

Testimony in OPPOSITION to H-7397, Repealing the Corporate Minimum Tax House Finance Committee

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The Economic Progress Institute **opposes H-7397** which would repeal Rhode Island's corporate minimum tax.

Repealing the corporate minimum tax would cost the state over \$35 million in revenue each year, a major revenue loss at this time.

Although it may be the case that \$400 per year could benefit the smallest Rhode Island micro business owners, repealing the corporate minimum would affect a much larger group. To start, in Tax Year 2024, **77.8% of corporate filers paid only the minimum**, and the rate is 87.6% so far for Tax Year 2025. As Division of Taxation testimony provided to the May 2026 Revenue Estimating Conference shows, most Rhode Island businesses pay only the minimum:¹



Business Corporation Tax Filers



Min Filers, Non-Min Filers



Breakdown of Minimum Tax Filers:

	TY21	TY22	TY23	TY24	TY25
LLC Filers	20,917	24,112	26,848	27,859	22,665
S-Corp Filers	28,297	30,402	33,252	30,910	25,230
C-Corp Filers	7,915	8,707	9,131	10,095	8,152
LLP Filers	561	578	654	648	493
LP Filers	3,552	3,985	4,434	4,852	3,808
SMLLC	13,122	14,581	16,611	17,337	14,222
Undeclared Filers	1,687	842	1,058	796	2,516
Minimum Tax Filers	76,051	83,207	91,988	92,497	77,086

as of 4/27/26

Furthermore, the Division of Taxation's Statistics of Income Report for Tax Year 2023 (the most recent such report available) shows that **thousands of corporations paying the minimum have gross receipts in the millions of dollars**.²

Rhode Island Division of Taxation Business Corporations Tax Return Summary (C Corp Returns) Tax Year 2023

Total Gross Receipts	Minimum Filer Count
Negative Total Gross Receipts	14
Under \$25,000	3,142
\$25,000 - \$99,999	409
\$100,000 - \$249,999	468
\$250,000 - \$499,999	399
\$500,000 - \$999,999	410
\$1,000,000 - \$2,499,999	557
\$2,500,000 - \$4,999,999	537
\$5,000,000 - \$9,999,999	621
\$10,000,000 and over	3,448
Total	10,005

Rhode Island Gross Receipts	Minimum Filer Count
Negative Rhode Island Gross Receipts	55
Under \$25,000	6,494
\$25,000 - \$99,999	1,131
\$100,000 - \$249,999	819
\$250,000 - \$499,999	489
\$500,000 - \$749,999	223
\$750,000 - \$999,999	154
\$1,000,000 - \$2,499,999	340
\$2,500,000 - \$4,999,999	157
\$5,000,000 - \$9,999,999	73
\$10,000,000 and over	70
Total	10,005

Rhode Island Division of Taxation Business Corporations Tax Return Summary (S Corp Returns) Tax Year 2023

Total Gross Receipts	Minimum Filer Count
Negative Total Gross Receipts	<10
Under \$25,000	4,506
\$25,000 - \$99,999	2,368
\$100,000 - \$249,999	3,343
\$250,000 - \$499,999	2,926
\$500,000 - \$999,999	2,887
\$1,000,000 - \$2,499,999	3,003
\$2,500,000 - \$4,999,999	1,505
\$5,000,000 - \$9,999,999	1,193
\$10,000,000 and over	2,749
Total	24,488

Rhode Island Gross Receipts	Minimum Filer Count
Negative Rhode Island Gross Receipts	<10
Under \$25,000	12,469
\$25,000 - \$99,999	2,310
\$100,000 - \$249,999	2,633
\$250,000 - \$499,999	2,129
\$500,000 - \$749,999	1,200
\$750,000 - \$999,999	759
\$1,000,000 - \$2,499,999	1,744
\$2,500,000 - \$4,999,999	653
\$5,000,000 - \$9,999,999	337
\$10,000,000 and over	245
Total	24,488

Rhode Island Division of Taxation Business Corporations Tax Return Summary (LLC Returns) Tax Year 2023

Total Gross Receipts	Minimum Filer Count
Negative Total Gross Receipts	31
Under \$25,000	11,966
\$25,000 - \$99,999	1,393
\$100,000 - \$249,999	931
\$250,000 - \$499,999	596
\$500,000 - \$999,999	499
\$1,000,000 - \$2,499,999	584
\$2,500,000 - \$4,999,999	368
\$5,000,000 - \$9,999,999	387
\$10,000,000 and over	1,737
Total	18,492

Rhode Island Gross Receipts	Minimum Filer Count
Negative Rhode Island Gross Receipts	64
Under \$25,000	13,578
\$25,000 - \$99,999	1,826
\$100,000 - \$249,999	1,062
\$250,000 - \$499,999	598
\$500,000 - \$749,999	280
\$750,000 - \$999,999	173
\$1,000,000 - \$2,499,999	430
\$2,500,000 - \$4,999,999	192
\$5,000,000 - \$9,999,999	140
\$10,000,000 and over	149
Total	18,492

For such corporations, \$400 each year hardly seems a burden that will make any major difference in operations. While \$400 may relieve some stress at the margins, such a tax cut on any one individual business will not result, for example, in hiring even a single new employee. For these reasons, we urge you not to advance this proposal to the full House.

¹ <https://rilegislature.gov/Special/rcc/REC202605/Division%20of%20Taxation%20REC%20Presentation%20May%204,%202026.pdf>.

² See Corporate Income Reports here: <https://tax.ri.gov/guidance/reports/statistics-income>.