



May 16, 2024

Rep. Marvin L. Abney
Chairman
House Finance Committee
State House
Providence, Rhode Island 02903

Support: Article 6 H7225 - Governor's Budget Amendment #19 Financial Institutions Tax

Dear Chairman Abney:

On behalf of the Greater Providence Chamber of Commerce, I write in support of **Article 6 H7225 -Governor's Budget Amendment #19 Financial Institutions Tax** which would allow banks to elect to be taxed under a Single Sales apportionment structure, just as every other larger corporation in the state of Rhode Island is today.

The Chamber's Key Points:

- This legislation is about keeping Rhode Island competitive with Massachusetts.
- This fall, Massachusetts passed single sales factor for corporations and included financial institutions in their tax relief package.
- In 2015, the Rhode Island legislature adopted a single sales factor apportionment structure for corporations to encourage businesses to maintain and grow jobs here in Rhode Island.
- At the time, banks were not included in this important tax relief package.
- HB 7927 would update that law in order to keep Rhode Island competitive with Massachusetts.
- Rhode Island needs to provide the same economic opportunity for its financial institutions to encourage them to stay and grow here.
- Otherwise, Rhode Island banks will be encouraged to create new jobs and/or move existing jobs to border towns in Massachusetts, to decrease their tax liability in Rhode Island.
- Our state cannot afford to lose financial services jobs to Massachusetts.

Competitive with the Country

- Our state also cannot afford to lose in-state jobs to remote work.
- The pandemic dramatically shifted and accelerated opportunities for remote work.
- Many companies now review open job requisitions and consider the costs of listing that position in-person versus remotely.
- Remote workers can be hired from anywhere, and more than half of states have opted to tax banks under a single sales factor apportionment structure.
- Passing HB 7927 would allow for financial institutions in Rhode Island to hire more Rhode Islanders without worrying about increasing their RI income tax liability.

We can't afford for Rhode Island to be an outlier:

- As noted, Rhode Island is currently an outlier compared to many other states.
- Twenty-six states have passed Single Sales Factor for banks.
- We need to enact HB 7927 to allow our home-grown banks to compete.

Sincerely,


Laurie White
President