



To: Chairman Abney and Members of House Finance Committee

From: Nancy Wolanski, Director, Alliance for Nonprofit Impact  
United Way of Rhode Island, 50 Valley Street, Providence, RI 02909

Date: June 2, 2026

Re: Testimony in Support of H8604, “An Act Relating to Taxation – Personal  
Income Tax

I am the director of the Alliance for Nonprofit Impact at United Way of Rhode Island, and I am grateful for the opportunity to speak in favor of House bill H8604.

As the state nonprofit resource center, we are pleased to support this common sense bill that will eliminate confusion and bureaucratic time and cost for not only nonprofits, but also for businesses and the state itself, by clarifying the alignment of state and federal thresholds for 1099’s, and eliminating the current Division of Taxation guidance that requires 1099’s for any income over \$100. The current guidance creates a significant administrative burden that impacts nonprofits, businesses and state agencies running community-facing programs.

Many nonprofits utilize small stipends to incentivize participation in programs and/or reimburse for program participation costs, like transportation and childcare. This is also common in community programs run by state agencies, including plans for the new Rural Health Initiative. The Department of Labor and Training’s Real Jobs programs and nonprofit workforce development programs that provide nominal assistance to address a one-time job obstacle (a ride share if their car is in the shop, one day of childcare when their regular provider is closed, etc.) would find their programs dealing with much more bureaucracy if the current guidance is not rolled back.

The current guidance also adds significant cost to nonprofits, whose budgets have been significantly reduced by federal funding cuts, by requiring extra work from contracted accountants or bookkeepers. Most RI nonprofits are small, do not have in-house CPA’s to prepare these documents, and struggle to find CPA’s willing to even do federally mandated

990 forms. The most frequent request the Alliance receives is for referrals for accountants and bookkeepers, and there are not enough to go around.

Micro and small businesses are also impacted because they may pay someone for one small project (run an errand, format a document, etc.) and then have to get an accountant to create a 1099 for them.

The notification process about the new requirements were apparently targeted at CPA's, and information didn't reach most nonprofits until this spring. The Alliance heard from several nonprofits who only learned about the new threshold because of a Quickbooks notification at the end of March, with a retroactive requirement dating back over a year, when no systems were in place.

Engagements with certain community program participants are by their very nature short-term, so tracking them down a year later may be impossible. Most have already filed their taxes for 2025, and many have utilized VITA volunteers to submit the taxes. They don't have the knowledge (or in some cases the technology) to revise their submissions to add an additional 1099, and the VITA program has closed for the year.

We strongly urge the Committee to pass H8604 to eliminate the confusion and added administrative burden and cost that the current Division of Taxation guidance has caused for nonprofits, businesses and state agencies.

Thank you.