 / N/A

Description: Rhode Island General Law Section 44-13-2.2 requires that a corporation or public service company whose principal business in Rhode Island is not an activity enumerated in Rhode Island General Law Section 44-13-4 shall be subject to the tax imposed by Rhode Island General Law Chapters 44-11 or 44-30 "provided that the gross earnings subject to tax under Rhode Island General Law Section 44-13-4 and the direct and indirect costs associated with these gross earnings" are excluded from the calculation of net income upon which said taxes are assessed.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	No estimate possible	No estimate possible
2008 Personal Income Tax	No estimate possible	No estimate possible
Total 2008	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	No estimate possible	No estimate possible
2009 Personal Income Tax	No estimate possible	No estimate possible
Projected Total 2009	**No estimate possible**	**No estimate possible**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	No estimate possible	No estimate possible
2010 Personal Income Tax	No estimate possible	No estimate possible
Projected Total 2010	**No estimate possible**	**No estimate possible**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	No estimate possible	No estimate possible
2011 Personal Income Tax	No estimate possible	No estimate possible
Projected Total 2011	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

25. Value-Added Non-Voice Services That Use Computer Processing Applications:

Statutory Reference: Rhode Island General Law Section 44-13-4(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1942 / 2008

Description: "Value added non-voice services in which computer processing applications are used to act on the form, content, code, and protocol of the information to be transmitted" are excluded from the definition of telecommunication service and thus are not subject to the tax imposed by Rhode Island General Law Chapter 44-13.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Public Service Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions were found for the other New England states.

MODIFICATIONS

1. Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003:

Statutory Reference: Rhode Island General Law Section 44-61-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2002 / 2008

Description: For purposes of depreciating assets under Rhode Island General Law Chapters 44-11, 44-14, and 44-30, the bonus depreciation provided under the federal Job Creation and Workers Assistance Act (JCWAA) of 2002 and the federal Jobs Growth Tax Relief Reconciliation Act (JGTRRA) of 2003 or any subsequent enactment for federal tax purposes is not allowed for Rhode Island tax purposes. In the year that those assets are placed in service and in all subsequent years, depreciation for Rhode Island tax purposes shall be allowed on those assets as it would have been computed prior to the enactment of the JCWAA of 2002.

The JCWAA of 2002 allowed a special 30.0 percent bonus depreciation deduction in the first year for qualifying property purchased after September 10, 2001 and before September 11, 2004, for purposes of computing federal net income. In addition, the JCWAA of 2002 modified Internal Revenue Code Section 168(k) to allow taxpayers to claim an additional first-year bonus depreciation allowance on any new Modified Accelerated Cost Recovery System property when the recovery period is 20 years or less. The additional depreciation allowance is equal to 30.0 percent of the adjusted cost basis of the property after any Internal Revenue Code Section 179 expense deductions are taken. The JGTRRA of 2003 increased the bonus depreciation deduction from 30 percent to 50 percent for assets purchased after May 5, 2003, but before January 1, 2005.

Rhode Island's disallowance of bonus depreciation is a timing issue. In the year that an asset is put in service and is eligible for the federal bonus depreciation, a Rhode Island taxpayer must take as a modification increasing federal adjusted gross income (AGI) the difference in the bonus depreciation amount allowed on the federal tax return and the depreciation amount allowed for Rhode Island tax purposes. In subsequent years, a Rhode Island taxpayer may take as a modification decreasing federal AGI the difference in the depreciation amount allowed for Rhode Island tax purposes and the depreciation amount allowed on the federal tax return. At the end of the asset's "useful" life, the same amount of depreciation will be realized by the taxpayer on both the federal and the Rhode Island tax returns. Thus, over the life of the asset, there is no net impact on Rhode Island tax collections.

<u>Data Source</u>: Residents: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation. Non-residents: TY 2008 Data Warehouse, Office of Revenue Analysis calculations. The modification includes both modifications increasing and modifications decreasing Federal Adjusted Gross Income (AGI). Net resident modifications totaled $29,586,132 and net non-resident modifications totaled $75,672,389. The total net modifications for resident and non-resident taxpayers resulted in a net modification that increased AGI for Tax Year 2008. Therefore, there is no revenue foregone from this modification. The number of taxpayers includes those taxpayers that had a net modification that either increased AGI or decreased AGI.

For Business Corporation and Bank taxes, no reliable data exists for this particular modification.

<u>Reliability Index</u>: Business Corporations and Bank Taxes: 5; Personal Income Tax: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	No estimate possible	No estimate possible
2008 Bank Tax	No estimate possible	No estimate possible
2008 Personal Income Tax	$0	12,573
Total 2008	**$0**	**12,573**

Projection Methodology: Personal Income Tax: Amount of modification and number of taxpayers is held constant. Business Corporations and Bank Taxes: No projection is made due to lack of reliable data.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	No estimate possible	No estimate possible
2009 Bank Tax	No estimate possible	No estimate possible
2009 Personal Income Tax	$0	12,573
Projected Total 2009	**$0**	**12,573**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	No estimate possible	No estimate possible
2010 Bank Tax	No estimate possible	No estimate possible
2010 Personal Income Tax	$0	12,573
Projected Total 2010	**$0**	**12,573**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	No estimate possible	No estimate possible
2011 Bank Tax	No estimate possible	No estimate possible
2011 Personal Income Tax	$0	12,573
Projected Total 2011	**$0**	**12,573**

Law Comparison:

Connecticut: Applicable to tax years beginning on or after January 1, 2003, to the extent any additional allowance for depreciation under Internal Revenue Code Section 168(k) as provided by the Job Creation and Worker Assistance Act of 2002 for property placed in service after December 31, 2001, but prior to September 10, 2004, was added to federal adjusted gross income pursuant to Conn. Gen. Stat. Section12-701 (a)(20)(A) in computing Connecticut adjusted gross income for a taxable year ending after December 31, 2001, 25.0 percent of such additional allowance for depreciation in each of the four succeeding taxable years may be subtracted.
Connecticut Statute: Conn. Gen. Stat. Chapter 229, Section 12-701 (A)(20)(B).

Massachusetts: For purposes of both the corporate excise and the personal income tax, Massachusetts does not adopt any of the provisions of Internal Revenue Code Section 168(k). A Massachusetts taxpayer that claims bonus depreciation under Internal Revenue Code Section 168(k) for federal purposes must calculate a separate depreciation schedule for purposes of claiming depreciation on the Massachusetts corporate excise return or the Massachusetts personal income tax return. For the year property is placed in service and subsequent years, a taxpayer must calculate Massachusetts depreciation as if the taxpayer elected not to utilize the bonus depreciation allowance.

Massachusetts Statute: Mass. Gen. L. Chapter 63 Section 1; Mass. Gen. L. Chapter 63 Section 30; Mass. Gen. L. Chapter 63 Section 30(4); Mass. Gen. L. Chapter 63 Section 52A

Maine: With respect to property placed in service during the taxable year, federal taxable income must be increased by an amount equal to the net increase in depreciation or expensing attributable to the JCWAA of 2002. The difference between the ordinary depreciation and the actual depreciation claimed is then included on the Maine income tax return as an addition modification. The addition modification included in the first year of the property is subsequently recaptured through three equal installments in tax years 3, 4 and 5. No separate depreciation schedule is required for Maine purposes and no other depreciation adjustments are necessary.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 5200-A (1)(N)

New Hampshire: Under current New Hampshire law, the 30.0 percent special depreciation bonus expense and the additional Internal Revenue Code (IRC) Section 179 expense are not allowable, business taxpayers will have to adjust the taxable income reported on their federal return before reporting their gross business profits on their New Hampshire business tax return. The adjustment will require:
(1) The removal of the federal depreciation and IRC Section 179 expense authorized under P.L. 107-147; and
(2) Only the allowance of the depreciation and IRC Section 179 expense as provided under the IRC in effect on December 31, 2000.

New Hampshire Statute: New Hampshire Technical Information Release 02-002, 04/15/2002

Vermont: Vermont adopts the Internal Revenue Code (IRC) as currently in effect, but without regard to IRC Section 168(k) because the definition of "Vermont net income" for C corporations specifically excludes IRC Section 168(k) depreciation. The Vermont decoupling from federal bonus depreciation provisions includes the federal rules for computing the additional 50.0 percent bonus depreciation deduction for qualified cellulosic biomass ethanol plant property purchased after December 20, 2006 and placed in service before 2013 pursuant to P.L. 109–432, the Tax Relief and Health Care Act of 2006 and the additional 50.0 bonus depreciation deduction for assets acquired and placed into service during 2008 under P.L. 110–185, the 2008 Economic Stimulus Act. If taken in the current or in prior years, the federal taxable income must be recomputed without special bonus depreciations.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(7); Vt. Stat. Ann. 32 Section 5811(18)(A)

2. Companies Engaged in Buying, Selling, Dealing In or Holding Securities on Own Behalf:

Statutory Reference: Rhode Island General Law Section 44-11-2(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 2004

Description: Corporations that buy, sell, deal in or hold securities on their own behalf and "not as a broker, underwriter, or distributor" and whose gross receipts derived from these actions amount to at least 90.0 percent of its total gross receipts derived from all activities in a taxable year can take as a modification reducing net income 50.0 percent of excess capital gains over capital losses for the taxable year prior to computing the tax imposed by Rhode Island General Law Section 44-11-2.

Data Source: No reliable data exists for this particular modification.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	***2009***	***2010***	***2011***
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

3. Contribution to Medical Savings Accounts by Scituate Residents:

Statutory Reference: Rhode Island General Law Section 44-30-25.1(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2002 / N/A

Description: A resident individual of the town of Scituate who establishes a medical savings account is allowed a modification decreasing federal adjusted gross income prior to computing the tax imposed by Rhode Island General Law Chapter 44-30 for contributions made to said medical savings account to the extent such a contribution is deemed taxable under the Internal Revenue Code. The income, including gains and losses on a medical savings account, is exempt from taxation.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The amount of the reported modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$3,130**	**22**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$3,130**	**22**
2010 Personal Income Tax	**$3,130**	**22**
2011 Personal Income Tax	**$3,130**	**22**

Law comparison: No similar provisions found in the other New England States.

4. Contributions to an Account under Tuition Savings Program:

Statutory Reference: Rhode Island General Law Section 44-30-12(c)(4)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2002 / NA

Description: Contributions made to an account under the tuition savings program, including the "contributions carryover", if any, can be taken as a modification decreasing federal adjusted gross income prior to computing the tax imposed by Rhode Island General Law Chapter 44-30 subject to the limitation that the aggregate subtraction for any taxable year of the taxpayer shall not exceed $500 or $1,000 if a joint return. The subtraction shall not reduce the taxpayer's federal adjusted gross income to less than zero.

The following shall not be considered contributions to an account under the tuition savings program: (1) Contributions made by any person to an account who is not a participant of the account at the time the contribution is made; (2) Transfers or rollovers to an account from any other tuition savings program account or from any other "qualified tuition program" under section 529 of the Internal Revenue Code; or (3) A change of the beneficiary of the account.

In the case of a nonqualified withdrawal or distribution from an account in the tuition savings program pursuant to Rhode Island General Law Section 16-57-6.1 an amount equal to the lesser of the nonqualified withdrawal reduced by any penalty imposed in connection with the nonqualified withdrawal plus the earnings portion of the nonqualified withdrawal or the amount of taxpayer's contribution modification for the taxable year of the withdrawal plus the two prior taxable years must be taken as a modification increasing federal adjusted gross income.

Data Source: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The amount of the reported modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$85,917**	**3,560**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$85,917**	**3,560**
2010 Personal Income Tax	**$85,917**	**3,560**
2011 Personal Income Tax	**$85,917**	**3,560**

Law Comparison: Connecticut, Massachusetts, Maine and Vermont have similar provisions.

Connecticut: Connecticut taxpayers may deduct contributions to Connecticut Higher Education Trust (CHET) accounts from adjusted gross income. The contributions must have been made on or after January 1, 2006 and prior to January 1, 2007. Joint filers may deduct up to $10,000 annually, while individual filers may deduct up to $5,000. Any excess over the $5,000 or $10,000 limits may be carried over to subsequent tax years, but the maximum deduction allowed for each of the five succeeding taxable years may still not exceed $5,000 or $10,000 depending on the taxpayer's filing status. Any resident or nonresident taxpayer required to file a Connecticut return may claim a deduction for CHET contributions, whether or not the taxpayer is a CHET account owner. Contributions may be made to one or more accounts and there is no per-beneficiary or per-account limit. A deduction for contributions to a CHET account may be claimed, regardless of whether the beneficiary is a resident or nonresident of Connecticut. A rollover or transfer into a CHET account from a non-CHET account under the qualified state tuition plan of another state is not treated as a contribution and may not be claimed as a deduction.

Connecticut Statute: Conn. Gen. Stat. Chapter 229, Section12-701a; Connecticut Higher Education Trust (CHET) Deduction, 08/09/2006

Massachusetts: Massachusetts is aligned with federal treatment of qualified tuition programs under Internal Revenue Code Section 529 including the substantial changes made to such plans under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). Under federal law, earnings distributed from Qualified Tuition

Programs are excluded from the beneficiary's federal gross income to the extent the distribution is used to pay for qualified higher education expenses.

Massachusetts Statute: Mass. Gen. L. Chapter 62 Section1(c)

Maine: Taxpayers can subtract from federal adjusted gross income the portion of contributions to a qualified tuition program established under Internal Revenue Code Section 529 up to $250 per designated beneficiary. This deduction may not be claimed on returns when federal adjusted gross income exceeds $100,000 for returns with a filing status of single or married filing separately or $200,000 for returns with a filing status of married joint or head of household.

Maine Statute: Me. Rev. Stat. Ann. 36 § 5122(2)(Y)

Vermont: Vermont Higher Education Investment Plan (VHEIP) participants are able to receive a Vermont income tax credit of 10 percent of the first $2,500 contributed to an account, or up to $250 per year per taxpayer.

Vermont Statute: Vt. Stat. Ann. 16 Section 2879c(b); Vermont Technical Bulletin TB-33, 11/28/2006

5. Domestic International Sales Corporations (DISCs)

Statutory Reference: Rhode Island General Law Section 44-11-11(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1974 / N/A

Description: "Domestic International Sales Corporations (DISCs) are treated as they are under federal income tax law and shall not pay the amount of the tax computed under Rhode Island General Law 44-11-2(a). Any income to shareholders of DISCs is to be treated in the same manner as it is treated under federal income tax law as it exists on December 31, 1984."

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut, New Hampshire and Vermont have similar provisions.

Connecticut: A Domestic International Sales Corporation (DISC) is exempt from the corporation business tax. A DISC is a corporation that derives at least 95.0 percent of its revenues from export activities, and is exempt from federal income tax. To get the Connecticut exemption, a DISC must have a valid federal election in effect under Internal Revenue Code Section 992.

Connecticut Statute: Conn. Gen. Stat. Chapter 208, Section 12-214(a)(2)(b).

New Hampshire: New Hampshire allows special treatment for the distributions from Domestic International Sales Corporations when made to the parent if the profits from the DISC have already been subjected to taxation by New Hampshire under the same chapter for the same taxable year.

New Hampshire Statute: Title V, Chapter 77-A, Section 77A: 4 VI.

Vermont: Vermont corporate income tax laws do not contain any specific provisions relating to domestic international sales corporations (DISCs) and foreign sales corporations (FSCs). However, since federal taxable income is adopted as a starting point for determining Vermont net income, federal tax treatment of DISCs and FSCs is followed. This means they will not be subject to Vermont corporate tax if they meet election provisions of the Internal Revenue Code and qualify as DISCs or FSCs for federal tax purposes.

Vermont Statute: Vt. Stat. Ann. 32 Section 5820(a).

6. Enterprise Zone Business Owner with Domiciliary in Enterprise Zone:

Statutory Reference: Rhode Island General Law Section 42-64.3-7

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1982 / 1997

Description: A domiciliary of an enterprise zone who owns and operates a qualified business facility in that zone and which business is not required file under Rhode Island General Law Chapters 44-11, 44-13, 44-14, or 44-17 may take as a modification of $50,000 per year decreasing federal adjusted gross income prior to computing the tax imposed by Rhode Island General Law Chapters 44-11 and 44-30 during the first three years after certification and operations in the zone and may deduct $25,000 in the fourth and fifth year.

Data Source: No reliable data exists for this particular exclusion.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	No estimate possible	No estimate possible
2008 Public Service Corp Tax	No estimate possible	No estimate possible
Total 2008	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	No estimate possible	No estimate possible
2009 Public Service Corp Tax	No estimate possible	No estimate possible
Projected Total 2009	**No estimate possible**	**No estimate possible**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	No estimate possible	No estimate possible
2010 Public Service Corp Tax	No estimate possible	No estimate possible
Projected Total 2010	**No estimate possible**	**No estimate possible**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	No estimate possible	No estimate possible
2011 Public Service Corp Tax	No estimate possible	No estimate possible
Projected Total 2011	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

7. Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code:

Statutory Reference: Rhode Island General Law Section 44-61-1.1

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2003 / 2008

Description: For purposes of the expensing of assets under Rhode Island General Law Chapters 44-11, 44-14, and 44-30, the expense deduction shall not exceed $25,000 in any taxable year. The additional expensing of assets under Section 179 of the Internal Revenue Code provided by the federal Jobs Growth Tax Relief Reconciliation Act (JGTRRA) of 2003 or any subsequent enactment for federal tax purposes is not allowed for Rhode Island tax purposes. In the year that those assets are placed in service and in all subsequent years, expenses and depreciation for Rhode Island tax purposes shall be allowed on those assets as it would have been computed prior to the enactment of the

JGTRRA of 2003. The expense deduction limitation of twenty-five thousand dollars ($25,000) applies to tax years beginning January 1, 2007 and thereafter.

Prior to the JGTRRA of 2003, businesses could expense up to $25,000 under Section 179 of the Internal Revenue Code. The amount that could be expensed was reduced on a dollar-for-dollar basis by the amount by which the cost of qualifying property exceeded $200,000. Therefore, capital investments over $225,000 did not qualify. The JGTRRA of 2003 increased the maximum amount of expensing to $100,000 and the phase-out to $400,000, allowing purchases of qualifying property up to $500,000 in cost to qualify. These limits were indexed for inflation for tax years beginning after 2003. JGTRRA also added off-the-shelf computer software to the list of qualifying property and provided that the limits were adjusted by an inflation factor. JGTRRA applied to tax years 2003 through 2005. The American Jobs Creation Act of 2004 extended the JGTRRA of 2003's provisions to tax years 2006 and 2007, while the Tax Increase Prevention and Reconciliation Act of 2005 extends increased expensing for small businesses to tax years 2008 and 2009.

Rhode Island's disallowance of the increased expense deduction under Section 179 is a timing issue. In the year that an asset is put in service and is eligible for the federal increased expense deduction, a Rhode Island taxpayer must take as a modification increasing federal adjusted gross income (AGI) the difference in the increased expense deduction amount allowed on the federal tax return, a maximum of $100,000, and the expense deduction amount allowed for Rhode Island tax purposes, a maximum of $25,000. In subsequent years, a Rhode Island taxpayer may take as a modification decreasing federal AGI the expense deduction amount that was disallowed for Rhode Island tax purposes but allowed for federal tax purposes and the expense deduction amount allowed for Rhode Island tax purposes up to a maximum of $25,000. This modification reducing federal AGI is taken until the expense deduction amount that was disallowed for Rhode Island tax purposes but allowed for federal tax purposes has been completely utilized. Thus, there is no net impact on Rhode Island tax collections after the asset has been completely expensed.

Data Source: Residents: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation. Non-residents: TY 2008 Data Warehouse, Office of Revenue Analysis calculations. The modification includes both modifications increasing and modifications decreasing Federal Adjusted Gross Income (AGI). Net resident modifications totaled $28,574,350 and net non-resident modifications totaled $7,497,927. The total net modifications for resident and non-resident taxpayers resulted in a net modification that increased AGI for Tax Year 2008. Therefore, there is no revenue foregone from this modification. The number of taxpayers includes those taxpayers that had a net modification that either increased AGI or decreased AGI.

For Business Corporation and Bank taxes, no reliable data exists for this particular modification.

Reliability Index: Business Corporations and Bank Taxes: 5; Personal Income Tax: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	No estimate possible	No estimate possible
2008 Bank Tax	No estimate possible	No estimate possible
2008 Personal Income Tax	$0	7,217
Total 2008	**$0**	**7,217**

Projection Methodology: Personal Income Tax: Amount of modification and number of taxpayers is held constant. Business Corporations and Bank Taxes: No projection is made due to lack of reliable data.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	No estimate possible	No estimate possible
2009 Bank Tax	No estimate possible	No estimate possible
2009 Personal Income Tax	$0	7,217
Projected Total 2009	**$0**	**7,217**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	No estimate possible	No estimate possible
2010 Bank Tax	No estimate possible	No estimate possible
2010 Personal Income Tax	$0	7,217
Projected Total 2010	**$0**	**7,217**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	No estimate possible	No estimate possible
2011 Bank Tax	No estimate possible	No estimate possible
2011 Personal Income Tax	$0	7,217
Projected Total 2011	**$0**	**7,217**

Law Comparison: Only Connecticut, Massachusetts and Maine have similar provisions.

Connecticut: Depending on the taxpayer's income year, Connecticut substantially conforms to Internal Revenue Code (IRC) Section 179 and related IRC provisions, Sections 179B, 179C, 179D, 179E, and 181, which allow the expensing of certain depreciable business assets. In general, the depreciation deduction allowed for Connecticut purposes is determined as provided for federal tax purposes under the IRC of 1986, or any subsequent IRC, including changes made by the federal Jobs and Growth Tax Relief Reconciliation Act of 2003; the American Jobs Creation Act of 2004, except that the bonus depreciation deduction allowed by IRC Section 168(k) does not apply; the

Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA); the Small Business and Work Opportunity Act of 2007, the 2008 Economic Stimulus Act and the American Recovery and Reinvestment Act of 2009.

Connecticut Statute: Conn. Gen. Stat. Chapter 208, Section 12-217(b)

Massachusetts: Massachusetts adopts the Internal Revenue Code (IRC) as amended and in effect for the taxable year. Massachusetts generally follows the IRC provision allowing an election to expense certain depreciable business assets, and adopts the rules and limits under the current IRC Section 179.

Massachusetts Statute: Mass. Gen. Public Laws Chapter 63 Section 1

Maine: Maine has not conformed to IRC § 179 expense increases, including extensions, applicable to tax years beginning on or after January 1, 2003.
Maine Statute: Me. Rev. Stat. Ann. 36 Section 5122(1)(N)

New Hampshire: Under current New Hampshire law, the 30.0 percent special depreciation bonus expense and the additional Internal Revenue Code (IRC) Section 179 expense are not allowable, business taxpayers will have to adjust the taxable income reported on their federal return before reporting their gross business profits on their New Hampshire business tax return. The adjustment will require: (1) The removal of the federal depreciation and IRC Section 179 expense; and (2) Only the allowance of the depreciation and IRC Section 179 expense as provided under the IRC in effect on December 31, 2000.

New Hampshire Statute: New Hampshire Technical Information Release 02-002, 04/15/2002

Vermont: The starting point for determining Vermont net income is federal taxable income. For this purpose, Vermont conforms to the Internal Revenue Code as amended through tax year 2008. Accordingly, Vermont adopts the federal changes to Internal Revenue Code Section 179 in effect for tax year 2008 but not to changes made after.

Vermont Statute: Vt. Stat. Ann. 32 Section 5820(a)

8. Federally Taxable Qualified Withdrawals from Tuition Savings Program Account:

Statutory Reference: Rhode Island General Law Section 44-30-12(c)(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / N/A

Description: The amount of any withdrawal or distribution from the tuition savings program referenced in Rhode Island General Law Section 16-57-6.1 which is included in federal adjusted gross income other than a withdrawal or distribution or portion thereof that is deemed nonqualified is a modification that decreases federal adjusted gross income for purposes of the tax imposed by Rhode Island General Law Chapter 44-30.

Under federal income tax law, the taxable portion of a qualified withdrawal or distribution is the earnings portion of the withdrawal or transfer that exceeds the adjusted qualified education expenses. Adjusted qualified education expenses is the total qualified education expenses reduced by any tax-free educational assistance. Tax-free educational assistance includes: the tax-free portion of scholarships and fellowships, veterans' educational assistance, Pell grants, employer-provided educational assistance and any other nontaxable (tax-free) payments (other than gifts or inheritances) received as educational assistance.

Data Source: No reliable data exists for this particular modification. The estimated foregone revenue for this modification is included in the foregone revenue estimate for "Contributions to an Account under Tuition Savings Program".

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Maine has a similar provision.

Maine: To the extent included in federal adjusted income, any amount that is a qualified distribution from an account established under the Maine College Savings Program and used for paying higher education expenses of the designated beneficiary of that account is subtracted from federal adjusted gross income in calculating a taxpayer's Maine taxable income.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 5122(2)(J)

9. Foreign Sales Corporations (FSC):

Statutory Reference: Rhode Island General Law Section 44-11-11(d)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1985 / N/A

Description: A corporation which qualifies as a Foreign Sales Corporation (FSC) under federal income tax law and has in effect for the entire tax year a valid election under federal law to be treated as a FSC shall not pay the amount of the tax computed under Rhode Island General Law 44-11-2(a). Any income to shareholders of FSCs is to be treated in the same manner as it is treated under federal income tax law as it exists on January 1, 1985."

This tax preference item allows an eligible corporation which has elected to be treated for federal purposes as a foreign sales corporation to be exempted from the business corporation tax calculated by 44-11-2(a) to the same extent the corporation would be exempted if it were an electing small business corporation [1120S].

Data Source: No reliable data exists for this particular modification.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

10. Gain from Stock Options in Qualifying Corporations:

Statutory Reference: Rhode Island General Law Section 44-39.3-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1997 / N/A

Description: "The income, gain, or preference items resulting from the sale, transfer, or exercise of qualified and nonqualified stock options, the stock issued or transferred on the exercise of any option and warrants issued with respect to options and/or stock of a qualifying corporation" can be taken by a qualifying taxpayer as a modification reducing federal adjusted gross income for the purposes of computing the tax imposed by Rhode Island General Law Chapter 44-30.

A qualifying taxpayer is a resident of Rhode Island who has been employed at a location in Rhode Island for at least three consecutive months as a full-time employee of a qualifying corporation and the estate, heirs, and successors of that taxpayer. A qualifying corporation is any corporation that (1) annually elects to be a qualifying corporation; (2) has at least 10 full-time employees in Rhode Island; and (3) is engaged principally in at least one business activity described in Standard Industrial Classification (SIC) codes 7371; Computer Programming services, 7372, Prepackaged Software; or (3) 7373, Computer Integrated Systems Design.

Data Source: No reliable data exists for this particular modification. The estimated foregone revenue and the number of taxpayers for this modification is included in the foregone revenue estimate for "Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation."

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

11. Income Earned on a Rhode Island Family Education Accounts:

Statutory Reference: Rhode Island General Law Sections 44-30-12(c)(2) / 44-30-25(f)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1988 / 2005

Description: The income earned on the assets held in family education accounts can be taken as a modification decreasing federal adjusted gross income prior to the computation of the tax imposed by Rhode Island General Law Chapter 44-30. A family education account is an account created by an individual taxpayer for the purpose of providing qualified educational benefits to a qualified beneficiary provided that the account is created by a written governing instrument as prescribed by the Tax Administrator that designates the account as a Rhode Island Family Education Account.

Any amount withdrawn or deemed to be withdrawn from a Rhode Island Family Education Account other than as a qualified withdrawal shall be a modification increasing federal adjusted gross income prior to the computation of the tax imposed by Rhode Island General Law Chapter 44-30. The modification increasing federal adjusted gross income shall not exceed the net modifications reducing federal adjusted gross income taken in the current or prior tax years.

Data Source: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The amount of the reported modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$7.090**	**183**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$7.090**	**183**
2010 Personal Income Tax	**$7.090**	**183**
2011 Personal Income Tax	**$7.090**	**183**

Law Comparison: No similar provisions found in the other New England States.

12. Income from the Assignment or Transfer of Historic Structures Tax Credits:

Statutory Reference: Rhode Island General Law Section 44-33.2-3(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / 2008

Description: Any assignment or sales proceeds received by the taxpayer for its assignment or sale of the tax credits allowed pursuant to Rhode Island General Law Chapter 44-33.2 shall be taken as a modification decreasing federal taxable income prior to the calculation of the taxes imposed by Rhode Island General Law Title 44 entitled "Taxation".

If a tax credit is subsequently recaptured, revoked or adjusted, the seller's tax calculation for the year of revocation, recapture, or adjustment shall be increased by the total amount of the sales proceeds, without proration, as a modification increasing federal adjusted gross income under Rhode Island General Law Chapter 44-30.

In the event that the seller is not a natural person, the seller's tax calculation under Rhode Island General Law Chapters 44-11, 44-12, 44-13 (other than with respect to the tax imposed under Rhode Island General Law Section 44-13-13), 44-14, 44-17, or 44-30 as applicable, for the year of revocation, recapture, or adjustment, shall be increased by including the total amount of the sales proceeds without proration.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The modification includes both modifications increasing and modifications decreasing Federal Adjusted Gross Income (AGI). Net resident modifications totaled -$556,591 and net non-resident modifications totaled -$201,742. The total net modifications for resident and non-resident taxpayers resulted in a net modification that decreased AGI for Tax Year 2008. The number of taxpayers includes those taxpayers that had a net modification that either increased AGI or decreased AGI. The amount of the reported net modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates.

Reliability Index: Business Corporations, Franchise, Public Service Corporation, Bank Deposits, and Insurance Companies Taxes: 5; Personal Income Tax: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	No estimate possible	No estimate possible
2008 Franchise Tax	No estimate possible	No estimate possible
2008 Public Service Corp Tax	No estimate possible	No estimate possible
2008 Bank Deposits Tax	No estimate possible	No estimate possible
2008 Insurance Companies Tax	No estimate possible	No estimate possible
2008 Personal Income Tax	$24,371	18
Total 2008	**$24,371**	**18**

Projection Methodology: Personal Income Tax: Amount of modification and number of taxpayers is held constant. Business Corporations Franchise, Public Service Corporation, Bank Deposits, and Insurance Companies Taxes: No projection is made due to lack of reliable data.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	No estimate possible	No estimate possible
2009 Franchise Tax	No estimate possible	No estimate possible
2009 Public Service Corp Tax	No estimate possible	No estimate possible
2009 Bank Deposits Tax	No estimate possible	No estimate possible
2009 Insurance Companies Tax	No estimate possible	No estimate possible
2009 Personal Income Tax	$24,371	18
Total 2009	**$24,371**	**18**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	No estimate possible	No estimate possible
2010 Franchise Tax	No estimate possible	No estimate possible
2010 Public Service Corp Tax	No estimate possible	No estimate possible
2010 Bank Deposits Tax	No estimate possible	No estimate possible
2010 Insurance Companies Tax	No estimate possible	No estimate possible
2010 Personal Income Tax	$24,371	18
Total 2010	**$24,371**	**18**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	No estimate possible	No estimate possible
2011 Franchise Tax	No estimate possible	No estimate possible
2011 Public Service Corp Tax	No estimate possible	No estimate possible
2011 Bank Deposits Tax	No estimate possible	No estimate possible
2011 Insurance Companies Tax	No estimate possible	No estimate possible
2011 Personal Income Tax	$24,371	18
Total 2011	**$24,371**	**18**

Law Comparison: No similar provisions found in the other New England States.

13. Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits:

Statutory Reference: Rhode Island General Law Section 44-31.2-9

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2005 / 2006

Description: Any Motion Picture Production Company Tax Credit certificate issued in accordance with Rhode Island General Law Section 44-31.2-5 which has been issued to a motion picture production company or passed through in accordance with Rhode Island General Law Subsection 44-31.2-5(d), and to the extent not previously claimed against the tax of the motion picture production company or of the owner of the certificate if the certificate was issued in accordance with Rhode Island General Law Subsection 44-31.2-5(d), may be transferred or sold by such company to another Rhode Island taxpayer, subject to certain procedures and conditions. Any assignment or sales proceeds received by the motion picture production company for its assignment or sale of Motion Picture Production Company Tax Credits shall be taken as a modification decreasing federal taxable income prior to the calculation of the taxes imposed by Rhode Island General Law Title 44 entitled “Taxation”.

Failure to comply with Rhode Island General Law Section 44-31.2-9 will result in the disallowance of the tax credit until the taxpayers are in full compliance. Disallowance of the Motion Picture Production Tax Credit that was previously claimed is recaptured and added back as a modification increasing Federal Adjusted Gross Income.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The modification includes both modifications increasing and modifications decreasing Federal Adjusted Gross Income (AGI). Net resident modifications totaled -$267,576 and net non-resident modifications totaled -$23,841. The total net modifications for resident and non-resident taxpayers resulted in a net modification that decreased AGI for Tax Year 2008. The number of taxpayers includes those taxpayers that had a net modification that either increased AGI or decreased AGI. The amount of the reported net modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates.

Reliability Index: Business Corporations, Franchise, Public Service Corporation, Bank Deposits, and Insurance Companies Taxes: 5; Personal Income Tax: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	No estimate possible	No estimate possible
2008 Franchise Tax	No estimate possible	No estimate possible
2008 Public Service Corp Tax	No estimate possible	No estimate possible
2008 Bank Deposits Tax	No estimate possible	No estimate possible
2008 Insurance Companies Tax	No estimate possible	No estimate possible
2008 Personal Income Tax	$8,504	9
Total 2008	**$8,504**	**9**

Projection Methodology: Personal Income Tax: Amount of modification and number of taxpayers is held constant. Business Corporations Franchise, Public Service Corporation, Bank Deposits, and Insurance Companies Taxes: No projection is made due to lack of reliable data.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	No estimate possible	No estimate possible
2009 Franchise Tax	No estimate possible	No estimate possible
2009 Public Service Corp Tax	No estimate possible	No estimate possible
2009 Bank Deposits Tax	No estimate possible	No estimate possible
2009 Insurance Companies Tax	No estimate possible	No estimate possible
2009 Personal Income Tax	$8,504	9
Total 2009	**$8,504**	**9**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	No estimate possible	No estimate possible
2010 Franchise Tax	No estimate possible	No estimate possible
2010 Public Service Corp Tax	No estimate possible	No estimate possible
2010 Bank Deposits Tax	No estimate possible	No estimate possible
2010 Insurance Companies Tax	No estimate possible	No estimate possible
2010 Personal Income Tax	$8,504	9
Total 2010	**$8,504**	**9**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	No estimate possible	No estimate possible
2011 Franchise Tax	No estimate possible	No estimate possible
2011 Public Service Corp Tax	No estimate possible	No estimate possible
2011 Bank Deposits Tax	No estimate possible	No estimate possible
2011 Insurance Companies Tax	No estimate possible	No estimate possible
2011 Personal Income Tax	$8,504	9
Total 2011	**$8,504**	**9**

Law Comparison: No similar provisions found in the other New England States.

14. Income or Gain from a Qualifying Employee's Ownership of a Qualifying Corporation:

Statutory Reference: Rhode Island General Law Section 44-43-8

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1993 / 1995

Description: "Any income, gain or preference items resulting from the transfer of employer securities from a qualified retirement plan, the sale, transfer, or exercise of stock, warrants, options, bonds, notes, or other interests of any corporation" can be taken as a modification decreasing federal adjusted gross income for the purpose of computing the tax imposed by Rhode Island General Law Chapter 44-30 "provided that at the time of the sale, transfer, or exercise the corporation is a qualifying corporation" as defined in Rhode Island General Law Section 44-43-8(c) "with respect to the qualifying taxpayer."

Rhode Island General Law Section 44-43-8(b) defines a qualifying taxpayer. Rhode Island General Law Section 44-43-8(c) and 44-43-8(d) define a qualifying corporation.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The amount of the reported modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates. The figures for foregone revenue and number of taxpayers include those associated with the modification "Gains from Stock Options in Qualifying Corporations".

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$3,110**	**17**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$3,110**	**17**
2010 Personal Income Tax	**$3,110**	**17**
2011 Personal Income Tax	**$3,110**	**17**

Law comparison: No similar provisions found in the other New England States.

15. Interest on Obligations of the United States and its' Possessions:

Statutory Reference: Rhode Island General Law Section 44-30-12(c)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1971 / N/A

Description: "Any interest income on obligations of the United States and its possessions to the extent includible in gross income for federal income tax purposes, and any interest or dividend income on obligations, or securities of any authority, commission, or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States; provided that the amount to be subtracted shall in any case be reduced by any interest on indebtedness incurred or continued to purchase or carry obligations or securities the income of which is exempt from Rhode Island personal income tax, to the extent the interest has been deducted in determining federal adjusted gross income or taxable income shall be subtracted from federal adjusted gross income" prior to computing the tax imposed by Rhode Island General Law Chapter 44-30.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The amount of the reported modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$4,724,085**	**28,707**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$4,724,085**	**28,707**
2010 Personal Income Tax	**$4,724,085**	**28,707**
2011 Personal Income Tax	**$4,724,085**	**28,707**

Law Comparison:

Connecticut: Any income that federal law prohibits states from taxing is exempt from Connecticut income tax.

Connecticut Statute: Gen. Stat. Chapter 229, Section 12-701.

Maine: Maine provides for a subtraction from federal adjusted gross income of interest or dividends on obligations of the United States.

Maine Statute: Title 36, Part 8, Chapter 805, paragraph 94-876, Section 5122, 2.A.

Massachusetts: Interest on obligations of the United States is exempt from state income taxation to the extent included in federal gross income.

Massachusetts Statute: Gen. Public Laws Chapter 62 Sub Section 2 (a)(2)(A).

New Hampshire: New Hampshire does not impose a personal income tax.

Vermont: Vermont provides a decrease by the items of income from United States government obligations to the extent such income is included in federal adjusted gross income.

Vermont Statute: Title 32, Sub Section 5811(21)(B).

16. Military Pay of Nonresident Individuals:

Statutory Reference: Rhode Island General Law Section 44-30-32(d)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1971 / N/A

Description: Compensation paid by the United States for service in the armed forces of the United States, performed by an individual not domiciled in Rhode Island can be taken as a modification decreasing federal adjusted gross income for the purposes of computing the tax imposed by Rhode Island General Law Chapter 44-30.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The amount of the reported modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$533,955**	**487**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$533,955**	**487**
2010 Personal Income Tax	**$533,955**	**487**
2011 Personal Income Tax	**$533,955**	**487**

Law Comparison:

Connecticut: Members of the military who had permanent legal residence outside of Connecticut when they entered the Armed Forces, do not become Connecticut residents due to being stationed in Connecticut. If nonresident members of the Armed Forces stationed and living in Connecticut have no income other than their military pay, they are not subject to Connecticut income tax and do not have to file a Connecticut income tax return.

Connecticut Statute: Title 12, Chapter 229, Section 12-711(d).

Massachusetts: The compensation paid by the United States to its uniformed military personnel assigned to duty at military posts, bases or stations within the Commonwealth for services rendered by said personnel while on active duty, shall be deemed to be from sources other than sources within the Commonwealth.

Massachusetts Statute: Chapter 62, Section 5(c).

Maine: A member of the armed services who is a legal resident of another state but is stationed in Maine by military orders is not subject to Maine income tax on his or her service pay.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 5142(7)

New Hampshire: New Hampshire does not impose a personal income tax.

Vermont: Vermont excludes military pay for full-time active duty with the armed services within the definition of income of individuals.

Vermont Statute: Title 32, Subtitle 2, Part 3, Chapter 151, Section 5823(b)(3).

17. New Research and Development Facilities:

Statutory Reference: Rhode Island General Law Section 44-32-1

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1974 / 1975

Description: A deduction for all expenditures paid or incurred for the construction, reconstruction, erection, or acquisition of any new tangible property that is depreciable under 26 U.S.C. § 167, was acquired by purchase as defined in 26 U.S.C. § 179(d), is located in the State, and is used in the taxpayer's trade or business for purposes of research and development in the experimental or laboratory sense shall be allowed against the portion of its entire net income allocated to Rhode Island during the taxable year. The deduction can be taken against the taxes imposed by Rhode Island General Law Chapters 44-11 and 44-30 and is in lieu of depreciation or an investment tax credit. The deduction is not refundable and has no provision for carry over.

Data Source: No reliable data exists for the Business Corporation Tax. Personal Income Tax data is from the TY 2008 Statistics of Personal Income, Resident Report, Rhode Island Division of Taxation. The amount of the reported modification is multiplied by an effective tax rate of 2.787 percent to determine the foregone revenue.

Reliability Index: Business Corporation Tax, 5; Personal Income Tax, 1.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	No estimate possible	No estimate possible
2008 Personal Income Tax	$67	1
Total 2008	**$67**	**1**

Projection Methodology: Business Corporation Tax: No projection is made due to lack of reliable data. Personal Income Tax: Amount of modification and number of taxpayers is held constant.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	No estimate possible	No estimate possible
2009 Personal Income Tax	$67	1
Projected Total 2009	**$67**	**1**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	No estimate possible	No estimate possible
2010 Personal Income Tax	$67	1
Projected Total 2010	**$67**	**1**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	No estimate possible	No estimate possible
2011 Personal Income Tax	$67	1
Projected Total 2011	**$67**	**1**

Law comparison: No similar provisions were found for the other New England states.

18. Nonqualified Withdrawals or Distributions from Rhode Island Family Education Accounts:

Statutory Reference: Rhode Island General Law Section 44-30-12(3)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / N/A

Description: "Any amount withdrawn from a family education account other than as a qualified withdrawal shall be a modification increasing federal adjusted gross income" prior to computing the tax imposed by Rhode Island General Law Chapter 44-30.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation; Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The modification for resident and non-resident taxpayers is a modification that increased federal Adjusted Gross Income for Tax Year 2008. Therefore, there is no revenue foregone from this modification.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$0**	**25**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$0**	**25**
2010 Personal Income Tax	**$0**	**25**
2011 Personal Income Tax	**$0**	**25**

Law Comparison: No similar provisions found in the other New England States.

19. Nonqualified Withdrawals from a Medical Savings Account by Scituate Residents:

Statutory Reference: Rhode Island General Law Section 44-30-25.1(d)(3)(i)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / N/A

Description: An employee or account holder who withdraws money from a medical savings account for any purpose other than a purpose described in Rhode Island General Law Section 44-30-25.1(c)(3) will incur a penalty of 10.0 percent of the withdrawal amount. The amount of any such withdrawal shall, to the extent that any earlier contribution(s) or income was claimed as a modification decreasing federal adjusted gross income for Rhode Island purposes shall be a modification increasing federal adjusted gross income of the account holder or employee for the purpose of determining his or her tax liability under Rhode Island General Law Chapter 44-30 in the year that the withdrawal or withdrawals are made.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation; Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The modification for resident and non-resident taxpayers is a modification that increased federal Adjusted Gross Income for Tax Year 2008. Therefore, there is no revenue foregone from this modification.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$0**	**12**

Projection Methodology:

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$0**	**12**
2010 Personal Income Tax	**$0**	**12**
2011 Personal Income Tax	**$0**	**12**

Law Comparison: No similar provisions found in the other New England States.

20. One-Half of Rental Vehicle Surcharge Retained by Rental Car Companies:

Statutory Reference: Rhode Island General Law Section 31-34.1-2(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1994 / 2002

Description: One-half of the revenue collected from the imposition of the surcharge imposed by Rhode Island General Law Section 31-34.12(a) is retained by the rental car company and one-half of the surcharge is remitted to the state for deposit in the general fund.

Data Source: Excise Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Rental Vehicle Surcharge	**$2,873,801**	**46**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$2,873,801**	**$2,873,801**	**$2,873,801**

Law Comparison: Only Connecticut has a similar provision.

Connecticut: The rental surcharge is equal to 3.0 percent of the total rental charge and is included in the sales tax basis. It applies only if the rental company owns a fleet of at least five passenger motor vehicles used for rentals. The total surcharge collected is retained by the rental company. Rentals by licensed new car dealers, repairers and limited repairers are exempt from the surcharge. Rentals by used car dealers who are not primarily engaged in the rental business are also exempt.

Connecticut Statute: Title 12, Chapter 228h, Section 12-692.

21. Performance-Based Income of Eligible Employees via the Jobs Growth Act:

Statutory Reference: Rhode Island General Law Section 42-64.11-4

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2005 / N/A

Description: An eligible employee, as defined in Rhode Island General Law Section 42-64.11-2(j), of an eligible company, as defined in Rhode Island General Law Section 42-64.11-2(i), shall be allowed as a modification decreasing adjusted gross income and alternative minimum income for purposes of the tax imposed by Rhode Island General Law Chapter 44-30 of 50.0 percent of the performance-based income realized by the eligible employee during any calendar year for which an eligible company has been certified under Rhode Island General Law Section 42-64.11-3.

In any taxable for which an eligible company has been certified under Rhode Island General Law Section 42-64.11-3, said eligible company or its affiliates shall pay a tax equal to 5.0 percent of the aggregate performance-based compensation paid to its eligible employees.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The modification for resident and non-resident taxpayers is a modification that decreased federal Adjusted Gross Income for Tax Year 2008. The amount of the reported modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$988,950**	**804**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$988,950**	**$988,950**	**$988,950**

Law comparison: No similar provisions found in the other New England States.

22. Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust:

Statutory Reference: Rhode Island General Law Section 44-11-2(c)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1956 / 2004

Description: A personal holding company registered under the federal Investment Company Act of 1940, a regulated investment company, or a real estate investment trust must pay annually to the state a tax equal to $0.10 for each $100.00 of gross income. Gross income is as defined in federal income tax law plus any interest not included in federal gross income less interest precluded from taxation by Rhode Island and less 50.0 percent of the excess capital gains over capital losses realized in the taxable year.

Data Source: No reliable data exists for this particular modification.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

23. Profits or Gains from Sales of Work by Artists, Writers, and Composers:

Statutory Reference: Rhode Island General Law Section 44-30-1.1(c)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1996 / 2005

Description: An individual to whom Rhode Island General Law Section 44-30-1.1 applies is entitled to have the profits or gains arising from the publication, production, or sale of a work or works be taken as a modification reducing federal adjusted gross income for the purposes of computing the tax imposed by Rhode Island General Law Chapter 44-30. The modification is available only to artists, writers and composers that reside within designated economic development zones in Providence, Pawtucket, Woonsocket, Warwick, Westerly, Newport, Tiverton, Little Compton, and Warren.

A work is defined in Rhode Island General Law Section 44-30-1.1(a) as "an original and creative work whether written, composed, created or executed" that falls into one of the following categories: (1) a book or other writing; (2) a play or the performance of said play; (3) a musical composition or the performance of said composition; (4) a painting or other like picture; (5) a sculpture; (6) traditional and fine crafts; (7) the creation of a film or the acting of said film; or (8) the creation of a dance or the performance of said dance.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The modification for resident and non-resident taxpayers is a modification that decreased federal Adjusted Gross Income for Tax Year 2008. The amount of the reported modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$16,250**	**53**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$16,250**	**$16,250**	**$16,250**

Law comparison: No similar provisions found in the other New England States.

24. Provision of Insurance Benefit to Dependent or Domestic Partner:

Statutory Reference: Rhode Island General Law Section 44-30-12(c)(6)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2006 / N/A

Description: Any amount of insurance benefits or other coverage plan paid for or provided to a dependent, including a domestic partner, that is included in adjusted gross income for federal income tax purposes shall be taken as a modification reducing federal adjusted gross income prior to the computation of the tax imposed by Rhode Island General Law Chapter 44-30.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The modification for resident and non-resident taxpayers is a modification that decreased federal Adjusted Gross Income for Tax Year 2008. The amount of the reported modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$11,326**	**50**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$11,326**	**$11,326**	**$11,326**

Law Comparison: Only Massachusetts has a similar provision.

Massachusetts: Massachusetts incorporates the Internal Revenue Code (IRC) Section 106 as amended and in effect on January 1, 2005 for Massachusetts' personal income tax purposes. Under IRC Section 106 the fair market value of benefits provided to same-sex spouses that do not qualify as dependents under Internal Revenue Code Section 152 is included in federal gross income and is taxable federally to the spouse who receives the benefit from his or her employer. Since Massachusetts recognizes same-sex marriages, the fair market value of such benefit is excluded from gross income for Massachusetts' income tax purposes.

Massachusetts Statute: Mass. Gen. L. Chapter 62 Section 1; Massachusetts Technical Information Release 04-17, 07/07/2004

25. Qualifying Investment in a Certified Venture Capital Partnership:

Statutory Reference: Rhode Island General Law Section 44-43-2

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1987 / N/A

Description: A modification reducing net income or net worth, gross earnings, gross premiums or federal adjusted gross income for making a qualifying investment in a certified venture capital partnership shall be allowed for the amount of the qualifying investment in the year in which the taxpayer first makes such an investment prior to computing the tax owed under Rhode Island General Law Chapters 44-11, 44-13, 44-14, 44-17, or 44-30.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The modification is a modification decreasing Federal Adjusted Gross Income (AGI). The amount of the reported modification is multiplied by an effective tax rate of 2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates.

Reliability Index: Business Corporations, Franchise, Public Service Corporation, Bank Deposits, and Insurance Companies Taxes: 5; Personal Income Tax: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	No estimate possible	No estimate possible
2008 Public Service Corp Tax	No estimate possible	No estimate possible
2008 Bank Deposits Tax	No estimate possible	No estimate possible
2008 Insurance Companies Tax	No estimate possible	No estimate possible
2008 Personal Income Tax	$55,106	98
Total 2008	**$55,106**	**98**

Projection Methodology: Personal Income Tax: Amount of modification and number of taxpayers is held constant. Business Corporations Franchise, Public Service Corporation, Bank Deposits, and Insurance Companies Taxes: No projection is made due to lack of reliable data.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	No estimate possible	No estimate possible
2009 Public Service Corp Tax	No estimate possible	No estimate possible
2009 Bank Deposits Tax	No estimate possible	No estimate possible
2009 Insurance Companies Tax	No estimate possible	No estimate possible
2009 Personal Income Tax	$55,106	98
Total 2009	**$55,106**	**98**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	No estimate possible	No estimate possible
2010 Public Service Corp Tax	No estimate possible	No estimate possible
2010 Bank Deposits Tax	No estimate possible	No estimate possible
2010 Insurance Companies Tax	No estimate possible	No estimate possible
2010 Personal Income Tax	$55,106	98
Total 2010	**$55,106**	**98**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	No estimate possible	No estimate possible
2011 Public Service Corp Tax	No estimate possible	No estimate possible
2011 Bank Deposits Tax	No estimate possible	No estimate possible
2011 Insurance Companies Tax	No estimate possible	No estimate possible
2011 Personal Income Tax	$55,106	98
Total 2011	**$55,106**	**98**

Law Comparison: Only New Hampshire has a similar provision.

New Hampshire: Effective for tax years ending after June 30, 1998 and before May 24, 2004, business organizations may deduct from gross business profits the amount of any cash contribution made to a qualified investment capital company during that taxable period.

New Hampshire Statute: N.H. Rev. Stat. Ann. Section 77: 4-f.

26. Railroad Retirement Benefits:

Statutory Reference: Title 45 United States Code Section 231m(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1935 / 2008

Description: The United States Railroad Retirement Act provides that not withstanding any other law of the United States, or of any State, territory, or the District of Columbia no annuity or supplemental annuity shall be assignable or be subject to any tax or to garnishment, attachment, or other legal process under any circumstances whatsoever.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The modification for resident and non-resident taxpayers is a modification that decreased federal Adjusted Gross Income for Tax Year 2008. The amount of the reported modification is multiplied by an effective tax rate of

2.787 percent for resident taxpayers and 4.392 percent for non-resident taxpayers to determine the foregone revenue. Resident and non-resident foregone revenue amounts summed after application of effective tax rates.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$83,081**	**217**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$83,081**	**$83,081**	**$83,081**

Law Comparison: Applicable to all states that impose a personal income tax.

27. Rhode Island Fiduciary Adjustment:

Statutory Reference: Rhode Island General Law Section 44-30-12(d)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1971 / 2002

Description: The taxpayer's share, as beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under Rhode Island General Law Section 44-30-17 shall be taken as a modification either decreasing or increasing federal adjusted gross income as the case may be prior to the computation of the tax liability imposed by Rhode Island General Law Chapter 44-30.

The Rhode Island fiduciary adjustment is the net amount of the modifications provided for in Rhode Island General Law Section 44-30-12 exclusive of subdivisions (b)(4), (c)(3) and (c)(4) which relates to items of income or deduction of an estate or trust. This includes the modification for the Rhode Island fiduciary adjustment, subdivision (d) of Rhode Island General Law Section 44-30-17, if the estate or trust is a beneficiary of another estate or trust. The respective shares of an estate or trust and its beneficiaries, including solely for the purpose of this allocation, nonresident beneficiaries, in the fiduciary adjustment are in proportion to their respective share of federal distributable net income of the estate or trust.

Data Source: Residents: TY 2008 Rhode Island Statistics of Personal Income, Rhode Island Division of Taxation. Non-Residents: TY 2008 Data Warehouse, Office of Revenue Analysis (ORA) calculations. The modification includes both modifications increasing and modifications decreasing Federal Adjusted Gross Income (AGI). Net resident modifications totaled $2,253,066 and net non-resident modifications totaled -$206,987. The total net modifications for resident and non-resident taxpayers resulted in a net modification that increased AGI for Tax Year 2008. Therefore, there is no revenue foregone from this modification. The number of taxpayers includes those taxpayers that had a net modification that either increased AGI or decreased AGI.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$0**	**1,056**

Projection Methodology: Amount of modification and number of taxpayers is held constant.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$0**	**$0**	**$0**

Law Comparison: Only Connecticut and Maine have similar provisions.

Connecticut: The Connecticut taxable income of a resident trust or estate is the taxable income of the trust or estate as calculated for federal income tax purposes, with the following adjustments: (1) Add or subtract, as the case may be, the share of the trust or estate in the Connecticut fiduciary adjustment; and (2) Add, in the case of trusts, the amount of any includable gain, reduced by any deductions properly allocable thereto, on which a tax is imposed for the taxable year under Internal Revenue Code Section 644.

Connecticut Statute: Conn. Gen. Stat. Chapter 229, Section12-701.

Maine: The Maine taxable income of a resident estate or trust is equal to its federal taxable income modified by the addition or subtraction of its share of the "fiduciary adjustment". The fiduciary adjustment is the net amount of the modifications described in Me. Rev. Stat. Ann. 36 Section 5122, which relates to items of income or deduction of an estate or trust.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 5163.

28. Tax Incentives for Employers:

Statutory Reference: Rhode Island General Law Chapter 44-55

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1997 / N/A

Description: Businesses that employ and retain in the State employees who have been previously unemployed for at least 26 consecutive calendar weeks and have been domiciled residents of Rhode Island for at least 52 consecutive calendar weeks shall receive a deduction from the income, gross earnings, deposits, or gross premiums subject to the taxes imposed by Rhode Island General Law Chapters 44-11, 44-13, 44-14, 44-15, 44-17, and 44-30. The deduction is equal to 40.0 percent of the eligible employee's first year wages, up to a maximum $2,400 per eligible employee.

Data Source: Business Corporation, Public Service Corporation, Bank, and Insurance Companies Taxes: No reliable data exists for this particular modification. Personal Income Tax: TY 2008 Statistics of Personal Income, Rhode Island Division of Taxation

Reliability Index: Business Corporation, Public Service Corporation, Bank, and Insurance Companies Taxes: 5; Personal Income Tax: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	No estimate possible	No estimate possible
2008 Public Service Corporation Tax	No estimate possible	No estimate possible
2008 Bank Tax	No estimate possible	No estimate possible
2008 Insurance Companies Tax	No estimate possible	No estimate possible
2008 Personal Income Tax	$2,932	9
Total 2008	**$2,932**	**9**

Projection Methodology: Business Corporation, Public Service Corporation, Bank, and Insurance Companies Taxes: No projection is made due to lack of reliable data; Personal Income Tax: Amount of modification and number of taxpayers is held constant.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	No estimate possible	No estimate possible
2009 Public Service Corporation Tax	No estimate possible	No estimate possible
2009 Bank Tax	No estimate possible	No estimate possible
2009 Insurance Companies Tax	No estimate possible	No estimate possible
2009 Personal Income Tax	$2,932	9
Projected Total 2009	**$2,932**	**9**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	No estimate possible	No estimate possible
2010 Public Service Corporation Tax	No estimate possible	No estimate possible
2010 Bank Tax	No estimate possible	No estimate possible
2010 Insurance Companies Tax	No estimate possible	No estimate possible
2010 Personal Income Tax	$2,932	9
Projected Total 2010	**$2,932**	**9**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	No estimate possible	No estimate possible
2011 Public Service Corporation Tax	No estimate possible	No estimate possible
2011 Bank Tax	No estimate possible	No estimate possible
2011 Insurance Companies Tax	No estimate possible	No estimate possible
2011 Personal Income Tax	$2,932	9
Projected Total 2011	**$2,932**	**9**

Law comparison: No similar provisions were found for the other New England states.

PREFERENTIAL TAX RATE

1. Alternative Personal Income Tax:

Statutory Reference: Rhode Island General Law Section 44-30-2.10

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2006 / N/A

Description: For tax years beginning after December 31, 2005, a taxpayer may elect to compute the tax liability imposed by Rhode Island General Law Chapter 44-30 using the provisions contained in Rhode Island General Law Section 44-30-2.10. If no election is made, then the taxpayer's personal income tax liability shall be computed as provided for in Rhode Island General Law Chapter 44-30.

The tax imposed under Rhode Island General Law Section 44-30-2.10 is determined by multiplying the taxpayer's alternative Rhode Island taxable income by the applicable alternative tax rate. Rhode Island alternative taxable income is equal to federal adjusted gross income "as modified by Rhode Island General Law Sections 44-30-12 and 44-30-32, for residents and nonresidents, respectively" with no other state or federal deductions or exemptions allowed. The alternative tax rate schedule is: For tax year 2006, 8.0 percent; For tax year 2007, 7.5 percent; For tax year 2008, 7.0 percent; For tax year 2009, 6.5 percent; For tax year 2010, 6.0 percent; For tax year 2011 and thereafter, 5.5 percent.

Once the taxpayer's alternative personal income tax liability is determined the following credits are allowed: Income taxes paid to other states; Rhode Island personal income tax withheld; Rhode Island payments of estimated tax; Rhode Island overpayment of taxes, and Rhode Island amount remitted by a limited liability company on behalf of a nonresident member. No other state or federal tax credits shall be available to the taxpayer.

Data Source: May 2010 Revenue Estimating Conference Testimony, Flat - Tax Actual Data, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$20,120,000**	**3,250**

Projection Methodology: The projected foregone revenue amounts are from the Rhode Island Division of Taxation's May 2010 Revenue Estimating Conference Testimony, Flat Tax Estimates – 2008 Tax File. Effective January 1, 2011, the alternative personal income tax system will no longer be in effect.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$35,110,000**	**5,597**
2010 Personal Income Tax	**$50,780,000**	**8,560**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law comparison: No similar provisions found in the other New England States.

2. Capital Gains Tax Treatment for Assets Held Between One and Five Years:

Statutory Reference: Rhode Island General Law Section 44-30-2.6(c)(2)(B)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / 2009

Description: All capital assets held for at least one year but not more than five years will be taxed at the following maximum rates for tax years beginning on or after January 1, 2007 and ending before January 1, 2010: 2.5 percent of the net capital gain for assets taxable at the federal level at a rate of 10.0 percent; 5.0 percent of the net capital gain for assets taxable at the federal level at a rate of 20.0 percent; 6.25 percent of the net capital gain for assets with recoverable depreciation; and 7.0 percent of the net capital gain for assets classified as collectibles, etc. For tax years beginning after December 31, 2009, the net capital gain for capital assets held for at least one year but not more than five years will be taxed at the ordinary income tax rates as specified in Rhode Island General Law section 44-30-2.6(c)(2)(A).

Data Source: No reliable data exists for this particular preferential tax rate. The estimated foregone revenue for this preferential tax rate is included in the foregone revenue estimate for "Capital Gains Tax Treatment for Assets Held More Than Five Years".

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**No estimate possible**	**No estimate possible**
2010 Personal Income Tax	**No estimate possible**	**No estimate possible**
2011 Personal Income Tax	**No estimate possible**	**No estimate possible**

Law comparison: Only Vermont has a similar provision.

Vermont: Vermont allows a capital gains deduction equal to 40.0 percent of adjusted net capital gain income as defined in Internal Revenue Code (IRC) Section 1(h). Effective for taxable years beginning in 2008 and after, the total amount of the capital gain deduction cannot exceed 40.0 percent of federal taxable income.

Vermont Statute: Vt. Stat. Ann. 32 Section 5811(21)(B); Vermont Technical Bulletin TB-47, 01/08/2010

3. Capital Gains Tax Treatment for Assets Held More Than Five Years:

Statutory Reference: Rhode Island General Law Section 44-30-2.7

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2001 / 2009

Description: All capital assets held for more than five years will be taxed at the following rates for tax years beginning on or after January 1, 2007 and ending before January 1, 2010: 0.83 percent of the net capital gain for assets taxable at the federal level at a rate of 10.0 percent; 1.67 percent of the net capital gain for assets taxable at the federal level at a rate of 20.0 percent; 2.08 percent of the net capital gain for assets with recoverable depreciation; and 2.33 percent of the net capital gain for assets classified as collectibles, etc. For tax years beginning after December 31, 2009, the net capital gain for capital assets held for more than five years will be taxed at the ordinary income tax rates as specified in Rhode Island General Law Section 44-30-2.6(c)(2)(A).

Data Source: TY 2008 Data Warehouse, Office of Revenue Analysis calculations.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$81,702,864**	**43,289**

Projection Methodology: CY 2009 projection accounts for the decrease in the alternative flat tax rate from 7.0 to 6.5 percent. No other changes are accounted for in the projection. Effective January 1, 2010, all capital gains income is subject to the same tax rates as all other sources of income.

Calendar Year	*Revenue Foregone*	*Number of Taxpayers*
2009 Personal Income Tax	**$72,235,066**	**43,289**
2010 Personal Income Tax	**Not applicable**	**Not applicable**
2011 Personal Income Tax	**Not applicable**	**Not applicable**

Law comparison: No similar provisions found in the other New England States.

4. Nonprofit Hospital and Medical Service Corporations and HMOs:

Statutory Reference: Rhode Island General Law Section 44-17-1(2)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1896 / 2009

Description: For tax years beginning after December 31, 2007 and ending before January 1, 2009, nonprofit hospital and medical service corporations and health maintenance organizations are subject to the tax imposed by Rhode Island General Law Chapter 44-17 at a rate of 1.1 percent of the gross premiums on contracts of insurance. For tax years beginning after December 31, 2008, the tax rate is 2.0 percent of the gross premiums on contracts of insurance written by nonprofit hospital and medical service corporations and health maintenance organizations.

Data Source: Business Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Insurance Company Tax	**$11,859,919**	**2**

Projection Methodology: Effective January 1, 2009, the rate of tax on premiums for contracts of insurance written by nonprofit hospital and medical service corporations and health maintenance organizations was 2.0 percent, the same tax rate for all other insurance companies subject to the tax imposed by Rhode Island General Law Chapter 44-17.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**Not applicable**	**Not applicable**	**Not applicable**

Law Comparison: Only Connecticut and New Hampshire have similar provisions.

Connecticut: Hospital and medical service corporations must pay an annual tax at the rate of 2.0 percent on total net direct subscriber charges received during the preceding calendar year. Health care centers must pay an annual tax at the rate of 1.75 percent on total net direct subscriber charges received by the health care center during each calendar year on any new or renewal contracts and policies approved by the Insurance Commissioner.

Connecticut Statute: Conn. Gen. Stat. Chapter 207, Section12-202a.

New Hampshire: Insurance premium taxes also apply to medical service corporations, nonprofit service corporations, health maintenance organizations, and the Delta Dental Plan of N.H., Inc., but not to medical service corporations, nonprofit service corporations, health maintenance organizations or the Delta Dental Plan, Inc. for business for which the plan or organization has assumed no risk and is providing administrative services only.

New Hampshire Statute: N.H. Rev. Stat. Ann. Section 420:1.

5. Jobs Development Act:

Statutory Reference: Rhode Island General Law Section 42-64.5-3

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1994 / 2009

Description: "The rate of tax payable by an eligible company or each of its eligible subsidiaries" as defined in Rhode Island General Law Sections 42-64.5-2(5) and 42-64.5-2(6) "on its net income pursuant to applicable income tax provisions" contained in Rhode Island General Law Sections 44-11-2(a), 44-14-3(a), 44-14-4, 44-17-1, "or on its gross earnings pursuant to" Rhode Island General Law Section 44-13-4(4) "shall be reduced by the amount specified in" Rhode Island General Law Section 42-64.5-4. According to Rhode Island General Law section 42-64.5-4, the amount of rate reduction for any eligible company that is not a telecommunications company shall be based on the aggregate amount of new employment for each taxable year over the base employment and is equal to one-quarter of 1.0 percent for each unit of new employment. The total amount of rate reduction cannot exceed 6.0 percent in any taxable year. For an eligible telecommunications company the amount of rate reduction shall be equal to one-hundredth of 1.0 percent up to a maximum of 1.0 percent in any taxable year.

New employment is defined as the difference between "the aggregate of the average daily number of full-time equivalent employees" as defined in Rhode Island General Law Section 42-64.5-2 "employed within the State by an eligible company and its eligible subsidiaries during each taxable year" and "the aggregate number of full-time equivalent employees employed within the State by an eligible company and its eligible subsidiaries on July 1, 1994" or an alternative date as selected by an eligible company in accordance with Rhode Island General Law Section 42-64.5-5. A unit of new employment means: "(i) for eligible companies which are not small business concerns, the amount of new employment divided by 50 rounded down to the nearest multiple of 50 and (ii) for eligible companies which are small business concerns the amount of new employment divided by 10 rounded down to the nearest multiple of 10."

"Should any eligible company fail to maintain in any taxable year the number of units of new employment it reported for its 1997 tax year or, if applicable, the third taxable year following the base employment period election set forth in Rhode Island General Law

Section 42-64.5-5; the rate reduction provided for in Rhode Island General Law Sections 42-64.5-3 and 42-64.5-4 shall expire permanently.

Data Source: Business Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	$16,806,989	10
2008 Bank Tax	$3,936,309	2
2008 Insurance Companies Tax	$0	0
2008 Personal Income Tax	$0	0
Total 2008	**$20,743,298**	**12**

Projection Methodology: Amount of foregone revenue and number of taxpayers is held constant.

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2009 Business Corporation Tax	$16,806,989	10
2009 Bank Tax	$3,936,309	2
2009 Insurance Companies Tax	$0	0
2009 Personal Income Tax	$0	0
Total 2009	**$20,743,298**	**12**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2010 Business Corporation Tax	$16,806,989	10
2010 Bank Tax	$3,936,309	2
2010 Insurance Companies Tax	$0	0
2010 Personal Income Tax	$0	0
Total 2010	**$20,743,298**	**12**

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2011 Business Corporation Tax	$16,806,989	10
2011 Bank Tax	$3,936,309	2
2011 Insurance Companies Tax	$0	0
2011 Personal Income Tax	$0	0
Total 2011	**$20,743,298**	**12**

Law comparison: No similar provisions found in the other New England States.

TAX ABATEMENT

1. **Cigarette Tax Stamping Discount:**

Statutory Reference: Rhode Island General Law Section 40-20-19

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1939 / 2007

Description: Cigarette distributors have a right to purchase cigarette excise tax stamps at a discount from the stamp's face value. The cigarette distributor pays the Tax Administrator 98.75 percent of the face value of the cigarette excise tax stamps that are purchased. This yields a discount of 1.25 percent for the distributor. Distributors may also be allowed to pay for the cigarette excise tax stamps purchased up to 30 days after the actual receipt of the tax stamps.

Data Source: Excise Tax Section, Rhode Island Division of Taxation

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Cigarette Tax	**$1,481,535**	**15**

Projection Methodology: Amount of foregone revenue and number of taxpayers is held constant.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$1,481,535**	**$1,481,535**	**$1,481,535**

Law Comparison: Only Connecticut, Massachusetts, Maine and Vermont have similar provisions.

Connecticut: Connecticut's provisions include a discount of 1.0 percent of the face value of the cigarette excise tax stamps purchased.

Connecticut Statute: Title 12, Chapter 214, Part I, Section 12-298.

Massachusetts: Massachusetts' provisions include a stamping discount of $1.85 for every 600 cigarette excise tax stamps purchased.

Massachusetts Statute: Chapter 64C, Section 30

Maine: Maine's provisions include a discount of 1.15 percent for stamps at the face value of 100 mills.

Maine Statute: Title 36, Part 7, Chapter 703, Section 4366-A

Vermont: Vermont's provisions include a discount of 2.3 percent of the face value of the cigarette excise tax stamps for both wholesale and retail dealers.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 205, Section 7772.

2. Political Check-Off:

Statutory Reference: Rhode Island General Law Section 44-30-2(3)(d)(1)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1971 / 1997

Description: There shall be allowed as a credit against the tax due under Rhode Island General Law Chapter 44-30 a contribution of $5.00, or $10.00 if married filing a joint return, for the public financing of the electoral system. The first $2.00, $4.00 if married filing a joint return, shall go to a political party or a non-partisan account if indicated by the taxpayer up to a maximum of $200,000 in total for all political parties and the non-partisan account. The remainder of the credit amounts is deposited as general revenue.

Data Source: Personal Income Tax Section, Rhode Island Division of Taxation.

Reliability Index: 1

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Personal Income Tax	**$200,000**	**44,543**

Political Party Contributions

Political Party	**Contributions**
Democratic Party	$9,422.
Republican Party	$3,972.
Green Party	$270.
Non Partisan	$173,482.
Electoral Contributions	$12,854.
Total	**$200,000.**

Projection Methodology: By statute, the maximum amount of money for the political check-off on the personal income tax return is $200,000. The number of taxpayers electing the political check-off is assumed to remain constant.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**$200,000**	**$200,000**	**$200,000**

Law comparison: Only Massachusetts and Maine have similar provisions.

Massachusetts: Massachusetts provides for a $1.00 credit for an individual filer and a $2.00 credit for a jointly filed return for the purpose of publicly financing elections

Massachusetts Statute: Mass. Gen. L. Section 6C

Maine: Maine provides for a $3.00 credit for an individual filer and a $6.00 credit for taxpayers filing a joint return to be contributed to the Maine Clean Election Fund.

Maine Statute: Title 36, Part 8, Chapter 831, Section 5283.

TAX DEFERRAL

1. Holding Period for Unstamped Cigarettes:

Statutory Reference: Rhode Island General Law Section 44-20-14

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1948 / 2007

Description: Any consumer possessing any cigarettes the storage or use of which is subject to the tax imposed by Rhode Island General Law Section 44-20-13 must, within 24 hours after coming into possession of the cigarettes in Rhode Island, file a return with the State. Said return must be accompanied by a payment for the amount of tax due that is shown on the tax return.

Data Source: No reliable data exists for this particular tax deferral.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Cigarette Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut, Massachusetts and Vermont have similar provisions.

Connecticut: Connecticut allows a 24- hour holding period before unstamped cigarettes must have tax stamps affixed by dealers.

Connecticut Statute: Title 12, Chapter 214, Part I, Section 12-303.

Massachusetts: Stamps must be affixed to every cigarette package no later than 72 hours after receipt of the cigarettes.

Massachusetts Statute: Mass Gen. L. Chapter 64C Section1.

Vermont: Vermont allows a 24-hour holding period before unstamped cigarettes must have tax stamps affixed by retailers.

Vermont Statute: Title 32, Subtitle 2, Part 5, Chapter 205, Section 7775.

2. Write-Downs or Reserves for Security Losses:

Statutory Reference: Rhode Island General Law Section 44-14-14

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1942 / 1947

Description: A financial institution that is subject to the tax imposed under Rhode Island General Law Chapter 44-14 may elect to treat the amount of the write down of the value of any of its securities or the establishment of reserves for the decrease in values of its securities that have been required by regulators with supervisory authority over the financial institution as deductions in the year in which such write downs or reserves are recorded on its books. The write-downs or reserves specifically allocated to any security shall be used to adjust the basis of the security and the adjusted basis shall be used in determining gains or losses when the security is sold or disposed.

Data Source: No reliable data exists for this particular tax deferral.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Bank Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

OTHER ITEMS

1. **Allocation and Apportionment of Brokerage Services**:

Statutory Reference: Rhode Island General Law Section 44-11-14.2(b)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1995 / N/A

Description: Any taxpayer located in Rhode Island that provides securities brokerage services may choose to allocate its net income as follows: all net income derived directly or indirectly from the sale of security brokerage services shall be apportioned to Rhode Island only to the extent that securities brokerage customers are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the brokerage commissions and total margin interest paid on accounts owned by Rhode Island domiciled customers to the brokerage commissions and total margin interest paid on accounts owned by all of the taxpayer's customers. The apportioned net income is then subject to the tax imposed by Rhode Island General Law Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

Data Source: No reliable data exists for this particular tax expenditure item.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

2. **Allocation and Apportionment of Credit Card Banks**:

Statutory Reference: Rhode Island General Law Section 44-11-14.3

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1996 / N/A

Description: Any banking institution whose business activities are taxable within and outside of Rhode Island and whose activities are limited to those described in Section 2(c)(2)(F) of the federal Bank Holding Company Act may choose to allocate all of its net income as follows: all net income derived directly or indirectly from the banking institution shall be apportioned to Rhode Island only to the extent that the banking institution's customers are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the income derived from accounts owned by customers domiciled in Rhode Island to the income derived from accounts owned by all of the banking institution's customers. The apportioned net income is then subject to the tax imposed by Rhode Island General Law Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

Data Source: No reliable data exists for this particular tax expenditure item.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

3. **Allocation and Apportionment of Manufacturers**:

Statutory Reference: Rhode Island General Law Section 44-11-14.6

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2003 / N/A

Description: A taxpayer whose principal business is described in sector 31, 32, or 33 of the North American Industry Classification System may elect for any year to apportion its net income to Rhode Island based on the following allocation fraction: (1) For tax years beginning on or after January 1, 2004, but before January 1, 2005, 30.0 percent property, 30 percent payroll, and 40 percent sales; and (2) For tax years beginning on or after January 1, 2005, 25.0 percent property; 25.0 percent payroll, and 50.0 percent sales.

Data Source: No reliable data exists for this particular tax expenditure item.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: For income years beginning on or after January 1, 2001, manufacturers as classified in North American Industrial Classification System Sectors 31, 32, or 33 (most manufacturers) will use a single-factor gross receipts formula to apportion their net income. If 75.0 percent or more of a manufacturer's total gross receipts during the income year are from the sale of tangible personal property directly or indirectly in the case of a subcontractor, to the United States government, the manufacturer may elect to apportion its net income using the three-factor apportionment formula. The election, once made, is irrevocable and is applicable for five successive income years.

Connecticut Statute: Conn. Gen. Stat. Section 12-218(k)

Maine: Maine does not have a special apportionment formula for manufacturers. Effective June 7, 2007 and applicable to tax years beginning on or after January 1, 2007, all corporate entities having income from business activities which are taxable both within and without Maine must apportion their net income using a single-factor formula. Income is apportioned to Maine by multiplying the net income by the sales factor. Applicable to tax years beginning before January 1, 2007, Maine used a three-factor apportionment formula.

Maine Statute: Me. Rev. Stat. Ann. 36 Sections 5211(1) and 5211(8)

Massachusetts: The apportionment formula for manufacturing corporations consists of a single factor formula. The taxable income of manufacturing corporations with income from business within and without the state, which is apportioned to Massachusetts, is determined by multiplying the net taxable income by 100.0 percent of the sales factor.

Massachusetts Statute: Mass. Gen. L. Chapter 63 Section 38(l)(2)(v)

New Hampshire: New Hampshire does not provide a special apportionment formula for manufacturers. Manufacturers must, therefore, use the general 3-factor formula. A fraction, the numerator of which shall be the property factor plus the compensation factor plus 2 multiplied by the sales factor and the denominator of which is 4, shall be applied to the total gross business profits (less foreign dividends) of the business organization to ascertain its gross business profits in New Hampshire.

New Hampshire Statute: N.H. Rev. Stat. Ann. Section 77-A:3, II(a)

Vermont: If the income of a taxable corporation is derived from trade, business or activity conducted both within and without Vermont, the portion of the corporation's net income subject to tax in Vermont is determined by multiplying the Vermont net income by the arithmetic average of the a property, payroll, and a double weighted sales factor for tax years beginning in 2006 and thereafter.

Vermont Statute: Vt. Stat. Ann. 32 Section 5833(a)

4. **Allocation and Apportionment of Regulated Investment Companies**:

Statutory Reference: Rhode Island General Law Section 44-11-14.2(a)

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1995 / N/A

Description: Any taxpayer located in Rhode Island that sells management, distribution or administration services to or on behalf of a regulated investment company, as defined by federal law, may choose to allocate its net income as follows: all net income derived directly or indirectly from the sale of management, distribution, or administration services to or on behalf of regulated investment companies shall be apportioned to Rhode Island only to the extent that shareholders of the regulated investment company are domiciled in Rhode Island. The apportionment factor is defined as the ratio of the taxpayer’s Rhode Island receipts from the services it provides to the taxpayer’s receipts everywhere from the services it provides. The apportioned net income is then subject to the tax imposed by Rhode Island General Law Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

Data Source: No reliable data exists for this particular tax expenditure item.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

5. **Allocation and Apportionment of Retirement and Pension Plans**:

Statutory Reference: Rhode Island General Law Section 44-11-14.4

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1996 / N/A

Description: Any taxpayer located in Rhode Island that sells management, distribution or administration services, including without limitations, transfer agent, fund accounting, custody and other similar related services to or on behalf of an employee retirement plan or pension plan may choose to allocate its net income as follows: all net income derived directly and indirectly from the sale of the management, distribution, or administration services to or on behalf of a retirement or pension plan shall be apportioned to Rhode Island to the extent that the beneficiaries or participants of a retirement or pension plan are domiciled in Rhode Island. The apportionment factor is defined as the ratio of Rhode Island receipts, as defined in Rhode Island General Law Section 44-11-14.4(2), from the services to the total receipts everywhere from the services. The apportioned net income is then subject to the tax imposed by Rhode Island General Law Chapter 44-11. If the taxpayer chooses to use this apportionment method, then the taxpayer must use this apportionment method for the five succeeding tax years after the tax year of election.

Data Source: No reliable data exists for this particular tax expenditure item.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

6. **Passive Investment Treatment:**

Statutory Reference: Rhode Island General Law Section 44-11-43

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 2004 / N/A

Description: "The benefits conferred by Rhode Island General Law Section 44-11-1(1)(vii) shall be applicable until December 31, 2014 for a "qualifying business" notwithstanding any amendments, or revisions to, or the repeal of Rhode Island General Law Section 44-11-1(1)(vii), or any other law or new legislative action that shall serve to repeal or limit the benefits conferred by Rhode Island General Law Section 44-11-1(1)(vii). A qualifying business is a business that "meets the terms and conditions imposed by the Board of Directors of the Rhode Island Economic Development Corporation." These conditions include findings of fact that the business "has committed to relocate from outside the state to a Rhode Island location no less than…an average of 250 full-time employees with a combined payroll of no less than $12.0 million annually." In addition, "the annual salary of each employee…shall be no less than $25,000 per year, plus benefits typical to the industry."

Data Source: No reliable data exists for this particular tax expenditure item.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison: Only Connecticut and Maine have similar provisions.

Connecticut: Passive investment companies are exempt from the corporation business tax. In addition, dividends received, directly or indirectly, from such companies do not constitute gross income for corporation business tax purposes.

Connecticut Statute: Title 12, Chapter 208, Part I, Section 12-213(a)(1).

Maine: Corporate small business investment companies licensed under the U.S. Small Business Investment Act of 1958, as amended, are exempt from the Maine corporate income tax provided the following conditions are met: (1) the entity is commercially domiciled in Maine; and (2) the entity is doing business primarily in Maine.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 5202-A

7. **Returns of Affiliated Groups of Corporations:**

Statutory Reference: Rhode Island General Law Section 44-11-4

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1938 / 1947

Description: An affiliated group of corporations may file a consolidated return for the taxable year in lieu of separate returns; provided, that all the corporations, which constitute the affiliated group at any time during the period for which the return is made and which are subject to taxation under Rhode Island General Law Chapter 44-11 shall consent to the making of the consolidated return. Separate income statements, balance sheets, and allocation schedules must be filed for each corporation joined on the consolidated return.

Data Source: No reliable data exists for this particular tax expenditure item.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law Comparison:

Connecticut: Any taxpayer included in a consolidated return with one or more other corporations for federal income tax purposes may elect to file a combined return together with such other companies subject to the tax imposed as are included in the federal consolidated corporation income tax return.

Connecticut Statute: Title 12, Chapter 208, Part I, Section 12-223a.

Massachusetts: Effective January 1, 2009, Massachusetts changed from a separate company reporting state to a combined reporting state for purposes of taxing corporation that operate both within and without Massachusetts. Under the combined reporting, each taxpayer member is responsible for tax based on its apportioned share of the business income of the combined group together with that member's own allocated non business income and its apportioned share of other business income, including business income from any other combined group of which the taxpayer is a member. A combined report is a computational schedule that is generally required to be filed when a corporation that is subject to corporate income tax is engaged in a unitary business with one or more other corporations that are required to be included in a combined report. In the case of a multi-state business, the combined report is required to calculate the corporation's taxable net income derived from the unitary business as its share, attributable to Massachusetts, of the apportionable income or loss of the combined group engaged in the unitary business.

Massachusetts Statute: Chapter 63, Section 32B

Maine: Two or more taxable corporations that are members of an affiliated group and that are engaged in a unitary business may be allowed to file a single return on which the aggregate Maine income tax liability of all those corporations is reported.

Maine Statute: Me. Rev. Stat. Ann. 36 Section 5220(5).

New Hampshire: New Hampshire business organizations doing business as a combined group must file a combined return reflecting the combined income of the entire group. The return for the group is filed by the principal New Hampshire business. The return must include clear and legible copies of the federal consolidated schedules. The designated principal New Hampshire business organization must notify the Commissioner of any change in the status or composition of the combined group by attaching a statement to each combined return when a change occurs specifying the changes that have taken place since the previous taxable period.

New Hampshire Statute: N.H. Rev. Stat. Ann. Section 77-A:6, IV

Vermont: Effective for taxable years starting on or after January 1, 2006, if a group of corporations is engaged in a unitary business and derives income from within and without Vermont, members of the group subject to income tax must file a group return containing the combined net income of the affiliated group and such other informational returns as the commissioner may require by rule.

Vermont Statute: Vt. Stat. Ann. 32 Section 5862(d); Code of Vt. Rules Section 1.5862(d)-11

8. Special Apportionment of U.S. Federal Drug Administration Facilities:

Statutory Reference: Rhode Island General Law Section 44-11-14.1

Stated Purpose: No stated purpose given in law.

Year Enacted / Year Amended: 1992 / N/A

Description: A Rhode Island manufacturing facility, as defined by the United States Standard Industrial Classification Codes 283 and 384, that is certified and registered by the United States Food and Drug Administration may exclude from the allocation formula set forth in Rhode Island General Law Section 44-11-14 the following: (1) From the numerator of the property factor set forth in Rhode Island General Law Section 44-11-14(a)(1), "the amount,…, by which the net book value of qualified property in the tax year for which an exclusion is claimed…exceeds the net book value of qualified property in the preceding tax year; (2) From the numerator of the payroll factor set forth in Rhode Island General Law Section 44-11-14(a)(3), "the amount,…, by which total qualified payroll expenses of the taxpayer in the tax year for which an exclusion is claimed…exceeds the total qualified payroll expenses of the taxpayer in the immediately preceding tax year." The terms "qualified property" and "qualified payroll" are defined in Rhode Island General Law Sections 44-11-14.1(a)(1) and 44-11-14(a)(2).

Data Source: No reliable data exists for this particular tax expenditure item.

Reliability Index: 5

Calendar Year / Tax Type	*Revenue Foregone*	*Number of Taxpayers*
2008 Business Corporation Tax	**No estimate possible**	**No estimate possible**

Projection Methodology: No projection is made due to lack of reliable data.

Calendar Year	*2009*	*2010*	*2011*
Projected Impact	**No estimate possible**	**No estimate possible**	**No estimate possible**

Law comparison: No similar provisions found in the other New England States.

VII. Summary Results by Tax Type

Tax expenditure items with a Reliability Level of 5 have no estimate of revenue foregone due to a lack of reliable data from which to estimate.

Alcoholic Beverage Tax

Exemptions

Number	Item	Tax Year 2008 Cost	Reliability Level
49	Out-of-State Shipments of Rhode Island Alcoholic Beverage Manufacturers	$ —	5
65	Sacramental Wines Sold Directly to Member of Clergy	—	5
	Total Number of Items = 2	***$ —***	***5.0***
	Grand Total Number of Items = 2	***$ —***	***5.0***

Bank Deposits Tax

Credits

Number	Item	Tax Year 2008 Cost	Reliability Level
4	Adult Education	$ 0.00	1
9	Contribution to Scholarship Organizations	90,000	1
	Total Number of Items = 2	***$ 90,000***	***1.0***

Modifications

Number	Item	Tax Year 2008 Cost	Reliability Level
12	Income from the Assignment or Transfer of Historic Structures Tax Credits	$ —	5
13	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits	—	5
25	Qualifying Investment in a Certified Venture Capital Partnership	—	5
	Total Number of Items = 3	***$ —***	***5.0***
	Grand Total Number of Items = 5	***$ 90,000***	***3.4***

Bank Tax

Credits

Number	Item	Tax Year 2008 Cost	Reliability Level
3	Adult and Child Daycare	$ 0	1
4	Adult Education	0	1
9	Contribution to Scholarship Organizations	90,000	1
11	Education Assistance and Development	0	1

Number	Item	Tax Year 2008 Cost	Reliability Level
13	Employment – Welfare Bonus Program	0	1
14	Enterprise Zone Wage	0	1
18	Historic Structures	2,960,988	1
21	Interest for Loans to Mill Building Owners	0	1
22	Investment	0	1
23	Jobs Training	0	1
27	Motion Picture Production Company	0	1
39	Specialized Investment in Mill Building	0	1
	Total Number of Items = 12	***$ 3,050,988***	***1.0***

Exclusions

Number	Item	Tax Year 2008 Cost	Reliability Level
12	Gain or Loss on Sale of Property Other Than Securities	$ —	5
16	Long-Term Gain From Capital Investment in Small Business	—	5
	Total Number of Items = 2	***$ —***	***5.0***

Modifications

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003	$ —	5
7	Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code	—	5
28	Tax Incentives for Employers	—	5
	Total Number of Items = 3	***$ —***	***5.0***

Preferential Tax Rate

Number	Item	Tax Year 2008 Cost	Reliability Level
5	Jobs Development Act	$ 3,936,309	1
	Total Number of Items = 1	***$ 3,936,309***	***1.0***

Tax Deferral

Number	Item	Tax Year 2008 Cost	Reliability Level
2	Write-Downs or Reserves for Securities Losses	$ —	5
	Total Number of Items = 1	***$ —***	***5.0***

Grand Total Number of Items = 19	***$ 6,987,297***	***2.3***

Beverage Container Fee

Exemptions

Number	Item	Tax Year 2008 Cost	Reliability Level
5	Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee	$ —	5
60	Refillable and Reusable Beverage Containers	—	5
	Total Number of Items = 2	***$ —***	***5.0***
	Grand Total Number of Items = 2	***$ —***	***5.0***

Business Corporations Tax

Credits

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Accommodations Under Americans with Disabilities Act	$ 0	1
3	Adult and Child Daycare	23,787	1
4	Adult Education	820	1
5	Apprenticeship	0	1
7	Biotechnology Investment	—	5
9	Contribution to Scholarship Organizations	358,275	1
11	Education Assistance and Development	0	1
13	Employment – Welfare Bonus Program	0	1
14	Enterprise Zone Wage	319,934	1
18	Historic Structures	371,912	1
19	Hydroelectric Power	0	1
20	Incentives for Innovation and Growth	0	1
21	Interest for Loans to Mill Building Owners	0	1
22	Investment	13,265,936	1
23	Jobs Training	216,857	1
24	Juvenile Restitution	0	1
27	Motion Picture Production Company	608,208	1
35	Research and Development Expense	3,493,681	1
36	Research and Development Property	204,166	1
38	Residential Renewable Energy System	0	1
39	Specialized Investment in Mill Building	0	1
41	Wages Paid by Employers in Mill Buildings	0	1
	Total Number of Items = 22	***$18,863,576***	***1.2***

Deductions

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Accelerated Amortization for Certain Manufacturers	$ —	5
4	Amortization of Air or Water Pollution Prevention and Treatment Facilities	—	5
16	Net Operating Losses	43,768,275	2
	Total Number of Items = 3	***$43,768,275***	***4.0***

Exclusions

Number	Item	Tax Year 2008 Cost	Reliability Level
4	Corporations Excluded from Taxation by Charter	$ —	5
5	Corporations Not Doing Business for Profit	—	5
7	Corporations That Maintain and Manage Intangible Investments	—	5
8	Dividends Received from Shares of Stock	10,673	2
9	Financial Institutions	—	5
10	Fraternal Beneficiary Societies	—	5
11	Fraternal Benefit Societies	—	5
13	Income from the Sale of International Investment Management Services	—	5
14	Insurance and Surety Companies	—	5
15	Interest Received from Debt Instruments Issued by Public Service Corporations	—	5
16	Long-Term Gain From Capital Investment in Small Business	—	5
21	Public Service Corporations	—	5
22	Subchapter S Corporations	—	5
24	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	—	5
	Total Number of Items = 14	***$ 10,673***	***4.8***

Modifications

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003	$ —	5
2	Companies Engaged in Buying, Selling, Dealing In or Holding Securities on Own Behalf	—	5
5	Domestic International Sales Corporations (DISCs)	—	5
6	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone	—	5
7	Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code	—	5
9	Foreign Sales Corporation (FSC)	—	5
12	Income from the Assignment or Transfer of Historic Structures Tax Credits	—	5
13	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits	—	5
17	New Research and Development Facilities	—	5
22	Personal Holding Company, Regulated Investment Company or Real Estate Investment Trust	—	5
25	Qualifying Investment in a Certified Venture Capital Partnership	—	5
28	Tax Incentives for Employers	—	5
	Total Number of Items = 12	***$ —***	***5.0***

Preferential Tax Rate

Number	Item	Tax Year 2008 Cost	Reliability Level
5	Jobs Development Act	$ 16,806,989	1
	Total Number of Items = 1	***$16,806,989***	***1.0***

Other Items

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Allocation and Apportionment of Brokerage Services	$ —	5
2	Allocation and Apportionment of Credit Card Banks	—	5
3	Allocation and Apportionment of Manufacturers	—	5
4	Allocation and Apportionment of Regulated Investment Companies	—	5
5	Allocation and Apportionment of Retirement and Pension Plans	—	5
6	Passive Investment Treatment	—	5
7	Returns of Affiliated Groups of Corporations	—	5
8	Special Apportionment of U.S. Federal Drug Administration Facilities	—	5
	Total Number of Items = 8	***$ —***	***5.0***
	Grand Total Number of Items = 60	***$79,449,513***	***3.4***

Cigarette Tax

Exclusions

Number	Item	Tax Year 2008 Cost	Reliability Level
18	Maximum Tax of $0.50 per Cigar	$ 209,686	2
20	Possession of 10 Packs of Cigarettes with Out-of-State Tax Stamps	—	5
	Total Number of Items = 2	***$ 209,686***	***3.5***

Tax Abatement

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Cigarette Tax Stamping Discount	$ 1,481,535	1
	Total Number of Items = 1	***$ 1,481,535***	***5.0***

Tax Deferral

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Holding Period for Unstamped Cigarettes	$ —	5
	Total Number of Items = 1	***$ —***	***5.0***
	Grand Total Number of Items = 4	***$ 1,691,221***	***3.3***

Estate Tax

Exemptions

Number	Item	Tax Year 2008 Cost	Reliability Level
27	Estates of Persons Declared Missing in Action by the U.S. Armed Forces	$ —	5
	Total Number of Items = 1	***$ —***	***5.0***

Exclusions

Number	Item	Tax Year 2008 Cost	Reliability Level
19	Net Taxable Estate Amount	$ —	5
	Total Number of Items = 1	***$ —***	***5.0***
	Grand Total Number of Items = 2	***$ —***	***5.0***

Franchise Tax

Credits

Number	Item	Tax Year 2008 Cost	Reliability Level
18	Historic Structures	$ 0	1
20	Incentives for Innovation and Growth	0	1
	Total Number of Items = 2	***$ 0***	***1.0***

Exemptions

Number	Item	Tax Year 2008 Cost	Reliability Level
37	Hospitals and Other Specific Corporations	$ —	5
	Total Number of Items = 1	***$ —***	***5.0***

Exclusions

Number	Item	Tax Year 2008 Cost	Reliability Level
6	Corporations Taxed Under the Business Corporation Tax	$ —	5
	Total Number of Items = 1	***$ —***	***5.0***

Modifications

Number	Item	Tax Year 2008 Cost	Reliability Level
12	Income from the Assignment or Transfer of Historic Structures Tax Credits	$ —	5
13	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits	—	5
	Total Number of Items = 2	***$ —***	***5.0***
	Grand Total Number of Items = 6	***$ —***	***5.0***

Generation Skipping Tax

Credits

Number	Item	Tax Year 2008 Cost	Reliability Level
34	Real or Personal Property Taxed in Another State	$ 0	1
	Total Number of Items = 1	***$ 0***	***1.0***
	Grand Total Number of Items = 1	***$ 0***	***1.0***

Insurance Companies Tax

Credits

Number	Item	Tax Year 2008 Cost	Reliability Level
3	Adult and Child Daycare	$ 0	1
4	Adult Education	0	1
9	Contribution to Scholarship Organizations	180,000	1
11	Education Assistance and Development	0	1
13	Employment – Welfare Bonus Program	0	1
14	Enterprise Zone Wage	0	1
18	Historic Structures	15,408,634	1
21	Interest for Loans to Mill Building Owners	0	1
22	Investment	853,683	1
23	Jobs Training	0	1
27	Motion Picture Production Company	1,426,506	1
35	Research and Development Expense	0	1
36	Research and Development Property	0	1
39	Specialized Investment in Mill Building	0	1
	Total Number of Items = 14	***$17,868,823***	***1.0***

Deductions

Number	Item	Tax Year 2008 Cost	Reliability Level
20	Return or Unabsorbed Premiums or Premiums for Reinsurance Assumed	$ —	5
	Total Number of Items = 1	***$ —***	***5.0***

Exemptions

Number	Item	Tax Year 2008 Cost	Reliability Level
48	Ocean Marine Insurance	$ —	5
	Total Number of Items = 1	***$ —***	***5.0***

Modifications

Number	Item	Tax Year 2008 Cost	Reliability Level
12	Income from the Assignment or Transfer of Historic Structures Tax Credits	$ —	5
13	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits	—	5

Number	Item	Tax Year 2008 Cost	Reliability Level
25	Qualifying Investment in a Certified Venture Capital Partnership	$ —	5
28	Tax Incentives for Employers	—	5
	Total Number of Items = 4	***$ —***	***5.0***

Preferential Tax Rate

Number	Item	Tax Year 2008 Cost	Reliability Level
4	Nonprofit Hospital and Medical Service Corporations and HMOs	$ 11,859,919	1
5	Jobs Development Act	0	1
	Total Number of Items = 2	***$11,859,919***	***1.0***
	Grand Total Number of Items = 22	***$29,728,742***	***2.1***

Motor Carrier Fuel Tax

Credits

Number	Item	Tax Year 2008 Cost	Reliability Level
28	Motor Fuel Use Carrier Taxes Paid to Rhode Island	$ 2,182,997	1
	Total Number of Items = 1	***$ 2,182,997***	***1.0***
	Grand Total Number of Items = 1	***$ 2,182,997***	***1.0***

Motor Fuel Tax

Exemptions

Number	Item	Tax Year 2008 Cost	Reliability Level
77	Sales to the U.S. Government and Operators of Railroad Transportation Equipment	$ 172,624	1
	Total Number of Items = 1	***$ 172,624***	***1.0***

Exclusions

Number	Item	Tax Year 2008 Cost	Reliability Level
17	Lubricating Oils, Marine Diesel Fuel, Aviation Fuel, and Heating Oil	$ 56,079,807	2
	Total Number of Items = 1	***$56,079,807***	***2.0***
	Grand Total Number of Items = 2	***$56,252,431***	***1.5***

Personal Income Tax

Credits

Number	Item	Tax Year 2008 Cost	Reliability Level
2	Adoption (Federal)	$ 81,469	1
3	Adult and Child Daycare	17,818	1
4	Adult Education	1,536	1
6	Artwork Exhibition	200	1
7	Biotechnology Investment	—	5
8	Child and Dependent Care (Federal)	2,457,715	1
9	Contribution to Scholarship Organizations	718,327	1
10	Earned Income (Federal)	9,428,414	1
12	Elderly or Disabled (Federal)	74,461	1
13	Employment – Welfare Bonus Program	—	5
14	Enterprise Zone Wage	893,068	1
15	Farm to School Income	3,508	1
16	General Business (Federal)	631,068	4
17	Historic Homeownership Assistance	893,320	1
18	Historic Structures	18,738,984	1
19	Hydroelectric Power	0	1
20	Incentives for Innovation and Growth	139,051	1
21	Interest for Loans to Mill Building Owners	4,861	1
22	Investment	2,825,847	1
23	Jobs Training	265,448	1
24	Juvenile Restitution	0	1
25	Lead Paint Abatement	200,450	1
26	Mortgage Interest (Federal)	42,589	1
27	Motion Picture Production Company	9,066,318	1
29	Nonresident Trust Beneficiary for Accumulating Distribution	0	1
30	Prior Year Minimum Tax (Federal)	896,099	4
31	Property Tax Relief	16,494,226	1
32	Qualified Electric Vehicle (Federal)	—	5
33	Qualifying Widow(er)	30	1
34	Real or Personal Property Taxed in Another State	0	1
35	Research and Development Expense	1,400,749	1
36	Research and Development Property	24,123	1
37	Resident Trust Beneficiary for Accumulating Distribution	2,169	1
38	Residential Renewable Energy System	116,325	1
39	Specialized Investment in Mill Building	—	5
40	Taxes Paid to Other States	134,713,759	1
41	Wages Paid by Employers in Mill Buildings	18,000	1
	Total Number of Items = 37	***$200,149,932***	***1.6***

Deductions

Number	Item	Tax Year 2008 Cost	Reliability Level
2	Alimony Paid (Federal)	$ 944,836	4
3	Amortization of Air or Water Pollution Control Facilities	—	5
5	Certain Business Expenses of Reservists, etc. (Federal)	44,817	4
7	Domestic Production Activities (Federal)	695,093	4
8	Educator Expenses (Federal)	98,015	4
10	Health Savings Account (Federal)	151,575	4
11	Individual Retirement Arrangement Contributions (Federal)	1,380,990	4

Number	Item	Tax Year 2008 Cost	Reliability Level
12	Itemized deductions from Federal Return	168,126,571	1
13	Keough and SEP Contributions (Federal)	2,108,864	4
15	Moving Expenses (Federal)	300,753	4
18	One-Half of Self Employment Tax (Federal)	2,407,953	4
19	Penalty of Early Withdrawal of Savings (Federal)	165,663	4
21	Self Employed Health Insurance (Federal)	2,026,916	4
22	Standard Deduction	58,976,152	1
23	Student Loan Interest (Federal)	786,636	4
25	Tuition and Fees (Federal)	1,114,661	4
	Total Number of Items = 16	***$239,329,495***	***3.7***

Exemptions

Number	Item	Tax Year 2008 Cost	Reliability Level
50	Personal and Dependent	$ 98,070,218	*1*
	Total Number of Items = 1	***$98,070,218***	***3.7***

Exclusions

Number	Item	Tax Year 2008 Cost	Reliability Level
16	Long-Term Gain From Capital Investment in Small Business	$ —	5
24	Taxes Legally Imposed on Consumer but Separately Stated on Invoice	—	5
	Total Number of Items = 2	***$ —***	***5.0***

Modifications

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Bonus Depreciation Provided by JCWAA of 2002 and JGTRRA of 2003	$ 0	1
3	Contribution to Medical Savings Account by Scituate Residents	3,130	1
4	Contributions to an Account under Tuition Savings Program)	85,917	1
7	Expensing of Assets in Lieu of Depreciation, Section 179 of Internal Revenue Code	0	1
8	Federally Taxable Withdrawals from Tuition Savings Program Account	—	5
10	Gain from Stock Options in Qualifying Corporations	—	5
11	Income Earned on a Rhode Island Family Education Account	7,090	1
12	Income from the Assignment or Transfer of Historic Structures Tax Credits	24,371	1
13	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits	8,504	1
14	Income or Gain from a Qualifying Employee’s Ownership of a Qualifying Corporation	3,110	1
15	Interest on Obligations of the United States and its Possessions	4,724,085	1
16	Military Pay of Nonresident Individuals	533,955	1
17	New Research and Development Facilities	67	1

Number	Item	Tax Year 2008 Cost	Reliability Level
18	Nonqualified Withdrawals or Distributions from Rhode Island Family Education Accounts	0	1
19	Nonqualified Withdrawals from a Medical Savings Account by Scituate Residents	0	1
21	Performance-Based Income of Eligible Employees via the Jobs Growth Act	988,950	1
23	Profits of Gains from Sales of Work by Artists, Writers, and Composers	16,250	1
24	Provision of Insurance Benefit to Dependent or Domestic Partner	11,326	1
25	Qualifying Investment in a Certified Venture Capital Partnership	55,106	1
26	Railroad Retirement Benefits	83,081	1
27	Rhode Island Fiduciary Adjustment	0	1
28	Tax Incentives for Employers	2,932	1
	Total Number of Items = 22	***$ 6,547,874***	***1.4***

Preferential Tax Rate

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Alternative Personal Income Tax	$ 20,120,000	1
2	Capital Gains Tax Treatment for Assets Held Between One and Five Years	—	5
3	Capital Gains Tax Treatment for Assets Held More Than Five Years	81,702,864	1
5	Jobs Development Act	0	1
	Total Number of Items = 4	***$101,822,864***	***2.0***

Tax Abatement

Number	Item	Tax Year 2008 Cost	Reliability Level
2	Political Check-Off	$ 200,000	1
	Total Number of Items = 1	***$ 200,000***	***1.0***
	Grand Total Number of Items = 83	***$646,120,383***	***2.0***

Public Service Corporation Tax

Credits

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Accommodations Under Americans with Disabilities Act	$ 0	1
3	Adult and Child Daycare	0	1
4	Adult Education	0	1
9	Contribution to Scholarship Organizations	0	1
11	Education Assistance and Development	0	1
13	Employment – Welfare Bonus Program	0	1
14	Enterprise Zone Wage	0	1
18	Historic Structures	0	1
21	Interest for Loans to Mill Building Owners	0	1

Number	Item	Tax Year 2008 Cost	Reliability Level
22	Investment	0	5
23	Jobs Training	0	1
	Total Number of Items = 11	***$ 0***	***1.0***

Deductions

Number	Item	Tax Year 2008 Cost	Reliability Level
6	Connecting Fees, Switching and Carrier Access Charges	$ —	5
9	Electricity for Resale	—	5
14	Merchandise Sold	—	5
	Total Number of Items = 3	***$ —***	***5.0***

Exemptions

Number	Item	Tax Year 2008 Cost	Reliability Level
46	Narragansett Pier Railroad Company	$ —	5
	Total Number of Items = 1	***$ —***	***5.0***

Exclusions

Number	Item	Tax Year 2008 Cost	Reliability Level
16	Long-Term Gain From Capital Investment in Small Business	$ —	5
25	Value-Added Non-Voice Services That Use Computer Processing Applications	—	5
	Total Number of Items = 2	***$ —***	***5.0***

Modifications

Number	Item	Tax Year 2008 Cost	Reliability Level
6	Enterprise Zone Business Owner with Domiciliary in Enterprise Zone	$ —	5
12	Income from the Assignment or Transfer of Historic Structures Tax Credits	—	5
13	Income from the Assignment or Transfer of Motion Picture Production Company Tax Credits	—	5
25	Qualifying Investment in a Certified Venture Capital Partnership	—	5
28	Tax Incentives for Employers	—	5
	Total Number of Items = 5	***$ —***	***5.0***

Grand Total Number of Items = 22 ***$ 0*** ***3.0***

Rental Vehicle Surcharge

Modifications

Number	Item	Tax Year 2008 Cost	Reliability Level
20	One-half of Rental Vehicle Surcharge Retained by Rental Car Companies	$ 2,873,801	1
	Total Number of Items = 1	***$ 2,873,801***	***1.0***
	Grand Total Number of Items = 1	***$ 2,873,801***	***1.0***

Real Estate Conveyance Tax

Exemptions

Number	Item	Tax Year 2008 Cost	Reliability Level
21	Deed, Instrument or Writing where Grantor is U.S. Government or State of Rhode Island	$ —	5
	Total Number of Items = 1	***$ —***	***5.0***

Exclusions

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Conveyance of Mobile/Manufactured Homes for Consideration of $100 or less	$ —	5
2	Conveyance of Real Estate for Consideration of $100 or less	—	5
3	Conveyance of Real Estate Relating to the Capitol Center Project	—	5
	Total Number of Items = 3	***$ —***	***5.0***
	Grand Total Number of Items = 4	***$ —***	***5.0***

Sales and Use Tax

Exemptions

Number	Item	Tax Year 2008 Cost	Reliability Level
1	Agricultural Products for Human Consumption	$ 73,196	2
2	Air and Water Pollution Control Facilities	1,637,721	3
3	Aircraft and Aircraft Parts	866,066	3
4	Banks and Regulated Investment Companies Interstate Toll Free Calls	126,301	4
6	Bibles	—	5
7	Boats or Vessels Brought in Exclusively for Winter Storage, Maintenance, Repair or Sale	—	5
8	Boats or Vessels Generally	8,323,929	3
9	Boats to Non Residents	—	5
10	Building Materials Used to Rebuild After Disaster	—	5
11	Camps	466,392	3

Number	Item	Tax Year 2008 Cost	Reliability Level
12	Casual Sales	170,452	1
13	Charitable, Educational or Religious Organizations	62,928,900	3
14	Clothing and Footwear	83,572,243	3
15	Coffins, Caskets and Burial Garments	5,526,837	3
16	Coins	134,792	4
17	Commercial Fishing Vessels in Excess of Five Net Tons	—	5
18	Commercial Vessels of More Than 50 Tons Burden	—	5
19	Compressed Air	580,225	3
20	Containers	11,747,282	3
22	Dietary Supplements	1,313,774	4
23	Educational Institutions Rental Charges	6,659,143	3
24	Electricity and Gas for Domestic Use by Occupants of Residential Premises	45,215,454	3
25	Electricity, Steam and Thermal Energy from RI Economic Development Corporation	—	5
26	Equipment for Research and Development	4,898,167	3
28	Farm Equipment	757,808	3
29	Farm Structure Construction Materials	2,181,530	3
30	First 100,000 Barrels of Beer of a Brewer in Continuous Operation for 12 Months	3,551	1
31	Flags	24,191	4
32	Food and Food Ingredients	155,680,167	3
33	Food Items Paid for by Food Stamps	—	5
34	Gasoline	105,703,798	2
35	Heating Fuels	29,042,097	2
36	Horse Food Products	44,054	3
38	Human Blood	803,925	4
39	Installation Labor Charges When Separately Stated	—	5
40	Jewelry Display Product	—	5
41	Manufacturers' Machinery and Equipment	34,446,144	3
42	Medicines, Drugs and Durable Medical Equipment	120,197,528	3
43	Mobile and Manufactured Homes Generally	128,378	2
44	Motor Vehicle and Adaptive Equipment for Amputee Veterans	13,030	4
45	Motor Vehicle and Adaptive Equipment for Persons with Disabilities	87,135	4
47	Newspapers	5,394,032	3
51	Precious Metal Bullion	229,524	4
52	Prewritten Computer Software Delivered Electronically	801,720	3
53	Promotional and Product Literature of Boat Manufacturers	20,168	2
54	Property Otherwise Exempted	—	5
55	Property Purchased from Federal Government	2,941,856	3
56	Property Purchased Outside of State by Nonresident and Brought into State	—	5
57	Property Returned Within 120 Days from the Date of Delivery	—	5
58	Prosthetic Devices and Mobility Enhancing Equipment	9,322,800	3
59	Purchases Used for Manufacturing Purposes	27,175,640	3
61	Renewable Energy Products	21,154	2
62	Rental Charged for Living or Sleeping Quarters in a Hospital or Nursing Home	27,954,648	3
63	Rhode Island Economic Development Corporation Project Status Designees	4,870,493	1
64	Rhode Island Industrial Facilities Corporation Lessees	468,182	1

Number	Item	Tax Year 2008 Cost	Reliability Level
66	Sales and Use Taxes Paid to Other Jurisdictions	—	5
67	Sales beyond Constitutional Power of State	—	5
68	Sales by Writers, Composers, Artists	—	5
69	Sales in Municipal Economic Development Zones	—	5
70	Sales in Public Buildings by Blind People	121,971	2
71	Sales of Motor Vehicles to Nonresidents	—	5
72	Sales of Non-Motorized Recreational Vehicles to Nonresidents	—	5
73	Sales of Trailers Ordinarily Used for Residential Purposes	1,342,529	3
74	Sales to Common Carriers for Use Outside of the State	—	5
75	Sales to Federal Government	6,198,415	3
76	Sales to the State or Its Political Subdivisions	29,223,979	3
78	School Meals	4,328,443	1
79	Special Adaptations for Wheelchair Accessible Taxicabs	—	5
80	Supplies Used in On-Site Hazardous Waste Recycling, Reuse, or Treatment	—	5
81	Supplies Used in Preparing Floral Products and/or Arrangements	1,068,736	3
82	Telecommunications Carrier Access Service	—	5
83	Textbooks	2,238,537	3
84	Total Loss or Destruction of Motor Vehicle within 120 Days of Tax Payment	438,942	1
85	Trade-in Value of Boats	—	5
86	Trade-In Value of Private Passenger Automobiles	12,731,098	3
87	Transfers or Sales Made to Immediate Family Members	—	5
88	Transfers or Sales Related to Business Dissolution or Partial Liquidation	—	5
89	Transportation Charges of Motor Carriers to Haul Goods	—	5
90	Trucks, Buses, or Trailers Used by a Bus or Trucking Company in Interstate Commerce	18,364,254	3
91	Vehicles Purchased by Nonresident Military Personnel Subject to Sales Tax Elsewhere	—	5
92	Water for Residential Use	8,685,212	2
93	Youth Activities Equipment Sold for $20 or less by Nonprofit Organizations	—	5
	Total Number of Items = 82	***$847,296,543***	***3.6***

Exclusions

Number	Item	Tax Year 2008 Cost	Reliability Level
23	Taxed Gross Earnings and Associated Costs	$ —	5
	Total Number of Items =1	***$ —***	***5.0***

	Grand Total Number of Items = 83	***$847,296,543***	***3.6***

VIII. Recent Tax Expenditures Law Changes

There have been several changes in tax expenditures law since the issuance of the *Tax Expenditures Report, January 2008.* These changes were enacted in either the 2008 or the 2009 sessions of the General Assembly and are listed in chronological order by tax expenditure item.

Credits

- **Taxes Paid to Foreign Governments**

  Statutory Reference: Rhode Island General Laws, § 44-30-2.6

  Year Enacted / Year Amended: 2001 / Public Laws 2008, Ch. 100, Article 32, § 3

  Description of Change: This tax credit was repealed. The tax paid to foreign governments' tax credit is a credit against federal personal income taxes that was passed through to the Rhode Island personal income tax return at 25.0 percent of the federal credit amount. This amount was then allowed to be used against the taxpayer's Rhode Island personal income tax liability.

  Effective Date: January 1, 2008

  Tax Expenditures Impacted: The enacted change eliminates the tax expenditure associated with the credit.

  Purpose: No explicit purpose provided in the statute.

- **Historic Structures Tax Credit**

  Statutory Reference: Rhode Island General Laws, § 44-33.2-3

  Year Enacted / Year Amended: 2001 / Public Laws 2008, Ch. 6, § 1 and Ch. 7, § 1

  Description of Change: A credit in an amount equal to a percent of the qualified rehabilitation expenditures is allowed for the redevelopment and reuse of Rhode Island's historic structures, as certified by the Rhode Island Historical Preservation and Heritage Commission. The credit percentage is dependent on the processing fee paid by the project developer as follows: a 27.0 percent credit is allowed if the processing fee paid is 5.0 percent of the qualified rehabilitation expenditures; a 26.0 percent credit is allowed if the processing fee paid is 4.0 percent of the qualified rehabilitation expenditures; a 25.0 percent credit is allowed if the processing fee paid is 3.0 percent of the qualified rehabilitation expenditures. Prior to this change, all projects regardless of in-service date were eligible for a credit of 30.0 percent provided that a processing fee of 2.25 percent of the qualified rehabilitation costs was paid to the state.

  Effective Date: Upon passage, but applicable to projects put into service after December 31, 2007.

  Tax Expenditures Impacted: The historic structures tax credit is allowed against the business corporation tax, the franchise tax, the public service corporation tax (aka the public utilities gross earnings tax), the financial institutions tax, the taxation of insurance companies (aka the insurance companies' gross premiums tax), and the personal income tax. The enacted change reduces the tax expenditure associated with the credit.

Purpose: The purpose of the Historic Structures tax credit is to create economic incentives for the purpose of stimulating the redevelopment and reuse of Rhode Island's historic structures which will improve property values, foster civic beauty, and promote public education, pleasure, and welfare.

- **Motion Picture Production Tax Credit**

  Statutory Reference: Rhode Island General Laws, § 44-31.2-5

  Year Enacted / Year Amended: 2001 / Public Laws 2008, Ch. 100, Article 32, § 5

  Description of Change: The amount of motion picture production tax credits that can be issued in any tax year cannot exceed $15,000,000. A tax credit of 25.0 percent of the "state certified production costs incurred directly attributable to activity within the state, provided that the primary locations are within the state of Rhode Island and the total production budget … is a minimum of $300,000.

  Effective Date: Upon passage but applicable to tax years beginning after December 31, 2007.

  Tax Expenditures Impacted: The motion picture production tax credit is allowed against the business corporation tax, the financial institutions tax, the taxation of insurance companies (aka the insurance companies' gross premiums tax), and the personal income tax. The enacted change caps the tax expenditure associated with the credit.

  Purpose: No explicit purpose provided in the statute.

- **Incentives for Innovation and Growth**

  Statutory Reference: Rhode Island General Laws, § 44-63-3

  Year Enacted / Year Amended: 2006 / Public Laws 2008, Ch. 165, § 2 and Ch. 173, § 2

  Description of Change: Reduces the Rhode Island Economic Development Corporation's authorization to approve credits in any two year period from $2.0 million to $1.0 million.

  Effective Date: July 1, 2008

  Tax Expenditures Impacted: The Incentives for Innovation and Growth tax credit is allowed against the business corporation tax, the franchise tax, and the personal income tax. The enacted change reduces the maximum tax expenditure associated with the credit.

  Purpose: No explicit purpose provided in the statute.

- **Construction of Alternative Fuel Filling Stations**

  Statutory Reference: Rhode Island General Laws, § 44-39.2-2

  Year Enacted / Year Amended: 2003 / n/a

  Description of Change: This tax credit was repealed per Rhode Island General Laws § 44-39.2-3.

  Effective Date: January 1, 2008

  Tax Expenditures Impacted: The construction of alternative fuel filling stations tax credit was allowed against the business corporation tax, public service corporation tax (aka public utilities gross earnings tax), and the personal income tax. The enacted change eliminates the tax expenditure associated with the credit.

Purpose: No explicit purpose provided in the statute.

- **Fees Paid to the Affordable Energy Fund**

  Statutory Reference: Rhode Island General Laws, § 44-18-30.D

  Year Enacted / Year Amended: 2006 / Public Laws 2008, Ch. 100, Article 18, § 3

  Description of Change: This tax credit was repealed.

  Effective Date: July 1, 2008

  Tax Expenditures Impacted: The fees paid to the affordable energy fund tax credit were allowed "against the gross receipts tax for the sales and use of heating fuel not exempted from taxation" under the state's sales and use tax law. The enacted change eliminates the tax expenditure associated with the credit.

  Purpose: No explicit purpose provided in the statute.

- **Rhode Island Earned Income**

  Statutory Reference: Rhode Island General Laws, § 44-30-2.6(N)

  Year Enacted / Year Amended: 2001 / n/a

  Description of Change: The American Recovery and Reinvestment Act of 2009 increased the federal earned income tax credit from 40.0 to 45.0 percent of the first $12,570 in earned income for taxpayers with three or more eligible dependents. The Rhode Island earned income tax credit is set at 25.0 percent of the federal earned income tax credit amount until a zero state tax liability is reached after which, of the remaining Rhode Island earned income tax credit, 15.0 percent is refundable to the taxpayer.

  Effective Date: January 1, 2009 through December 31, 2010.

  Tax Expenditures Impacted: The enhancement in the federal earned income tax credit will increase tax expenditures for the personal income tax.

  Purpose: No explicit purpose provided in the statute.

Exclusions

- **Biodiesel Portion of Blended Gallon of Diesel Fuel**

  Statutory Reference: Rhode Island General Laws, Chapter 31-36-1 and Chapter 31-36-22

  Year Enacted / Year Amended: 1925 / Public Laws 2009, Ch. 168, § 1

  Description of Change: The manufactured biodiesel portion of any gallon of blended biodiesel and petroleum diesel fuel is excluded from the state's motor fuel tax provided that the manufactured biodiesel consists of "[M]ono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats which conform to ASTM D6751 specifications for use in diesel engines" and the production of which "results in employment in Rhode Island at a fixed location at a manufacturing facility for biodiesel fuel".

  Effective Date: July 16, 2009

Tax Expenditures Impacted: The exclusion of the manufactured biodiesel portion of any gallon of blended biodiesel and petroleum diesel fuel is a new tax expenditure item impacting the state's motor fuel tax revenues.

Purpose: No explicit purpose provided in the statute.

- **Estate Tax**

  Statutory Reference: Rhode Island General Laws, § 42-22-1.1

  Year Enacted / Year Amended: 1985 / Public Laws 2009, Ch. 68, Article 16, § 14

  Description of Change: The net taxable estate exclusion was increased from $675,000 to $850,000 and the net taxable estate exclusion amount was indexed to the rate of inflation as measured by Consumer Price Index for all Urban Consumers as of September 30 of the prior calendar year. This inflation adjustment is to be compounded annually and rounded up to the nearest five dollar ($5.00) increment.

  Effective Date: January 1, 2010 for the increased exclusion amount for the estates of decedents whose death occurs on or after January 1, 2010. The indexation of the net taxable estate exclusion amount for inflation is effective January 1, 2011.

  Tax Expenditures Impacted: Increases the value of the tax exclusion provided to net taxable estates with values less than or equal to the exclusion amount.

  Purpose: No explicit purpose provided in the statute.

- **Motor Fuel Tax**

  Statutory Reference: Rhode Island General Laws, § 31-36-7 and § 31-36-20

  Year Enacted / Year Amended: 1925 / Public Laws 2009, Ch. 68, Article 16, § 1

  Description of Change: The rate of tax per gallon for taxable motor fuels is increased from $0.30 per taxable gallon to $0.32 per taxable gallon.

  Effective Date: July 1, 2009

  Tax Expenditures Impacted: Increases the value of the exclusion or exemption of any motor fuel gallons or part thereof from the state's motor fuel tax.

  Purpose: No explicit purpose provided in the statute.

- **Programs of Insurance Administered Under Title XIX of the Social Security Act, 42 U.S.C.**

  Statutory Reference: Rhode Island General Laws, § 44-17-1

  Year Enacted / Year Amended: 1896 / Public Laws 2009, Ch. 5, Article 9, § 9

  Description of Change: Eliminates the exclusion of programs of insurance administered under Title XIX of the Social Security Act, 42 U.S.C. from the state's insurance companies' gross premiums tax. Title XIX of the Social Security Act, 42 U.S.C. is the federal statutory basis for Medicaid.

  Effective Date: January 1, 2009

  Tax Expenditures Impacted: The repeal of the exemption of programs of insurance administered under Title XIX of the Social security Act, 42 U.S.C. from the insurance companies' gross premiums tax will eliminate the tax expenditures associated with this exemption.

Purpose: No explicit purpose provided in the statute.

- **Remote Sellers Making Sales Through Rhode Island Independent Contractors**

  Statutory Reference: Rhode Island General Laws, § 44-18-15

  Year Enacted / Year Amended: 1947 / Public Laws 2009, Ch. 68, Article 16, § 8

  Description of Change: The definition of retailer subject to the state's sales and use tax was expanded to include "[E]very person making sales of tangible personal property through an independent contractor or other representative, if the retailer enters into an agreement" with a Rhode Island resident under which the Rhode Island resident receives "a commission or other consideration" for "directly or indirectly, whether by a link on an Internet website" or by other means referring potential customers to the retailer. The definition only applies to retailers for whom the "cumulative gross receipts" from Rhode Island customers that are referred to the retailer via Rhode Island based independent contractors or other representatives exceed $5,000 during the preceding four quarterly periods.

  Effective Date: July 1, 2009

  Tax Expenditures Impacted: Decreases the value of the exclusion associated with sales of remote sellers through Rhode Island based independent affiliates.

  Purpose: No explicit purpose provided in the statute.

Exemptions

- **Nonprofit Dental Service Corporations**

  Statutory Reference: Rhode Island General Laws, § 27-20.1-2(f)

  Year Enacted / Year Amended: 1959 / Public Laws 2008, Ch. 100, Article 32, § 1

  Description of Change: Eliminates the exemption of nonprofit dental service corporations from the state's insurance companies' gross premiums tax, Rhode Island General Laws § 44-17-1.

  Effective Date: January 1, 2009

  Tax Expenditures Impacted: The repeal of the exemption of nonprofit dental service corporations from the insurance companies' gross premiums tax will eliminate the tax expenditures associated with this exemption.

  Purpose: No explicit purpose provided in the statute.

- **Health Care Provider Assessment on Group Homes**

  Statutory Reference: Rhode Island General Laws, Ch. 44-50

  Year Enacted / Year Amended: 1992 / Public Laws 2009, Ch. 68, Article 16, § 3

  Description of Change: Eliminates the health care provider assessment on residential services for individuals with developmental disabilities.

Effective Date: June 30, 2009 and applicable to health care provider tax assessment of gross patient revenues related to services provided after June 30, 2009, but shall not apply to assessments of gross patient revenue due and payable to the state for services provided prior to July 1, 2009.

Tax Expenditures Impacted: The repeal of the health care provider assessment on residential services for individuals with developmental disabilities will have no impact on the tax expenditures associated with this repeal. By federal regulation, the state cannot impose the health care provider assessment on residential services for individuals with developmental disabilities.

Purpose: In December 2008, the state received approval for the *Rhode Island Global Compact Choice Waiver*, also known as the Global Medicaid Waiver. As part of the approval of this waiver, other Medicaid waivers the state had received previously were terminated. In one of those earlier waivers, the state had been approved to impose the health care provider assessment on residential services for individuals with developmental disabilities.

- **Rhode Island Economic Development Corporation**

  Statutory Reference: Rhode Island General Laws, § 42-64-20

  Year Enacted / Year Amended: 1974 / Public Laws 2009, Ch. 5, Article 11, § 1

  Description of Change: Requires the sales tax exemption benefit to the lessee of the corporation be implemented through a reimbursement process established by the Division of Taxation; applies the sales tax exemption benefit to materials used in the construction, reconstruction or rehabilitation of the project and to the acquisition of furniture, fixtures and equipment, except automobiles, trucks or other motor vehicles, or materials that otherwise are depreciable and have a useful life of one year or more, for the project for a period not to exceed six (6) months after receipt of a certificate of occupancy for any given phase of the project for which sales tax benefits are utilized; limits the amount of sales tax exemption benefits to the income tax revenue received by the state from the new full-time jobs with benefits excluding project construction jobs, generated by the project within a period of three (3) years from after the receipt of a certificate of occupancy for any given phase of the project; defines "Full-time jobs with benefits" to mean "jobs that require working a minimum of thirty (30) hours per week within the state, with a median wage that exceeds by five percent (5%) the median annual wage for the preceding year for full-time jobs in Rhode Island, as certified by the Department of Labor and Training with a benefit package that is typical of companies within the lessee's industry"; mandates the Department of Labor and Training to certify that the jobs created by the project are "new jobs" in the State of Rhode Island, meaning that the employees of the project are in addition to, and without a reduction of, those employees of the lessee currently employed in Rhode Island, are not relocated from another facility of the lessee's in Rhode Island or are employees assumed by the lessee as the result of a merger or acquisition of a company already located in Rhode Island; and provides the state with a means by which it can recoup the amount of sales tax exemption benefits granted plus interest should be unable to continue the project, or otherwise defaults on its obligations to the corporation.

  Effective Date: April 10, 2009

Tax Expenditures Impacted: The tightening of the provisions under which a lessee of the Rhode Island Economic Development Corporation can receive an exemption from the state's sales and use tax will decrease the tax expenditures associated with the tax.

Purpose: The exercise of the powers granted to the Rhode Island Economic Development Corporation will be in all respects for the benefit of the people of this state, the increase of their commerce, welfare, and prosperity and for the improvement of their health and living conditions and will constitute the performance of an essential governmental function.

- **Rhode Island Industrial Facilities Corporation**

Statutory Reference: Rhode Island General Laws, § 45-37.1-9 and § 45-37.1-9.1

Year Enacted / Year Amended: 1956 / Public Laws 2009, Ch. 5, Article 11, § 2

Description of Change: Requires the sales tax exemption benefit to the lessee of the corporation be implemented through a reimbursement process established by the Division of Taxation; applies the sales tax exemption benefit to materials used in the construction, reconstruction or rehabilitation of the project and to the acquisition of furniture, fixtures and equipment, except automobiles, trucks or other motor vehicles, or materials that otherwise are depreciable and have a useful life of one year or more, for the project for a period not to exceed six (6) months after receipt of a certificate of occupancy for any given phase of the project for which sales tax benefits are utilized; limits the amount of sales tax exemption benefits to the income tax revenue received by the state from the new full-time jobs with benefits excluding project construction jobs, generated by the project within a period of three (3) years from after the receipt of a certificate of occupancy for any given phase of the project; defines "Full-time jobs with benefits" to mean "jobs that require working a minimum of thirty (30) hours per week within the state, with a median wage that exceeds by five percent (5%) the median annual wage for the preceding year for full-time jobs in Rhode Island, as certified by the Department of Labor and Training with a benefit package that is typical of companies within the lessee's industry"; mandates the Department of Labor and Training to certify that the jobs created by the project are "new jobs" in the State of Rhode Island, meaning that the employees of the project are in addition to, and without a reduction of, those employees of the lessee currently employed in Rhode Island, are not relocated from another facility of the lessee's in Rhode Island or are employees assumed by the lessee as the result of a merger or acquisition of a company already located in Rhode Island; and provides the state with a means by which it can recoup the amount of sales tax exemption benefits granted plus interest should be unable to continue the project, or otherwise defaults on its obligations to the corporation.

Effective Date: April 10, 2009

Tax Expenditures Impacted: The tightening of the provisions under which a lessee of the Rhode Island Industrial Facilities Corporation can receive an exemption from the state's sales and use tax will decrease the tax expenditures associated with the tax.

Purpose: It is declared that there is a need for the further development of industrial and recreational facilities within the state, a need to induce, encourage, and facilitate industrial development by the expansion of railroad transportation facilities and otherwise, and there is a need for the abatement or control of pollution of the environment of the state, which is necessary to protect the health and welfare of the citizens of the state, to protect the natural resources of the state, and to encourage the economic development of the state, to promote the expansion and diversification of recreational facilities, and a need to confer additional powers on the Rhode Island industrial facilities corporation that will assure the successful completion of industrial and recreational undertakings, initiated by that corporation, so as to serve the public interests of all the citizens of the state.

Modifications

- **Depreciation of Assets**

  Statutory Reference: Rhode Island General Laws § 44-61-1

  Year Enacted / Year Amended: 2003 / Public Laws 2008, Ch. 14, § 1

  Description of Change: Requires taxpayers to add back for Rhode Island tax purposes bonus depreciation amounts taken for federal tax purposes "for any … federal enactment" subsequent to the Jobs and Growth Tax Relief Reconciliation Act of 2003. In the year that those assets are placed in service and in all subsequent years, depreciation for Rhode Island tax purposes shall be allowed on those assets as it would have been computed prior to the enactment of the Job Creation and Worker Assistance Act of 2002.

  Effective Date: May 9, 2008 and applicable to tax years beginning on or after January 1, 2007.

  Tax Expenditures Impacted: The modification will have no impact on actual tax expenditures for the business corporation, financial institutions, or personal income tax. Rather, the modification will hold these taxes harmless to federal provisions on the use of bonus depreciation.

  Purpose: No explicit purpose provided in the statute.

- **Expensing in Lieu of Depreciation of Assets**

  Statutory Reference: Rhode Island General Laws § 44-61-1.1

  Year Enacted / Year Amended: 2003 / Public laws 2008, Ch. 14, § 1

  Description of Change: Limits the expense deduction for Rhode Island tax purposes allowed under Section 179 of the Internal Revenue Code 26 U.S.C. for federal tax purposes to $25,000 in any taxable year. Disallows for Rhode Island tax purposes any federal enactment of Section 179 expensing rules subsequent to the Jobs and Growth Tax Relief Reconciliation Act of 2003. In the year that those assets are placed in service and in all subsequent years, expenses and depreciation for Rhode Island tax purposes shall be allowed on those assets as it would have been computed prior to the enactment of the Jobs and Growth Tax Relief Reconciliation Act of 2003.

  Effective Date: May 9, 2008 and applicable to tax years beginning on or after January 1, 2007.

  Tax Expenditures Impacted: The limit on expense deductions will reduce the actual tax expenditures for the business corporation, financial institutions, or personal income tax for the taxable year in which an asset is placed in service. For subsequent years over an asset's life, the limit on expense deductions will increase the actual tax expenditures for these taxes.

  Purpose: No explicit purpose provided in the statute.

- **Unemployment Compensation**

  Statutory Reference: Rhode Island General Laws, § 44-30-12

  Year Enacted / Year Amended: 1971 / Public Laws 2009, Ch. 5, Article 9 § 12

  Description of Change: Requires taxpayers to add back to federal adjusted gross income "the amount equal to any unemployment compensation received but not included in federal adjusted gross income."

  Effective Date: Upon passage but applicable to the 2009 tax year.

  Tax Expenditures Impacted: The modification will have no impact on actual tax expenditures for the personal income tax. Rather, the modification will hold the personal income tax harmless to the change in the definition of federal adjusted gross income.

  Purpose: The American Recovery and Reinvestment Act of 2009 excludes from federal adjusted gross income the first $2,400 of unemployment compensation received in tax year 2009. The change noted above requires that this amount be added back to federal adjusted gross income in the computation of Rhode Island adjusted gross income.

- **Sales Tax Paid on Qualified Motor Vehicle Purchases**

  Statutory Reference: Rhode Island General Laws, § 44-30-12

  Year Enacted / Year Amended: 1971 / Public Laws 2009, Chapter 5 Article 9 § 12

  Description of Change: Requires taxpayers to add back to federal adjusted gross income "the amount equal to the deduction allowed for sales tax paid for a purchase of a qualified motor vehicle as defined by the Internal Revenue Code section 164(a)(6)."

  Effective Date: Upon passage and applicable to the 2009 tax year.

  Tax Expenditures Impacted: The modification will have no impact on actual tax expenditures for the personal income tax. Rather, the modification will hold the personal income tax harmless to the change in the definition of federal adjusted gross income.

  Purpose: The American Recovery and Reinvestment Act of 2009 excludes from federal adjusted gross income the sales tax paid on the purchase of a qualified motor vehicle between February 17^{th} and December 31^{st} 2009. The change noted above requires that this amount be added back to federal adjusted gross income in the computation of Rhode Island adjusted gross income.

- **Recognition of Income from Discharge of Business Indebtedness**

  Statutory Reference: Rhode Island General Laws, Ch. 44-67

  Year Enacted / Year Amended: Public Laws 2009, Ch. 68, Article 16, § 11 / n/a

  Description of Change: Requires taxpayers to recognize for Rhode Island tax purposes "income from the discharge of business indebtedness deferred under the American Recovery and Reinvestment Act (ARRA) of 2009 for federal tax purposes." The recognition "must be reported as a modification increasing federal income for Rhode Island tax purposes in the year it occurred. When claimed as income on a future federal tax return it may be reported as a modification decreasing federal income for Rhode Island tax purposes to the extent it had been added back."

  Effective Date: Upon passage and applicable to tax years beginning on or after January 1, 2009.

Tax Expenditures Impacted: The modification will have no net impact on actual tax expenditures for the business corporation, financial institutions and personal income taxes. Rather, the modification will hold these taxes harmless to the deferral allowed by the ARRA.

Purpose: No explicit purpose provided in the statute.

- **Organ Donor Transplantation Expenses:**

  Statutory Reference: Rhode Island General Law, 44-30-12(c)(7)

  Year Enacted / Year Amended: Public Laws 2009, Ch. 224, Section 1 / n/a

  Description of Change: Organ donors that are full-year Rhode Island residents can subtract up to $10,000 of unreimbursed expenses from federal adjusted gross income if the taxpayer, while living, "donates one or more human organs to another human being for human organ transplantation." Human organ means all or part of part of a liver, pancreas, kidney, intestine, lung, or bone marrow. The modification may be claimed only once. Unreimbursed expenses include travel expenditures, lodging expenses, and lost wages that are incurred by the taxpayer and are related to the taxpayer's organ donation.

  Effective Date: July 1, 2009

  Tax Expenditures Impacted: This modification will reduce the amount of federal adjusted gross income that is subject to tax under Rhode Island's personal income tax statute. As a result, this modification is expected to reduce personal income tax collections.

  Purpose: No explicit purpose provided in the statute.

Preferential Tax Rates

- **Capital Gains as Ordinary Income**

  Statutory Reference: Rhode Island General Laws, § 44-30-2.6 and § 44-30-2.7

  Year Enacted / Year Amended: 2001 / Public Laws 2009, Ch. 68, Article 16, §§ 15-16

  Description of Change: The preferential tax rate for capital gains income for assets held at least one year but less than five years was repealed via 09-H-5983 Substitute A as Amended, Article 16, § 15. The preferential tax rate for capital gains income for assets held five or more years was repealed via 09-H-5983 Substitute A as Amended, Article 16, § 16. As a result, all income from realized capital gains is taxed at ordinary income tax rates.

  Effective Date: Upon passage but applicable to tax years beginning on or after January 1, 2010.

  Tax Expenditures Impacted: The repeal of the preferential tax treatment for capital gains income will eliminate the tax expenditures associated with the preferential tax rate for capital gains income under the personal income tax.

  Purpose: No explicit purpose provided in the statute.

- **<u>Jobs Development Act</u>**

  <u>Statutory Reference</u>: Rhode Island General Laws, § 42-64.5-2

  <u>Year Enacted / Year Amended</u>: 1994 / Public Laws 2009, Ch. 68, Article 16, § 12

  <u>Description of Change</u>: The hourly wage and benefits requirements for qualification for the Jobs Development Act Rate Reduction were changed as follows: For eligible companies qualifying on or after July 1, 2009 for a rate reduction pursuant to Rhode Island General Law § 42-64.5-3, the term "full-time equivalent active employee" means any employee of an eligible company who: (1) works a minimum of thirty (30) hours per week within the state; (2) earns healthcare insurance benefits, and retirement benefits; and (3) earns no less than two hundred fifty percent (250%) of the hourly minimum wage prescribed by Rhode Island law at the later of : (i) the time the employee was first treated as a full-time equivalent active employee during a tax year that the eligible company qualified for a rate reduction pursuant to section 42-64.5-3 ; or (ii) the time the employee first earned at least two hundred fifty percent (250%) of the hourly minimum wage prescribed by Rhode Island law as an employee of the eligible company. For eligible companies qualifying before July 1, 2009 for a rate reduction pursuant to section 42-64.5-3, any new "full-time equivalent active employee", who replaces an existing "full-time equivalent active employee", shall meet the same criteria as those for an eligible company qualifying on or after July 1, 2009.

  <u>Effective Date</u>: July 1, 2009

  <u>Tax Expenditures Impacted</u>: The elevation of the minimum criteria that must be met for an eligible company to qualify for a rate reduction under the Jobs Development Act will reduce the tax expenditures associated with this preferential tax rate.

  <u>Purpose:</u> No explicit purpose provided in the statute.

- **<u>Nonprofit Hospital Service Corporations, Nonprofit Medical Service Corporations, Nonprofit Dental Service Corporations and Health Maintenance Organizations</u>**

  <u>Statutory Reference</u>: Rhode Island General Laws, § 44-17-1

  <u>Year Enacted / Year Amended</u>: 1896 / Public Laws 2009, Ch. 5, Article 9, § 9

  <u>Description of Change</u>: The tax rate assessed on the gross premiums on contracts of insurance was increased from 1.1 percent to 2.0 percent. The tax rate assessed on all other insurance companies' gross premiums on contracts of insurance is 2.0 percent.

  <u>Effective Date</u>: January 1, 2009

  <u>Tax Expenditures Impacted</u>: The increase in the tax rate assessed on the gross premiums on contracts of insurance for nonprofit hospital service corporations, nonprofit medical service corporations, nonprofit dental service corporations and health maintenance organizations to 2.0 percent will eliminate the tax expenditures associated with this preferential tax rate.

  <u>Purpose:</u> No explicit purpose provided in the statute.

Tax Abatements

- **Cigarette Tax**

  Statutory Reference: Rhode Island General Laws, § 44-19-10.2, § 44-20-12, and § 44-20-13

  Year Enacted / Year Amended: 1939 / Public Laws 2009, Ch. 5, Article 9, §§ 5-7

  Description of Change: The state's cigarette excise tax was increased from 123 mills to 173 mills per cigarette or sheet of cigarette rolling paper effective April 10, 2009. These mill rates equate to an increase in the tax per pack of 20 cigarettes from $2.46 to $3.46.

  Effective Date: April 10, 2009

  Tax Expenditures Impacted: Increases the value of the tax abatement provided to cigarette distributors. Cigarette distributors receive a one and one-quarter percent (1.25%) discount on the cost of a roll of cigarette excise tax stamps as compensation for stamping each individual cigarette pack.

  Purpose: No explicit purpose provided in the statute.

- **Other Tobacco Products Tax**

  Statutory Reference: Rhode Island General Laws, § 44-20-13.2

  Year Enacted / Year Amended: 1992 / Public Laws 2009, Ch. 5, Article 9, § 8

  Description of Change: The rate of tax on other tobacco products was increased from 40.0 percent to 80.0 percent of the wholesale cost of cigars, pipe tobacco, and smokeless tobacco other than snuff such that, in the case of cigars, the tax shall not exceed $0.50 for each cigar.

  Effective Date: April 10, 2009

  Tax Expenditures Impacted: Increases the value of the tax abatement granted to cigars subject to the $0.50 maximum tax.

  Purpose: No explicit purpose provided in the statute.

IX. Recommendations for Improving the Report

The tax expenditures report's effectiveness as a tax policy tool is dependent on the report's users' background, knowledge of state tax law and ability to understand the process by which estimates have been derived by the Office of Revenue Analysis. Although 31.3 percent of the tax expenditure items for which reliable data existed were assigned a reliability level index of "1", meaning the source of the derived estimate was actual tax returns, ideally 100.0 percent of the derived estimates for tax expenditure items for which reliable data exists should have as a source actual tax returns.

The primary tax type for which actual tax return data does not exist and thus estimates of foregone revenue must be derived via less reliable methods is the Sales and Use Tax. Given that the Sales and Use Tax is the second largest source of state general revenue and that it also is the tax type for which the greatest amount of foregone revenue was estimated at $847,296,543, the Office of Revenue Analysis finds that the quality and quantity of data collected for the Sales and Use Tax needs to be improved for there to be an increase in the reliability of the foregone revenue estimates for the Sales and Use tax. The Division of Taxation is currently changing the tax return reconciliation process for Sales and Use Tax filers requiring that more information on exempt sales be provided on the return with the frequency of reporting being reduced from quarterly to twice a year. Sales and Use taxpayers who are currently required to file their monthly returns electronically would also be required to file their twice a year reconciliations electronically.

In addition, the quantity and quality of data for the Business Corporations Tax is lacking. The Business Corporations Tax, commonly referred to as the corporate income tax, is the tax type with the third largest amount of estimated foregone revenue due to tax expenditure items at $79,449,513 but has the largest percentage of tax expenditures items at 58.3 percent for which no reliable data exists from which to derive estimates of foregone revenue. This compares to 12.0 percent of tax expenditure items for which no reliable data exists for the Personal Income Tax and 36.1 percent of tax expenditure items for which no reliable data exists for the Sales and Use Tax. The Office of Revenue Analysis finds that the quality and quantity of data collected for the Business Corporations Tax needs to be improved for there to be an increase in the reliability of the foregone revenue estimates for the Business Corporations Tax. Fortunately, most of the data that would improve the reporting of Business Corporations tax expenditure items is already reported on the taxpayers' tax returns and the crux of the issue in this regard is capturing the relevant data from these returns. The Division of Taxation is in the process of requiring most Business Corporations taxpayers to file their tax returns electronically allowing for the capture of more data.

In the FY 2012 Capital Budget, the Division of Taxation has requested $25.0 million over the FY 2012 – FY 2016 period to finance the development of an integrated tax system. A fully implemented integrated tax system would provide the Division of Taxation with the capability to capture more relevant data from electronically filed returns. Of particular importance is the ability to store and access taxpayer returns over a series of years. This capability would allow the Office of Revenue Analysis to derive more precise estimates of foregone revenue from tax expenditure items for the Sales and Use and Business Corporations taxes. Absent such an investment in the information technology infrastructure of the Division of Taxation, the Office of Revenue Analysis would find it difficult to improve on the quality of the semi-annual tax expenditures report.

Appendix A: Current Statute on Tax Expenditure Reporting

TITLE 44
Taxation

CHAPTER 44-48.1
Tax Expenditure Reporting

SECTION 44-48.1-1

§ 44-48.1-1 Tax expenditure reporting. – (a) On or before the second Tuesday in January of each even numbered year beginning in 2004, the chief of the office of revenue analysis, shall deliver a tax expenditure report to the general assembly. Each report will provide the minimum information for one hundred percent (100%) of tax expenditures in effect on January 1 of the calendar year preceding the report's publication.

(b) For the purposes of this section, a "tax expenditure" is any tax credit, deduction, exemption, exclusion, credit preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers, whether directly through Rhode Island general laws or constitutional provisions or indirectly through adoption of other tax codes.

(c) The information included for each tax expenditure shall include, but shall not be limited to:

(1) The legal reference of the expenditures, including information whether the expenditure is required as a result of federal or state constitutional, judicial, or statutory mandate.

(2) Amount of revenues forgone or an estimate, if the actual amount cannot be determined, for the calendar year immediately preceding the publication of the report. The report shall also include an estimate of revenue forgone for the calendar year in which the report is published and the year following the report's publication. The tax administrator shall develop an index of the reliability of each estimate using five (5) levels with level one being most reliable. Where actual tax returns are the source of the estimate, the estimate should be assigned reliability level one. Where no reliable data exists for the estimate, the estimate should be assigned reliability level five (5). The reliability level shall be reported for the estimate of the revenues forgone.

(3) To the extent allowable by law, identification of the beneficiaries of the exemption by number, income, class and industry.

(4) A comparison of the tax expenditure to the tax systems of the other New England states, with emphasis on Massachusetts and Connecticut.

(5) The data source(s) and analysis methodology.

(6) To the extent allowable by law, identification of similar taxpayers or industries that do not enjoy the exemption.

(d) Each report shall include a section containing recommendations for improving the effectiveness of the report as a tax policy tool. This section shall identify the resources required to implement these recommendations and shall also contain an estimate of the costs associated with such recommendations.

(e) On or before the second Tuesday in January 2004, the chief of the office of revenue analysis shall make available to the general assembly a plan to improve Rhode Island's tax expenditure reporting effort. The plan shall include measurable criteria to evaluate improvements in the reliability of tax expenditure item estimates and the identification of beneficiaries of each tax expenditure by number, income, class and industry. The plan shall also include cost estimates of additional resources necessary to implement the plan, and may include any other information that the tax administrator deems appropriate for inclusion in said plan.

Appendix B: Comparison of Presentation Formats

Tax Expenditures Report, January 2008 Presentation Format

Tax Preference Items Applicable to More Than One Tax

23. **Motion picture production company tax credit:**
Cite: 44-31.2-5
Reliability estimate: 1

A twenty five percent (25%) tax credit of the state certified productions costs incurred with the state, provided that the primary locations are within the state of Rhode Island and the total production budget is a minimum of three hundred thousand dollars ($300,000). The credit is allowed to a production company to be computed against a tax imposed by chapters 11, 14, 17 and 30 of Title 44.

Source: Tax Division statistics.

Revenue foregone - 2007
Personal Income: $12,308,000
Corporations: $0
Total revenue foregone 2007: $12,308,000

Number of taxpayers - 2007
Personal Income: 585
Corporations: 2
Insurance: 5
Total taxpayers 2007: 592

Estimated Revenue foregone - 2008
Personal Income: $12,984,000
Corporations: $0
Total revenue foregone 2008: $12,984,000

Estimated Revenue foregone - 2009
Personal Income: $13,698,000
Corporations: $0
Total revenue foregone 2009: $13,698,000

Credits

23. Motion Picture Production Company Tax Credit:

Statutory Reference: Rhode Island General Law § 44-31.2-5

Stated Purpose: (a) The general assembly finds and declares that the state of Rhode Island with its natural beauty, historical and architectural heritage of the state, its majestic natural resources including Narragansett Bay and the independence and diversity of its citizens and neighborhoods would provide a variety of excellent settings from which the motion picture industry might choose a location for filming a motion picture or television program, and together with those natural settings, the availability of labor, materials, climate, and hospitality of its people have been instrumental in the filming of several successful motion pictures.

(b) It is recognized that the motion picture industry brings with it a much needed infusion of capital into areas of the state which may be economically depressed and the multiplier effect of the infusion of capital resulting from the filming of a motion picture or television program serves to stimulate economic activity beyond that immediately apparent on the film set.

(c) Since a significant portion of the cost of a motion picture or television production will not be eligible for existing tax incentives due to the fact that portions of the production are carried out in another state, it is the purpose of this chapter to provide a financial incentive to the film industry in order that the state might compete with other states for filming locations.

(d) The primary objective of this chapter is to encourage development in Rhode Island of a strong capital base for motion picture film, videotape, and television program productions, in order to achieve a more independent, self-supporting industry. This objective is divided into immediate and long-term objectives as follows:

(1) Immediate objectives are to:

(i) Attract private investment for the production of motion pictures, videotape productions, and television programs which contain substantial Rhode Island content as defined herein.

(ii) Develop a tax infrastructure which encourages private investment. This infrastructure will provide for state participation in the form of tax credits to encourage investment in state- certified productions.

(iii) Develop a tax infrastructure utilizing tax credits which encourage investments in multiple state-certified production projects.

(2) Long-term objectives are to:

(i) Encourage increased employment opportunities within this sector and increased competition with other states in fully developing economic development options within the film and video industry.

(ii) Encourage new education curricula in order to provide a labor force trained in all aspects of film production.

Year enacted / year amended: 2005 / 2006

Description: A twenty five percent (25%) tax credit of the state certified productions costs incurred with the state, provided that the primary locations are within the state of Rhode Island and the total production budget is a minimum of three hundred thousand dollars ($300,000). The credit is allowed to a production company to be computed against a tax imposed by chapters 11, 14, 17 and 30 of Title 44. The credit cannot exceed the total production budget in which the credit is earned and can be carried forward for not more than three succeeding tax years. Effective June

26, 2008, no more than fifteen million dollars ($15,000,000) may be issued in any tax year beginning after December 31, 2007.

Data Source:

Reliability Index:

Calendar Year / Tax Type	*Revenue foregone*	*Number of taxpayers*
2008 Business Corporation Tax		
2008 Financial Institutions Tax		
2008 Insurance Companies Tax		
2008 Personal Income Tax		
Total 2008		

Projection Methodology:

Calendar Year / Tax Type	*Revenue foregone*	*Number of taxpayers*
2009 Business Corporation Tax		
2009 Financial Institutions Tax		
2009 Insurance Companies Tax		
2009 Personal Income Tax		
Projected Total 2009		

Calendar Year / Tax Type	*Revenue foregone*	*Number of taxpayers*
2010 Business Corporation Tax		
2010 Financial Institutions Tax		
2010 Insurance Companies Tax		
2010 Personal Income Tax		
Projected Total 2010		

Calendar Year / Tax Type	*Revenue foregone*	*Number of taxpayers*
2011 Business Corporation Tax		
2011 Financial Institutions Tax		
2011 Insurance Companies Tax		
2011 Personal Income Tax		
Projected Total 2011		