

## Testimony in Opposition to H-7225 Budget Article 6 Section 12

### Decreasing the Corporate Minimum Tax

#### House Committee on Finance

February 15, 2024

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**The Economic Policy Institute opposes Article 6 Section 12 of H-7225** which would decrease from \$400 to \$350 the corporate minimum tax on Rhode Island businesses.

While we recognize the need to support Rhode Island's businesses, we believe that this modest tax is reasonable, given all of the costs of doing business, including payroll and rent. Indeed, according to data from Rhode Island's Division of Taxation, there are thousands of companies with gross receipts above a million dollars paying only the corporate minimum tax (see <https://tax.ri.gov/sites/g/files/xkgbur541/files/2023-02/2019%20Corp%20SOI%20All.pdf>).

We do think there is room to discuss lowering the corporate minimum tax in the context of making the corporate tax system fairer, with the most profitable companies paying more. However, we do not see that cutting the minimum tax by \$50 per year will make any significant difference in business expansion or job creation, while we do know it will result in **an estimated revenue loss of \$2.3 million in FY2025 and an annualized revenue loss of \$4.7 million beginning with FY2026**. This is revenue that could be used more effectively in a targeted way to help entrepreneurs seeking to launch or expand businesses in Rhode Island.