



May 16, 2024

The Honorable Marvin Abney
Chairman, House Finance Committee
Rhode Island State House
Providence, RI 02903

RE: Governor's Budget Amendment #19, Taxes and Fees

Chairman Abney and Committee Members,

The undersigned members of the Rhode Island Business Coalition wish to register our support for the inclusion of the Governor's proposed budget amendment #19, taxation of financial institutions.

This bill allows a banking institution, whose business activities are taxable in the state and outside the state, to choose the allocation and apportionment method for income provided in §44-14-14.1 (Apportionment and allocation of income for purposes of taxation).

In 2015, when the legislature adopted a combined reporting method for calculating corporate taxes, it did so by including a single sales factor apportionment structure to encourage businesses to grow here in our state. Members of the business community advocated for the inclusion of the single sales factor structure. At the time, banks were not afforded the opportunity to use this method of apportionment.

Massachusetts recently passed legislation adopting the single sales factor and included financial institutions. If this amendment is not included in the House adopted budget, banks will be encouraged to locate elsewhere – particularly in our neighboring state - and take advantage of remote work opportunities. Twenty-six states have adopted the single sales factor apportionment for banks; and it is time Rhode Island approves the change as well.

We urge the committee look favorably upon this amendment request. Thank you for your consideration.

Sincerely,

Associated Builders and Contractors, Rhode Island
East Greenwich Chamber of Commerce
Rhode Island Bankers Association

Rhode Island Beverage Association

Rhode Island Business Group on Health

Rhode Island Manufacturers Association

Rhode Island Mortgage Bankers Association

Rhode Island Partnership for Home Care

Rhode Island Small Business Economic Summit Regulations Committee

Rhode Island Small Business Economic Summit Tax and Budget Committee

Rhode Island Staffing Association

Rhode Island Society of Certified Public Accountants

Sustainable Benefits Strategies, LLC