



Testimony in SUPPORT of H-8611 to Clarify Banking Taxation

House Committee on Finance

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The Economic Progress Institute **supports Representative Marszalkowski's H-8611 and its proposal to clarify the taxation of banks in relationship to the Jobs Development Act.**

Although when the apportionment option for the taxation of banks was changed in 2024, Citizens Bank announced it would no longer participate in the Jobs Development Act (JDA) tax incentive program, state law does not actually prevent a bank from participating in the JDA program while also electing to use the new apportionment option, creating a kind of double-dipping.

The JDA employs an unusual tax incentive mechanism, lowering the corporate tax rate rather than providing a specific per job credit. This means that the higher a JDA beneficiary's profit, the higher the savings and the tax benefit.

The JDA is a poorly structured program – and not only in terms of payment mechanism. It has been closed to new participants for a decade, and there is no strong evidence it continues to create or retain jobs in Rhode Island, despite the annual cost to the state, costing at least \$3 million each year. And the program has no sunset date.

We urge you to send H-8611 to the House floor. Even better, we urge you to amend or replace this legislation with the full repeal of the Jobs Development Act. This would accomplish what H-8611 proposes and also save the state millions of dollars more each year going to non-bank recipients. **We could instead invest this money in actual job creation.**