

Governor's FY 2021 Budget: Articles

Staff Presentation to the House Finance
Committee
March 3, 2020

Introduction

- Article 8
 - Sections 1 & 6 – Alcohol Tax Restructure
 - Sections 2 & 6 – Hotel & Pass-through Taxes
 - Section 3 – Reciprocal Payment Offset
 - Sections 4 & 5 – Sales Tax Expansion
 - New Section – Scholarship Organization Tax Credits
 - GBA requested February 26

Section 3 - Reciprocal Payment Offset Program

- State currently participates in a voluntary reciprocal offset program for personal income tax
 - For 2019
 - \$2.9 million in offset from state returns to federal government
 - \$1.3 million in payments from federal government

Section 3 - Reciprocal Payment Offset Program

- Section 3 authorizes tax administrator to expand state's participation to include other taxes & debts
 - Business taxes
- Tax administrator may charge "reasonable" fee per transaction
- Governor's budget includes \$5.0 million
 - No administrative costs as new taxation system allows for data matching for business taxes

Section 3 - Reciprocal Payment Offset Program

Tax/Revenue Type	FY 2021	FY 2022
Personal Income Tax Withholding	\$0.6	\$0.5
Business Corporation	1.7	1.4
Public Utilities Gross Earnings	0.2	0.2
Insurance Companies Gross Premiums	0.0	0.0
Health Care Provider	0.1	0.0
Sales and Use	2.2	1.7
Cigarette Excise	0.0	0.0
Other Tobacco Products	0.1	0.0
Tobacco Dealer License Fee	0.1	0.0
Total	\$5.0	\$4.0

\$ in millions

Section 3 - Reciprocal Payment Offset Program

- Other states with similar agreements
 - New York
 - New Jersey
 - Maryland
 - Kansas
 - Kentucky
 - Louisiana
 - Minnesota
 - Oregon
 - Virginia
 - West Virginia
 - Wisconsin
 - Washington, D.C

Alcohol Restructuring

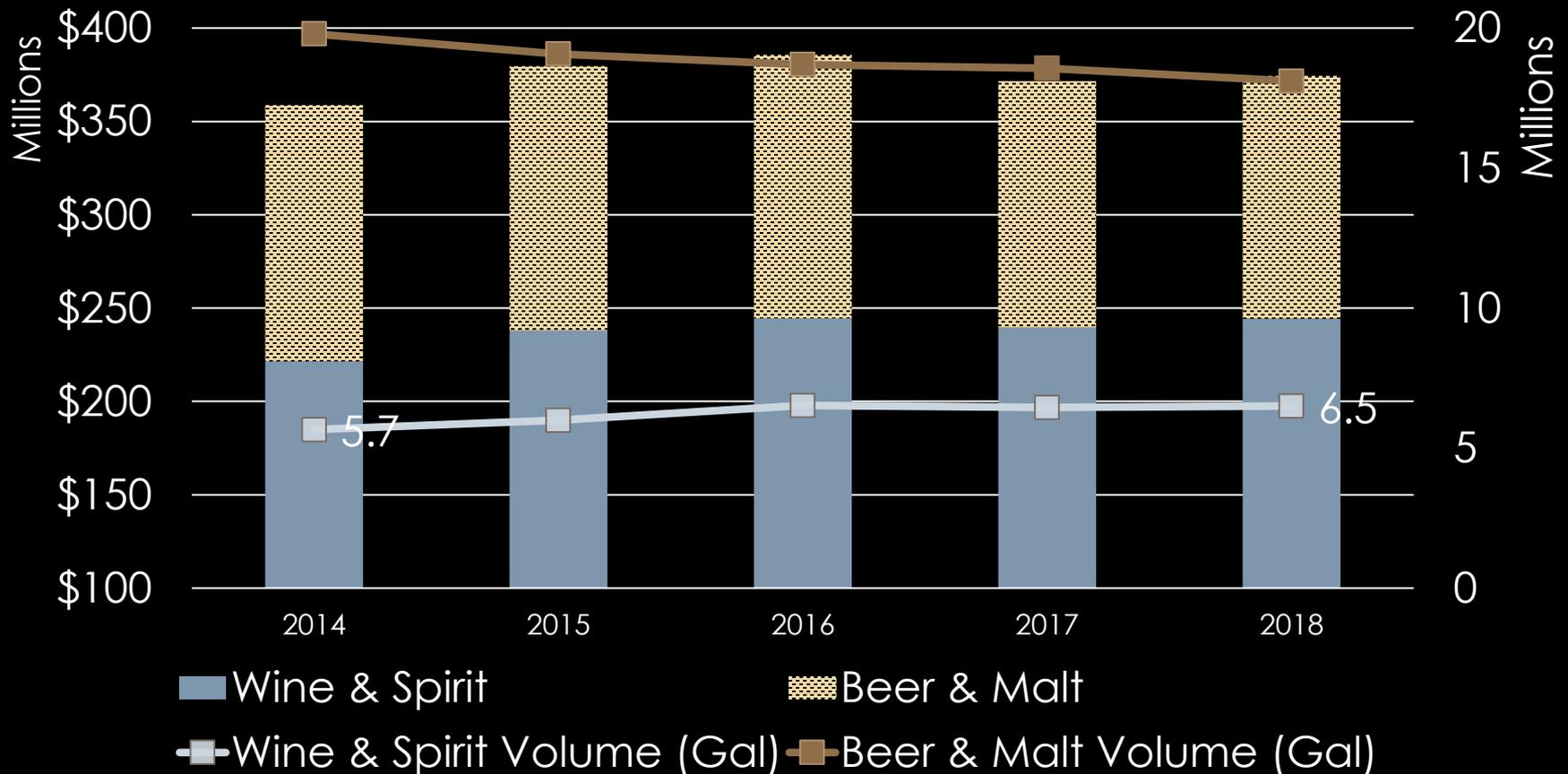
- Pilot tax restructuring enacted in 2013
 - July 1, 2013 to March 31, 2015
 - Exempted wine & spirits from sales tax
 - Increased excise taxes on:
 - Beer from \$3.00 per barrel to \$3.30
 - Spirits from \$3.75 per gallon to \$5.40
 - Wine from \$0.60 to \$1.40 per gallon
- 2014 Assembly delayed sunset to 6/30/15
- 2015 Assembly made change permanent

Sections 1 & 6 - Alcohol Restructuring

- Governor's proposal
 - End sales tax exemption on wine & spirits sold by Class A licensees
 - Reduce alcohol excise tax
 - High proof spirits by \$1.65 per gallon to \$3.75
 - Wine by \$0.80 per gallon to \$0.60
- FY 2021 budget: \$9.1 million in revenues
 - Effective October 1, 2020
- FY 2014 budget action annualized to \$4.8 million for FY 2015
 - Expected to grow over time

Sections 1 & 6 - Alcohol Restructuring

RI Alcoholic Beverage Sales



Sections 1 & 6 - Alcohol Restructuring

Tax	Current Law	Art. 8	Diff
Wine			
Excise tax per gallon	\$1.40	\$0.60	\$(0.80)
Sales	0%	7%	7%
Spirits			
Excise tax per gallon	\$5.40	\$3.75	\$(1.65)
Sales	0%	7%	7%

- No change to beer proposed

Sections 1 & 6 - Alcohol Restructuring

Tax	Current Law	Art. 8	Diff
Example: \$15 Bottle of Wine (750 ml)			
Excise tax per gallon	\$0.28	\$0.12	\$(0.16)
Sales	-	1.05	1.05
Total	\$0.28	\$1.17	\$0.89
Example: \$28 Bottle of Spirits (750 ml)			
Excise tax per gallon	\$1.07	\$0.74	\$(0.33)
Sales	-	1.96	1.96
Total	\$1.07	\$2.70	\$1.63

Sections 1 & 6 - Alcohol Restructuring

Excise Tax*	Wine	Beer	Spirits	State Sales Tax	Other
RI	\$1.40	\$0.11	\$5.40	7%	1% meal & beverage
CT	\$0.79	\$0.24	\$5.94	6.35%	
MA	\$0.55	\$0.11	\$4.05	NA	
VT	\$0.55	\$0.27	\$ -	6%	Local up to 1% + 10% on premise tax
NH	\$ -	\$0.30	\$ -	NA	
ME	\$0.60	\$0.35	\$ -	5.5%	7% on premise tax for beer & wine

*Dollars per gallon as of January 2020; data from Tax Foundation

Sections 1 & 6 - Alcohol Restructuring

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Sales Tax Exemption	\$14.4	\$19.7	\$20.4	\$21.0	\$21.7
Alcohol Excise Tax	(5.3)	(7.2)	(7.3)	(7.5)	(7.6)
Total	\$9.1	\$12.5	\$13.0	\$13.5	\$14.1

\$ in millions

Sections 4 & 6 - Pass-through & Hotel Taxes

- Division of Taxation collects some taxes on behalf of municipalities
 - Tax collection centralized for administrative efficiency
- Public Service Corporation tax allows retention of 0.75% for administration
 - Deposited as general revenues to offset cost of collection
 - Typically less than \$0.1 million

Sections 4 & 6 - Pass-through & Hotel Taxes

- Governor proposes 2% assessment on local share of taxes that are collected by state
- Assessment would apply to
 - 1.0% local & 5.0% state hotel taxes
 - No impact to Newport - collects own taxes
 - 1.0% Meals & Beverage
 - Real Estate Conveyance Tax from corporate ownership transfers; no revenues assumed
 - Proposed in Article 12
- Budget assumes state withholds \$0.8 million
 - Annualizes to \$0.9 million

Sections 4 & 6 - Pass-through & Hotel Taxes

- Governor proposes to increase the state hotel tax from 5% to 6%
 - Changes the distribution to ensure the increase accrues to state general revenues
 - Budget assumes \$4.7 million
 - Same proposal as FY 2020 budget

Hotel Tax

- Hotel tax has changed numerous times in recent years
 - How it is distributed
 - What is taxed

Hotel Tax Distribution

- Hotel room rental subject to occupancy taxes:
 - Sales Tax – 7.0%
 - General Fund
 - State Hotel Tax – 5.0%
 - Commerce (previously General Fund), municipalities, regional tourism districts, and Providence/Warwick CVB
 - Local Hotel Tax – 1.0%
 - Municipalities

Hotel Tax Distribution

- State has 4 shared regional districts

South County

Charlestown
Coventry
East Greenwich
Exeter
Hopkinton
Narragansett
North Kingstown
Richmond
South Kingstown
West Greenwich
Westerly

Northern RI

Burrillville
Central Falls
Cumberland
Glocester
Lincoln
North
Smithfield
Pawtucket
Smithfield
Woonsocket

Aquidneck Island

Barrington
Bristol
Jamestown
Little Compton
Middletown
Newport
Portsmouth
Warren

Statewide

Cranston
Foster
Johnston
North
Providence
West Warwick

Hotel Tax Distribution

- 3 municipalities have own districts



- Current law divides state into 8 districts
 - East Providence is unique case
 - Not in shared district
 - Division of Taxation holding district share until it joins a district - \$0.4 million as of January 2020

Hotel Tax Distribution

- FY 2016 Budget: major state tourism and marketing campaign
 - Decreased shares for all districts & tourism/marketing entities
 - General Fund share to Commerce
 - Expanded application of taxes
 - Expansion to unlicensed rentals to CC
- Regional districts must incorporate state campaign to receive share

Expansion of Hotel Taxes:

Rental – All Booking Methods	7.0% Sales Tax	5.0% State Hotel Tax	1.0% Local Hotel Tax
Hotel/Motel	X	X	X
B&B (3+ rooms)	X	X	X
B&B (≤ 3 rooms)	X	X	X
Hotel/Motel/B&B + other amenities	X	X	X
Tour Operator Services			
House/Condo/Apt. space (≤ 30 days)	X	X	X
House/Condo/Apt. space (31+ days)			
Entire House/Condo/Apt. (≤ 30 days)	X		X
Entire House/Condo/Apt. (31+ days)			

Hotel Tax Distribution

- Concerns over statewide campaign rollout and impact to regionals
 - Temporary reversal of regional reductions
- FY 2017 Budget
 - One year reprieve
 - Distribution tax returned to CY 2015 shares
 - Regional districts' increase taken from Commerce Corporation's share

Hotel Tax Distribution

- FY 2019 Budget
 - Permanent change to splits
 - Regional shares partially restored
- FY 2020 Budget
 - Incorporated shares from hosting platform services into the distribution for other hotels
 - Change shifted resources from Commerce Corporation to regional districts

Hotel Tax Distribution

- Distribution – prior to Jan 1, 2016

Region	Districts	Providence/ Warwick CVB	Cities & Towns	General Fund
Warwick	31.0%	23.0%	25.0%	21.0%
Providence**	31.0%	23.0%	25.0%	21.0%
Statewide*	[47.0%]	7.0%	25.0%	68.0%
All Other Regionals	47.0%	7.0%	25.0%	21.0%

*Statewide regional “share” goes to general fund too $47\% + 21\% = 68\%$

** Except Omni hotel: CVB= 12%, CCA=30%, State=27%, no local %

Hotel Tax Allocation

- Distribution – after June 30, 2018

Region	Districts	P/W CVB	Cities & Towns	Commerce Corp.
Warwick	30.0%	24.0%	25.0%	21.0%
Providence	30.0%	24.0%	25.0%	21.0%
Omni	30.0%	20.0%	-	50.0%
Statewide	-	5.0%	25.0%	70.0%
All Other Regionals	45.0%	5.0%	25.0%	25.0%
<i>Hosting Svcs.</i>	-	-	25.0%	75.0%

Hotel Tax Allocation

- Distribution – after June 30, 2019

Region	Districts	P/W CVB	Cities & Towns	Commerce Corp.
Warwick	30.0%	24.0%	25.0%	21.0%
Providence	30.0%	24.0%	25.0%	21.0%
Omni	30.0%	20.0%	-	50.0%
Statewide	-	5.0%	25.0%	70.0%
All Other Regionals	45.0%	5.0%	25.0%	25.0%

**Hosting Services distributed along with all other proceeds*

Hotel Tax Distribution

- Example - \$150 Hotel Room
 - State 5.0% Hotel Tax - \$7.50

Room Rental from Hotel	
Room Charge	\$150.00
Sales Tax – General Fund	10.50
Hotel Tax – Multiple Recipients	7.50
Local Hotel Tax - Municipality	1.50
Total Charge to Occupant	\$ 169.50
Total Taxes Collected	\$19.50

Hotel Tax Distribution - Detail

- Example - \$150 Hotel Room
 - State 5.0% Hotel Tax - \$7.50

Region	Districts	Providence/ Warwick CVB	Cities & Towns	Commerce Corp
Warwick	\$2.25	\$1.80	\$1.88	\$1.58
Providence	\$2.25	\$1.80	\$1.88	\$1.58
Omni	\$2.25	\$1.50	-	\$3.75
Statewide	-	\$ 0.38	\$1.88	\$5.25
All Other Regionals	\$3.38	\$0.38	\$1.88	\$1.88

Hotel Tax Distribution – Art. 8

- Article 8 Example - \$150 Hotel Room
 - State 6.0% Hotel Tax - \$9.00

Room Rental from Hotel	
Room Charge	\$150.00
Hotel & Sales Taxes – General Fund	12.00
Hotel Tax – Multiple Recipients	7.50
Local Hotel Tax - Municipality	1.50
Total Charge to Occupant	\$171.00
Total Taxes Collected	\$21.00

Hotel Tax Distribution – Art. 8

- Article 8 Example - \$150 Hotel Room
 - State 6.0% Hotel Tax - \$9.00

Region	Districts	Providence/ Warwick CVB	Cities & Towns*	Comm. Corp	General Fund
Warwick	\$2.25	\$1.80	\$1.83	\$1.58	\$1.50
Providence	\$2.25	\$1.80	\$1.83	\$1.58	\$1.50
Omni	\$2.25	\$1.50	-	\$3.74	\$1.50
Statewide	-	\$0.38	\$1.83	\$5.25	\$1.50
All Other Regionals	\$3.38	\$0.38	\$1.83	\$1.87	\$1.50

*Approx. \$0.04 less due to Taxation assessment

Hotel Tax Allocation

- Distribution – Article 8

Region	Districts	P/W CVB	Cities & Towns	Commerce Corp.	General Fund
Warwick	25.0%	20.0%	20.8%	17.5%	16.7%
Providence	25.0%	20.0%	20.8%	17.5%	16.7%
Omni	25.0%	16.7%	-	41.6%	16.7%
Statewide	-	4.2%	20.8%	58.3%	16.7%
All Other Regionals	37.5%	4.2%	20.8%	20.8%	16.7%

**Hosting Services distributed along with all other proceeds*

Collections History

Hotel Tax	FY 2015	FY 2016*	FY 2017	FY 2018	FY 2019
Regional Districts	\$6.9	\$7.6	\$7.8	\$7.6	\$8.2
Municipalities	4.0	4.6	4.6	5.1	5.1
State/ Commerce	3.6	4.6	4.7	6.4	5.8
Providence/ Warwick CVB	2.2	2.4	2.4	2.4	2.6
Convention Center	0.3	0.2	-	-	-
<i>State 5% Total</i>	17.1	19.4	19.6	21.5	21.7
<i>Local 1% Total</i>	3.4	4.1	4.4	5.1	5.1
Grand Total	\$20.5	\$23.4	\$24.0	\$26.6	\$26.8

*\$ In millions *Base expansion and redistribution first shows here*

Regional Occupancy Taxes

Municipality	Sales Tax	State Tax	Local Tax	Conv. Center Tax	Total Tax
Rhode Island	7.0%	5.0%	1.0%	-	13.0%
<i>Rhode Island – Art. 8</i>	7.0%	6.0%	1.0%	-	14.0%
Connecticut	-	15.0%	-	-	15.0%
Massachusetts*					
Leyden	-	5.7%	3.0%	-	8.70%
50 Communities	-	5.7%	4.0%	-	9.70%
Buckland & Falmouth	-	5.7%	5.0%	-	10.70%
135 Communities	-	5.7%	6.0%	-	11.70%
West Springfield	-	5.7%	4.0%	2.75%	12.45%
Springfield & Chicopee	-	5.7%	5.0%	2.75%	13.45%
Cambridge & Worcester	-	5.7%	6.0%	2.75%	14.45%
Boston	-	5.7%	6.5%	2.75%	14.95%

*Beginning 7/1/2019 certain counties 2.75% & up to 3.0% certain short term rentals

Competitive Occupancy Taxes

Municipality	State		County		Local Tax	Special Dist.	Total Tax
	Sales	Hotel	Hotel	Sales			
Rhode Island	7.0%	5.0%	-	-	1.0%	-	13.0%
RI – Art. 8	7.0%	6.0%	-	-	1.0%	-	14.0%
Pittsburgh, PA	6.0%	-	7.0%	1.0%	-	-	14.0%
Nashville, TN	7.0%	-	-	2.25%	6.0%	-	15.25%
Charlotte, NC	4.75%	-	6.0%	2.0%	3.0%	0.5%	16.25%
Savannah, GA	4.0%	-	3.0%	-	6.0%	-	13.0%
Tampa, FL	6.0%	-	6.0%	2.5%	-	-	14.5%

Municipality	Other Related Taxes
Nashville, TN	\$2.50/night city hotel excise tax
Savannah, GA	State: \$5/night excise tax; City: essentially 3% reduction for timely remittance; plus \$1 or \$2.50 for certain districts

Sales Tax

- Article 8 expands the application of the state sales tax to more items & services
 - Budget assumes \$14.1 million of revenues
- The sales tax base has been changed in some way nearly annually
 - Keeping pace with buying habits and technology
 - Other policy choices

Sections 4 & 5 – Sales & Use Taxes

Item/Service	FY 2021	FY 2022	Effective Date
Computer Systems Design	\$7.9	\$12.4	October 1, 2020
Lobbying	0.7	0.9	
Fishing, Hunting, Shooting Ranges	0.8	1.4	
Couriers & Messengers	4.1	9.7	January 1, 2021
Interior Design	0.6	1.5	
Total	\$14.1	\$25.9	

\$ in millions

Sections 4 & 5 – Sales & Use Taxes

- Budget also assumes implementation expenses for Division of Taxation

Sales Tax Expansion	FY 2021
Revenues	\$14.1
Staffing (5.0 FTE)	(0.4)
Notices/Outreach	(0.6)
Net Impact	\$13.1

\$ in millions

Sections 4 & 5 – Sales & Use Taxes

- Computer Systems Design - 54151
 - Writing, modifying, testing, supporting software
 - Planning & designing computer systems
 - that integrate computer hardware, software, & communication technologies
 - On-site management & operation of clients' computer systems/data processing facilities
 - Other professional & technical related services
 - Computer disaster recovery services
 - Software installation services

Sections 4 & 5 – Sales & Use Taxes

- Computer Systems Design
 - States where sales tax is applied
 - Mississippi
 - South Carolina
 - South Dakota
 - Tennessee
 - States where a different rate is applied
 - Connecticut – 1% vs 6.35%
 - Washington, D.C. – 5.75% vs 6%
 - Massachusetts taxed effective July 31, 2013 but repealed months later

Sections 4 & 5 – Sales & Use Taxes

- Lobbying Services - 541820
 - Includes entities covered by the Rhode Island Lobbying Act
 - Services with respect to action or inaction by any member of the executive or legislative branch of state government or any public corporation
 - Only includes lobbying activities in-state
 - Includes for-profit and non-profit
 - Last year's proposal excluded non-profit

Sections 4 & 5 – Sales & Use Taxes

- Hunting & Trapping -114210
 - Animal trapping, game preserves, commercial
 - Fishing, hunting preserves
 - Game retreats, propagation
 - Similar to last year's proposal

Sections 4 & 5 – Sales & Use Taxes

- Part of All Other Amusement & Recreation Industries - 713990
 - Archery ranges
 - Recreational fishing clubs & guide services
 - Shooting galleries & hunting guide services
 - Recreational gun & hunting clubs
 - Fishing, hunting, & game outfitters
 - Recreational rifle clubs, shooting clubs, shooting ranges, skeet shooting facilities & recreational trapshooting facilities

Sections 4 & 5 – Sales & Use Taxes

- Part of All Other Amusement & Recreation Industries - 713990
 - Other services within same code not proposed for taxation include
 - Recreational billiard or pool parlors, miniature golf
 - Dance halls, riding stables, boating clubs
 - Recreational: youth sports teams; sports clubs not operating sports facilities; day camps

Sections 4 & 5 – Sales & Use Taxes

- States that tax fishing & hunting services
 - Idaho
 - Iowa
 - South Dakota
 - Tennessee
 - Utah
 - Washington
 - West Virginia
 - Wisconsin
 - If boat and tackle are provided

Sections 4 & 5 – Sales & Use Taxes

- Couriers and Messengers
 - Under current law, delivery charges are subject to sales tax if property sold is taxable
 - Restaurant or grocery store delivery charge
 - Online delivery
- Couriers & Messengers - 492110
 - Establishments primarily engaged in providing air, surface, or combined mode courier & express delivery services of parcels
 - Not operating under a universal service obligation

Sections 4 & 5 – Sales & Use Taxes

- Couriers & Messengers - 492210
 - Establishments primarily engaged in providing local messenger & delivery services of small items within a single metropolitan area or within an urban center
 - These establishments generally provide point-to-point pickup & delivery
 - Would not apply to the US Postal Service
 - Would not apply to freight transportation
 - Establishments primarily engaged in arranging transportation of freight between shippers & carriers

Sections 4 & 5 – Sales & Use Taxes

- Interior design - 541410
 - Design or decorating consulting services
 - Would apply to commercial and residential services
 - 53% of estimated revenue from commercial
 - Same as Governor's proposal last year
 - Not enacted by Assembly

Sections 4 & 5 – Sales & Use Taxes

- States that tax interior design
 - Iowa
 - Kansas
 - On existing commercial property
 - Exempt if original construction or at a residence
 - New York
 - South Dakota
 - Tennessee
 - West Virginia
 - Wisconsin (if provided in conjunction w/ sale)

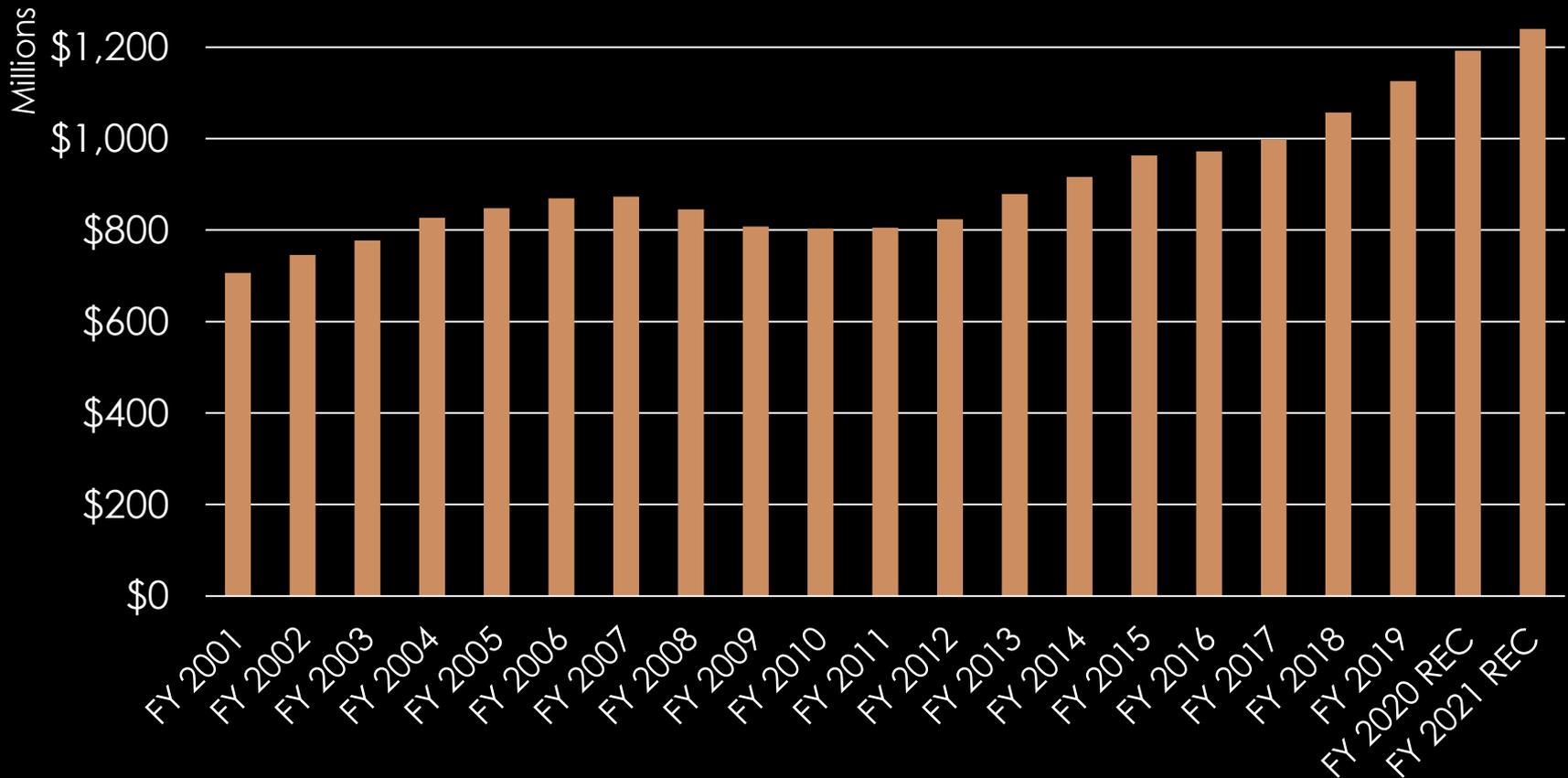
Sales and Use Tax

- Who Pays
- Rates
- Comparison
- Recent proposed and enacted changes

Sales and Use Tax

- The purchaser pays at the time of sale
 - Use tax is generally self reported
- Retailer remits to the state monthly, by the 20th day of the month following the month in which the sale was made
- Small retailers, whose six months average is less than \$200 per month, file quarterly

Sales and Use Tax: 2001-2021



Sales and Use Tax Rates

Effective Date	Rate
July 1, 1947	1%
June 1, 1951	2%
June 1, 1964	3%
June 1, 1964	3.5%

Effective Date	Rate
June 1, 1965	4%
June 1, 1967	5%
June 1, 1976	6%
July 1, 1990	7%*

**Increase from 6% to 7% as originally enacted was to decrease to 6.5 % on July 1, 1991; the law was amended in 1991 to retain 7% rate*

Meals & Beverage Tax Rate

- Meals and Beverage Tax
 - 7% sales tax – General Fund
 - 1% on tax on gross receipts from sale of food and beverages sold in or from eating and drinking establishments effective August 1, 2003 - locals

Hotel Tax Rates

- Hotel Tax
 - 7% sales and use tax – General Fund
 - 5.0% charge for occupancy – regional tourism, state tourism and locals
 - 1% tax – locals

Comparison

- 45 states impose
- Only 1 state tax rate above 7%
 - California is 7.25%
- Many states have local option taxes increasing the total sales tax in some cases over 9%
- Rhode Island ranks 24th on total sales tax rate – up 1 from 2019

Comparison

- Rhode Island's tax rate is applied to a narrow base
- Exempts clothing and food
 - 60+ other categories
 - Generally does not tax services
- Differences among states more apparent outside New England

Sales and Use Tax

- Who Pays
- Rates
- Comparison
- Recent proposed and enacted changes

2011 – Chafee Budget Article

- Sales and use tax rate reduction from 7% to 6%
- Expansion of sales tax base
- 1.0 % sales tax on certain items currently exempt
 - Sunset if Congress acts on remote sales tax collection

2011 – Chafee Budget Article

- Drop rate from 7% to 6%
 - \$118 million reduction in revenues for each 1 percent change
- Apply 6% percent tax to items currently not taxed - \$198 million add
 - Goods - \$22 million
 - Services - \$123 million
 - Recreation & entertainment - \$21 million
 - Labor on maintenance & repairs - \$27 million
 - Other - \$5 million

2011 – Chafee Budget Article

- Goods - \$22 million
 - **Prewritten software delivered electronically**
 - **Non Prescription Drugs**
 - Newspapers
 - **Trade-in value on insurance proceeds**
- Services - \$123 million
 - Home & building services
 - Taxi cabs/transportation
 - **Scenic & sightseeing tours**
 - Employment agencies
 - Pet Services
 - Personal Care - Salons
 - Business support services
 - Laundry & dry cleaning

2011 – Chafee Budget Article

- Recreation & entertainment - \$21 million
 - Amusement Parks
 - Campgrounds
 - Membership Clubs
- Labor on Maintenance & Repairs - \$27 million
 - Motor vehicles
 - Appliances, Clothing etc.

2011 – Chafee Budget Article

- Apply 1% to some exempt items = \$86.8 million including
 - Manufacturing inputs & equip. - \$45.0 million
 - Sales to non profits - \$10.6 million
 - Clothing and footwear - \$6.6 million
 - Auto trade-in values - \$2.5 million
 - Home heating fuel - \$2.2 million

Changes Since 2011

- 2012 Assembly
 - *Repealed* sales tax on package tours & sightseeing services
 - Removed exemption on clothing & footwear costing > \$250 per item
 - Added taxis, limos, charter bus services and pet care services

Changes Since FY 2012

- 2012 Assembly
 - Added provision that if Congress enacts legislation to require remote sellers to collect & remit taxes, the tiered clothing system would be repealed
 - 2013 Assembly added provision to lower rate from 7% to 6.5% upon federal action
 - Would maintain 8% on Meals and Beverage and Hotel with extra 0.5% going to locals

Changes Since FY 2012

- 2013 Assembly
 - Exempted retail wine and spirit sales from December 1, 2013 – March 31, 2015
 - 2014 Assembly extended to June 30, 2015
 - 2015 Assembly made it permanent
 - Exempted qualified original art
- 2014 Assembly
 - Established safe harbor for filers that use lookup table to estimate taxes owed on taxable items purchased from vendors that do not collect or remit sales tax

Changes Since FY 2012

- 2015 Assembly
 - Exempted commercial energy sales from sales tax
 - Expanded lodging covered by sales tax
- 2016 Assembly
 - Clarified inclusion of transportation network companies

Changes Since FY 2012

- 2017 Assembly
 - Exempted seeds for food
 - Strengthened collection efforts of existing taxable goods by remote sellers
- 2018 Assembly
 - Added software as a service
 - 2020 House Bill 7532 makes technical changes
 - Added security services
 - Exempted kegs for alcoholic beverages

Changes Since FY 2012

- 2019 Assembly
 - Added digital streaming
 - Exempted feminine hygiene products
 - Exempted urns for cremations
 - Eliminated rate reduction trigger language

New – Contributions to Scholarship Organizations Tax Credits

- GBA requested February 25
- Increases cap on tax credit allowed for businesses contributing to scholarship organizations
 - From \$1.5 million to \$2.0 million
 - Beginning FY 2022
 - Fiscal impact \$0.5 million for FY 2022

New – Contributions to Scholarship Organizations Tax Credits

- Current law
 - Cap on tax credits is \$1.5 million
 - Funds awarded on first-come-first-serve basis
 - Maximum credit per tax year is \$100,000
- Created by 2006 Assembly
- 2013 Assembly increased cap from \$1.0 million to \$1.5 million

New – Contributions to Scholarship Organizations Tax Credits

SGO Name	Schools	Awards	Total	Avg. Award
Access (Achievement for Children w/Challenges)	2	4	\$109,700	\$27,425
Assoc. of Christian Schools	2	33	\$13,875	\$420
FACE (Catholic Schools)	37	350	\$376,855	\$1,077
STEPS (Scholarships to Economically Poor Students)	4	38	\$223,315	\$5,877
STAR (Star Scholars)	1	1	\$25,000	\$25,000
Foundation for RI Day Schools	2	92	\$535,000	\$5,815
Total	48	518	\$1,283,745	\$10,936*

Governor's FY 2021 Budget: Articles

Staff Presentation to the House Finance
Committee
March 3, 2020
