



RESOLUTION OF THE CITY COUNCIL

No. 265

EFFECTIVE May 25, 2025

WHEREAS, Calls for the State of Rhode Island to emulate the Commonwealth of Massachusetts in enacting an equivalent of a surtax, or “millionaire's tax”, on individuals and households earning over \$625,000 are the continuation of prior campaigning to address deficiencies in the rates and thresholds of the personal income tax and resultant tax burdens on lower-income Rhode Islanders; and

WHEREAS, The State of Rhode Island has seen significant decreases in revenues from both the personal and corporate income tax over the past several decades that are partly responsible for the present projected deficit in the proposed budget in Fiscal Year 2026; and

WHEREAS, The cuts proposed to state programs and services would be especially impactful upon Providence, with the City receiving myriad forms of revenue from the state, including but not limited to the majority of public education funding; and

WHEREAS, The experience of Massachusetts in taxing high-income individuals and households has proved instructive, with vanishingly little migration by and an expansion in the number of said individuals and households amid the enactment of the “millionaire’s tax”; and

WHEREAS, If House Bill-5473 and its Senate Companion S-0329 are enacted, Rhode Island would likewise benefit, both through the garnering of revenues useful in the funding of institutions and services and the reduction of the wealth inequality threatening the survival of American democracy; and

WHEREAS, These funds would benefit the City as a recipient of varying forms of state revenue and as a guardian of the interests of the constituents availing themselves of state-operated services, including public transit, healthcare, housing, education, and workforce training; and


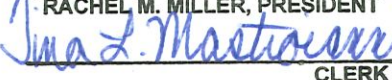
WHEREAS, The Providence City Council wishes to thank for their leadership in addressing this matter.

NOW, THEREFORE, BE IT RESOLVED, That the Providence City Council strongly supports H-5473 and its Senate Companion S-0329 and urges the General Assembly to this legislation crucial to maintaining and improving the services that Rhode Islanders depend upon; and

BE IT FURTHER RESOLVED, That upon passage, copies of this resolution be transmitted to lead sponsors Representative Karen Alzate and Senator Melissa Murray, Speaker of the Rhode Island House of Representatives K. Joseph Shekarchi, President of the Rhode Island Senate Valarie J. Lawson, and the members of the Providence Delegation.

IN CITY COUNCIL
MAY 15 2025

READ AND PASSED


RACHEL M. MILLER, PRESIDENT

CLERK

Effective without the
Mayor's Signature



Tina L. Mastroianni
City Clerk

2025 -- H 5473

LC000883

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO TAXATION -- PERSONAL INCOME TAX

Introduced By: Representatives Alzate, Casimiro, Batista, Craven, Donovan, Kislak,
Potter, Kazarian, Morales, and Stewart

Date Introduced: February 12, 2025

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal
2 Income Tax" is hereby amended to read as follows:

3 **44-30-2.6. Rhode Island taxable income — Rate of tax.**

4 (a) "Rhode Island taxable income" means federal taxable income as determined under the
5 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-
6 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax
7 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of
8 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

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

1 her personal income tax liability.

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

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

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

19 **(A) Tax imposed.**

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

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

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

30 If taxable income is:	The tax is:
31 Not over \$42,650	3.75% of taxable income
32 Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the excess over \$42,650
33 Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the excess over \$110,100
34 Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the excess over \$178,350

1 Over \$349,700 \$27,031.75 plus 9.90% of the excess over \$349,700

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

5 If taxable income is:	6 The tax is:
6 Not over \$31,850	3.75% of taxable income
7 Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the excess over \$31,850
8 Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the excess over \$77,100
9 Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the excess over \$160,850
10 Over \$349,700	\$27,849.00 plus 9.90% of the excess over \$349,700

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

13 If taxable income is:	14 The tax is:
14 Not over \$26,575	3.75% of taxable income
15 Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the excess over \$26,575
16 Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the excess over \$64,250
17 Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the excess over \$97,925
18 Over \$174,850	\$13,166.88 plus 9.90% of the excess over \$174,850

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

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

27 (6) Adjustments for inflation.

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

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

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

31 (c) The cost-of-living adjustment referred to in subparagraphs (a) and (b) used in making

32 adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall

33 be determined under section (J) by substituting "1994" for "1993."

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

1 (1) In general.

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

4 (a) 2.5% of the net capital gain as reported for federal income tax purposes under section
5 26 U.S.C. § 1(h)(1)(a) and 26 U.S.C. § 1(h)(1)(b).

6 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
7 § 1(h)(1)(c).

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

10 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
11 § 1(h)(1)(e).

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

14 **(C) Itemized deductions.**

15 (1) In general.

16 For the purposes of section (2), "itemized deductions" means the amount of federal
17 itemized deductions as modified by the modifications in § 44-30-12.

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

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

21 (3) Basic standard deduction.

22 The Rhode Island standard deduction shall be allowed in accordance with the following
23 table:

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

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

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

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

34 In the case of an individual to whom a deduction under section (E) is allowable to another

1 taxpayer, the basic standard deduction applicable to such individual shall not exceed the greater of:

- 2 (a) \$850;
- 3 (b) The sum of \$300 and such individual's earned income;
- 4 (6) Certain individuals not eligible for standard deduction.

5 In the case of:

- 6 (a) A married individual filing a separate return where either spouse itemizes deductions;
- 7 (b) Nonresident alien individual;
- 8 (c) An estate or trust;

9 The standard deduction shall be zero.

10 (7) Adjustments for inflation.

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

- 13 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988, multiplied
14 by
- 15 (b) The cost-of-living adjustment determined under section (J) with a base year of 1988.

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

17 (1) General rule.

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

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

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

25 (2) Applicable amount.

26 (a) In general.

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

29 (b) Adjustments for inflation.

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

- 31 (i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by
- 32 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

33 (3) Phase-out of Limitation.

34 (a) In general.

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

4 (b) Applicable fraction.

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

7 For taxable years beginning in calendar year	The applicable fraction is
8 2006 and 2007	$\frac{2}{3}$
9 2008 and 2009	$\frac{1}{3}$

10 (E) **Exemption amount.**

11 (1) In general.

12 Except as otherwise provided in this subsection, the term "exemption amount" means
13 \$3,400.

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

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

18 (3) Adjustments for inflation.

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

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

22 (4) Limitation.

23 (a) In general.

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

26 (b) Applicable percentage.

27 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the
28 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each
29 \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
30 exceeds the threshold amount. In the case of a married individual filing a separate return, the
31 preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the
32 applicable percentage exceed one hundred percent (100%).

33 (c) Threshold Amount.

34 For the purposes of this paragraph, the term "threshold amount" shall be determined with

1 the following table:

2	Filing status	Amount
3	Single	\$156,400
4	Married filing jointly of qualifying widow(er)	\$234,600
5	Married filing separately	\$117,300
6	Head of Household	\$195,500

7 (d) Adjustments for inflation.

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

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

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

11 (5) Phase-out of limitation.

12 (a) In general.

13 In the case of taxable years beginning after December 31, 2005, and before January 1,
14 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
15 would be the amount of such reduction.

16 (b) Applicable fraction.

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

19	For taxable years beginning in calendar year	The applicable fraction is
20	2006 and 2007	$\frac{2}{3}$
21	2008 and 2009	$\frac{1}{3}$

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

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

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

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

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

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

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

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

32 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so
33 much of the federal alternative minimum taxable income as modified by the modifications in § 44-
34 30-12 as exceeds the exemption amount.

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

3 (6) Exemption amount.

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

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

11 (7) Treatment of unearned income of minor children

12 (a) In general.

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

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

16 (ii) \$6,000.

17 (8) Adjustments for inflation.

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

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

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

22 (9) Phase-out.

23 (a) In general.

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

27 (b) Threshold amount.

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

30 Filing status	Amount
31 Single	\$123,250
32 Married filing jointly or qualifying widow(er)	\$164,350
33 Married filing separately	\$82,175
34 Head of Household	\$123,250

1 (4) Rounding.

2 (a) In general.

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

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

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

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

11 (2) Child and dependent care credit;

12 (3) General business credits;

13 (4) Credit for elderly or the disabled;

14 (5) Credit for prior year minimum tax;

15 (6) Mortgage interest credit;

16 (7) Empowerment zone employment credit;

17 (8) Qualified electric vehicle credit.

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

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

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

30 (1) In general.

31 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-
32 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent
33 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode
34 Island income tax.

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

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

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

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

17 (2) Refundable portion.

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

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

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

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

30 (3) For the period January 1, 2011, through December 31, 2011, and thereafter, "Rhode
31 Island taxable income" means federal adjusted gross income as determined under the Internal
32 Revenue Code, 26 U.S.C. § 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-
33 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph
34 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph

1 44-30-2.6(c)(3)(C).

2 (A) **Tax imposed.**

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

RI Taxable Income		RI Income Tax	
Over	But not over	Pay + % on Excess	on the amount over
9 \$ 0 -	\$ 55,000	\$ 0 + 3.75%	\$ 0
10 55,000 -	125,000	2,063 + 4.75%	55,000
11 125,000 -		5,388 + 5.99%	125,000

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

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

19 (III) (1) For the period January 1, 2026, through December 31, 2026, and for every year
20 thereafter, there is hereby imposed on the taxable income of married individuals filing joint returns,
21 qualifying widow(er), every head of household, unmarried individuals, married individuals filing
22 separate returns and bankruptcy estates, an additional tax of three percent (3%) on Rhode Island
23 taxable income over four hundred and thirty thousand dollars (\$430,000).

24 (2) The annual inflation adjustments authorized in subsection (c)(3)(E) of this section, shall
25 be applied to the dollar amount in subsection (III)(1) of this section. The dollar amount in
26 subsection (III)(1) of this section is intended to be in 2011 dollars, just like the original bracket
27 amounts specified in subsection (c)(3)(A)(I) of this section. For the period January 1, 2026, through
28 December 31, 2026, and for every year thereafter, the actual amount shall, like the original bracket
29 amounts, be adjusted by inflation as authorized in subsection (c)(3)(E) of this section.

30 (3) This tax shall be imposed in addition to the taxes on income imposed in subsection
31 (c)(3)(A)(I) of this section; and taxable income subject to the tax established in subsection
32 (c)(3)(A)(III)(1) of this section, shall also be subject to the taxes imposed in subsection (c)(3)(A)(I)
33 of this section. There shall be no difference in determining the total amount of taxable income for
34 subsections (c)(3)(A)(I) and (c)(3)(A)(III)(1) of this section.

1 (iv) The tax imposed in subsection (c)(3)(A)(III)(1) shall apply only to tax years beginning
2 on or after January 1, 2026 and shall not apply to any tax years prior to January 1, 2026 and shall
3 not apply to any taxable income from prior tax years.

4 **(B) Deductions:**

5 (I) Rhode Island Basic Standard Deduction.

6 Only the Rhode Island standard deduction shall be allowed in accordance with the
7 following table:

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

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

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

21 **(C) Exemption Amount:**

22 (I) The term “exemption amount” means three thousand five hundred dollars (\$3,500)
23 multiplied by the number of exemptions allowed for the taxable year for federal income tax
24 purposes. For tax years beginning on or after 2018, the term “exemption amount” means the same
25 as it does in 26 U.S.C. § 151 and 26 U.S.C. § 152 just prior to the enactment of the Tax Cuts and
26 Jobs Act (Pub. L. No. 115-97) on December 22, 2017.

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

31 (III) Identifying information required.

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

1 period.

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

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

13 (E) **Adjustment for inflation.** The dollar amount contained in subparagraphs 44-30-
14 2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount
15 equal to:

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

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

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

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

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

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

34 (I) Notwithstanding any other provisions of Rhode Island Law, for tax years beginning on

1 or after January 1, 2011, the only credits allowed against a tax imposed under this chapter shall be
2 as follows:

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

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

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

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

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

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

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

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

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

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

29 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in
30 § 42-64.20-1 et seq.

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

33 (m) Historic homeownership assistance act: Effective for tax year 2017 and thereafter,
34 unused carryforward for such credit previously issued shall be allowed for the historic

1 homeownership assistance act as provided in § 44-33.1-4. This allowance is for credits already
2 issued pursuant to § 44-33.1-4 and shall not be construed to authorize the issuance of new credits
3 under the historic homeownership assistance act.

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

6 SECTION 2. This act shall take effect on January 1, 2026.

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

1 This act would add create an additional Rhode Island personal income tax of three percent
2 (3.00%) on taxable income over approximately six-hundred and twenty-five thousand dollars
3 (\$625,000) in 2025 dollars, impacting only the top one percent (1%) in income of personal income
4 tax filers. The existing three-bracket personal income tax structure will remain in place.

5 In order for the new bracket to apply to income over approximately six-hundred and
6 twenty-five thousand dollars (\$625,000) in 2025 dollars, the statute (which is written in 2011
7 dollars) uses the pre-inflation amount of four-hundred and thirty thousand (\$430,000) in 2011
8 dollars. Each year, Rhode Island's Division of Taxation applies inflation rates to calculate the cut-
9 offs for all income tax brackets in current year dollars.

10 This act would not apply retroactively to prior tax years or to taxable income from prior
11 tax years.

12 This act would take effect on January 1, 2026.

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO TAXATION -- PERSONAL INCOME TAX

Introduced By: Senators Murray, Gu, Ciccone, Sosnowski, Lawson, Felag, Bissaillon,
Urso, Acosta, and Pearson

Date Introduced: February 21, 2025

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal
2 Income Tax" is hereby amended to read as follows:

3 **44-30-2.6. Rhode Island taxable income — Rate of tax.**

4 (a) "Rhode Island taxable income" means federal taxable income as determined under the
5 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-
6 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax
7 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of
8 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

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

1 her personal income tax liability.

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

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

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

19 (A) **Tax imposed.**

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

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

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

30 If taxable income is:	The tax is:
31 Not over \$42,650	3.75% of taxable income
32 Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the excess over \$42,650
33 Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the excess over \$110,100
34 Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the excess over \$178,350

1 Over \$349,700 \$27,031.75 plus 9.90% of the excess over \$349,700

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

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

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

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

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

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

27 (6) Adjustments for inflation.

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

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

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

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

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

1 (1) In general.

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

4 (a) 2.5% of the net capital gain as reported for federal income tax purposes under section
5 26 U.S.C. § 1(h)(1)(a) and 26 U.S.C. § 1(h)(1)(b).

6 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
7 § 1(h)(1)(c).

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

10 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
11 § 1(h)(1)(e).

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

14 **(C) Itemized deductions.**

15 (1) In general.

16 For the purposes of section (2), "itemized deductions" means the amount of federal
17 itemized deductions as modified by the modifications in § 44-30-12.

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

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

21 (3) Basic standard deduction.

22 The Rhode Island standard deduction shall be allowed in accordance with the following
23 table:

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

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

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

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

34 In the case of an individual to whom a deduction under section (E) is allowable to another

1 taxpayer, the basic standard deduction applicable to such individual shall not exceed the greater of:

2 (a) \$850;

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

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

5 In the case of:

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

7 (b) Nonresident alien individual;

8 (c) An estate or trust;

9 The standard deduction shall be zero.

10 (7) Adjustments for inflation.

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

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

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

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

17 (1) General rule.

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

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

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

25 (2) Applicable amount.

26 (a) In general.

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

29 (b) Adjustments for inflation.

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

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

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

33 (3) Phase-out of Limitation.

34 (a) In general.

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

4 (b) Applicable fraction.

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

7 For taxable years beginning in calendar year	The applicable fraction is
8 2006 and 2007	$\frac{2}{3}$
9 2008 and 2009	$\frac{1}{3}$

10 (E) **Exemption amount.**

11 (1) In general.

12 Except as otherwise provided in this subsection, the term "exemption amount" means
13 \$3,400.

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

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

18 (3) Adjustments for inflation.

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

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

22 (4) Limitation.

23 (a) In general.

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

26 (b) Applicable percentage.

27 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the
28 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each
29 \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
30 exceeds the threshold amount. In the case of a married individual filing a separate return, the
31 preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the
32 applicable percentage exceed one hundred percent (100%).

33 (c) Threshold Amount.

34 For the purposes of this paragraph, the term "threshold amount" shall be determined with

1 the following table:

2	Filing status	Amount
3	Single	\$156,400
4	Married filing jointly of qualifying widow(er)	\$234,600
5	Married filing separately	\$117,300
6	Head of Household	\$195,500

7 (d) Adjustments for inflation.

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

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

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

11 (5) Phase-out of limitation.

12 (a) In general.

13 In the case of taxable years beginning after December 31, 2005, and before January 1,
14 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
15 would be the amount of such reduction.

16 (b) Applicable fraction.

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

19	For taxable years beginning in calendar year	The applicable fraction is
20	2006 and 2007	$\frac{2}{3}$
21	2008 and 2009	$\frac{1}{3}$

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

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

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

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

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

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

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

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

32 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so
33 much of the federal alternative minimum taxable income as modified by the modifications in § 44-
34 30-12 as exceeds the exemption amount.

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

3 (6) Exemption amount.

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

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

11 (7) Treatment of unearned income of minor children

12 (a) In general.

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

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

16 (ii) \$6,000.

17 (8) Adjustments for inflation.

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

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

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

22 (9) Phase-out.

23 (a) In general.

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

27 (b) Threshold amount.

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

30 Filing status	Amount
31 Single	\$123,250
32 Married filing jointly or qualifying widow(er)	\$164,350
33 Married filing separately	\$82,175
34 Head of Household	\$123,250

1 (4) Rounding.

2 (a) In general.

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

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

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

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

11 (2) Child and dependent care credit;

12 (3) General business credits;

13 (4) Credit for elderly or the disabled;

14 (5) Credit for prior year minimum tax;

15 (6) Mortgage interest credit;

16 (7) Empowerment zone employment credit;

17 (8) Qualified electric vehicle credit.

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

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

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

30 (1) In general.

31 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-
32 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent
33 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode
34 Island income tax.

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

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

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

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

17 (2) Refundable portion.

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

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

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

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

30 (3) For the period January 1, 2011, through December 31, 2011, and thereafter, "Rhode
31 Island taxable income" means federal adjusted gross income as determined under the Internal
32 Revenue Code, 26 U.S.C. § 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-
33 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph
34 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph

1 44-30-2.6(c)(3)(C).

2 (A) **Tax imposed.**

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

RI Taxable Income		RI Income Tax	
Over	But not over	Pay + % on Excess	on the amount over
9 \$ 0 -	\$ 55,000	\$ 0 + 3.75%	\$ 0
10 55,000 -	125,000	2,063 + 4.75%	55,000
11 125,000 -		5,388 + 5.99%	125,000

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

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

19 (III) (1) For the period January 1, 2026, through December 31, 2026, and for every year
20 thereafter, there is hereby imposed on the taxable income of married individuals filing joint returns,
21 qualifying widow(er), every head of household, unmarried individuals, married individuals filing
22 separate returns and bankruptcy estates, an additional tax of three percent (3%) on Rhode Island
23 taxable income over four hundred and thirty thousand dollars (\$430,000).

24 (2) The annual inflation adjustments authorized in subsection (c)(3)(E) of this section, shall
25 be applied to the dollar amount in subsection (III)(1) of this section. The dollar amount in
26 subsection (III)(1) of this section is intended to be in 2011 dollars, just like the original bracket
27 amounts specified in subsection (c)(3)(A)(I) of this section. For the period January 1, 2026, through
28 December 31, 2026, and for every year thereafter, the actual amount shall, like the original bracket
29 amounts, be adjusted by inflation as authorized in subsection (c)(3)(E) of this section.

30 (3) This tax shall be imposed in addition to the taxes on income imposed in subsection
31 (c)(3)(A)(I) of this section; and taxable income subject to the tax established in subsection
32 (c)(3)(A)(III)(1) of this section, shall also be subject to the taxes imposed in subsection (c)(3)(A)(I)
33 of this section. There shall be no difference in determining the total amount of taxable income for
34 subsections (c)(3)(A)(I) and (c)(3)(A)(III)(1) of this section.

1 (iv) The tax imposed in subsection (c)(3)(A)(III)(1) shall apply only to tax years beginning
2 on or after January 1, 2026 and shall not apply to any tax years prior to January 1, 2026 and shall
3 not apply to any taxable income from prior tax years.

4 **(B) Deductions:**

5 (I) Rhode Island Basic Standard Deduction.

6 Only the Rhode Island standard deduction shall be allowed in accordance with the
7 following table:

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

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

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

21 **(C) Exemption Amount:**

22 (I) The term “exemption amount” means three thousand five hundred dollars (\$3,500)
23 multiplied by the number of exemptions allowed for the taxable year for federal income tax
24 purposes. For tax years beginning on or after 2018, the term “exemption amount” means the same
25 as it does in 26 U.S.C. § 151 and 26 U.S.C. § 152 just prior to the enactment of the Tax Cuts and
26 Jobs Act (Pub. L. No. 115-97) on December 22, 2017.

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

31 (III) Identifying information required.

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

1 period.

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

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

13 (E) **Adjustment for inflation.** The dollar amount contained in subparagraphs 44-30-
14 2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount
15 equal to:

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

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

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

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

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

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

34 (I) Notwithstanding any other provisions of Rhode Island Law, for tax years beginning on

1 or after January 1, 2011, the only credits allowed against a tax imposed under this chapter shall be
2 as follows:

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

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

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

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

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

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

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

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

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

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

29 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in
30 § 42-64.20-1 et seq.

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

33 (m) Historic homeownership assistance act: Effective for tax year 2017 and thereafter,
34 unused carryforward for such credit previously issued shall be allowed for the historic

1 homeownership assistance act as provided in § 44-33.1-4. This allowance is for credits already
2 issued pursuant to § 44-33.1-4 and shall not be construed to authorize the issuance of new credits
3 under the historic homeownership assistance act.

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

6 SECTION 2. This act shall take effect on January 1, 2026.

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

1 This act would add create an additional Rhode Island personal income tax of three percent
2 (3.00%) on taxable income over approximately six-hundred and twenty-five thousand dollars
3 (\$625,000) in 2025 dollars, impacting only the top one percent (1%) in income of personal income
4 tax filers. The existing three-bracket personal income tax structure will remain in place.

5 In order for the new bracket to apply to income over approximately six-hundred and
6 twenty-five thousand dollars (\$625,000) in 2025 dollars, the statute (which is written in 2011
7 dollars) uses the pre-inflation amount of four-hundred and thirty thousand (\$430,000) in 2011
8 dollars. Each year, Rhode Island's Division of Taxation applies inflation rates to calculate the cut-
9 offs for all income tax brackets in current year dollars.

10 This act would not apply retroactively to prior tax years or to taxable income from prior
11 tax years.

12 This act would take effect on January 1, 2026.

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LC000980
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