

Rhode Island Revenues Facts



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November 2009**

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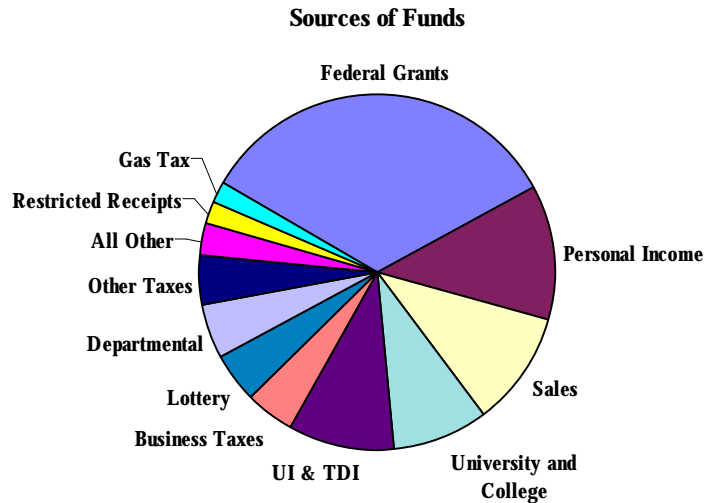
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Rhode Island Revenues Facts

This is the tenth edition of *Rhode Island Revenues Facts*. It provides information concerning the tax sources that fund budgets in Rhode Island, including state tax revenues, federal funds, user type fees, employment taxes, and miscellaneous other assessments. The graphic below shows the relative contributions of these various sources to the Rhode Island state budget enacted for FY 2010.



Government Revenue Sources

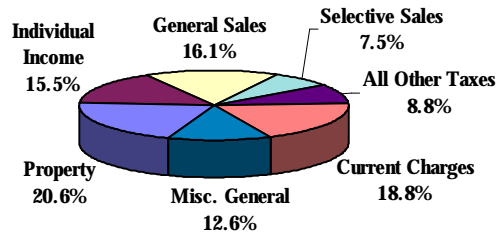
State and local governments attain their revenues from multiple sources, including taxes, current charges and other miscellaneous sources. The following graphics show the breakout of these sources for the United States and for Rhode Island, based on *FY 2007* data from Census Bureau at <http://www.census.gov/govs/www/estimate.html>. This is the latest available data at the time of publication.

The revenues shown do not include utilities revenues, liquor store revenues, or the insurance trust funds such as unemployment compensation, workers' compensation, or retirement funds.

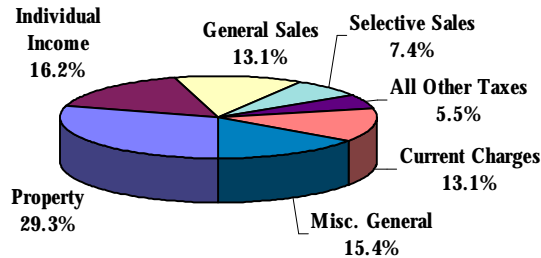
The single largest source of own source general funding for state and local governments in the United States are consumption taxes consisting of general and selective sales taxes, constituting 23.6 percent combined. Property taxes contribute 20.6 percent, followed by current charges at 18.8 percent. The latter includes higher education tuitions and fees and other fees generally charged for use, such as parks, beaches, hospitals, and sewage.

When consumption taxes are split between general sales and selective sales, property taxes contribute the largest share. Selective sales include alcohol, tobacco, motor fuel and other selective consumption type taxes.

United States



Rhode Island

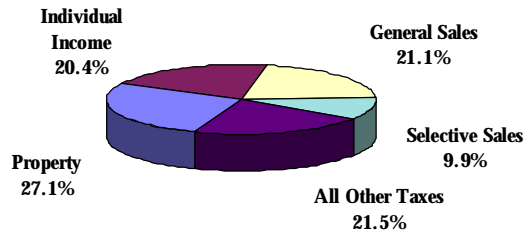


The above charts show the contributions of *all* own source general revenues. A slightly different view emerges from looking only at *tax* sources. In the United States, combined general and selective sales taxes, the consumption taxes, constitute 31.0 percent of all state and local taxes. Property taxes constitute 27.1 percent and individual income taxes 20.4 percent.

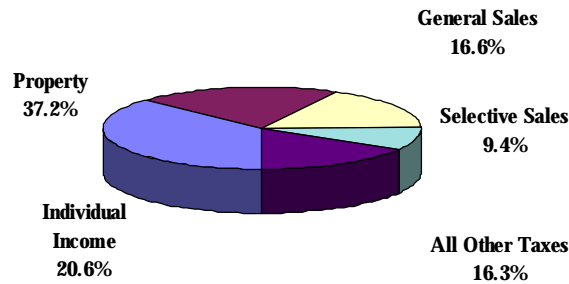
For Rhode Island, property taxes, contributing 37.2 percent of all *tax* sources, are the largest *tax* source. Consumption taxes are 26.0 percent and income taxes are 20.6 percent. Compared to all the states as a whole, Rhode Island relies much more heavily on property taxes, slightly more on personal income, and less on general sales but more on selective sales.

In Rhode Island, individual income taxes at 20.6 percent are a larger contributor than general sales taxes which account for 16.6 percent. All other taxes constitute 16.3 percent.

United States



Rhode Island



In Rhode Island, local governments provide a higher percentage of their total general revenue than do local governments nationally. Rhode Island local governments provide 70.5 percent of their revenues from own sources, mainly property taxes; nationally, that share is 67.1 percent.

Federal and state contributions of 3.7 percent and 31.0 percent, respectively, are below the national averages of 4.3 percent and 33.6 percent. That could easily be due to the fact Rhode Island does not have county governments with responsibilities for welfare, Medicaid, and corrections.

Users Guide

The following sections are divided by revenue source. The information on each source provides information on rates, filing dates, statutory authority, and disposition of the revenues, recent legislation, and graphic history of the receipts.

It also shows the contribution each source makes to state general revenues. Appendix I contains total general revenue for each source for FY 1990 through the most recently reported actual data, FY 2009 preliminary closing statements. In most cases, the information deals with the total amount of tax levied, regardless of disposition. For example, the section on the sales tax includes both the portion that went into general revenues and the portion that went to the Depositors Economic Protection Corporation (DEPCO) from FY 1991 through FY 2000.

In most cases, the revenues for each year reflect the tax collected during the year. For example, sales taxes collected by retailers in June are sent to the Division of Taxation in July, but are credited in the accounting system back to June. In some cases, the data presented reflect the year in which the revenue was recorded in the accounting system. These instances are noted.

In some of the sections, there are presentations of major issues under discussion in national literature or in Rhode Island state government. For example, under the personal income tax section, there is a presentation concerning the growing complexity of the Rhode Island return. Under the corporate income tax section, there is discussion of the nexus and throw back provisions for corporations with multi-state sales. These presentations are meant to provide Assembly members and other users with background on issues that have or may come before them.

In addition, in selected sections there are presentations of how Rhode Island compares with other states or 50 state averages. Where census data is presented, the latest available data is used, causing some differences from previous editions of *Revenue Facts*. In every case, the presentations in this edition use tax revenues from the Bureau of Census, standardized on the most current personal income and population data provided by the Bureau of Economic Analysis. The tax data is for fiscal year 2007 and is standardized with personal income and population from the prior calendar year, 2006.

Finally, the report is meant to provide information on these various sources and to provide a ready reference. It has been compiled with the assistance of the Rhode Island Department of Revenue, particularly the Division of Taxation which provided information and assistance on all major taxes, the Office of Revenue Analysis, and the Division of Property Valuation and Municipal Finance.

Personal Income Tax

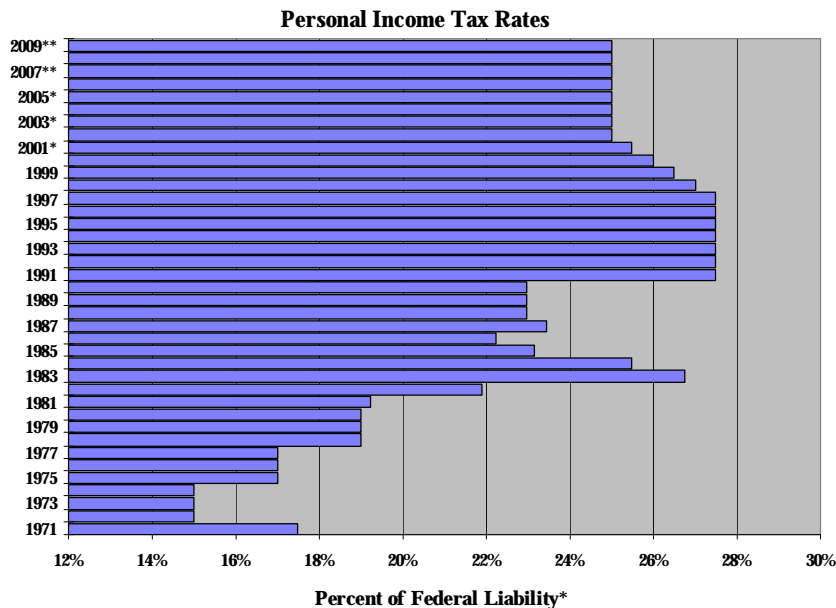
Statute: Rhode Island General Law: Title 44, Chapter 30

Who Must File: Individuals, estates and trusts. Persons carrying on business as partners are liable only in their separate or individual capacities.

When Due: Final payments are due April 15. Those filing estimated payments must do so on the 15th of April, June, September and January (the January payments are often filed in December). Withholding payments are generally due within the week of the tax being withheld from the employee.

Rates: The current rate is equivalent to 25.0 percent of federal liability based on the federal income tax rates in effect immediately prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001, with brackets adjusted for inflation. Beginning in 2006, filers may opt for a percentage of federal adjusted gross income, without deductions or credits other than taxes paid to other states. The tax rate is 6.5 percent for 2009 and will be 6.0 percent for tax year 2010.

Until 2001, the Rhode Island personal income tax rate was a percentage of federal income tax liability on income earned in Rhode Island. This made Rhode Island one of only two “piggyback” states in the country -- the other being Vermont. It produced significant administrative ease but tied the state to federal tax policy.



**Beginning with the 2001 rate, it is designed to produce results equivalent to percentages of federal tax liability absent the 2001 federal tax reduction. Beginning in 2006, filers could opt for a flat tax described below. The tax year 2009 flat tax rate is 6.5 percent.*

Congress passed, and President George W. Bush signed, the Economic Growth and Tax Relief Reconciliation Act of 2001 that lowered federal tax liability through lower rates and changes to taxable income. This left Rhode Island and Vermont with the choice of raising rates, accepting revenue losses, or changing their state tax codes to move off the “piggyback” on federal income tax *liability* to tax schedules applied to federal *taxable income*. They chose the latter.

Rates have varied over the history of the personal income tax in Rhode Island. The 1991 Assembly increased the rate to 27.5 percent of federal tax liability for the period January 1, 1991 and thereafter. The 1992 Assembly provided for a second tier rate of 32.0 percent of a taxpayer’s federal liability in excess of \$15,000. The Tax Administrator modified that rate in October 1993 in response to the newly enacted federal upper tier rate contained in the Omnibus Reconciliation Act of 1993. The Administrator had authority to adjust the Rhode Island piggyback rate whenever a federal action would cause the state income tax revenue to change; the Administrator could adjust to a hold harmless rate.

The 1997 Assembly decreased rates from 27.5 percent to 25.0 percent of federal tax liability through a five year phased-in reduction of 0.5 percent per year beginning in 1998 with the reduction to 27.0 percent in 1998, ending at 25.0 percent for 2002. The legislation noted above enacted by the 2001 Assembly specified that the tables be adjusted for tax year 2001 on a basis comparable to 25.5 percent of federal tax liability, and to 25.0 percent for years thereafter. The legislation is printed below.

(b) Notwithstanding the provisions of sections 44-30-1 and 44-30-2, for tax years beginning on or after January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island taxable income of residents and nonresidents, including estates and trusts, at the rate of twenty-five and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year 2002, and thereafter of the federal income tax rates, including capital gains rates and any other special rates for other types of income, except as provided in section 44-30-2.7, which were in effect immediately prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), provided, however, rate schedules shall be adjusted for inflation by the tax administrator beginning in taxable year 2002, and thereafter in the manner prescribed for adjustment by the commissioner of Internal Revenue in 26 U.S.C. Section 1(f).

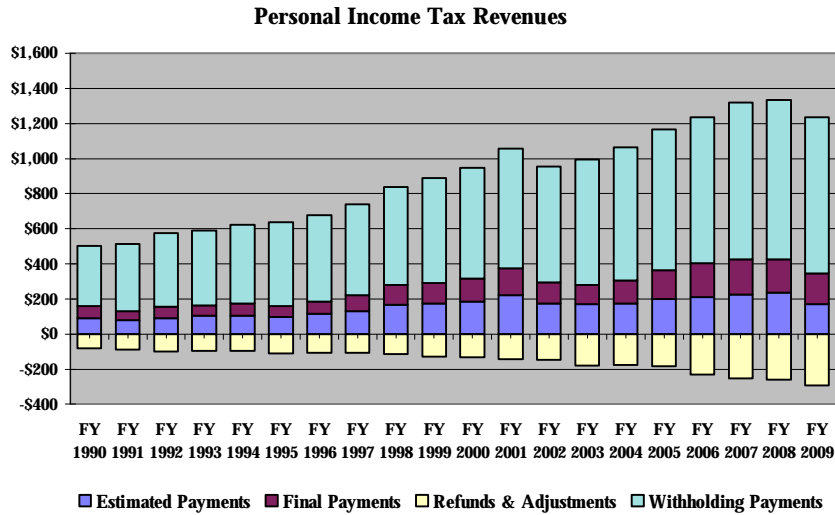
The 2006 Assembly enacted a flat tax option applied to adjusted gross income, beginning with the rate for 2006 of 8.0 percent, decreasing 0.5 percent per year until reaching 5.5 percent for tax year 2011. The tax year 2009 rate is 6.5 percent.

How We Compare: State or local individual income taxes are levied in 42 states. Based upon FY 2007 data reported by the Bureau of the Census, Rhode Island income tax revenues are \$27.21 per \$1,000 of state personal income compared to the average for the 42 states of \$32.54, ranking Rhode Island 26th.

The FY 2007 data shows that Rhode Island income taxes are \$1,026 *per capita*, while that amount for the 42 states average is \$1,191, making Rhode Island 17th highest.

Disposition of Revenue: State General Revenues.

Contribution to FY 2009 General Revenues: 31.1 percent.



Recent Legislation.

Business Tax Credits. Over the years, the Assembly has enacted legislation to provide incentives for economic development that apply to Subchapter S corporations, limited liability companies and partnerships, and sole proprietorships that impact personal income taxes. These are described in the next section under Corporate Income Tax.

The 2008 Assembly enacted the Tax Incentive Disclosure and Accountability Act to require filers receiving any bonds, grants, loans, loan guarantees, matching funds or tax credits during the previous state fiscal year from any state government entity, including quasi-public agencies created by the state, to report them to the Division of Taxation.

The Division must annually report the names, addresses and amounts of credits received by filers for certain credits: Rhode Island Economic Development Corporation Project Status (sales tax exemptions), Incentives for Innovation and Growth, Job Development Act credits, Enterprise Zone credits, Mill Building and Economic Revitalization Act credits, and Motion Picture Production credits.

The 2009 Assembly amended the statutes to require the Director of the Department of Labor and Training to provide record information to the Director of Taxation for accountability, auditing and reporting purposes.

Capital Gains. The 2009 Assembly amended the statutes to tax capital gains as ordinary income beginning with tax year 2010. Gains held less than five years had been taxed based on 25.0 percent of the federal schedules in effect prior to 2001. Gains on assets held more than five years were taxed at the 1.67 percent rate, or equivalent rates for other asset classes.

The 2007 Assembly froze the tax rate on capital gains from assets held more than five years at the reduced tax year 2007 rate of one-third of the net capital gain reported for federal income tax purposes, 1.67 percent of the reported federal capital gain in most instances.

The 2001 Assembly had enacted a two-year phased elimination of that tax on capital gains from assets held more than five years beginning with tax year 2007. The rate for tax year 2007 is a two-thirds reduction to the piggyback rate of 25.0 percent that would have been in effect in that year, or 8.33 percent of federal capital gains rates in effect prior to passage of the Economic Growth and Tax Relief Reconciliation Act of 2001. Liability would have been eliminated in tax year 2008.

Governor Almond had recommended a phase-out to the 2001 Assembly in response to Massachusetts, which had enacted a phase-out for tax years beginning in 2002 that set the rate at five percent for gains held for more than one year, but not more than two years. The rate decreased by one percent for each additional year so that gains held more than six years would not be taxed. The Massachusetts Assembly subsequently repealed that measure effective May 2002, making its current rate 5.3 percent on all capital gains held over one year. Gains under one year are taxed at 12.0 percent.

CODI Decouple. The American Recovery and Reinvestment Act of 2009 allows businesses that repurchase their debt in 2009 and 2010 to defer reporting the cancellation of debt income as taxable income until 2014 and then spreads the income repayment from 2014 through 2018. The 2009 Assembly amended the tax statutes to disallow the spread of income from cancellation of debt income. Currently, the cancellation of debt income is taxed in the same year that it is earned. The 2009 Assembly uncoupled from this provision by amending the statutes to require that any recognition of income from the discharge of business indebtedness deferred under the federal act be reported as a modification increasing federal income for Rhode Island purposes in the year it occurred, and may be reported as a modification decreasing federal income on future federal returns where it is taken as income.

Employers' Withholding Tax Payments. The 2009 Assembly amended current law to impose a penalty of 0.5 percent of tax owed per month not to exceed 25.0 percent, on employers for failure to pay employer's withholding tax, similar to that imposed on employers for failure to file personal income tax returns.

Mandated Electronic Filing - Withholding. The 2009 Assembly also amended the statutes to require employers with more than 10 employees to file withholding statements electronically, effective January 1, 2010.

Personal Income Tax Refund Setoff. The 2009 Assembly added medical assistance overpayments and student loan non-repayments to the statutory list of debts subject to state income tax refund intercept beginning with calendar year 2009 tax returns.

Sales Tax on New Vehicle Purchases. The American Recovery and Reinvestment Act of 2009 provides an itemized deduction for state and local sales taxes paid on new vehicles under 8,500 lbs and up to \$49,500 in value purchased between February 17 and December 31, 2009. The deduction is subject to a phase out for individuals with modified adjusted gross income between \$125,000 and \$135,000 and \$250,000 and \$260,000 for those married and filing jointly. The 2009 Assembly amended the income tax statutes to disallow this deduction.

Unemployment Benefits. The 2009 Assembly amended the income tax statutes to disallow a deduction on the first \$2,400 in unemployment benefits received. The American Recovery and Reinvestment Act suspended federal income tax obligations for tax year 2009 on this income. Since Rhode Island piggybacks on federal taxable income, any income excludible from federal taxable income would be excludible from Rhode Island taxable income.

Bonus Depreciation and Section 179 Expensing. The 2008 Assembly permanently decoupled from federal changes regarding bonus depreciation and section 179 expensing. The Assembly had not allowed these federal changes in previous years by decoupling each time the federal changes were enacted.

Foreign Tax Credit. The 2008 Assembly eliminated foreign tax credits, estimated at \$3.635 million beginning with tax year 2008. Federal tax law provides for a deduction or credit for taxes paid to foreign countries. Rhode Island had allowed a 25.0 percent credit on this income after uncoupling from the piggy back tax.

Innovative Technology Tax Credit. The 2008 Assembly reduced the authorized credits by half, from \$2.0 million to \$1.0 million. The 2006 Assembly enacted legislation authorizing the Economic Development Corporation to approve up to \$2.0 million of Innovative Tax Credits during any two-calendar year period to attract and retain serial entrepreneurs and to catalyze economic growth in high-wage, high-growth industries.

Historic Structures Tax Credit. The 2008 Assembly significantly modified the historic structures tax credits program, originally enacted by the 2001 Assembly. The 2001 Assembly had amended the general laws to provide a state tax credit of 30.0 percent of qualified rehabilitation costs for substantial rehabilitation of certified historic structures. The credits are transferable, can be carried forward for ten years, and can be applied against personal and corporate income, franchise, public service corporation, financial institutions and insurance taxes.

The credits are allowable for the taxable year in which the structure or an identifiable portion is placed into service. The credits do not apply to rehabilitation of owner

occupied residential property, and the minimum value of the rehabilitation must be at least 50.0 percent of the adjusted basis of the property.

The state's use of tax credits to spur the preservation of historic structures appeared less cost effective than other alternative financing mechanisms such as state bonds or direct appropriations based on how the credits are privately placed with the credits' final users. Developers generally "sell" their credits which increases the transaction costs associated with the use of the credits and results in a significant amount of the value of the credits being absorbed by the intermediaries and not being used for actual qualified rehabilitation costs.

For example, a developer with \$12.0 million in qualified rehabilitation costs would be entitled to \$3.6 million of credits. The developer can "sell" these credits to an intermediary, who might pay the developer \$0.72 on the dollar for the \$3.6 million of credits, or \$2.6 million, which the developer can then use to offset project costs. The intermediary then places the \$3.6 million of credits with unrelated final users for \$3.0 million, keeping the difference between the \$2.6 million paid to the developer and the \$3.0 million received from the unrelated final end users, or \$0.4 million. The cost to the state of the privately placed credits remains \$3.6 million but only \$2.6 million have been used by the developer for actual rehabilitation costs; 28.0 percent of the cost to the state never reached the project.

The 2005 Assembly amended the law to require developers to must pay a processing fee of 2.25 percent of qualified rehabilitation costs for all projects placed in service after July 1, 2005 in order to obtain the credits. This effectively reduced the credit to 27.75 percent of qualified rehabilitation expenses.

As part of his FY 2009 budget, Governor Carcieri recommended capping the amount of historic tax credits filers could take for tax year 2007 at \$20.0 million and at \$40.0 million for tax years 2008 through 2017. The 2008 Assembly enacted 2008-H 8016 Substitute A instead. All projects placed in service prior to January 1, 2008 continued under then current law so long as the 2.25 percent processing fee was paid by May 15, 2008; projects not having received initial certification prior to January 1, 2008 would not be eligible for credits.

The Assembly lowered the effective credit to 22.0 percent through a combination of credits and processing fees, with an upfront processing fee of at least 2.25 percent by May 15, 2008 and the balance by March 5, 2009. The combinations are: 27 percent credit with a 5 percent processing fee; 26 percent credit with a 4 percent processing fee; or, 25 percent credit with a 3 percent processing fee.

The Tax Administrator, acting for the state, contracted with the developers for the amount of the processing fee and the amount of the credit to be issued upon completion of Part III of the certification process not to exceed the percent opted for. The state guaranteed in that contract that the credits will be available to the developer or the assignees upon demand through appropriate tax credit laws. The Assembly provided

authority for the Economic Development Corporation to borrow sufficient funds to liquidate all credits in order to provide additional assurance to developers.

Motion Picture Production Tax Credits. The 2008 Assembly capped the amount of motion picture tax credits that could be issued at \$15.0 million per tax year beginning with tax year 2008. The 2005 Assembly had enacted statutes to provide a twenty-five percent credit for state certified production costs directly attributable to motion picture activity within Rhode Island, with primary filming locations within Rhode Island and minimum total production budgets of \$300,000. The 2006 Assembly amended the statute to provide clarifying definitions and established the Rhode Island Film and Television Office as a discrete entity. The Office is the certifying authority.

Tax Credit for Contributions to K-12 Scholarship Organizations. The 2007 Assembly amended the statutes to expand the private tuition tax credit to add Subchapter S Corporations, Limited Liability Corporations, and Limited Liability Partnerships to the definitions of business entities able to take the credit. The 2005 Assembly first enacted the tax credit against corporate income tax liability for business entities that make contributions to Section 501(c)(3) scholarship organizations that provide tuition assistance grants to eligible students to attend non-public K-12 schools in Rhode Island.

Students who are members of households with annual household income of 250 percent of federal poverty level or less are eligible. The credit is 75 percent of the contribution for a one year contribution and 90.0 percent for a two year contribution provided the second year contribution is at least 80.0 percent of the first year's contribution. The maximum credit per tax year is \$100,000 and must be used in the year it is awarded. There is an annual total program cap of \$1.0 million awarded on a first-come-first-serve basis.

Tax Transparency. The 2006 Assembly enacted legislation requiring the Division of Taxation to prepare and submit to the Assembly by October 1, 2006 legislation to amend the personal income tax statutes to show tax rates, income brackets, and personal exemptions indexed to an inflation factor that does not rely any more than necessary upon references to the United States Internal Revenue Code. The 2007 Assembly enacted the legislation recommended by the Division; the statutes now show rates, brackets and exemptions, and will be revised every three years.

Statistics of Income. The 2006 Assembly required the Division to submit a statistics of personal income and tax data displayed by adjusted gross income groupings. The report would mirror the tax forms such that readers would know the number of filers by adjusted gross income group filing data on each line of the report and the amount filed. The Division submitted that data to the 2007, 2008 and 2009 Assemblies for tax years 2005, 2006 and 2007, which are included at the end of the personal income tax section.

Flat Tax Option. The 2006 Assembly enacted legislation to allow taxpayers to opt for a tax of 8.0 percent of adjusted gross income for tax year 2006 in lieu of the current tax in determining tax liability. The Assembly had received substantial information during

2005 and testimony during 2006 indicating that Rhode Island's income tax was competitive with Massachusetts's 5.3 percent flat tax until adjusted gross income surpassed approximately \$225,000.

Each filer could calculate tax liability under both methods, opting to file under that which provides the greater advantage to the filer. The 8.0 percent flat tax rate would decrease by 0.5 percent per year until reaching 5.5 percent for tax year 2011. Filers opting for the flat tax would be ineligible for credits or deductions.

Tax Year	2006	2007	2008	2009	2010	2011
% of AGI	8.00%	7.50%	7.00%	6.50%	6.00%	5.50%

The Division of Taxation recalculated all tax returns using both tax options and assigned the option producing the lower tax liability for each filer. The Division performed the analysis at each of the tax rates, from 5.5 percent to 8.0 percent. Tables showing the calculations using the tax year 2004 data used by the 2006 Assembly and the annual updates with more current tax year data are contained in Appendix III.

Refundable Earned Income Tax Credit. The 2006 Assembly increased the refundable earned income credit to fifteen percent. The 2003 Assembly provided for a permanent five percent refundable earned income tax credit for eligible individuals beginning with tax year 2003. Rhode Island had allowed the credit only to the extent of Rhode Island liability. This change provided that five percent of the amount of credit above that used to offset Rhode Island tax liability would be paid to the taxpayer. The 2005 Assembly increased the refundable credit to ten percent.

Tax Amnesty. The 2006 Assembly enacted a third tax amnesty program that provides for a 75 day tax amnesty ending September 30, 2006 for all taxes owed for taxable periods ending prior to December 31, 2005. Similar programs were offered in FY 1987 and FY 1996. Filers would not be subject to penalties or prosecution and would pay 12 percent interest from the date the taxes were owed until payment. Filers may enter a tax payment plan with the tax administrator, or pay one-half of the amount owed immediately, 25 percent the following month, and 25 percent the month after that.

	FY 1987	FY 1996	FY 2007
RIGL	44-6.1	44-6.2	44-6.3
Public Law	P.L. 1986, ch. 103	P.L. 1996, ch. 13	P.L. 2006, ch. 246
Period	90 days within FY 1987	75 day period in FY 1996	75 day period ending Sep. 30, 2006
Applicable Liability	Any taxable period prior to April 1, 1986	Any taxable period prior to December 31, 1995	Any taxable period prior to December 31, 2005
Interest	11.50%	12.00%	12.00%
Post Amnesty Interest			18% - 21%
Appropriation	\$100,000 not otherwise appropriated in FY 1987		\$200,000 not otherwise appropriated in FY 2007
Analysis		Report net impact by Sep. 1, 1996	Report net impact by Nov. 1, 2006

The Assembly also amended statutes to raise interest rates on taxes owed to a minimum 18 percent with a 21 percent maximum after the end of the amnesty period.

Alternative Minimum Tax (AMT). The federal Jobs and Growth Tax Relief Reconciliation Act of 2003 increased the individual alternative minimum tax exemption amount by \$4,500 for single filers and \$9,000 for joint filers for 2003 and 2004. The 2003 General Assembly amended the law to not allow the change for Rhode Island tax purposes. This has resulted in increased alternative minimum tax filers. The Division of Taxation reports that filers have increased from 5,745 for tax year 2001 to 6,170 for tax year 2002 and 7,237 for tax year 2003 through November 2004. Average payments are decreasing based on collections above regular income taxes of \$5.9 million for tax year 2001, \$5.2 million for tax year 2002, and \$5.8 million for tax year 2003.

The federal alternative minimum tax (AMT) was passed in 1969 to ensure that upper-income taxpayers paid at least some income taxes. Up to that point, taxpayers skilled at finding enough in itemized deductions, income exclusions and tax credits would sometimes manage to avoid paying any income taxes. The name comes from the way the tax works. The AMT provides an *alternative* set of rules for calculating income tax. In theory, these rules determine a *minimum* amount of tax that someone at an income level should be required to pay. If one's regular tax falls below this minimum, the filer has to make up the difference by paying the alternative minimum tax.

For various reasons the AMT reaches more people each year, including some people who do not have very high income and some people who do not have many special tax benefits. Income limits subject to the AMT have never been indexed to inflation, as the regular brackets are. This lack of indexing, combined with the growth in incomes over the past 30 years, has resulted in many more taxpayers paying the AMT.

The permanent federal tax rates for the alternative minimum tax is 26 percent of the first \$175,000 of ordinary income that exceeds a certain exempt amount of income. The income that exceeds the exemption amount is called alternative minimum tax income. The tax rate increases to 28 percent for higher incomes. The exemption for married taxpayers filing jointly and heads of household is \$58,000. For single taxpayers, the exemption is \$40,250. For married taxpayers filing a separate return, the exemption is \$29,000.

Congress has adjusted the income levels for individual tax years annually beginning with tax year 2006, which has helped slow the growth in filers paying the alternate minimum. However, because Rhode Island income tax is set at the federal tax law in effect prior to passage of the *Economic Growth and Tax Relief Reconciliation Act of 2001*, the federal adjustments have had no impact on Rhode Island taxpayers.

The 2005 Assembly amended the statutes to index the Rhode Island alternative minimum tax to inflation in order to prevent filers from having to pay the tax as the result of inflation increases. The tax administrator will index the amount of income exempt from the alternative minimum tax by inflation using the same formula that is

currently used to index the Rhode Island brackets, as prescribed by the Internal Revenue Service. This was effective beginning with tax year 2005.

Jobs Growth Act. The 2005 Assembly passed the Jobs Growth Act that allows companies certified by the Economic Development Corporation to offer eligible employees a 50 percent exclusion from adjusted gross income and alternative minimum tax of performance-based income from the Rhode Island personal income tax. The companies must pay a tax equal to five percent of the aggregate performance-based compensation paid to its eligible employees, making the act revenue neutral at a minimum. The act is at least revenue neutral because 5 percent of performance-based income is more than 50 percent of the state's highest income tax rate of 9.9 percent.

Eligible employees are those working 30 hours or more weekly with benefits typical to the industry of the employer, earning at least 125 percent of the average compensation of all employees performing services in the state. The legislation was introduced at the request of Fidelity Investments; it applies to all companies meeting the requirements. To be eligible, companies must add 100 new employees and \$10 million of new employment payroll. Existing employees would be eligible after a company has qualified for three years.

Withholding for Nonresident Shareholders. The 2004 Assembly enacted legislation to require certain corporations or other entities providing shareholders a portion of the entities' income to withhold and remit taxes on nonresident shares attributable to sources within Rhode Island to cover any potential liability against the nonresident shareholder.

Tax Clearance for State Issued Licenses. The 2004 Assembly required holders of professional licenses and holders of vehicle registrations and driver licenses to be free of tax liability prior to being able to renew these licenses.

Standard Deduction. The Economic Growth and Tax Relief Reconciliation Act of 2001 provided for the standard deduction for joint returns to move from 167 percent of the deduction for single returns to 174 percent in 2005, 184 percent in 2006, 187 percent in 2007, 190 percent in 2008, and 200 percent in 2009 and thereafter, to eliminate the "marriage" penalty.

The Jobs and Growth Tax Relief Reconciliation Act of 2003 accelerated the phase out of the marriage penalty enacted in the Economic Growth and Tax Relief Reconciliation Act of 2001 to 200 percent for 2003 and 2004, and then returning to the levels in the 2001 Act. The 2003 General Assembly amended the Rhode Island law to maintain the deduction for Rhode Island income tax purposes at 167 percent.

College Bound Program. The 2002 Assembly enacted legislation to allow limited tax deductions of \$500 for single filers and \$1,000 for joint filers for contributions to the *CollegeBoundfund*, the state's Section 529 college savings plan, for Rhode Island income tax purposes.

Personal Income Tax Net Operating Losses. The 2002 Assembly eliminated the two-year net operating loss carry back provisions, making net operating loss carry back provisions for personal income tax business filers consistent with those for corporate income tax business filers.

Income Tax Rate Reduction. The 1997 Assembly enacted Article 29 of 1997-H 6496, Substitute A that reduced the Rhode Island personal income tax rate from 27.5 percent of federal income tax liability to 25.0 percent by reducing the rate one-half percent of federal liability each January 1 through January 1, 2002.

The 2001 Rhode Island General Assembly amended this legislation to compensate for lower federal rates by applying the effective Rhode Island rates to the new federal taxable income. It also specified that the tables be adjusted for tax year 2002 on a basis comparable to 25.0 percent of 2001 federal tax liability.

Job Training Tax Credit. The 1996 Assembly enacted the Job Training Tax Credit Act that provides for a fifty percent credit for reasonable expenses incurred by an employer directly attributable to providing training or retraining of qualified employees to improve the employees' skills. Qualifying employees are those working a minimum of 30 hours per week in Rhode Island and who earn 150 percent of the minimum wage upon completion of the training. The program is administered by the Human Resources Investment Council.

Major Personal Income Tax Issues.

Complexity. As noted earlier, Congress passed, and President George W. Bush signed, the Economic Growth and Tax Relief Reconciliation Act of 2001 that lowered federal tax liability through lower rates and changes to taxable income. At the time, Rhode Island liability was "piggybacked" on federal income tax liability, which would have caused Rhode Island and Vermont, the other "piggyback" state, to either raise rates or accept revenue losses. Both states changed their state tax codes to move off the "piggyback" to tax schedules applied to federal taxable income.

In subsequent years, there have been additional federal changes that lowered federal taxable income that had potential to lower Rhode Island revenues due to the Rhode Island use of federal taxable income as its starting point for state tax calculations. The state opted to not allow these modifications to affect Rhode Island income tax. That has the effect of increasing the complexity of the tax return by requiring adjustments to federal taxable income for purposes of calculating state income tax liability.

To the extent that the state opts out of additional federal changes, the tax forms will become increasingly complex. One solution is to begin the calculation of state liability from a point on the federal return that is less subject to federal tax law changes, such as federal adjusted gross income. The National Conference of State Legislatures reports that 26 states use federal adjusted gross income as their starting point, eleven use federal taxable income, and five that do not use the federal tax code as starting points.¹

The 2006 Assembly began addressing the issue with its requirement for the Division of Taxation to submit the tax transparency information noted previously, which it did.

Motion Picture Tax Credit. This credit is similar to the historic structures credit in having the potential to also grow much more than anticipated. The 2008 Assembly capped the amount of motion picture tax credits that could be issued at \$15.0 million per tax year beginning with tax year 2008.

Historical Data.

	<i>Estimated Payments</i>	<i>Final Payments</i>	<i>Refunds & Adjustments</i>	<i>Withholding Payments</i>	<i>Net Receipts*</i>
FY 1990	\$ 89.0	\$ 70.7	\$ (81.4)	\$ 341.5	\$ 419.9
FY 1991	79.5	50.5	(87.9)	384.9	427.0
FY 1992	90.4	65.4	(98.8)	419.4	476.3
FY 1993	103.3	60.9	(94.5)	424.9	494.6
FY 1994	106.8	68.3	(97.8)	448.1	525.4
FY 1995	95.7	64.6	(109.2)	476.0	527.1
FY 1996	114.3	70.5	(106.5)	490.8	569.0
FY 1997	131.0	89.8	(108.0)	519.3	632.1
FY 1998	165.2	114.6	(115.1)	558.1	722.8
FY 1999	173.4	118.2	(129.3)	595.3	757.6
FY 2000	187.0	129.1	(129.9)	630.9	817.1
FY 2001	221.8	153.4	(142.9)	681.5	770.9
FY 2002	173.4	119.2	(147.1)	662.8	808.2
FY 2003	170.4	110.9	(179.5)	711.5	813.3
FY 2004	175.3	128.1	(176.1)	760.9	870.2
FY 2005	198.9	164.6	(183.6)	803.6	978.9
FY 2006	209.0	194.4	(228.8)	828.9	996.8
FY 2007	224.9	203.0	(250.6)	891.6	1,065.4
FY 2008	235.9	190.8	(257.8)	905.3	1,073.6
FY 2009	169.6	177.4	(290.8)	886.0	940.5

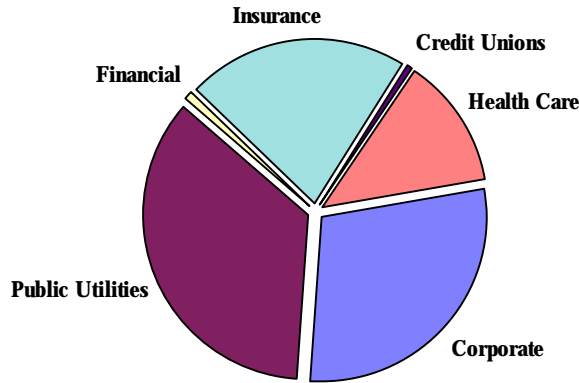
*Total includes net accrual change applied to total tax.

Footnotes:

¹National Conference of State Legislatures. *Tax Policy Handbook for State Legislators, April 2003, pp. 12-13.*

General Business Taxes

Contributions to General Revenues



In FY 2009, the state collected \$359.9 million from general business taxes. These accounted for 11.9 percent of all general revenues, surpassing lottery transfers as the third largest source of general revenues. The taxes included those on business corporate income, public service corporate gross earnings, bank deposits, financial institutions, insurance companies' premiums, and health care providers' gross revenues.

The largest category of payers of business taxes is from public utilities, which pay on the basis of gross earnings. The second largest source in FY 2009 is from corporations and businesses, which pay on the basis of profit. Insurance companies, the third largest, file on the basis of gross premiums. This category now includes nonprofit hospital service and dental service corporations organized for health insurance agreements between subscribers and contracting providers.

Tax	Rate	Incentives and Credits				
		Jobs Development	Passive Investment	Investment Tax Credit	R & D Credit	Other
Corporate Income, including Franchise	9 Pct. Net Income (Franchise is variable)	x	x	x	x	x
Public Service Corps						
Telecommunications	5 Pct. Gross Earnings					
Electric	4 Pct. Gross Earnings					Mfg. Exempt
Gas	3 Pct. Gross Earnings					
Financial Institutions	9 Pct. Net Income	x	x	x		x
Banks & Credit Unions	Variable					x
Insurance	2 Pct. Gross Premiums			x		x
Health Care Providers						
Nursing Homes	5.5 Pct. Gross Revenues					

The previous table shows the rates for each of the taxes, and the incentives and credits adopted in recent years that can be applied. These incentives and credits are part of the state's economic development strategy to bring in new businesses and associated jobs, and to retain existing ones. Descriptions of the credits are repeated where applicable within each of the sections on the business taxes that follow.

Historical Data:

	<i>Business Taxes Receipts (millions)</i>					
	<i>Corporate Income</i>	<i>Public Utilities</i>	<i>Financial Institutions</i>	<i>Insurance Gross Premiums</i>	<i>Bank Deposits</i>	<i>Health Care Providers</i>
FY 1990	\$ 64.4	\$ 66.3	\$ 9.7	\$ 37.1	\$ 10.0	\$ -
FY 1991	42.0	61.2	3.2	32.5	9.5	-
FY 1992	51.4	60.7	0.3	34.2	18.0	30.7
FY 1993	66.7	61.9	10.6	32.6	9.7	99.5
FY 1994	66.2	69.0	20.7	37.6	7.5	24.7
FY 1995	67.1	66.7	17.0	33.1	8.2	17.8
FY 1996	69.7	65.1	24.9	33.9	9.0	20.2
FY 1997	74.6	69.4	20.3	33.0	4.1	22.5
FY 1998	78.9	62.3	(1.2)	41.8	1.4	23.5
FY 1999	74.4	66.3	(0.8)	31.6	(0.6)	24.0
FY 2000	76.3	73.0	7.7	31.3	0.9	24.6
FY 2001	68.8	82.1	19.1	37.4	1.0	27.3
FY 2002	32.8	80.8	3.4	32.4	1.1	27.8
FY 2003	62.8	76.1	9.8	51.3	1.7	28.1
FY 2004	76.0	92.2	(7.3)	43.4	1.6	40.3
FY 2005	116.0	86.4	(1.5)	53.3	1.5	46.8
FY 2006	165.1	96.0	4.0	52.9	1.5	47.0
FY 2007	148.1	102.1	4.4	56.6	1.7	48.0
FY 2008	150.5	99.4	1.8	68.0	1.7	53.4
FY 2009	104.4	126.7	2.9	78.0	1.8	46.0

Business Corporation Tax (and Franchise Tax)

Statute: Rhode Island General Law: Title 44, Chapters 11 and 12

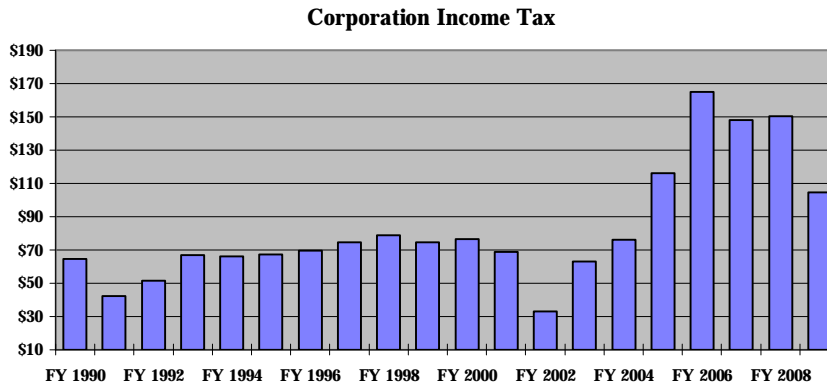
Who Must File: Corporations and businesses, wherever incorporated, deriving any income from sources within Rhode Island or engaging in any activities or transactions within the state for purpose of profit or gain (*Chapter 11*). In addition, all corporations, joint-stock companies, and associations incorporated in Rhode Island or qualified to do business in Rhode Island, which must be registered with the Secretary of State, are liable for the franchise tax under Chapter 12. The amount of the franchise tax liability is offset by the amount of corporate income tax paid.

When Due: Generally, filers with tax years corresponding to calendar years must remit 40 percent of estimated liability for the tax year they are in by March 15 and 60 percent by June 15. Final payments are due the following March 15 (*Chapter 26*).

Rate: Nine percent of net income since July 1, 1989 for the income tax. The minimum tax is \$500 since January 2004. During the recession in the early 1990s, the Assembly enacted an eleven percent surcharge on amounts due for taxable years beginning after March 31, 1991 and before January 1, 1994.

For businesses filing corporate income tax returns, the franchise tax rate is \$500 per million of authorized capital stock or \$500, whichever is greater. The amount of the franchise tax liability is offset by the amount of Corporate Income Tax paid.

Businesses that have not engaged in activities within the state for a tax year pay \$500 if capital stock does not exceed \$1.0 million and \$12.50 per million or fraction of above that first \$1.0 million.



Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: 3.5 percent.

Recent Legislation.

Corporate Income Statistics of Income. The 2009 Assembly required the Division of Taxation to submit a statistics of corporate income and tax data displayed by adjusted gross income groupings, similar to the report on personal income tax. The report would mirror the tax forms as closely as possible such that readers would know the number of filers by adjusted gross income group filing data on each line of the report and the amount filed. The legislation specifies that the report be as similar as possible to the business and income tax data for Rhode Island federal taxpayers issues by the Statistics of Income Division of the Internal Revenue Service.

CODI Decouple. The American Recovery and Reinvestment Act of 2009 allows businesses that repurchase their debt in 2009 and 2010 to defer reporting the cancellation of debt income as taxable income until 2014 and then spreads the income repayment from 2014 through 2018. The 2009 Assembly amended the tax statutes to disallow the spread of income from cancellation of debt income. Currently, the cancellation of debt income is taxed in the same year that it is earned. The 2009 Assembly uncoupled from this provision by amending the statutes to require that any recognition of income from the discharge of business indebtedness deferred under the federal act be reported as a modification increasing federal income for Rhode Island purposes in the year it occurred, and may be reported as a modification decreasing federal income on future federal returns where it is taken as income.

Jobs Development Tax Rate Reduction. The 2009 Assembly amended the Jobs Development Act to modify the definition of full-time employees to be those working at least 30 hours per week, having health benefits, and making at least 250.0 percent of minimum wage for companies qualifying on or after July 1, 2009. For companies that are currently eligible under different definitions, any new employee who replaces an existing employee must meet the new criteria. Companies that qualify for rate reduction must file an annual report with the tax administrator

The 1996 Assembly enacted the Jobs Development Act contained in Chapter 42-64.5 of the General Laws. As subsequently amended, it currently provides for rate reductions of one quarter of one percent (0.25 percent) for each 50 new qualifying jobs created by eligible companies for three years past the base year. It pertains to aggregate average daily number of full-time equivalent (30 weekly hours or more) employees earning at least 150 percent of the hourly minimum wage prescribed by state law. The reduction is calculated by multiplying the number of units of qualifying new employees above the base year by 0.25 percent, but cannot exceed six percent. Qualifying units are determined for enterprises with 100 or more employees as qualifying new employment divided by 50, rounded down to the nearest 50.

For small enterprises with less than 100 employees, the qualifying new employment is divided by 10 and rounded down to the nearest 10. After three years, the reduction is that of the third year, so long as the third year employment remains. If it does not, the entire credit is eliminated.

The 2004 Assembly amended the cliff provision to provide incentive for entities acquiring or merging with existing companies to retain and expand Rhode Island jobs. The Jobs Development Act passed by the 1994 Assembly, contained in Chapter 42-64.5 of the General Laws, provides for rate reductions of one quarter of one percent (0.25 percent) for each 50 new jobs created by eligible companies for three years past the base year. The reduction cannot be more than six percent.

After three years, the tax reduction rate is that of the third year, so long as the third year employment remains. If it does not, the entire credit is eliminated. This permanent expiration of the credit is known as the “cliff provision”, as in falling off the cliff. Companies acquiring other companies that are taking advantage of the tax credit are prohibited from counting the acquired employees as new employment for purposes of the Act.

The amended law provides that when companies with established rate reductions combine with other companies that have none, the resulting new company is entitled to the largest rate reduction of any of the combining companies, and the base employment level would be adjusted to the new total, without increasing the rate reduction. If employment were not maintained, the company would lose the credit; however, it could regain it if it returned to the adjusted total employment within two years.

Business Tax Credits Reporting. The 2008 Assembly enacted the Tax Incentive Disclosure and Accountability Act to require filers receiving any bonds, grants, loans, loan guarantees, matching funds or tax credits during the previous state fiscal year from any state government entity, including quasi-public agencies created by the state, to report them to the Division of Taxation. The Division must then annually report the names, addresses and amounts of credits received by filers for certain credits. Those credits include Rhode Island Economic Development Corporation Project Status (sales tax exemptions), Incentives for Innovation and Growth, Job Development Act credits, Enterprise Zone credits, Mill Building and Economic Revitalization Act credits, and Motion Picture Production credits.

Bonus Depreciation and Section 179 Expensing. The 2008 Assembly permanently decoupled from federal changes regarding bonus depreciation and section 179 expensing. The Assembly had not allowed these federal changes in previous years by decoupling each time the federal changes were enacted.

The federal Job Creation and Workers Assistance Act of 2002, which became law on March 9, 2002, allowed businesses to claim immediate tax deductions of up to 30 percent of the cost of new equipment purchases rather than using the standard depreciation over life of the asset method. This “bonus depreciation” change was effective retroactive to September 11, 2001 and lasts through September 2004. In addition, the Act temporarily extended the general net operating loss carry back period to five years from the current two years in taxable years ending in 2001 and 2002.

The 2002 Assembly negated the impact on Rhode Island corporate and personal income taxes of the bonus depreciation and expanded net operating loss carry back provisions of the federal Job Creation and Workers Assistance Act of 2002.

The federal Jobs and Growth Tax Relief Reconciliation Act of 2003 changed the amount that business filers can expense during a tax year rather than depreciating from \$25,000 to \$100,000. The 2003 General Assembly enacted legislation to not allow that for Rhode Island purposes.

Innovative Technology Tax Credit. The 2008 Assembly reduced the authorized credits by half, from \$2.0 million to \$1.0 million. The 2006 Assembly enacted legislation authorizing the Economic Development Corporation to approve up to \$2.0 million of Innovative Tax Credits during any two-calendar year period to attract and retain serial entrepreneurs and to catalyze economic growth in high-wage, high-growth industries.

Historic Structures Tax Credit. The 2008 Assembly significantly modified the historic structures tax credits program, originally enacted by the 2001 Assembly. The 2001 Assembly had amended the general laws to provide a state tax credit of 30 percent of qualified rehabilitation costs for substantial rehabilitation of certified historic structures. The credits are transferable, can be carried forward for ten years, and can be applied against personal and corporate income, franchise, public service corporation, financial institutions and insurance taxes.

The credits are allowable for the taxable year in which the structure or an identifiable portion is placed into service. The credits do not apply to rehabilitation of owner occupied residential property, and the minimum value of the rehabilitation must be at least fifty percent of the adjusted basis of the property.

The state's use of tax credits to spur the preservation of historic structures appeared less cost effective than other alternative financing mechanisms such as state bonds or direct appropriations based on how the credits are privately placed with the credits' final users. Developers generally "sell" their credits which increases the transaction costs associated with the use of the credits and results in a significant amount of the value of the credits being absorbed by the intermediaries and not being used for actual qualified rehabilitation costs.

For example, a developer with \$12.0 million in qualified rehabilitation costs would be entitled to \$3.6 million of credits. The developer can "sell" these credits to an intermediary, who might pay the developer \$0.72 on the dollar for the \$3.6 million of credits, or \$2.6 million, which the developer can then use to offset project costs. The intermediary then places the \$3.6 million of credits with unrelated final users for \$3.0 million, keeping the difference between the \$2.6 million paid to the developer and the \$3.0 million received from the unrelated final end users, or \$0.4 million. The cost to the state of the privately placed credits remains \$3.6 million but only \$2.6 million have been used by the developer for actual rehabilitation costs; 28 percent of the cost to the state never reached the project.

The 2005 Assembly amended the law to require developers to must pay a processing fee of 2.25 percent of qualified rehabilitation costs for all projects placed in service after July 1, 2005 in order to obtain the credits. This effectively reduced the credit to 27.75 percent of qualified rehabilitation expenses.

As part of his FY 2009 budget, Governor Carcieri recommended capping the amount of historic tax credits filers could take for tax year 2007 at \$20.0 million and at \$40.0 million for tax years 2008 through 2017. The 2008 Assembly enacted 2008-H 8016 Substitute A instead. All projects placed in service prior to January 1, 2008 would continue under current law so long as the 2.25 percent processing fee was paid by May 15, 2008; projects not having received initial certification prior to January 1, 2008 would not be eligible for credits.

The Assembly lowered the effective credit to 22.0 percent through a combination of credits and processing fees, with an upfront processing fee of at least 2.25 percent by May 15, 2008 and the balance by March 5, 2009. The combinations are: 27 percent credit with a 5 percent processing fee; 26 percent credit with a 4 percent processing fee; or, 25 percent credit with a 3 percent processing fee.

The Tax Administrator, acting for the state, contracted with the developers for the amount of the processing fee and the amount of the credit to be issued upon completion of Part III certification not to exceed the percent opted for. The state guaranteed in that contract that the credits will be available to the developer or the assignees upon demand through appropriate tax credit laws. The Assembly provided authority for the Economic Development Corporation to borrow sufficient funds to liquidate all credits in order to provide additional assurance to developers.

Motion Picture Production Tax Credits. The 2008 Assembly capped the amount of motion picture tax credits that could be issued at \$15.0 million per tax year beginning with tax year 2008. The 2005 Assembly had enacted statutes to provide a twenty-five percent credit for state certified production costs directly attributable to motion picture activity within Rhode Island, with primary filming locations within Rhode Island and minimum total production budgets of \$300,000. The 2006 Assembly amended the statute to provide clarifying definitions and established the Rhode Island Film and Television Office as a discrete entity. The Office is the certifying authority.

Tax Credit for Contributions to K-12 Scholarship Organizations. The 2007 Assembly amended the statutes to expand the private tuition tax credit to add Subchapter S Corporations, Limited Liability Corporations, and Limited Liability Partnerships to the definitions of business entities able to take the credit. The 2005 Assembly first enacted the tax credit against corporate income tax liability for business entities that make contributions to Section 501(c)(3) scholarship organizations that provide tuition assistance grants to eligible students to attend non-public K-12 schools in Rhode Island.

Students who are members of households with annual household income of 250 percent of federal poverty level or less are eligible. The credit is 75 percent of the contribution

for a one year contribution and 90.0 percent for a two year contribution provided the second year contribution is at least 80.0 percent of the first year's contribution. The maximum credit per tax year is \$100,000 and must be used in the year it is awarded. There is an annual total program cap of \$1.0 million awarded on a first-come-first-serve basis.

Captive Real Estate Investment Trust Income. The 2007 Assembly enacted legislation to impose a tax on the net income of captive real estate investment trusts. Captive trusts are those not regularly traded on established securities market where more than fifty percent of the voting power or value is owned or controlled by a single Subchapter C Corporation. Dividends paid by captive trusts are allowable deductions for federal tax purposes, but would be treated as net income for Rhode Island purposes.

Intangibles Add Back. The 2007 Assembly amended the corporate income tax to require corporations to add back otherwise deductible interest expenses and costs and intangible expenses and costs accrued through transactions with related companies over which they have control.

Apportionment of Multi-State Profits. The 2007 Assembly added legislation to require Rhode Island corporations with transactions outside Rhode Island to add into the sales factor used in the multi-state apportionment formula the gross sales from shipments made from within Rhode Island into states where the corporation is not taxable.

The Uniform Distribution of Income for Tax Purposes Act established a mechanism for dividing all of a business's income so that all states in which the business had transactions or nexus would receive an appropriate share for taxation purposes. However, a business may be doing transactions with the federal government, foreign countries, or states that do not collect income taxes. Absence of a mechanism for capturing these sales would negate the purpose of the Act.

For these sales, the Act included a "throwback" rule to reassign those sales to the state from which goods were shipped. While more than half the states, 25 of 46, chose to adopt the throwback rule as part of its apportionment formulae, Rhode Island had not. All the other New England states, except Connecticut, have the throwback rule.

Combined Reporting. The 2007 Assembly directed the Division of Taxation, with assistance of the Office of Revenue Analysis, to prepare and submit to the Assembly a report concerning the policy and fiscal ramifications of changing the corporation tax and other business income taxes to a combined entity method of reporting. Combined reporting would require entities to file all their associated and subsidiary entities in a single combined report, as they do for federal purposes. The report was submitted to the 2009 General Assembly.

Tax Amnesty. The 2006 Assembly enacted a third tax amnesty program that provides for a 75 day tax amnesty ending September 30, 2006 for all taxes owed for taxable periods ending prior to December 31, 2005. Similar programs were offered in FY

1987 and FY 1996. Filers would not be subject to penalties or prosecution and would pay 12 percent interest from the date the taxes were owed until payment. Filers may enter a tax payment plan with the tax administrator, or pay one-half of the amount owed immediately, 25 percent the following month, and 25 percent the month after that.

	FY 1987	FY 1996	FY 2007
RIGL	44-6.1	44-6.2	44-6.3
Public Law	P.L. 1986, ch. 103	P.L. 1996, ch. 13	P.L. 2006, ch. 246
Period	90 days within FY 1987	75 day period in FY 1996	75 day period ending Sep. 30, 2006
Applicable Liability	Any taxable period prior to April 1, 1986	Any taxable period prior to December 31, 1995	Any taxable period prior to December 31, 2005
Interest	11.50%	12.00%	12.00%
Post Amnesty Interest			18% - 21%
Appropriation	\$100,000 not otherwise appropriated in FY 1987		\$200,000 not otherwise appropriated in FY 2007
Analysis		Report net impact by Sep. 1, 1996	Report net impact by Nov. 1, 2006

Interest on Unpaid Taxes. The 2006 Assembly also amended statutes to raise interest rates on taxes owed to a minimum 18 percent with a 21 percent maximum after the end of the amnesty period.

Biotechnology Investment Tax Credit. The 2005 Assembly amended the investment tax credit to create a new structure for companies primarily engaged in commercial biological research and development or manufacturing and sale of biotechnology products or active pharmaceutical ingredients. Eligible companies must have median wages above the average annual wages paid by all companies sharing the same two digit standard industry code; if it is the only such company, it must pay 125 percent of the average wage in the state.

The amendment provides a ten percent credit for investments in building and structures and equipment. It extends the use of the credit from seven years to fifteen years, providing certain conditions are met and provides that the credit may not reduce liability more than seventy-five percent after the seventh year. The extension lapses if the conditions are not met.

The conditions include maintenance of 9.5 percent more thirty hour employees than the average number employed in the fourth year of the credit, median compensation the greater of 125 percent of the statewide average or the average of the firm's three prior years. The amendment applies to taxable years after December 31, 2000.

Jobs Growth Act. The 2005 Assembly passed the Jobs Growth Act that allows companies certified by the Economic Development Corporation to offer eligible employees a 50 percent exclusion from adjusted gross income and alternative minimum tax of performance-based income from the Rhode Island personal income tax. The companies must pay a tax equal to five percent of the aggregate performance-based

compensation paid to its eligible employees, making the act revenue neutral at a minimum. The act is at least revenue neutral because 5 percent of performance-based income is more than 50 percent of the state's highest income tax rate of 9.9 percent.

Eligible employees are those working 30 hours or more weekly with benefits typical to the industry of the employer, earning at least 125 percent of the average compensation of all employees performing services in the state. The legislation was introduced at the request of Fidelity Investments; it applies to all companies meeting the requirements. To be eligible, companies must add 100 new employees and \$10 million new employment payroll. Existing employees would be eligible after a company has qualified for three years.

Passive Investment Companies. The 2004 Assembly amended the General Laws to provide incentive for the relocation of a Massachusetts based firm with 250 employees to Rhode Island. The 1994 Assembly had amended Section 44-11-1 to exempt corporations with five or more full-time equivalent employees with offices in Rhode Island whose activities are confined to the maintenance and management of intangible investments, including stocks, bonds, notes, debt obligations, patents, trademarks, trade names, copyrights, and similar intellectual properties.

This allows a company subject to the corporate income tax to sell or transfer intangible investments to a passive investment corporation it establishes. The parent company pays the passive investment company for use of the intangible investments. That payment qualifies as a business expenses deductible from the parent companies for corporate income tax. The passive investment company is exempt from taxation, and thus does not pay tax on the payments.

The 2004 Assembly amended the Passive Investment Company Act to allow the Economic Development Corporation to certify one company (IBT) as a qualifying company under the Act prior to August 31, 2004 and to enter into contracts to provide the certification for a period to ending by December 31, 2014. In order for the Corporation to certify the company, the company must have relocated into Rhode Island, have an annual average of 250 employees and an aggregate annual payroll of \$12.0 million within 28 months of the certification, and would not have relocated without the Corporation's certification of its qualifying status. Only jobs with annual salaries of \$25,000 or more can be counted.

If the Division of Taxation finds that the qualifying conditions are not being met and remedied within 60 days of notifying the company, the state will recapture any gains the company received as a qualifying company during the last year it was qualified. This recapture provision would be in place for the first five years of the contract.

Alternative Minimum Tax and Franchise Fees. The 2004 Assembly increased these fees from \$250 to \$500.

Small Business Loan Guaranty Fee Tax Credit. The 2004 Assembly repealed this credit. Small businesses were allowed tax credits for loan fees paid to the Small Business Administration. The 1998 Assembly amended the law to allow the businesses to apply for the credit any time within five years of paying the fee, retroactive to December 31, 1997. The credit applied to both corporate income taxes and personal income taxes from Subchapter S corporations.

Enterprise Zone Wage Tax Credit. The 2004 Assembly amended the wage credit that provided for business tax credits for certified enterprise zone businesses for wages paid to employees if certain conditions are met. The tax credit is for new jobs created in enterprise zones for businesses paying wages higher than those paid the prior year. The business must create and hire a minimum of five percent new jobs, or if it has less than twenty employees, create and hire one new job.

Prior to the amendments by the 2004 Assembly, businesses were eligible for credits equal to 50 percent of the wages for the new jobs, up to \$10,000 per job. If the new employees lived in the enterprise zone, the credit increased to 75 percent, up to \$15,000 per employee. The 2004 Assembly amended the wage credit from \$15,000 for each new employee residing in the zone to \$5,000 and from \$10,000 for non-residents of the zone to \$2,500.

The 1999 Assembly had amended law to allow a three year carry forward of unused credits for business remaining certified in the year in which the carry-forward is to be used. The act is effective for credits from the 2000 certification year.

Enterprise Zone Donation Credit. The 2004 Assembly also repealed the donation credit that allowed any taxpayer a 20 percent tax credit for charitable donations appearing on the donor's federal tax return to public supported improvement projects in an enterprise zone. The maximum credit per year was \$10,000.

Enterprise Zone Interest Income Credit. The 2004 Assembly repealed the interest income credit whereby taxpayers were allowed credits equal to 10 percent of total interest earned and received on loan made to qualified businesses using the proceeds solely in enterprise zones, with a maximum credit of \$10,000 per year.

ISO Certification. The 2004 Assembly repealed the existing ISO 9000 certification tax credit given to any taxpayer who receives a quality standard certification from the International Standard Organization for FY 2004, but reinstated the credit for the ISO 9000 and the newly created ISO 14000 certification, effective July 1, 2005. The 2005 Assembly repealed all credits.

Multi-state Apportionment Formula. The 2003 Assembly amended the multi-state apportionment formula for manufacturers to double weight the sales factor, with a two-year phase in with tax years beginning on or after January 1, 2004. In the first year, between January 1, 2004 and January 1, 2005, the weights would be 30 percent on

property, 30 percent on payroll, and 40 percent on sales. For subsequent tax years, the factors were 25, 25, and 50 percents for property, payroll and sales, respectively.

When a corporation conducts transactions in multiple states, each state generally requires it to pay tax on the portions of its profit in those states. Most states determine the portion of the corporate profits to be taxed in the state on the basis of the corporation's share of its total property, payroll and sales located in the state. The National Commission on Uniform Tax Laws developed the Uniform Distribution of Income for Tax Purposes Act that apportions income by this "three-factor formula" with each factor weighted equally. The formula would yield a rough approximation of corporate income resulting from activities conducted in the taxing state.

The three-factor formula is not used in all states. A majority have shifted in recent years to variants that more heavily weight the sales factor, and in some cases use only the sales factor. In the case of increased weighting, the sales factor is often double weighted, with the average calculated by dividing by four instead of three. Eight states generally use the equally weighted three-factor formula. Twenty-two states use or will use some type of double weighted sales formula for at least some filers, fourteen states more than double weight the sales factor, and one uses some other weighting. Of the fourteen, eight weight sales 100 percent for at least some filers.¹

Investment Tax Credit. The 1997 Assembly increased the credit from two to four percent of purchased buildings and components and to 10 percent on buildings and equipment purchased or leased for firms in targeted industries that met certain median wage or training performance criteria. The median wage criterion is pay to qualified full-time equivalent active employees above the median wage paid by all businesses in Rhode Island with the same North American Industrial Classification System code.

The criteria is also met if the median average annual wage paid to full-time equivalent employees is equal to or greater than 125 percent of the average annual wage paid in Rhode Island. For manufacturing firms, the annual average wage paid to production workers must be above the average paid to production workers in firms in the same two-digit North American Industrial Classification code. Firms that do not meet the median wage criterion can qualify if expenses for training or re-training employees exceed two percent of total payroll costs as certified by the director of the Human Resource Investment Council.

Credits achieved through investments in building and structural components can reduce tax liability fully; those achieved for investments in tangible personal property can only reduce liability fifty percent. Firms receiving credits are not required to maintain the criteria once the credit has been awarded. That is, there are no "cliff" or "claw-back" provisions.

High performance *traded firms* are also eligible. These are the non-manufacturing firms classified as: trade; finance, insurance, and real estate; and services (except the four noted earlier). They must have more than 50 percent of gross revenues from

commercial or governmental customers outside the state; or more than 50 percent of gross revenues from sales to the manufacturing and selected computer and data processing service firms noted above in the state; or more than 50 percent from a combination of the two.

The legislation also expanded the then current four percent credits for buildings and the structural components for manufacturing firms to *leased* equipment and machinery.

Job Training Tax Credit. The 1996 Assembly enacted the Job Training Tax Credit Act that provides for a fifty percent credit for reasonable expenses incurred by an employer directly attributable to providing training or retraining of qualified employees to improve the employees' skills. Qualifying employees are those working a minimum of 30 hours per week in Rhode Island and who earn 150 percent of the minimum wage upon completion of the training. The program is administered by the Human Resources Investment Council.

Research and Development Tax Credit. The 1994 Assembly provided for a credit against personal and corporate income taxes of 10.0 percent of the cost of tangible and other personal property, including buildings and structural components of buildings, used principally for purposes of research and development in an experimental or laboratory sense. The property must be depreciable, have a useful life of three or more years, be acquired by purchase, and be located in Rhode Island.

The 1997 Assembly increased the credit from 5.0 percent to 22.5 percent of eligible expenditures, effective January 1, 1998. Eligible expenditures are qualified research non-property expenses as defined in the United States Code.

Loss Carry Provisions. The 1992 Assembly enacted legislation to change the carry back, carry forward provisions from three years back and fifteen years forward to five years forward.

Major Corporate Income Tax Issues.

Fairness, Equity, Performance and Competitiveness. Rhode Island, along with other states, has struggled to find a means of taxing corporations that meets a number of desired criteria. For example, the concern that corporations are able to transfer profits from Rhode Island to states without corporate income taxes led the 2007 Assembly to direct the Division of Taxation, with assistance of the Office of Revenue Analysis, to prepare and submit to the Assembly by December 1, 2008 a report concerning the policy and fiscal ramifications of changing the corporation tax and other business income taxes to a combined entity method of reporting. Combined reporting would require entities to file all their associated and subsidiary entities in a single combined report, as they do for federal purposes.

Similar concerns about tax credits led the 2008 Assembly to enact the Tax Incentive Disclosure and Accountability Act requiring disclosure of selected credits and incentives by entities receiving them.

In 2008, the Department of Revenue began looking at the ways states are taxing corporations, including gross receipts taxes, combined reporting, multi-state apportionment, and taxing all businesses similarly, whether Subchapter S filers or C Corporation filers.

Cliffs and Claw-backs. A number of the tax credits with multiyear life are awarded upon achievement of an initial condition, such as paying the statewide average wage, without any requirements for maintaining that condition. In recent years, since 2002, many of these credits have required continuance of the job or wage criteria, or both. Firms not meeting the maintenance requirements would either lose the credit (fall off the cliff) or lose reduced tax liability (claw-back). Most legislation passed prior to 2003 does not contain these provisions.

Motion Picture Tax Credit. It appears this credit is similar to the historic structures credit; it has the potential to also grow much more than anticipated. The 2008 Assembly capped the amount of motion picture tax credits that could be issued at \$15.0 million per tax year beginning with tax year 2008.

Footnotes:

¹*CCH, 2008 State Tax Handbook, 2007.*

Public Utilities Gross Earnings (Public Service Corporation Tax)

Statute: Rhode Island General Law: Title 44, Chapter 13

Who Must File: Steamboat or ferryboat companies operating as common carriers, electric companies, telegraph companies, telecommunication companies providing telecommunications services, public service cable corporations (cable television companies pay Corporation Income Tax), and gas companies.

The 1997 Assembly added Section 44-13-2.2 which makes companies whose principal business in the state is not one of the above that engage in activities of those companies above subject to this tax for that activity. For example, cable television companies subject to Corporation Income Tax would be subject to the Public Utilities Gross Earnings Tax on earnings derived from providing telecommunications services.

When Due: Generally, filers with tax years corresponding to calendar years must remit 40 percent of estimated liability for the tax year they are in by March 15 and 60 percent by June 15. Final payments are due March 1 (*Title 44, Chapter 26*).

Rates: Rates apply to gross earnings as follows. Electricity and gas used in the manufacturing process is exempt.

- Steamboat or ferryboat companies 1.25 percent
- Electric companies 4.00 percent
- Telegraph companies 4.00 percent
- Telecommunications companies 5.00 percent
- Public service cable corporations 8.00 percent
- Gas companies 3.00 percent

Disposition of Revenue: State General Revenues.

Contribution to FY 2009 General Revenues: 4.2 percent. For tax year 2008, it appears that 45.0 percent of the tax liability for the public utilities gross earnings tax will be from telecommunications providers, 40.3 percent from electric companies, and 14.7 percent from gas companies. The table below shows the historical contributions.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Electricity	34.9%	34.9%	35.0%	32.7%	35.9%	36.1%	35.6%	39.2%	39.9%	40.3%
Gas	10.9%	11.3%	12.7%	12.5%	12.9%	14.0%	14.2%	13.4%	14.7%	14.7%
Telecom	54.2%	53.8%	52.3%	54.8%	51.2%	49.9%	50.2%	47.4%	45.3%	45.0%

Recent Legislation.

Jobs Development Tax Rate Reduction. The 2009 Assembly amended the Jobs Development Act to modify the definition of full-time employees to be those working at

least 30 hours per week, having health and retirement benefits, and making at least 250.0 percent of minimum wage for companies qualifying on or after July 1, 2009. For companies that are currently eligible under different definitions, any new employee who replaces an existing employee must meet the new criteria. Companies that qualify for rate reduction must file an annual report with the tax administrator

The 1996 Assembly enacted the Jobs Development Act contained in Chapter 42-64.5 of the General Laws. As subsequently amended, it currently provides for rate reductions of one quarter of one percent (0.25 percent) for each 50 new jobs created by eligible companies for three years past the base year. It pertains to aggregate average daily number of full-time equivalent (30 weekly hours or more) employees earning at least 150 percent of the hourly minimum wage prescribed by state law. The reduction is calculated by multiplying the number of units of qualifying new employees above the base year by 0.25 percent, but cannot exceed six percent. Qualifying units are determined for enterprises with 100 or more employees as qualifying new employment divided by 50, rounded down to the nearest 50.

For small enterprises with less than 100 employees, the qualifying new employment is divided by 10 and rounded down to the nearest 10. After three years, the reduction is that of the third year, so long as the third year employment remains. If it does not, the entire credit is eliminated.

The 2001 Assembly enacted a job development tax credit for telecommunications companies of 0.01 percent per 50 new jobs meeting current criteria for the credit. The Assembly amended the laws to add entities filing under the public service corporation (public utilities gross earnings) tax for telecommunications activities, Chapter 13 of Title 44 of the Rhode Island General Laws.

Business Tax Credits Reporting. The 2008 Assembly enacted the Tax Incentive Disclosure and Accountability Act to require filers receiving any bonds, grants, loans, loan guarantees, matching funds or tax credits during the previous state fiscal year from any state government entity, including quasi-public agencies created by the state, to report them to the Division of Taxation. The Division must then annually report the names, addresses and amounts of credits received by filers for certain credits. Those credits include Rhode Island Economic Development Corporation Project Status (sales tax exemptions), Incentives for Innovation and Growth, Job Development Act credits, Enterprise Zone credits, Mill Building and Economic Revitalization Act credits, and Motion Picture Production credits.

Innovative Technology Tax Credit. The 2008 Assembly reduced the authorized credits by half, from \$2.0 million to \$1.0 million. The 2006 Assembly enacted legislation authorizing the Economic Development Corporation to approve up to \$2.0 million of Innovative Tax Credits during any two-calendar year period to attract and retain serial entrepreneurs and to catalyze economic growth in high-wage, high-growth industries.

Historic Structures Tax Credit. The 2008 Assembly significantly modified the historic structures tax credits program, originally enacted by the 2001 Assembly. The 2001 Assembly had amended the general laws to provide a state tax credit of 30 percent of qualified rehabilitation costs for substantial rehabilitation of certified historic structures. The credits are transferable, can be carried forward for ten years, and can be applied against personal and corporate income, franchise, public service corporation, financial institutions and insurance taxes.

The credits are allowable for the taxable year in which the structure or an identifiable portion is placed into service. The credits do not apply to rehabilitation of owner occupied residential property, and the minimum value of the rehabilitation must be at least fifty percent of the adjusted basis of the property.

The state's use of tax credits to spur the preservation of historic structures appeared less cost effective than other alternative financing mechanisms such as state bonds or direct appropriations based on how the credits are privately placed with the credits' final users. Developers generally "sell" their credits which increases the transaction costs associated with the use of the credits and results in a significant amount of the value of the credits being absorbed by the intermediaries and not being used for actual qualified rehabilitation costs.

For example, a developer with \$12.0 million in qualified rehabilitation costs would be entitled to \$3.6 million of credits. The developer can "sell" these credits to an intermediary, who might pay the developer \$0.72 on the dollar for the \$3.6 million of credits, or \$2.6 million, which the developer can then use to offset project costs. The intermediary then places the \$3.6 million of credits with unrelated final users for \$3.0 million, keeping the difference between the \$2.6 million paid to the developer and the \$3.0 million received from the unrelated final end users, or \$0.4 million. The cost to the state of the privately placed credits remains \$3.6 million but only \$2.6 million have been used by the developer for actual rehabilitation costs; 28 percent of the cost to the state never reached the project.

The 2005 Assembly amended the law to require developers to must pay a processing fee of 2.25 percent of qualified rehabilitation costs for all projects placed in service after July 1, 2005 in order to obtain the credits. This effectively reduced the credit to 27.75 percent of qualified rehabilitation expenses.

As part of his FY 2009 budget, Governor Carcieri recommended capping the amount of historic tax credits filers could take for tax year 2007 at \$20.0 million and at \$40.0 million for tax years 2008 through 2017. The 2008 Assembly enacted 2008-H 8016 Substitute A instead. All projects placed in service prior to January 1, 2008 would continue under current law so long as the 2.25 percent processing fee was paid by May 15, 2008; projects not having received initial certification prior to January 1, 2008 would not be eligible for credits.

The Assembly lowered the effective credit to 22.0 percent through a combination of credits and processing fees, with an upfront processing fee of at least 2.25 percent by May 15, 2008 and the balance by March 5, 2009. The combinations are: 27 percent credit with a 5 percent processing fee; 26 percent credit with a 4 percent processing fee; or, 25 percent credit with a 3 percent processing fee.

The Tax Administrator, acting for the state, contracted with the developers for the amount of the processing fee and the amount of the credit to be issued upon completion of Part III certification not to exceed the percent opted for. The state guaranteed in that contract that the credits will be available to the developer or the assignees upon demand through appropriate tax credit laws. The Assembly provided authority for the Economic Development Corporation to borrow sufficient funds to liquidate all credits in order to provide additional assurance to developers.

Motion Picture Production Tax Credits. The 2008 Assembly capped the amount of motion picture tax credits that could be issued at \$15.0 million per tax year beginning with tax year 2008. The 2005 Assembly had enacted statutes to provide a twenty-five percent credit for state certified production costs directly attributable to motion picture activity within Rhode Island, with primary filming locations within Rhode Island and minimum total production budgets of \$300,000. The 2006 Assembly amended the statute to provide clarifying definitions and established the Rhode Island Film and Television Office as a discrete entity. The Office is the certifying authority.

Comprehensive Energy Conservation, Efficiency and Affordability Act. The 2008 Assembly repealed the Comprehensive Energy Conservation, Efficiency and Affordability Act. It had been enacted by the 2006 Assembly to establish an affordable energy fund funded from a one percent surcharge on the public utilities gross earnings tax for gas and electric and on the sales and use tax for heating oil beginning July 1, 2006. The electric and gas companies would reduce their 2007 taxes owed by the amounts paid to the fund; sellers of heating oil would receive a credit equal to the amount paid. The 2007 Assembly delayed the start of the Affordable Energy fund until January 1, 2009 with a four year phasing of the fee up to the current law level over three years, beginning January 1, 2009 at 0.25 percent, and increasing by 1/4 percent on the following three Januarys 1.

Tax Credit for Contributions to K-12 Scholarship Organizations. The 2007 Assembly amended the statutes to expand the private tuition tax credit to add Subchapter S Corporations, Limited Liability Corporations, and Limited Liability Partnerships to the definitions of business entities able to take the credit. The 2005 Assembly first enacted the tax credit against corporate income tax liability for business entities that make contributions to Section 501(c)(3) scholarship organizations that provide tuition assistance grants to eligible students to attend non-public K-12 schools in Rhode Island.

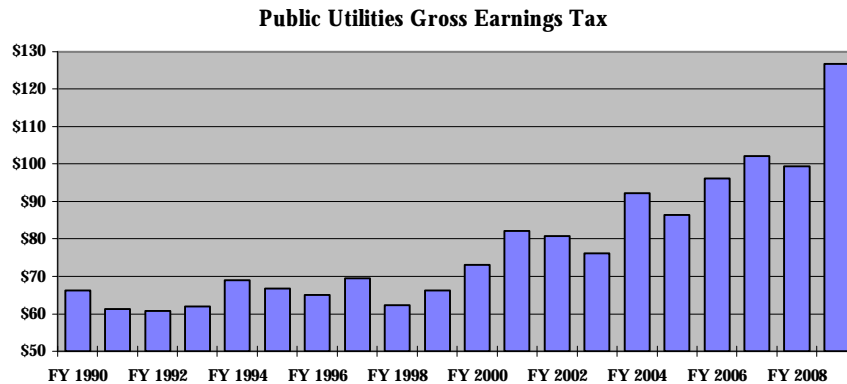
Students who are members of households with annual household income of 250 percent of federal poverty level or less are eligible. The credit is 75 percent of the contribution for a one-year contribution and 90.0 percent for a two-year contribution provided the

second year contribution is at least 80.0 percent of the first year's contribution. The maximum credit per tax year is \$100,000 and must be used in the year it is awarded. There is an annual total program cap of \$1.0 million awarded on a first-come-first-serve basis.

Mobile Telecommunications Devices. The 2002 Assembly conformed Rhode Island sales taxation of telecommunications to the federal Mobile Telecommunications Sourcing Act passed July 14, 2000, and amended the apportionment of public utilities gross earnings taxes to the federal criteria. The Mobile Telecommunications Sourcing Act preempts the states' taxation authority for mobile phone calls. The Congress passed the Act to create uniformity and simplify that taxation. Under the Act, mobile phone calls will be deemed to be taxable in the customer's primary use area regardless of where the services originate, terminate or pass through. The primary use area is defined as the customer's residential or business address within the licensed service area of the home service provider.

Job Training Tax Credit. The 1996 Assembly enacted the Job Training Tax Credit Act that provides for a fifty percent credit for reasonable expenses incurred by an employer directly attributable to providing training or retraining of qualified employees to improve the employees' skills. Qualifying employees are those working a minimum of 30 hours per week in Rhode Island and who earn 150 percent of the minimum wage upon completion of the training. The program is administered by the Human Resources Investment Council.

Energy Used in Manufacturing. The 1994 Assembly enacted legislation to phase out the portion of the tax imposed on energy used in manufacturing, beginning July 1, 1994. The tax on gas was lowered one percent per year for three years with elimination effective July 1, 1996. The tax on electricity was similarly lowered until the full four percent was eliminated effective July 1, 1997.



Major Issues.

Telecommunications Providers. An issue that continues to come before policymakers is how companies delivering similar services are taxed in Rhode Island. Telecommunications services are subject to sales taxes, regardless of type of company. The 1997 Assembly made all telephone services subject to the public utilities gross earnings tax regardless of vendor. Revenues from Internet access, television services and Voice over Internet Protocol are taxed on the basis of type of company.

Telecommunications Companies (e.g. Verizon)	Sales	Public Utility Gross Earnings	Corporate Income
Telephone	x	x	
Internet Access		x	
Television Services	x	x	
VOIP*	x	x	

Non-Telecommunications Companies (e.g. Cox)	Sales	Public Utility Gross Earnings	Corporate Income
Telephone	x	x	
Internet Access			x
Television Services	x		x
VOIP*	x	x	

**If listed separately on billings.*

Charges for Voice over Internet Protocol will apparently be subject to the sales tax to the extent that they are separately and identifiably billed, although current law has not been amended to deal with this new type of service.

Cliffs and Claw-backs. A number of the tax credits with multiyear life are awarded upon achievement of an initial condition, such as paying the statewide average wage, without any requirements for maintaining that condition. In recent years, since 2002, many of these credits have required continuance of the job or wage criteria, or both. Firms not meeting the maintenance requirements would either lose the credit (fall off the cliff) or lose reduced tax liability (claw-back). Most legislation passed prior to 2003 does not contain these provisions.

Motion Picture Tax Credit. It appears this credit is similar to the historic structures credit in that it has the potential to also grow much more than anticipated. The 2008 Assembly capped the amount of motion picture tax credits that could be issued at \$15.0 million per tax year beginning with tax year 2008.

Financial Institutions Tax

Statute: Rhode Island General Law: Title 44, Chapter 14

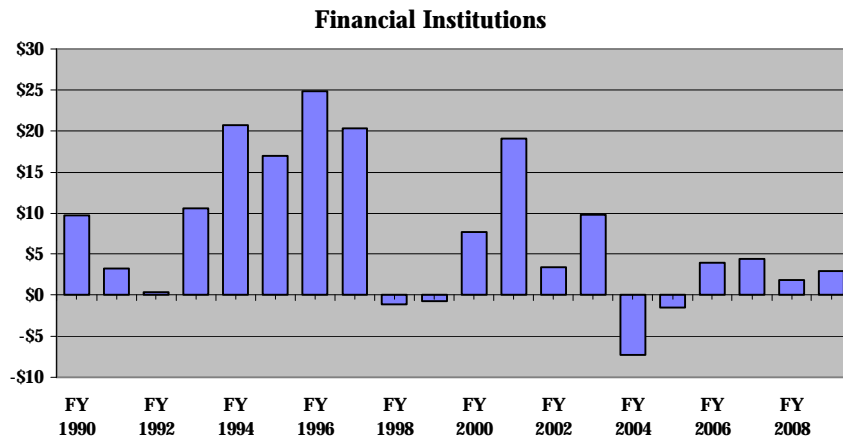
Who Must File: Banking institutions organized or incorporated under Rhode Island laws or having principal places of business or branches located within the state.

When Due: Generally, filers with tax years corresponding to calendar years must remit 40 percent of estimated liability for the tax year they are in by March 15 and 60 percent by June 15. Final payments are due the following March 15 (*Title 44, Chapter 26*).

Rate: Nine percent of net income.

Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: 0.1 percent.



Recent Legislation.

CODI Decouple. The American Recovery and Reinvestment Act of 2009 allows businesses that repurchase their debt in 2009 and 2010 to defer reporting the cancellation of debt income as taxable income until 2014 and then spreads the income repayment from 2014 through 2018. The 2009 Assembly amended the tax statutes to disallow the spread of income from cancellation of debt income. Currently, the cancellation of debt income is taxed in the same year that it is earned. The 2009 Assembly uncoupled from this provision by amending the statutes to require that any recognition of income from the discharge of business indebtedness deferred under the federal act be reported as a modification increasing federal income for Rhode Island

purposes in the year it occurred, and may be reported as a modification decreasing federal income on future federal returns where it is taken as income.

Jobs Development Tax Rate Reduction. The 2009 Assembly amended the Jobs Development Act to modify the definition of full-time employees to be those working at least 30 hours per week, having health and retirement benefits, and making at least 250.0 percent of minimum wage for companies qualifying on or after July 1, 2009. For companies that are currently eligible under different definitions, any new employee who replaces an existing employee must meet the new criteria. Companies that qualify for rate reduction must file an annual report with the tax administrator.

The 1996 Assembly enacted the Jobs Development Act contained in Chapter 42-64.5 of the General Laws. As subsequently amended, it currently provides for rate reductions of one quarter of one percent (0.25 percent) for each 50 new jobs created by eligible companies for three years past the base year. It pertains to aggregate average daily number of full-time equivalent (30 weekly hours or more) employees earning at least 150 percent of the hourly minimum wage prescribed by state law. The reduction is calculated by multiplying the number of units of qualifying new employees above the base year by 0.25 percent, but cannot exceed six percent. Qualifying units are determined for enterprises with 100 or more employees as qualifying new employment divided by 50, rounded down to the nearest 50.

For small enterprises with less than 100 employees, the qualifying new employment is divided by 10 and rounded down to the nearest 10. After three years, the reduction is that of the third year, so long as the third year employment remains. If it does not, the entire credit is eliminated.

Business Tax Credits Reporting. The 2008 Assembly enacted the Tax Incentive Disclosure and Accountability Act to require filers receiving any bonds, grants, loans, loan guarantees, matching funds or tax credits during the previous state fiscal year from any state government entity, including quasi-public agencies created by the state, to report them to the Division of Taxation. The Division must then annually report the names, addresses and amounts of credits received by filers for certain credits. Those credits include Rhode Island Economic Development Corporation Project Status (sales tax exemptions), Incentives for Innovation and Growth, Job Development Act credits, Enterprise Zone credits, Mill Building and Economic Revitalization Act credits, and Motion Picture Production credits.

Historic Structures Tax Credit. The 2008 Assembly significantly modified the historic structures tax credits program, originally enacted by the 2001 Assembly. The 2001 Assembly had amended the general laws to provide a state tax credit of 30 percent of qualified rehabilitation costs for substantial rehabilitation of certified historic structures. The credits are transferable, can be carried forward for ten years, and can be applied against personal and corporate income, franchise, public service corporation, financial institutions and insurance taxes.

The credits are allowable for the taxable year in which the structure or an identifiable portion is placed into service. The credits do not apply to rehabilitation of owner occupied residential property, and the minimum value of the rehabilitation must be at least fifty percent of the adjusted basis of the property.

The state's use of tax credits to spur the preservation of historic structures appeared less cost effective than other alternative financing mechanisms such as state bonds or direct appropriations based on how the credits are privately placed with the credits' final users. Developers generally "sell" their credits which increases the transaction costs associated with the use of the credits and results in a significant amount of the value of the credits being absorbed by the intermediaries and not being used for actual qualified rehabilitation costs.

For example, a developer with \$12.0 million in qualified rehabilitation costs would be entitled to \$3.6 million of credits. The developer can "sell" these credits to an intermediary, who might pay the developer \$0.72 on the dollar for the \$3.6 million of credits, or \$2.6 million, which the developer can then use to offset project costs. The intermediary then places the \$3.6 million of credits with unrelated final users for \$3.0 million, keeping the difference between the \$2.6 million paid to the developer and the \$3.0 million received from the unrelated final end users, or \$0.4 million. The cost to the state of the privately placed credits remains \$3.6 million but only \$2.6 million have been used by the developer for actual rehabilitation costs; 28 percent of the cost to the state never reached the project.

The 2005 Assembly amended the law to require developers to must pay a processing fee of 2.25 percent of qualified rehabilitation costs for all projects placed in service after July 1, 2005 in order to obtain the credits. This effectively reduced the credit to 27.75 percent of qualified rehabilitation expenses.

As part of his FY 2009 budget, Governor Carcieri recommended capping the amount of historic tax credits filers could take for tax year 2007 at \$20.0 million and at \$40.0 million for tax years 2008 through 2017. The 2008 Assembly enacted 2008-H 8016 Substitute A instead. All projects placed in service prior to January 1, 2008 would continue under current law so long as the 2.25 percent processing fee was paid by May 15, 2008; projects not having received initial certification prior to January 1, 2008 would not be eligible for credits.

The Assembly lowered the effective credit to 22.0 percent through a combination of credits and processing fees, with an upfront processing fee of at least 2.25 percent by May 15, 2008 and the balance by March 5, 2009. The combinations are: 27 percent credit with a 5 percent processing fee; 26 percent credit with a 4 percent processing fee; or, 25 percent credit with a 3 percent processing fee.

The Tax Administrator, acting for the state, contracted with the developers for the amount of the processing fee and the amount of the credit to be issued upon completion of Part III certification not to exceed the percent opted for. The state guaranteed in that

contract that the credits will be available to the developer or the assignees upon demand through appropriate tax credit laws. The Assembly provided authority for the Economic Development Corporation to borrow sufficient funds to liquidate all credits in order to provide additional assurance to developers.

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Students who are members of households with annual household income of 250 percent of federal poverty level or less are eligible. The credit is 75 percent of the contribution for a one year contribution and 90.0 percent for a two year contribution provided the second year contribution is at least 80.0 percent of the first year's contribution. The maximum credit per tax year is \$100,000 and must be used in the year it is awarded. There is an annual total program cap of \$1.0 million awarded on a first-come-first-serve basis.

Investment Tax Credit. The 1997 Assembly increased the investment tax credit from two to four percent of purchased buildings and components and to 10 percent on buildings and equipment purchased or leased for firms in targeted industries that met certain median wage or training performance criteria. The median wage criterion is pay to qualified full-time equivalent active employees above the median wage paid by all businesses in Rhode Island in the same two-digit North American Industrial Classification code.

The criteria is also met if the median average annual wage paid to full-time equivalent employees is equal to or greater than 125 percent of the average annual wage paid in Rhode Island. For manufacturing firms, the annual average wage paid to production workers must be above the average paid to production workers in firms in the same two-digit North American Industrial Classification code.

A firm that does not meet the median wage criterion could qualify if its expenses for training or re-training its employees exceed two percent of total payroll costs as certified by the director of the Human Resource Investment Council.

High performance *traded firms* are also eligible. These are the non-manufacturing firms classified as: trade; finance, insurance, and real estate; and services (except the four noted earlier) with more than 50 percent of gross revenues from commercial or governmental customers outside the state; or more than 50 percent of gross revenues from sales to the manufacturing and selected computer and data processing service firms noted above in the state; or more than 50 percent from a combination of the two.

The legislation also expanded the then current four percent credits for buildings and the structural components for manufacturing firms to *leased* equipment and machinery.

Job Training Tax Credit. The 1996 Assembly enacted the Job Training Tax Credit Act that provides for a fifty percent credit for reasonable expenses incurred by an employer directly attributable to providing training or retraining of qualified employees to improve the employees' skills. Qualifying employees are those working a minimum of 30 hours per week in Rhode Island and who earn 150 percent of the minimum wage upon completion of the training. The program is administered by the Human Resources Investment Program.

Passive Investment Companies. The 1994 Assembly amended Section 44-11-1 and 44-14-2 to exempt corporations with five or more full-time equivalent employees with offices in Rhode Island whose activities are confined to the maintenance and management of intangible investments, including stocks, bonds, notes, debt obligations, patents, trademarks, trade names, copyrights, and similar intellectual properties.

This allows a company subject to the corporate income tax to sell or transfer intangible investments to a passive investment corporation it establishes. The parent company pays the passive investment company for use of the intangible investments. That payment qualifies as a business expense deductible from the parent companies for corporate income tax. The passive investment company is exempt from taxation, and thus does not pay tax on the payments.

Major Issues.

Cliffs and Claw-backs. A number of the tax credits with multiyear life are awarded upon achievement of an initial condition, such as paying the statewide average wage, without any requirements for maintaining that condition. In recent years, since 2002, many of these credits have required continuance of the job or wage criteria, or both. Firms not meeting the maintenance requirements would either lose the credit (fall off the cliff) or lose reduced tax liability (claw-back). Most legislation passed prior to 2003 does not contain these provisions.

Passive Investment Companies. The 2007 Assembly amended the corporate income tax to require corporations to add back otherwise deductible interest expenses and costs and intangible expenses and costs accrued through transactions with related passive investment companies over which they have control. That only affected corporate income taxes.

Motion Picture Tax Credit. It appears this credit is similar to the historic structures credit. It has the potential to also grow much more than anticipated. The 2008 Assembly capped the amount of motion picture tax credits that could be issued at \$15.0 million per tax year beginning with tax year 2008.

Insurance Premiums

Statute: Rhode Island General Law: Title 44, Chapter 17

Who Must File: Domestic, foreign and alien insurance companies; mutual associations, organizations, or other insurers, except ocean marine companies and fraternal organizations, transacting business in Rhode Island.

Nonprofit hospital service corporations, health maintenance organizations, dental service corporations and managed care plans under Title XIX of the United States Code were specifically excluded prior to 2008 under Rhode Island General Law 27-19-2 (companies organized for health insurance agreements between subscribers and contracting hospitals, which include the Health Management Organizations and Blue Cross). The 2007 Assembly removed that exemption for hospital service corporations, health maintenance organizations and dental service corporations effective January 1, 2008. The 2009 Assembly removed the exemption for the managed care plans.

Prior to July 1, 2005, the Beacon Mutual Insurance Company was also exempt as the state's workers' compensation insurer of last resort.

How Health Insurers Are Taxed	Not Taxed	Insurance Gross Premiums Tax	Business Corporations Income Tax
Blue Cross and Blue Shield of Rhode Island	pre 2008	eff. 2008	
Blue Chip			x
United Health Care			x
Neighborhood Health Plan	pre 2008	eff. 2008	
Delta Dental of Rhode Island	pre 2009	eff. 2009	
For Profit Insurance Companies not Organized as HMOs		x	

When Due: Generally, filers with tax years corresponding to calendar years must remit 40 percent of estimated liability for the tax year they are in by March 15 and 60 percent by June 15. Final payments are due the following March 1.

Rate: Two percent of the gross premiums on contracts of insurance, except ocean marine insurance, written during the calendar year.

Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: 2.6 percent.

Recent Legislation.

Health Insurers. The 2009 Assembly increased the gross premiums tax for nonprofit hospital and medical service corporations and health management organizations and

nonprofit dental corporations from 1.75 percent to 2.0 percent making all insurers taxed at the same rate effective January 1, 2009, and removed the gross premiums tax exemption from Medicaid managed care providers. The 2006 Assembly removed the exemption from nonprofit hospital and medical service corporations and health management organizations effective January 1, 2008 and applied a 1.1 percent rate.

The 2008 Assembly had added nonprofit dental service corporations to the definition of insurers subject to the gross premiums tax and increased the tax from 1.1 percent to 1.75 percent beginning with tax year 2009. The 2007 Assembly had removed the insurance gross premiums tax exemption from nonprofit hospital and medical service corporations and health management organizations and enacted a 1.1 percent tax for both health management organizations. Non-profit dental corporations remained exempt until the 2008 legislation.

Business Tax Credits Reporting. The 2008 Assembly enacted the Tax Incentive Disclosure and Accountability Act to require filers receiving any bonds, grants, loans, loan guarantees, matching funds or tax credits during the previous state fiscal year from any state government entity, including quasi-public agencies created by the state, to report them to the Division of Taxation. The Division must then annually report the names, addresses and amounts of credits received by filers for certain credits. Those credits include Rhode Island Economic Development Corporation Project Status (sales tax exemptions), Incentives for Innovation and Growth, Job Development Act credits, Enterprise Zone credits, Mill Building and Economic Revitalization Act credits, and Motion Picture Production credits.

Innovative Technology Tax Credit. The 2008 Assembly reduced the authorized credits by half, from \$2.0 million to \$1.0 million. The 2006 Assembly enacted legislation authorizing the Economic Development Corporation to approve up to \$2.0 million of Innovative Tax Credits during any two-calendar year period to attract and retain serial entrepreneurs and to catalyze economic growth in high-wage, high-growth industries.

Historic Structures Tax Credit. The 2008 Assembly significantly modified the historic structures tax credits program, originally enacted by the 2001 Assembly. The 2001 Assembly had amended the general laws to provide a state tax credit of 30 percent of qualified rehabilitation costs for substantial rehabilitation of certified historic structures. The credits are transferable, can be carried forward for ten years, and can be applied against personal and corporate income, franchise, public service corporation, financial institutions and insurance taxes.

The credits are allowable for the taxable year in which the structure or an identifiable portion is placed into service. The credits do not apply to rehabilitation of owner occupied residential property, and the minimum value of the rehabilitation must be at least fifty percent of the adjusted basis of the property.

The state's use of tax credits to spur the preservation of historic structures appeared less cost effective than other alternative financing mechanisms such as state bonds or direct

appropriations based on how the credits are privately placed with the credits' final users. Developers generally "sell" their credits which increases the transaction costs associated with the use of the credits and results in a significant amount of the value of the credits being absorbed by the intermediaries and not being used for actual qualified rehabilitation costs.

For example, a developer with \$12.0 million in qualified rehabilitation costs would be entitled to \$3.6 million of credits. The developer can "sell" these credits to an intermediary, who might pay the developer \$0.72 on the dollar for the \$3.6 million of credits, or \$2.6 million, which the developer can then use to offset project costs. The intermediary then places the \$3.6 million of credits with unrelated final users for \$3.0 million, keeping the difference between the \$2.6 million paid to the developer and the \$3.0 million received from the unrelated final end users, or \$0.4 million. The cost to the state of the privately placed credits remains \$3.6 million but only \$2.6 million have been used by the developer for actual rehabilitation costs; 28 percent of the cost to the state never reached the project.

The 2005 Assembly amended the law to require developers to must pay a processing fee of 2.25 percent of qualified rehabilitation costs for all projects placed in service after July 1, 2005 in order to obtain the credits. This effectively reduced the credit to 27.75 percent of qualified rehabilitation expenses.

As part of his FY 2009 budget, Governor Carcieri recommended capping the amount of historic tax credits filers could take for tax year 2007 at \$20.0 million and at \$40.0 million for tax years 2008 through 2017. The 2008 Assembly enacted 2008-H 8016 Substitute A instead. All projects placed in service prior to January 1, 2008 would continue under current law so long as the 2.25 percent processing fee was paid by May 15, 2008; projects not having received initial certification prior to January 1, 2008 would not be eligible for credits.

The Assembly lowered the effective credit to 22.0 percent through a combination of credits and processing fees, with an upfront processing fee of at least 2.25 percent by May 15, 2008 and the balance by March 5, 2009. The combinations are: 27 percent credit with a 5 percent processing fee; 26 percent credit with a 4 percent processing fee; or, 25 percent credit with a 3 percent processing fee.

The Tax Administrator, acting for the state, contracted with the developers for the amount of the processing fee and the amount of the credit to be issued upon completion of Part III certification not to exceed the percent opted for. The state guaranteed in that contract that the credits will be available to the developer or the assignees upon demand through appropriate tax credit laws. The Assembly provided authority for the Economic Development Corporation to borrow sufficient funds to liquidate all credits in order to provide additional assurance to developers.

Motion Picture Production Tax Credits. The 2008 Assembly capped the amount of motion picture tax credits that could be issued at \$15.0 million per tax year beginning

with tax year 2008. The 2005 Assembly had enacted statutes to provide a twenty-five percent credit for state certified production costs directly attributable to motion picture activity within Rhode Island, with primary filming locations within Rhode Island and minimum total production budgets of \$300,000. The 2006 Assembly amended the statute to provide clarifying definitions and established the Rhode Island Film and Television Office as a discrete entity. The Office is the certifying authority.

Tax Credit for Contributions to K-12 Scholarship Organizations. The 2007 Assembly amended the statutes to expand the private tuition tax credit to add Subchapter S Corporations, Limited Liability Corporations, and Limited Liability Partnerships to the definitions of business entities able to take the credit. The 2005 Assembly first enacted the tax credit against corporate income tax liability for business entities that make contributions to Section 501(c)(3) scholarship organizations that provide tuition assistance grants to eligible students to attend non-public K-12 schools in Rhode Island.

Students who are members of households with annual household income of 250 percent of federal poverty level or less are eligible. The credit is 75 percent of the contribution for a one year contribution and 90.0 percent for a two year contribution provided the second year contribution is at least 80.0 percent of the first year's contribution. The maximum credit per tax year is \$100,000 and must be used in the year it is awarded. There is an annual total program cap of \$1.0 million awarded on a first-come-first-serve basis.

Beacon Mutual. The 2005 Assembly passed legislation to remove the exemption from the 2.0 percent gross insurance premiums tax for the Beacon Mutual Insurance Company. The exemption was based on the company being the state's insurer of last resort for workers' compensation insurance.

Investment Tax Credit. The 1997 Assembly increased the investment tax credit from two to four percent of purchased buildings and components and to 10 percent on buildings and equipment purchased or leased for firms in targeted industries that met certain median wage or training performance criteria. The median wage criterion is pay to qualified full-time equivalent active employees above the median wage paid by all businesses in Rhode Island in the same two-digit North American Industrial Classification code. The buildings and components had to be purchased in Rhode Island.

The 1999 Assembly amended the law to extend the 10 percent credit to property having a *situs* in Rhode Island however acquired by property and casualty companies. That made the credit applicable to equipment transferred to Rhode Island by the companies from other states.

The criteria is also met if the median average annual wage paid to full-time equivalent employees is equal to or greater than 125 percent of the average annual wage paid in Rhode Island. For manufacturing firms, the annual average wage paid to production

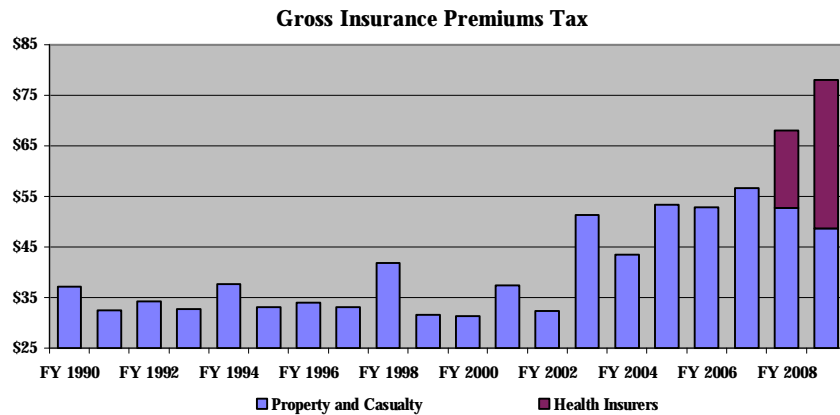
workers must be above the average paid to production workers in firms in the same two-digit North American Industrial Classification code.

A firm that does not meet the median wage criterion could qualify if its expenses for training or re-training its employees exceed two percent of total payroll costs as certified by the director of the Human Resource Investment Council.

High performance *traded firms* are also eligible. These are the non-manufacturing firms classified as trade; finance, insurance, and real estate; and services (except the four noted earlier), with more than 50 percent of gross revenues from commercial or governmental customers outside the state; or more than 50 percent of gross revenues from sales to the manufacturing and selected computer and data processing service firms noted above in the state; or more than 50 percent from a combination of the two.

The legislation also expanded the then current four percent credits for buildings and the structural components for manufacturing firms to *leased* equipment and machinery.

Job Training Tax Credit. The 1996 Assembly enacted the Job Training Tax Credit Act that provides for a fifty percent credit for reasonable expenses incurred by an employer directly attributable to providing training or retraining of qualified employees to improve the employees' skills. Qualifying employees are those working a minimum of 30 hours per week in Rhode Island and who earn 150 percent of the minimum wage upon completion of the training. The program is administered by the Human Resources Investment Council.



Major Issues.

Health Insurers. Prior to tax year 2008, nonprofit hospital service corporations and health management organizations were exempt from the gross premiums tax. The 2008 Assembly increased the rate to 1.75 percent and included non-profit dental

corporations. The 2009 Assembly increased the rate to 2.0 percent and included Medicaid managed care plans. However, some issues remain.

- **Non-profit optometric and legal service corporations.** These entities remain exempt from the tax although they are similar to the health management organizations that are no longer exempt.

- **Self-Insured.** Self insured entities, regardless of number of insured, are not taxed, but provide essentially the same insurance coverage as the health management corporations. Rhode Island state government is one example – it is self-insured, therefore not subject to the gross premiums tax, but uses United Health to administer the programs and establish the networks. Other states utilize a different type of tax that is based on the insured rather than the insurer in order to spread the tax over the broader population.

Cliffs and Claw-backs. A number of the tax credits with multiyear life are awarded upon achievement of an initial condition, such as paying the statewide average wage, without any requirements for maintaining that condition. In recent years, since 2002, many of these credits have required continuance of the job or wage criteria, or both. Firms not meeting the maintenance requirements would either lose the credit (fall off the cliff) or lose reduced tax liability (claw-back). Most legislation passed prior to 2003 does not contain these provisions.

Motion Picture Tax Credit. It appears this credit is similar to the historic structures credit. It has the potential to also grow much more than anticipated. The 2008 Assembly capped the amount of motion picture tax credits that could be issued at \$15.0 million per tax year beginning with tax year 2008.

Bank Deposits (Credit Unions)

Statute: Rhode Island General Law: Title 44, Chapter 15.1

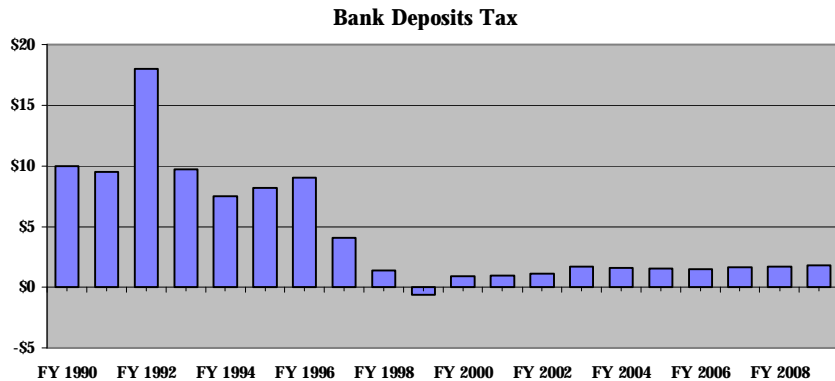
Who Must File: Prior to January 1, 1998 all banking institutions and credit unions were subject to the tax on deposits at the rate of \$0.0695 per \$100 of the daily average of the deposits with the institution during the calendar year for institutions with total deposits in excess of \$150 million, and \$0.0625 for those with \$150 million or less. The 1995 Assembly enacted legislation to phase out the tax for banking institutions by reducing the rate by one-half for 1997 and eliminating it beginning in 1998. Credit unions remain subject to the tax.

When Due: Generally, filers with tax years corresponding to calendar years must remit 40 percent of estimated liability for the tax year they are in by March 15 and 60 percent by June 15. Final payments are due the following June 15 (*Title 44, Chapter 26*).

Rate: \$0.0695 per \$100 of the daily average of the deposits with the banking institution during the calendar year for institutions with total deposits in excess of \$150 million, and \$0.0625 for those with \$150 million or less. Deposits are defined to include time deposits, certificates of deposits, savings plans, and shares of stock.

Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: 0.1 Percent.



1. The spike in FY 1992 was caused by a change to reporting date.
2. The tax rate for banks was reduced by 50 percent for tax year 1997 and eliminated for tax years beginning in FY 1998. Credit unions continue paying the tax.

Health Care Provider Taxes

Statutes: Rhode Island General Law: Title 44, Chapter 51.

Taxes (assessments) on group homes and nursing homes were enacted by the 1992 Assembly to maximize Medicaid revenues under allowable federal rules. While the taxes are paid by the owner/operators of the facilities, including state government, the assessments are built into the rate structures. Since substantial portions of the patients are Medicaid eligible, significant shares of the assessments are actually paid by the federal government.

Nearly 75 percent of nursing facilities' patients are Medicaid eligible. The following table provides an example of how the assessment works.

Health Care Provider Taxes Example	Nursing Homes
Percent Medicaid Eligible	75.0%
Medicaid Match Rate	53.8%
Percent of Tax paid by Medicaid	40.4%
Percent of Tax paid by State through Medicaid Match	34.5%
Percent Net Payment by Facilities	25.2%
Tax Paid	\$ 16.7
Medicaid Eligible	\$ 12.5
Tax reimbursed by Medicaid	\$ 6.7
Tax paid by State through Medicaid Match	\$ 5.8
Net Payment by Facilities	\$ 4.2

The state also levies a hospital license fee that is considered to be a fee rather than a tax. It is discussed under departmental receipts.

Who Must File: Persons or governmental units licensed to establish, maintain, and operate nursing facilities under Chapter 17 of Title 23.

When Due: Twenty-fifth day of the month following the receipt of gross patient revenues.

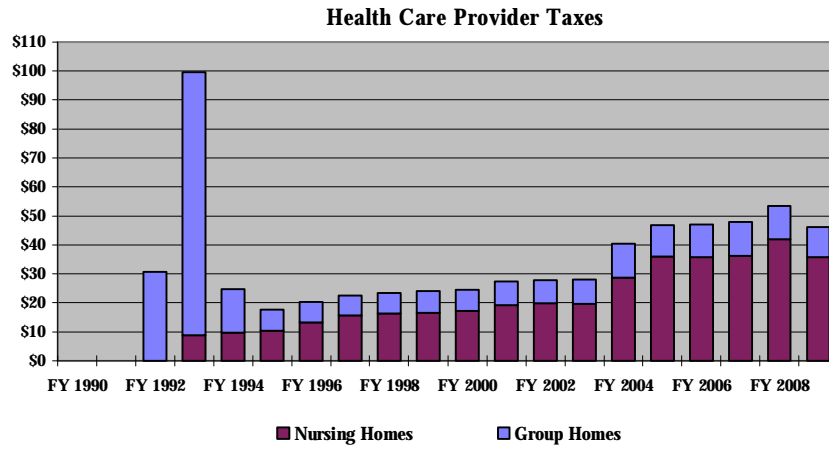
Rates: 5.5 percent of gross patient revenue beginning January 1, 2008. The rate had been 6.0 percent from October 1, 2003, 3.75 percent from October 1, 1995, and 2.75 percent prior to that. 5.5 percent is the maximum tax Medicaid will allow reimbursement for.

Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: Group Homes, 0.3 percent; Nursing Facilities, 1.2 percent.

Recent Legislation

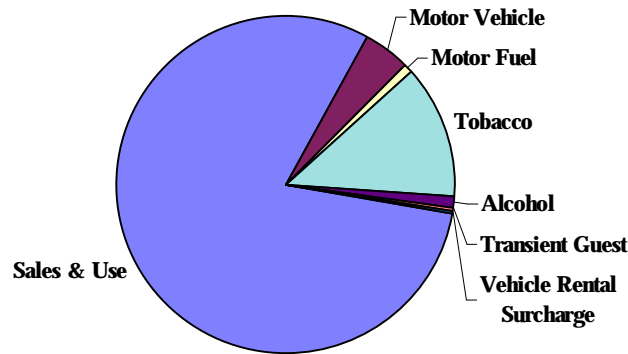
Group Homes. The 2009 Assembly repealed this tax as the result of the loss of a federal waiver to impose it, effective July 1, 2009.



FY 1993 included a 100 percent surcharge on the Group Home assessment.

Consumption Taxes

Contributions to General Revenues



In FY 2009, the state deposited \$1,002.8 million from consumption taxes into general revenues. These accounted for 33.3 percent of all general revenues. The taxes included sales and use taxes, the transient lodging tax, motor vehicle registration fees, rental vehicle surcharges, motor fuel taxes, and taxes on tobacco and alcohol products.

Tax	Rate	Disposition
Sales	7 Percent	General Revenues
Motor Vehicles Motor Vehicles	Various by Weight	General Revenues
Motor Fuel	32.5 Cents per Gallon	Surface Transportation Fund except decreasing transfer to general revenues; motor carrier fees to general revenues.
Tobacco Cigarettes	\$3.46 per Pack	General Revenues
Other Products	80 Percent of Wholesale Price	General Revenues
Alcohol	Various by Type	General Revenues
Transient Guest	5 Percent on Occupancy Charge; Additional one percent local tax effective January 1, 2005	Most to tourism districts and cities and towns. Portion to general revenue through formula. The additional one percent is retained by local community.
Rental Vehicles	6 Percent Surcharge	50 Percent to General Revenues plus other 50 percent net of fees and property taxes.
Meals and Beverage	1 Percent	Local jurisdiction where sale occurred

Not all of the revenues are deposited into state general revenues. For example, most of the gasoline taxes are dedicated to transportation. Most of the transient guest tax

revenues either stay with local governments or go to tourism districts. The meals and beverage tax is returned to the local jurisdictions where the sales occurred. The table above shows the rates for each of the taxes. Each tax is described individually in the pages that follow.

Historical Data:

	<i>Sales & Use</i>	<i>Motor Vehicle</i>	<i>Motor Fuel</i>	<i>Cigarettes & Tobacco</i>	<i>Alcohol</i>	<i>Transient Guest</i>	<i>Vehicle Rental</i>	<i>Meals & Beverage</i>
FY 1990	\$ 399.8	\$ 29.4	\$ 74.1	\$ 38.7	\$ 9.9	\$ 4.6	\$ -	-
FY 1991	432.6	37.4	77.9	38.3	9.4	4.8	-	-
FY 1992	392.8	37.4	86.8	35.5	9.1	4.8	-	-
FY 1993	409.6	34.8	108.1	34.7	9.2	5.1	-	-
FY 1994	419.6	35.8	118.5	41.5	8.4	5.5	-	-
FY 1995	455.4	35.7	116.5	52.7	8.6	5.9	1.0	-
FY 1996	459.2	35.5	122.6	53.1	8.6	5.9	2.0	-
FY 1997	489.1	35.4	118.6	54.8	8.4	6.3	2.6	-
FY 1998	530.6	38.4	121.8	64.2	8.6	7.9	3.8	-
FY 1999	564.8	39.8	125.7	61.6	9.0	8.5	4.2	-
FY 2000	631.3	41.0	130.2	59.4	9.2	10.8	5.0	-
FY 2001	712.6	40.9	127.6	60.1	9.2	13.4	6.5	-
FY 2002	745.9	43.4	130.1	85.5	10.0	11.6	5.0	-
FY 2003	777.4	44.6	150.4	94.4	10.1	14.7	5.2	-
FY 2004	822.9	44.8	143.4	117.3	10.3	9.6	4.6	13.5
FY 2005	847.7	47.1	137.3	136.3	10.5	11.6	4.6	17.2
FY 2006	869.2	49.7	129.7	126.5	10.9	16.5	5.3	17.6
FY 2007	873.2	43.7	142.4	120.4	10.7	16.8	5.3	18.2
FY 2008	844.2	48.6	136.4	114.7	11.1	15.7	6.2	18.7
FY 2009	808.1	45.3	131.2	130.5	10.8	14.8	5.7	18.8

Sales and Use Tax

Statute: Rhode Island General Law: Title 44, Chapters 18 and 19

Who Must File: Anyone making sales for retail for any purpose other than resale in the regular course of business.

When Due: 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.

Rate: Seven percent of gross receipts from retail sales, including charges for rentals of living quarters in hotels, rooming houses, or tourist camps for 30 days or less. A use tax of seven percent is also imposed on storage, use or other consumption of motor vehicles and trailers regardless of where purchased.

Services are not generally taxed. In addition, there are a number of items exempted. There are a total of 62 categories of exemptions listed in Rhode Island General Law 44-18-30. Major ones include food products, not including meals or food for immediate consumption on or off premises, clothing, newspapers, gasoline, which has a separate gallonage tax, purchases for manufacturing purposes, sales to state and political subdivisions and charitable, educational and religious organizations, medicine and drugs, commercial vessels, boats, and the trade-in value of automobiles.

Use of the sales tax in the United States began in Mississippi in 1932. Twenty-five other states had adopted sales taxes by 1938. The tax began in Rhode Island July 1, 1947 at one percent. The current seven percent rates became effective July 1, 1990. The increase from six to seven percent as originally enacted was to decrease to 6.5 cents on July 1, 1991; the law was amended in 1991 to retain the seven percent rate. The table shows the history of the rates.

Rhode Island Sales Tax Rates			
Effective Date	Rate	Effective Date	Rate
July 1, 1947	1.0%	June 1, 1965	4.0%
June 1, 1951	2.0%	June 1, 1967	5.0%
June 1, 1957	3.0%	June 1, 1976	6.0%
June 1, 1964	3.5%	July 1, 1990	7.0%

How We Compare: State or local sales taxes are levied in 46 states; 45 at the state level and Alaska at only the local level. Based upon FY 2007 data reported by the Bureau of the Census, Rhode Island general sales tax revenues are \$21.95 per \$1,000 of personal income, while the average for the 46 states is \$27.87, giving Rhode Island a ranking of 37th.

Rhode Island ranks 30th in general sales tax revenues per capital at \$828. The average for the 46 states is \$1,014.

Rhode Island's ranking as one of the lowest sales tax revenues may come as a surprise given the state charges a seven percent rate. There are four factors that could combine to provide an explanation: (1) Rhode Island does not generally tax services, (2) Rhode Island has exemptions that narrow the tax base, (3) many states allow city, county, and tax district sales taxes that produce high tax rate, and (4) Census may be underreporting actual taxes Rhode Islanders pay due to border issues.

Services. Twenty-one of the 45 states with *state* sales taxes are listed by CCH Incorporated in its *State Tax Guide*, as of July 1, 2009 as either taxing many services or generally taxing services. Twenty-four states, including Rhode Island, are listed as not taxing. Cleaning services are taxed in 17 states, repair services in 22, professional/personal services in 6, and transportation services in 12.

The long-term implication of not taxing services is less reliance on sales taxes as a state revenue source. Since the end of World War II, personal consumption in the United States has moved from goods toward services. The impact on states that do not tax services is a smaller contribution to revenues from sales taxes.

Exemptions. Fifteen states include grocery food; 31, including Rhode Island, exempt it. All but Vermont apply their sales tax to meals or food prepared for on premises consumption or by caterers; Vermont does tax them with a meals tax. Only Illinois taxes prescription drugs, and then at a reduced rate. However, Rhode Island is one of only 10 states that exempt nonprescription drugs. Rhode Island also totally exempts clothing.

State tax researchers note that "states that have removed more stable elements of consumption, such as groceries and clothing from their bases, as well as those that do not capture spending on services well, are more subject to plunges in sales tax revenue as state residents become nervous about spending on options and big-ticket items."¹

Local Sales Taxes. Thirty-six of the 46 sales tax states allow local option sales taxes in over 7,000 local jurisdictions. That includes Alaska, which only has local option. In most jurisdictions, the tax is a piggyback on the state structure, although local governments have some flexibility to determine which items would be taxed in some states. General sales taxes are estimated to contribute approximately 11.5 percent of local government tax revenues in FY 2006, 7.3 percent of own source revenues, and 4.4 percent of local revenues from all sources.

The combined state, local, and special district sales taxes in a number of localities exceed the Rhode Island rate of seven percent. As of data reported by the Sales Tax Clearinghouse, 35 states have combined state and localities rates that are *more than* seven percent in addition to the 3 states that have combined rates of seven percent. This means 38 states have combined rates of seven percent or more.

Border Issues. Census Bureau data is generally based on reported collections. It is possible, given the size of Rhode Island and its proximity to Connecticut and

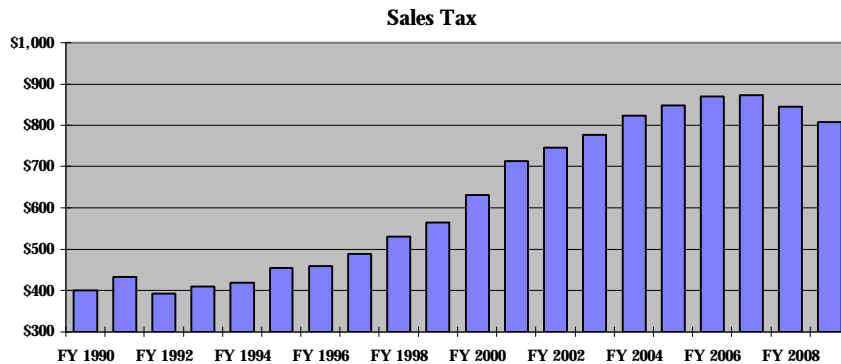
Massachusetts, that Rhode Island citizens purchase goods out of state that are not included in Rhode Island sales tax data.

Disposition of Revenues: All to State General Revenues prior to FY 1992 and after FY 2001. From July 1, 1991 to February 1, 1992, 0.5 cents of the 7.0 cents rate went to Depositors Economic Protection Corporation (DEPCO). That dedicated sales tax was for coverage on debt issued to pay depositors lost savings from the failed credit unions. The 1992 Assembly increased the amount to 0.6 cents in order to provide adequate debt service coverage ratios, which were based upon the best consecutive 12 months receipts from the 18 months prior to issuance.

Subsequently, amounts of the sales tax dedicated to the Corporation in excess of that required for debt service was transferred to general revenues a number of years ago. This was possible because the commitment of sales tax to bondholders was based upon revenues during the recession in the early 1990s. Final payment on the bonds was made in August 2000. All sales tax goes to general revenues subsequent to that final payment.

Sales tax receipts from sales at the Providence Place Mall are accounted for separately within state general revenues. Rhode Island General Law 42-63.5-4 provides for the state to make annual payments to the developer of the Mall for 20 years.

- The payments for the first five years are equal to the lesser of two-thirds of the actual sales tax generated from retail sales transactions occurring at or within the Mall or \$3,680,000.
- Payments for the other 15 years are equal to the lesser of two-thirds of the sales tax generated or \$3,560,000.
- The first payments were made in FY 2001. Payments are subject to annual appropriation.



Contribution to FY 2009 General Revenues: 26.7 percent.

Recent Legislation.

Sales Tax Retailer. The 2009 Assembly changed the definition of retailers to add companies that contract with Rhode Island companies, sell over the Internet and whose receipts are in excess of \$5,000.

Electronic Filing. The 2009 Assembly amended the statutes to require sales tax filers who had average monthly sales and use tax liability of \$200 or more per month for the previous year to file electronically, effective January 1, 2010.

Economic Development Corporation Project Status. The 2009 Assembly amended the general laws to return the authority for granting project status to the Economic Development Corporation with strict conditions. The 2006 Assembly had amended the statutes that allowed the Corporation to provide sales tax exemptions on facilities and equipment meeting its economic development criteria to require Assembly approval.

The Corporation may apply the sales tax exemption only to materials used in the construction, reconstruction or rehabilitation of the project and to the acquisition of furniture, fixtures and equipment, except automobiles, trucks or other motor vehicles, or materials that otherwise are depreciable and have a useful life of one year or more, for the project for a period not to exceed six months after receipt of a certificate of occupancy for any given phase of the project for which sales tax benefits are utilized. Exemptions will be treated on a reimbursement basis by the Division of Taxation.

The amount of the exemption may not be greater than the income tax revenue received by the state from the new full-time jobs with benefits excluding project construction jobs, generated by the project within a period of three years from after the receipt of a certificate of occupancy for any given phase of the project. "Full-time jobs with benefits" are defined as jobs that require working a minimum of thirty hours per week within the state, with a median wage that exceeds by five percent the median annual wage for the preceding year for full-time jobs in Rhode Island, as certified by the department of labor and training with a benefit package that is typical of companies within the lessee's industry. The company granted project status shall be liable for any exemptions received should it fail to meet the conditions.

The Economic Development Corporation has authority under Section 42-64-20 of the General Laws to exempt certain transactions from sales taxes by conferring "project status, essentially making the project a Corporation project. The Corporation is not required to pay state taxes of any kind. Section 42-64-3 defines projects and project costs:

(20) "Project" or "port project" means the acquisition, ownership, operation, construction, reconstruction, rehabilitation, improvement, development, sale, lease, or other disposition of, or the provision of financing for, any real or personal property (by whomever owned) or any interests in real or personal property, including without limiting the generality of the foregoing, any port facility, recreational facility, industrial

facility, airport facility, pollution control facility, utility facility, solid waste disposal facility, civic facility, residential facility, water supply facility, or any other facility, or any combination of two (2) or more of the foregoing, or any other activity undertaken by the corporation.

(21) "Project cost" means the sum total of all costs incurred by the corporation in carrying out all works and undertakings which the corporation deems reasonable and necessary for the development of a project. These shall include, but are not necessarily limited to, the costs of all necessary studies, surveys, plans, and specifications, architectural, engineering, or other special services, acquisition of land and any buildings on the land, site preparation and development, construction, reconstruction, rehabilitation, improvement, and the acquisition of any machinery and equipment or other personal property as may be deemed necessary in connection with the project (other than raw materials, work in process, or stock in trade); the necessary expenses incurred in connection with the initial occupancy of the project; an allocable portion of the administrative and operating expenses of the corporation; the cost of financing the project, including interest on all bonds and notes issued by the corporation to finance the project from the date thereof to one year from the date when the corporation shall deem the project substantially occupied; and the cost of those other items, including any indemnity or surety bonds and premiums on insurance, legal fees, real estate brokers and agent fees, fees and expenses of trustees, depositories, and paying agent for bonds and notes issued by the corporation, including reimbursement to any project user for any expenditures as may be allowed by the corporation (as would be costs of the project under this section had they been made directly by the corporation), and relocation costs, all as the corporation shall deem necessary.

Business Tax Credits Reporting. The 2008 Assembly enacted the Tax Incentive Disclosure and Accountability Act to require filers receiving any bonds, grants, loans, loan guarantees, matching funds or tax credits during the previous state fiscal year from any state government entity, including quasi-public agencies created by the state, to report them to the Division of Taxation. The Division must then annually report the names, addresses and amounts of credits received by filers for certain credits. Those credits include Rhode Island Economic Development Corporation Project Status which is the mechanism used by the Corporation to provide a sales tax exemption on construction project materials for selected firms locating or expanding in the state that would produce new employment.

Comprehensive Energy Conservation, Efficiency and Affordability Act. The 2008 Assembly repealed the Comprehensive Energy Conservation, Efficiency and Affordability Act. It had been enacted by the 2006 Assembly to establish an affordable energy fund funded from a one percent surcharge on the public utilities gross earnings tax for gas and electric and on the sales and use tax for heating oil beginning July 1, 2006. The electric and gas companies would reduce their 2007 taxes owed by the amounts paid to the fund; sellers of heating oil would receive a credit equal to the amount paid. The 2007 Assembly delayed the start of the Affordable Energy fund until January 1, 2009 with a four year phasing of the fee up to the current law level over

three years, beginning January 1, 2009 at 0.25 percent, and increasing by 1/4 percent on the following three Januarys 1.

Sales Tax Study. The 2006 Assembly created a special legislative commission to study all aspects of the sales tax to include the business and economic impact of an adjustment to the current rate, what rate would make Rhode Island most competitive in the region, the streamlined sales tax agreement, the expansion into goods or services not currently taxed, and quarter cent annual rate reductions beginning January 1, 2008 until a five percent rate is reached. The Assembly appropriated funds to the newly created Department of Revenue for modeling capacity, but those funds were used elsewhere. The 2007 Assembly appropriated funds within its own budget to purchase a sales tax model which is operational and shared with the Office of Revenue Analysis in the Department of Revenue.

Streamlined Sales Tax. The 2006 Assembly enacted the necessary amendments to conform Rhode Island sales tax statutes to the streamline sales tax agreement statutes, including definitions of taxable items, limits on number of tax rates, amnesty for volunteering businesses, and payment for processing. In adopting the conforming definitions, the legislation cause changes to the tax status of prepared food, grooming and hygiene products, and delivery charges.

The definition of *prepared food* under the Agreement excludes single serving food items sold at retail. By conforming to that definition, Rhode Island would no longer tax food for immediate consumption that includes single serving items such as cupcakes or small milk cartons.

Adoption of the Agreement's definition of *drugs and medical products* places a number of items currently tax exempt in Rhode Island within the Agreement's definition of *grooming and hygiene products*, and makes them taxable. These include medicated shampoos and soaps, antiseptic mouthwashes, and other items.

The changed definition of delivery charges is substantial. Currently, the state taxes delivery charges that are imposed at the point of transfer of property such as the delivery charge on furniture, which is part of the bill, with the transfer of ownership occurring upon delivery. Delivery charges were not taxed where the transfer of ownership occurs at the point of the transaction. An example would be the purchase of an item from a Maine retailer, where the transfer of the property occurs at the time of the purchase. The state does not tax the delivery charge, such as the UPS or FedEx charge. These are now taxed effective January 1, 2007. Delivery is not taxable if the item purchased is exempt.

The 2007 Assembly amended the statutes authorizing the Tax Administrator or designee to represent the state within the agreement to add the chairpersons of the House and Senate Finance Committees or their designees.

Tax Amnesty. The 2006 Assembly enacted a third tax amnesty program that provides for a 75 day tax amnesty ending September 30, 2006 for all taxes owed for taxable periods ending prior to December 31, 2005. Similar programs were offered in FY 1987 and FY 1996. Filers would not be subject to penalties or prosecution and would pay 12 percent interest from the date the taxes were owed until payment. Filers may enter a tax payment plan with the tax administrator, or pay one-half of the amount owed immediately, 25 percent the following month, and 25 percent the month after that.

	FY 1987	FY 1996	FY 2007
RIGL	44-6.1	44-6.2	44-6.3
Public Law	P.L. 1986, ch. 103	P.L. 1996, ch. 13	P.L. 2006, ch. 246
Period	90 days within FY 1987	75 day period in FY 1996	75 day period ending Sep. 30, 2006
Applicable Liability	Any taxable period prior to April 1, 1986	Any taxable period prior to December 31, 1995	Any taxable period prior to December 31, 2005
Interest	11.50%	12.00%	12.00%
Post Amnesty Interest			18% - 21%
Appropriation	\$100,000 not otherwise appropriated in FY 1987		\$200,000 not otherwise appropriated in FY 2007
Analysis		Report net impact by Sep. 1, 1996	Report net impact by Nov. 1, 2006

The Assembly also amended statutes to raise interest rates on taxes owed to a minimum 18 percent with a 21 percent maximum after the end of the amnesty period.

Sales Tax on Cigarettes to Distributors. The 2005 Assembly adopted Governor Carcieri's recommendation to require prepayment of the sales tax on cigarettes by the distributors and dealers affixing cigarette tax stamps, rather than by the retailer at the point of sale. The distributor would pay the tax based on the state's minimum price and build it into the price of the stamped cigarettes sold to the retailer. The retailer recoups at the point of sale, where the retail sales tax is also charged. The retailer would report the full sales tax as before, but would apply a credit for the amount of sales tax paid to the wholesalers based on the wholesalers' invoices.

Aircraft Sales and Parts. The 2004 Assembly exempted the sales tax on aircraft sales and services effective January 1, 2005. The tax was not levied in Massachusetts or Connecticut, hampering Rhode Island competitiveness.

Major Sales and Use Tax Issues.

Services. The long-term implication of not taxing services is lower production from sales taxes as state revenue sources. Robert Tannenwald reports that between 1960 and 2000, the share of wages and salaries earned in the goods producing sector dropped from 42 percent to 24 percent, while the share from delivery of private services rose from 15 percent to 37 percent.

Personal consumption patterns also shifted from goods to services, from 41 percent on services in 1960 to 58 percent in 2000. The impact on states that do not tax services is a smaller contribution to revenues from sales taxes.² The Federation of Tax Administrators surveyed states taxation of 162 services and reported that Rhode Island ranks 29th, taxing only 29 of the 162.³ State Policy Reports notes from the Federation of Tax Administrators data that the states are “notoriously bad at taxing the consumption of services”, and “for the vast majority of states, there is ample room to expand the sales tax based to include more services and thereby improve the tax’s productivity.”⁴

Remote Sales. Normally, sales taxes are collected from the sellers of taxable items on transactions occurring within the state. The states have been constitutionally prohibited from imposing sales taxes on remote sales of companies without nexus in the state, sales where the transaction does not occur solely within the state, where the connection between the out of state seller and the state customer is through the mail or through a common carrier.

The states have been able to impose “use” taxes, which are deemed not to apply to the purchase of a product from the remote vendor but to its use in the taxing state after the purchase. The U.S. Supreme Court established the constitutionality of these use taxes in 1937. All states that impose sales taxes also impose use taxes. These taxes, however, unlike sales taxes, are the responsibility of the purchaser, not the seller.

The states have attempted to require remote vendors to collect use tax payments, and early judicial decisions had established that states could require remote vendors to collect use taxes if they had a physical presence in the state. However, in 1967 the U.S. Supreme Court ruled in the *National Bellas Hess* case that vendors that communicated with customers solely via mail or other common carrier could not be required to collect use tax.

The U.S. Supreme Court reaffirmed its decision in 1992 in the *Quill* case. Thus, catalog sales are exempt unless the retailer has a physical presence in the state. This also applies to Internet sales. The underlying Court argument was that the complexity of the state and local structure on retailers without adequate presence in the taxing state would be so burdensome as to represent restraint of interstate commerce, which would be unconstitutional.⁵

The states have different tax rates, different taxable items, and different definitions of taxable items. Within states, there are often multiple taxing jurisdictions, including the states, cities, counties, and benefit districts, which may also have different tax rates. In addition, states have different tax rates on different items, taxing food at a different rate, or exempting some but not all clothing.

Remote sales include e-commerce, or Internet sales, as well as the traditional catalog sales. Professors Bruce, Fox and Luna from the University of Tennessee Center for Business and Economic Research estimate the loss from e-commerce only sales for

Rhode Island for 2012 at \$29.0 million, or 3.32 percent of 2007 sales and use tax collections.⁶ They noted that the total sales have increased significantly from their earlier studies but that there is greater collection effort by remote sellers. Their Rhode Island estimate for 2012 includes \$84.1 million of collections against \$113.1 million in e-commerce sales. Their data suggests an additional 53.8 percent loss for other remote sales, which would translate to an additional loss of \$15.6 million.

Streamlined Sales and Use Tax Agreement. The Streamlined Sales Tax Project began in March 2000 when a number of state revenue department administrators and representatives of various business interests began efforts to produce a simplified and uniform system of sales tax collections. The goal was to require out of state sellers to collect taxes on purchases sent to the states that had simplified their tax systems, even when the sellers did not have physical presence in those states.

On November 12, 2002, thirty-four states, including Rhode Island, and the District of Columbia approved an agreement to simplify and modernize sales and use tax collections and administration such that collection of taxes on remote sales would not pose a burden on interstate commerce. That involved development of uniform definitions of taxable items, uniform practices, simplified rates, state level administration of local sales and use taxes, uniform sourcing, and unified audits.

The states would develop legislation to implement the Agreement. It was to take effect when at least ten states representing twenty percent of the entire population of all states imposing sales taxes have passed requisite conforming legislation and are found to be in compliance with the requirement of the Agreement.

Once the Agreement begins to operate, states would achieve significant revenues from remote sales through more states joining and more companies volunteering to participate, federal legislation using the Agreement as its basis authorizing states to collect on remote sales, or an overturn of the *Bellas Hess* and *Quill* rulings by the Supreme Court based on removal of the impediments to interstate commerce.

The Streamlined Sales and Use Tax Agreement came into effect on October 1, 2005 with eighteen states representing the necessary population thresholds found to be in full compliance with the Agreement. As of July 2009, nineteen states, including Rhode Island, were in full compliance through their laws, rules, regulations and policies and were full members of the Streamlined Sales Tax Governing Board. Four additional states were in near full compliance and were associate members of the Governing Board.

Sellers who volunteer to collect taxes under the Streamlined Sales and Use Tax Agreement will receive an amnesty for uncollected or unpaid sales and use taxes for which it has not received notice of commencement of an audit, and must register. For amnesty, registering sellers must collect taxes for full member states, and may collect taxes on sales into associate member states. Sellers would use agreed upon technology providers to calculate taxes owed.

Internet Access. An issue that continues to come before policymakers is how companies delivering similar services are taxed in Rhode Island. Telecommunications services are subject to sales taxes, regardless of type of company. The 1997 Assembly made all telephone services subject to the public utilities gross earnings tax regardless of vendor. Revenues from Internet access, television services and Voice over Internet Protocol are taxed on the basis of type of company.

The Division of Taxation had indicated that charges for Voice over Internet Protocol will apparently be subject to the sales tax to the extent that they are separately and identifiably billed, although current law has not been amended to deal with this new type of service.

The ability to tax information and communication services will likely be limited by the Congress and the Federal Communications Commission.

Telecommunications Companies (e.g. Verizon)	Sales	Public Utility Gross Earnings	Corporate Income
Telephone	x	x	
Internet Access		x	
Television Services	x	x	
VOIP*	x	x	

Non-Telecommunications Companies (e.g. Cox)	Sales	Public Utility Gross Earnings	Corporate Income
Telephone	x	x	
Internet Access			x
Television Services	x		x
VOIP*	x	x	

**If listed separately on billings.*

Sales Tax Holidays. Fifteen states have sales tax holidays in 2009 where limited purchases were exempt from sales taxes.⁷ Three of them were only for clothing, which is exempt in Rhode Island. New York is reported to have been the first state to hold a tax holiday, in 1997. In 2001, there were seven states with them.⁸ Most of the holidays have a back to school focus, exempting clothing, school supplies, and computers.

It is generally agreed that retailers favor tax holidays. Others argue that they are bad tax policy. The Tax Foundation states that, economically speaking, they are poor tax policy because they are non-neutral across products and over time. That is, consumers have incentive to buy products which fall under the holiday as opposed to goods not covered, and they create incentives to purchase items during the holiday that otherwise would have been purchased at another time.⁹

Footnotes:

¹Nicholas W. Jenny, "State Tax Revenue Decline Accelerates", *State Tax Notes*, Vol. 26, No. 3, October 21, 2002, page 176.

²**Robert Tannenwald** “Are State and Local Revenue Systems Becoming Obsolete?” *New England Economic Review*, 2001, Issue 4.

³**Sales Taxation of Services Update, 2007**, <http://www.taxadmin.org/fta/pub/services/services>.

⁴**“Sales Tax Slippage:”, *State Policy Reports*, Volume 27; Issue 8, 2009.**

⁵**Much of the use tax information is from George R. Zodrow, “Streamlining the Sales Tax. Implications for Economic Growth”, *State Tax Notes*, Vol. 26, No. 4, October 28, 2002.**

⁶**Donald Bruce, William F. Fox and LeAnn Luna, “State and Local Sales Tax Revenue Losses from Electronic-Commerce”, April 13, 2009, <http://www.streamlinedsalestax.org>**

⁷**Sales Tax Holidays” <http://www.taxadmin.org>. October, 2009.**

⁸**Stateline.org. *Sales Tax Holidays Hardly Bargains, Analysts Say*”, August 31, 2001, <http://www.stateline.org/live/ViewPage.action?siteNodeId=136&languageId=1&contentId=14426>.**

⁹**Curtis S. Dubay, “The Case against Sales Tax Holidays”, July 29, 2005, <http://www.taxfoundation.org/blog/show/888.html>.**

Motor Vehicle Registration and Driver License Fees

Statute: Rhode Island General Law: Title 31, Chapter 6 (Vehicle Registration Fees) 10 (Operator Licenses)

Who Must File: Anyone operating a vehicle must have an *operator's license*. All vehicles owned by residents when operated on highways within the state, with some exceptions, for 30 days must be *registered*.

When Due: *Operator licenses* must be obtained prior to operation of a vehicle. They expire on the fifth birthday following issuance, except for individuals 75 years old or older, whose licenses expire on the second birthday after issuance. *Vehicles* must be *registered* prior to operation.

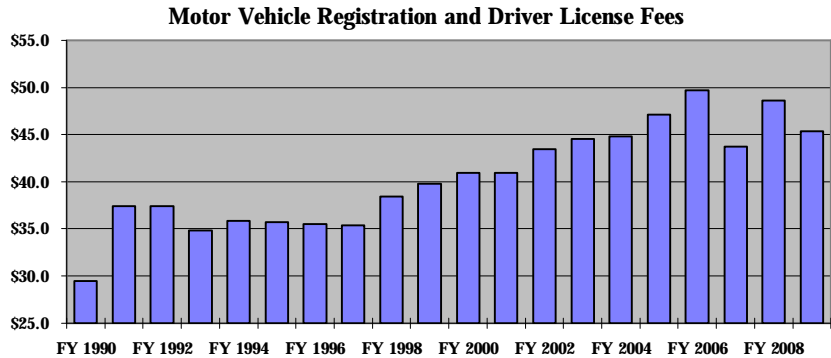
Rate: Operator licenses are \$25 for the first license and \$30 for the five-year renewals; those for individuals 75 years old or older are \$8 for the two-year renewal.

Vehicle registration fees vary by vehicle and weight. Prior to June 30, 2007, automobile rates were \$30 regardless of weight. Effective July 1, 2007, automobiles over 4,000 pounds are subject to the same fee schedule as trucks over 4,000 pounds gross weight. Current rates are:

4,000 lbs. and under	\$34
4,001 -74,000 lbs.	\$40 - \$972 by weight
Over 74,000 lbs.	\$972 plus \$24 per 2,000 lbs. above 74,000
Motorcycles	\$13

Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: 1.5 percent.



Recent Legislation.

Division of Motor Vehicles. The 2009 Assembly increased fees for titles: from \$25 to \$50, including transfers, restorations of revoked title or registration from \$50 to \$250, restorations of a revoked or suspended licenses from \$75 to \$150; and restorations of a revoked or suspended license for driving under the influence of alcohol from \$75 to \$350.

Driver License Renewals for Elderly. The 2008 Assembly changed the age at which the driver license renewal requirement changes from five years to two years from age 70 to age 75.

Weight based Registration Fees. The 2007 Assembly enacted Governor Carcieri's recommendation to base automobile registrations on gross weight for those over 4,000 pounds, the same as the schedule for trucks.

Gross Weight	Fee	Gross Weight	Fee
0 - 4,000	\$34	28,001 - 30,000	\$316
4,001 - 5,000	\$40	30,001 - 32,000	\$422
5,001 - 6,000	\$48	32,001 - 34,000	\$448
6,001 - 7,000	\$56	34,001 - 36,000	\$476
7,001 - 8,000	\$64	36,001 - 38,000	\$502
8,001 - 9,000	\$70	38,001 - 40,000	\$528
9,001 - 10,000	\$78	40,001 - 42,000	\$554
10,001 - 12,000	\$106	42,001 - 46,000	\$608
12,001 - 14,000	\$124	46,001 - 50,000	\$660
14,001 - 16,000	\$140	50,001 - 54,000	\$712
16,001 - 18,000	\$158	54,001 - 58,000	\$768
18,001 - 20,000	\$176	58,001 - 62,000	\$816
20,001 - 22,000	\$194	62,001 - 66,000	\$876
22,001 - 24,000	\$210	66,001 - 70,000	\$924
24,001 - 26,000	\$230	70,001 - 74,000	\$972
26,001 - 28,000	\$296	Over 74,000	+ \$24 per ton

Tax Clearance for State Issued Licenses. The 2004 Assembly concurred with the Governor's proposal to require holders of professional licenses and holders of vehicle registrations and driver licenses to be free of tax liability prior to being able to renew licenses.

Motor Fuel Tax (Gasoline Tax, Motor Carrier Fuel Use Tax)

Statute: Rhode Island General Law: Title 31, Chapters 36 (Gasoline Tax) and 36.1 (Motor Carrier Fuel Use Tax)

Who Must File: Manufacturers and distributors of motor fuels; motor carriers traveling in Rhode Island.

When Due: The twentieth day of each month for sales the preceding month. (Motor carriers file quarterly).

Rate: 32.5 per gallon*. Generally the tax is imposed on fuel used for transportation purposes. The tax is initially paid on all fuel; non-highway users defined in Rhode Island General Law 31-36-15 are eligible for refunds. Examples of non-highway use include commercial marine use, agricultural use, and commercial fishing use. Note: Marine use for pleasure is not eligible for refund.

Motor carriers pay on the basis of the portion of all fuel used based on the miles driven in Rhode Island as a percentage of total miles driven.

**There is also a one-half cent regulatory fee on fuel sold to owners and operators of underground storage tanks for funding the Rhode Island Underground Storage Tank Financial Responsibility Fund under Title 46, Chapter 12.9.*

How We Compare. Gas taxes are somewhat difficult to compare due to a number of factors. Many states allow local option taxes. Many, like Rhode Island, add a number of cents per gallon for dedicated funds, such as the Rhode Island Underground Storage Tank Fund. Still others levy state and or local option sales taxes on gasoline.

Staff utilized the American Petroleum Institute data¹ to compare taxes on motor fuel with the sales tax applied in those states with state and local option sales taxes on fuel, using the highest local option sales tax. Ten states had higher combined tax rates on gasoline than Rhode Island. The average all taxes rate was 25.9 with a median of 23.8 cents. The New England average was 28.7, with Connecticut being the highest.

That data shows one state with taxes less than 10 cents per gallon, 14 equal to or less than 20 cents, 34 equal to or less than 30 cents, 46 less than or equal to 40 cents, and the highest at 46.1 cents. The American Petroleum Institute data is most accurate in terms of the total tax once could pay per gallon of gasoline in any state, but least stable because a number of states have a percent of price in their tax structures.

Disposition of Revenues: The distribution of the gas tax is shown in the table below. Funds for Transit include those directly available to the Rhode Island Public Transit Authority and one cent per gallon for the Department of Human Services, which purchases services for the elderly from the Authority and other vendors. Proceeds

from the motor carrier fuel use tax flow to general revenues, and would continue to do so under current law.

	General Revenue	Highway	Transit	Total
FY 1990	21.00	0.00	0.00	21.00
FY 1991*	22.25	0.00	0.00	22.25
FY 1992	21.00	5.00	0.00	26.00
FY 1993	16.00	7.00	3.00	26.00
FY 1994	11.00	13.00	4.00	28.00
FY 1995	11.00	13.00	4.00	28.00
FY 1996	10.00	14.00	4.00	28.00
FY 1997	10.00	14.00	4.00	28.00
FY 1998	8.00	16.00	4.00	28.00
FY 1999	4.50	17.50	6.00	28.00
FY 2000	3.25	18.25	6.50	28.00
FY 2001	1.75	19.50	6.75	28.00
FY 2002	0.25	20.50	7.25	28.00
FY 2003	2.25	20.50	7.25	30.00
FY 2004**	1.40	20.75	7.85	30.00
FY 2005	2.00	20.75	7.25	30.00
FY 2006	1.00	20.75	8.25	30.00
FY 2007	1.00	20.75	8.25	30.00
FY 2008	1.00	20.75	8.25	30.00
FY 2009***	1.00	20.75	8.25	30.00
FY 2010	0.00	21.75	10.75	32.50

* The rate changed from 21 cents to 26 cents effective April 1991.

** The distribution for May and June included 3.20 for general revenue and 6.25 for Transit.

***An additional one-half of the one-cent regulatory fee on fuel sold to owners and operators of underground storage tanks is dedicated to the Rhode Island Public Transit Authority beginning in FY 2009.

The disposition of motor fuel tax proceeds has evolved considerably during the 1990s as shown in the table below. Prior to FY 1992, all motor fuel tax proceeds were deposited as general revenues. The Department of Transportation and the Rhode Island Public Transit Authority were funded from appropriations from general revenues.

Contribution to FY 2009 General Revenues: 0.1 percent.

Recent Legislation.

Rate and Distribution of Gas Tax. The 2009 Assembly increased the gas tax from thirty to thirty-two cents effective July 1, 2009 and dedicated the additional two cents to the Rhode Island Public Transit Authority; ended the one-cent transfer to general revenues, thereby increasing the Department of Transportation share, effective January 1, 2009; and dedicated one-half of the one-cent regulatory fee on fuel sold to owners and operators of underground storage tanks for funding the Rhode Island Underground Storage Tank Financial Responsibility Fund to the Rhode Island Public Transit Authority beginning in FY 2009.

The 1991 General Assembly increased the tax from 21 cents per gallon to 26 cents effective April 1, 1991, and dedicated the added five cents for highway purposes beginning in FY 1992. The law was subsequently amended to actually transfer a number of cents per gallon to the Department of Transportation and the Public Transit Authority, rather than general revenue appropriations.

The 2002 Assembly increased the tax from 28 cents to 30 cents per gallon, and retained 2.25 cents for general revenue purposes for FY 2003 and 2.00 cents for FY 2004. That legislation delayed the transfer of the final 0.25 cents from the 28-cent gas tax by an additional year as recommended by Governor Almond.

The 2003 Assembly increased the share for transit for years beginning in FY 2004 from 7.25 cents to 7.85 cents and decreased the general revenue share by those 0.6 cents.

The 2004 Assembly reduced the share of the 30-cent gas tax distributed to the Rhode Island Public Transit Authority for May and June of 2004 by 1.2 cents with the difference transferred to general revenues to compensate for increased expenditures in the Department of Human Services for increases in payments to the Public Transit Authority for bus passes purchased for the Department's clients' medical trips. That provided substantial additional revenues to the Authority.

The 2005 Assembly increased the share for transit for years beginning in FY 2006 by one cent to 8.25 cents. That cent per gallon increase was taken from the general revenue share.

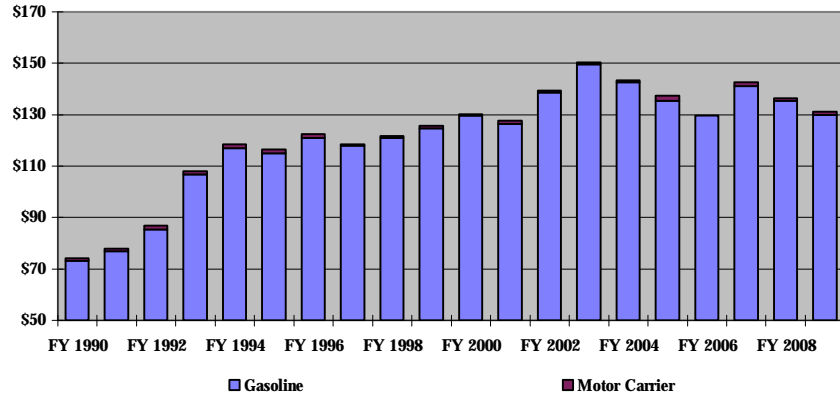
Biodiesel. The 2009 Assembly enacted legislation to exempt the biodiesel portion of the of blended biodiesel fuel from the motor fuel tax. The bio portion of biodiesel fuel is the portion made from vegetable oil.

Tax Amnesty. The 2006 Assembly enacted a third tax amnesty program that provides for a 75 day tax amnesty ending September 30, 2006 for all taxed owed for taxable periods ending prior to December 31, 2005. Similar programs were offered in FY 1987 and FY 1996.

Filers would not be subject to penalties or prosecution and would pay 12 percent interest from the date the taxes were owed until payment. Filers may enter a tax payment plan with the tax administrator, or pay one-half of the amount owed immediately, 25 percent the following month, and 25 percent the month after that.

The Assembly also amended statutes to raise interest rates on taxes owed to a minimum 18 percent with a 21 percent maximum after the end of the amnesty period.

Motor Fuel Taxes



Note. Tax rates increased in late FY 1991, FY 1994 and FY 2003.

Footnotes:

¹http://www.api.org/statistics/fueltaxes/upload/State_MotorFuel_ExciseTax_Notes_7-2009.pdf.

Cigarettes and Other Tobacco Products

Statute: Rhode Island General Law: Title 44, Chapters 20

Who Must File: Anyone holding cigarettes, smokeless tobacco, cigars, and pipe tobacco products sold or held for sale must pay the tax in exchange for stamps placed on the packs of cigarettes as evidence of payment. The tax is paid only once in the transaction series from manufacturer to consumer. The distributors generally pay the tax. The tax is presumed to be a direct tax on the retail customer, pre-collected for the purpose of convenience and facility only.

Distributors are those in the state engaged in manufacturing, selling to dealers or other persons for the purpose of resale only, or selling directly to consumers at retail with more than one place of business in Rhode Island for that purpose provided 75 percent are purchased directly from the manufacturer, or selling to consumers by means of at least 25 vending machines.

Dealers are any persons other than distributors engaged in selling cigarettes and other tobacco products.

When Due: Upon purchase of stamps or prior to setting metering machines.

Rate: \$3.46 per pack of 20 cigarettes (173.0 mills per cigarette) and 80 percent of the wholesale price of cigars, with a cap of 50 cents per cigar and pipe tobacco products, and \$1.00 per ounce for smokeless tobacco.

The tax rate for cigarettes was raised from 37 cents to 44 cents effective July 1, 1993, to 56 cents effective July 1, 1994, to 61 cents effective July 1, 1995, to 71 cents July 1, 1997, to \$1.00 July 1, 2001, to \$1.32 May 1, 2002, to \$1.71 July 1, 2003, to \$2.46 effective July 1, 2004, and to their current rate of \$3.46 effective April 10, 2009. Whenever rates change, a tax on the differential rate on existing inventory that had been taxed at the old rate is levied.

The rate on other tobacco products was increased from 20 percent of wholesale price to 30 percent effective July 1, 2001, to 40 percent effective July 1, 2005, and to 80 percent with existing caps effective April 10, 2009. Effective July 1, 2006, the tax on cigars was limited to 50 cents per cigar and the tax on snuff was converted to \$1.00 per ounce. There is no differential rate on existing inventory for other tobacco products.

The sales tax is levied on the final price at retail, which includes the federal and state cigarette taxes and the minimum markups required by state law. However, distributors must prepay the sales tax on the minimum markup price on cigarettes at the time of sale to the retailer, who will then take the sales tax prepaid as a credit.

How We Compare¹: State cigarette tax rates for late 2009 range from a low of 7.0 cents per pack in South Carolina to \$3.46 in Rhode Island. Rhode Island ranks first.

The average state tax is 131.5 cents, up from 116.7 cents last year. The median increased to 116.5 from 101.3 cents. The average rate in New England is \$2.498; the median is \$2.375. The state tax rate in twenty-seven is \$1.00 or more, in nineteen states is \$1.50 or more, in thirteen is \$2.00 or more, and in two \$3.00 or more..

Local option taxes are allowed in five states. The highest combined rate is New York City at \$4.25 per pack followed by Chicago at \$3.66 and Evanston, IL, at \$3.48.

Cents per Pack	Low	High	Average	Median
2000	2.5	111.0	42.2	34.0
2001	2.5	111.0	42.2	34.0
2002	2.5	151.0	59.9	46.0
2003	2.5	171.0	70.3	58.0
2004	3.0	246.0	83.7	66.8
2005	7.0	246.0	91.6	79.5
2006	7.0	246.0	92.9	79.5
2007	7.0	258.0	105.8	98.8
2008	7.0	275.0	116.7	101.3
2009	7.0	346.0	131.5	116.5

The state tax rate is not necessarily a good indicator for price of product comparisons due to other policies, including minimum markup provisions, different sales tax rates, and local option taxes. The table below shows final price based on taxes and minimum markup provisions for the primary major brand. The table is illustrative, since there is a plethora of brands, including generics, with different base prices.

2009	Massachusetts	Rhode Island
Base Price per 1000 [1]	180.05	180.05
Convert to Pack	3.61	3.61
Add State Tax	2.51	3.46
Calculation Basis	\$ 6.12	\$ 7.07
Minimum Markup		
Wholesaler [2]	2.77%	2.77%
Retailer	25.00%	6.00%
	28.46%	8.93%
Post Markup Price	\$ 7.88	\$ 7.70
Sales Tax Rate	6.25%	7.00%
Estimate Final Price [3]	\$ 8.37	\$ 8.24

[1] Division of Taxation statewide average, March 16, 2009.
 [2] Rhode Island data includes cartage of 0.75 percent.
 [3] Massachusetts law allows adjustments to lower prices under specified conditions.

In 2009, Rhode Island's tax rate is \$1.00 higher than Massachusetts but its minimum post markup price was 18 cents lower, assuming the same statewide average base prices due to minimum markup provisions. Estimated final price, which includes sales tax, drops to 13 cents lower due to higher Rhode Island sales tax rate.

Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: 4.3 percent.

Recent Legislation.

Tax Rate. The 2009 Assembly increased the cigarette tax by \$1.00 per pack to \$3.46 effective April 10, 2009 and the taxes on smokeless tobacco, snuff, and pipe tobacco from 40.0 percent of wholesale price to 80.0 percent.

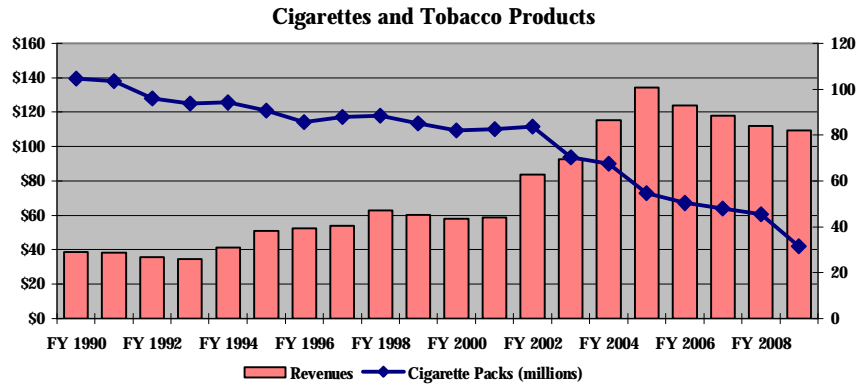
Other Tobacco Products. The 2005 Assembly had increased the tax rate on tobacco products other than cigarettes, including smokeless tobacco, snuff, cigars and pipe tobacco from 30 percent of wholesale to 40 percent. The 2006 Assembly amended the statutes to cap the tax on cigars at 50 cents per cigar and also converted the tax on snuff from 40 percent of wholesale price to \$1.00 per ounce. The tax on smokeless tobacco other than snuff remains at 40 percent of wholesale price. Snuff shall be considered to weigh at least 1.2 ounces for tax purposes.

Major Issues.

Minimum Markup. Minimum markup provisions have not been the subject of legislative discussion and review for some time. During the 1990s, there were retail industry efforts to propose legislation to increase the markups. The New England Convenience Store Association argued that the minimum markup law protects retailers against predatory pricing tactics, but that it had not been increased since it was established in 1939.

Those efforts failed, with legislators arguing that there was not a broad public purpose served by the legislature setting the price of cigarettes rather than the forces of the market. Rather, legislators argued that if it were to increase prices it would do so through tax increases that could allow Rhode Island to be competitive with Massachusetts on final price based on our significantly lower markup provisions.

Tax Rate. Public health proponents argue that higher taxes contribute to less tobacco use. In fact, it appears to be final price that is the determinant of which tax is a component. In general, there is a 0.4 percent negative elasticity; a ten percent increase in price causes a four percent decrease in consumption. It appears that this occurs only in the case of large price changes, however.



Footnotes:

¹*Campaign for Tobacco-Free Kids, October 12, 2009.*

Alcohol Taxes

Statute: Rhode Island General Law: Title 3, Chapters 4 and 10

Who Must File: Any person importing, manufacturing, rectifying, blending, or reducing alcoholic beverages for sale in Rhode Island.

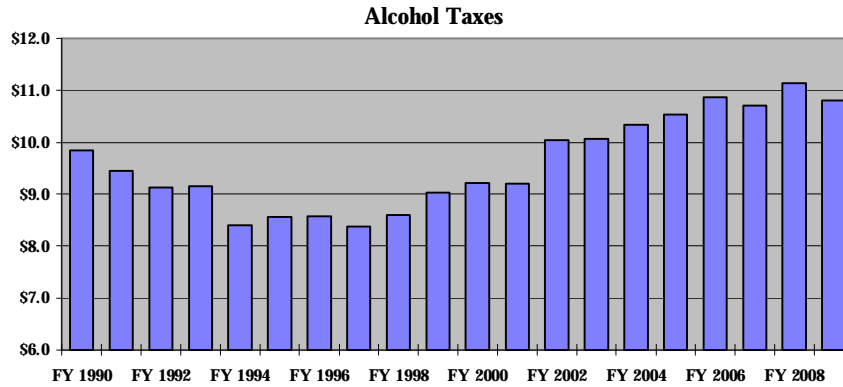
When Due: Five business days after the month in which beverages are imported into Rhode Island or quarterly for beverages manufactured in Rhode Island.

Rate: Rates vary by beverage as shown here:

Beer	\$3.00 per barrel (31 gallons)
Still Wines made entirely from fruit grown in Rhode Island	\$0.30 per gallon
Still Wines	\$0.60 per gallon
Sparkling Wines	\$0.75 per gallon
Cordials	\$3.75 per gallon
Whiskey, Rum and Gin	\$3.75 per gallon
Whiskey, Rum and Gin 30 proof or less	\$1.10 per gallon
Ethyl Alcohol -- Beverage Use	\$7.50 per gallon
Ethyl Alcohol - Non-beverage Use	\$0.08 per gallon

Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: 0.4 percent.



Transient Guest Tax (Hotel Tax)

Statute: Rhode Island General Law: Title 44, Chapter 18, Section 36.1

Who Must File: Anyone receiving monetary charge for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised as or held out to the public to be a space where living quarters are supplied for pay to transient use (generally less than 31 days). The state Division of Taxation collects the hotel tax for all hotels except those located in the City of Newport. Newport is authorized in statute to collect the taxes from all hotels physically located in the city. The city is responsible for properly distributing the proceeds of the tax as outlined in Section 42-63.1-3 of the General Laws.

When Due: Generally, monthly, by the 20th day of the month following the month in which the transactions occurred.

Rate: Six percent upon the charge for occupancy. This is in addition to sales tax.

Disposition of Revenues.

The distribution of the hotel tax is contained in Section 42-63.1-3 of the General Laws, and applies to all hotel taxes collected except for those hotel taxes generated by a hotel to which the Rhode Island Convention Center Authority is physically connected (i.e. Westin Hotel). Distributions are shown in the table below. The first table shows the statutory distribution, which treats the sixth cent separately; the second table shows effective rates with the sixth cent folded in.

Statutory (five percent)	Regional Tourism Districts	Providence Warwick CVB	Providence Convention Authority	Cities & Towns*	State General Revenues	Total
	Warwick	31.0%	23.0%	0.0%	25.0%	21.0%
Providence	0.0%	23.0%	31.0%	25.0%	21.0%	100.0%
Statewide Region	0.0%	7.0%	0.0%	25.0%	68.0%	100.0%
All Other Regions	47.0%	7.0%	0.0%	25.0%	21.0%	100.0%

Effective Distributions, including sixth cent	Regional Tourism Districts	Providence Warwick CVB	Providence Convention Authority	Cities & Towns*	State General Revenues	Total
	Warwick	25.8%	19.2%	0.0%	37.5%	17.5%
Providence	0.0%	19.2%	25.8%	37.5%	17.5%	100.0%
Statewide Region	0.0%	5.8%	0.0%	37.5%	56.7%	100.0%
All Other Regions	39.2%	5.8%	0.0%	37.5%	17.5%	100.0%

The distributions refer to the taxes collected within the entities shown in the left column. For example, the statutes indicated that 31 percent of the five percent hotel tax collected in Warwick was distributed to the Warwick regional tourism district to be

administered by the City of Warwick Department of Economic Development, and 23 percent was distributed to the Providence-Warwick Convention and Visitors Bureau. The city received 25 percent plus all of the sixth percent, and 21 percent went to state general revenues.

Regional Tourism Districts are established in Section 42-63.1-5 of the General Laws, as follows:

- **South County District includes Westerly, Charlestown, Narragansett, South Kingstown, North Kingstown, Hopkinton, Exeter, Richmond, West Greenwich, East Greenwich and Coventry. The South County Tourism Council, Inc administers the district.**
- **Providence District consists of only the City of Providence. By statute, this district is administered by the Convention Authority of the City of Providence.**
- **Northern Rhode Island District includes Pawtucket, Woonsocket, Lincoln, Central Falls, Cumberland, North Smithfield, Smithfield, Glocester and Burrillville. The Blackstone Valley Tourism Council, Inc. administers it.**
- **Aquidneck Island District includes Newport, Jamestown, Middletown, Portsmouth, Tiverton and Little Compton. The Newport County Convention and Visitors Bureau administers this district.**
- **Warwick District consists of only the City of Warwick, and is administered by the City of Warwick Department of Economic Development.**
- **Block Island District consists of only the Town of New Shoreham, administered by the New Shoreham Tourism Council, Inc.**
- **East Bay District, which includes Barrington, Bristol, Warren and East Providence. The East Bay Tourism Council, Inc administers it. It was established by the 1998 Assembly and began receiving funding as of January 1999.**
- **All municipalities not considered part of the preceding seven tourism districts are considered part of a statewide district. Currently, this “region” includes Cranston, Foster, Johnston, North Providence, Scituate, and West Warwick.**

In addition to the tourism districts, the 1995 Assembly established the Greater Providence-Warwick Convention and Visitors’ Bureau to administer the Providence and Warwick regional tourism districts. This entity is established in Section 42-63.1-11 of the General Laws. A fifteen-member Board of Directors governs the Bureau.

Contribution to FY 2009 General Revenues: 0.1 percent.

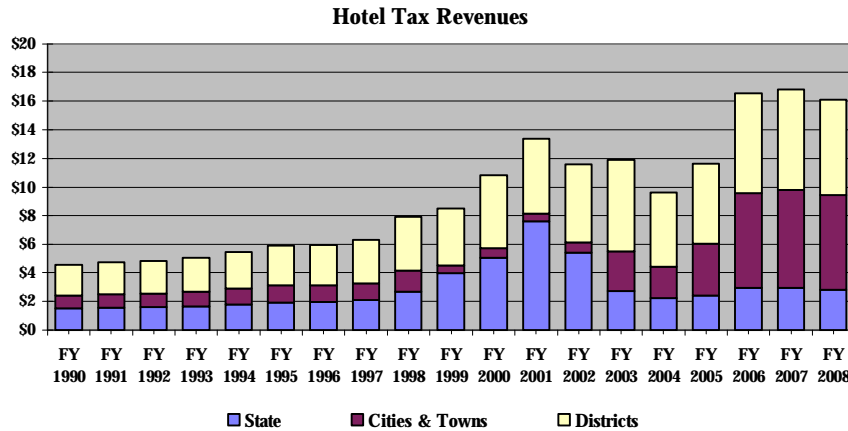
Recent Legislation.

Westin Hotel. The 2005 Assembly amended the statutes to maintain the distribution of the hotel tax proceeds from the Westin Hotel after its sale by the Convention Center Authority to a private entity by amending the statutes providing for the tax from hotels in which the Convention Center Authority has majority interest to those physically connected to the Convention Center.

Tax Rates. The 2000 General Assembly increased the tax rate from five percent to six percent, with the additional one percent to go to state general revenues beginning in FY 2001. However, the 2001 Assembly amended the rate back to five percent effective the end of FY 2001.

The 2004 Assembly amended the statute to provide for an additional one percent tax effective January 1, 2005 to be distributed to the cities and towns where occupancy occurred.

South County District. The 2000 Assembly added East Greenwich and Coventry to this regional tourism district administered by the South County Tourism Council, Inc.



Note. FY 2001 includes a one-year one percent increase in the tax rate. Revenues and distributions are estimated, rather than reported, and reflect the receipt by Division of Taxation rather than time of collection.

Vehicle Rental Surcharge

Statute: Rhode Island General Law: Title 31, Chapter 34.1

Who Must File: Rental companies.

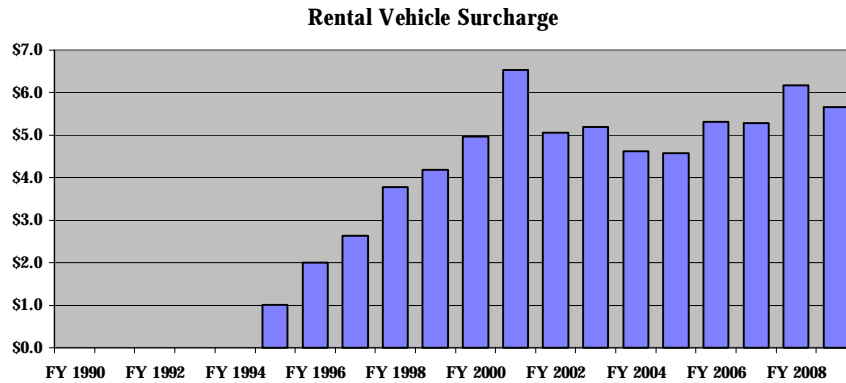
When Due: Quarterly.

Rate: Six percent for all rentals of private passenger motor vehicles designed to transport 15 or fewer passengers that are rented without a driver, plus customer facility charges for rentals from T. F. Green Airport. It applies to the first 30 consecutive days only, regardless of the duration of the rental, but does not apply to long-term leases.

The surcharge applies to the total amount of the contract, including charges for gas, insurance, etc., but before adding sales tax. Sales tax is computed on the entire charge, including the surcharge.

Disposition of Revenues: The rental company retains 50 percent and remits the other 50 percent to the state. In addition, the rental companies must remit to the state any of their 50 percent that is not needed for motor vehicle licensing fees, title fees, registration and transfer fees paid to the state and excise taxes (motor vehicle property tax) imposed on the rental companies by local governments. Funds received by the state are deposited as general revenues.

Contribution to FY 2009 General Revenues: 0.1 percent.



The distribution of revenue prior to FY 1997 was based on a different formula where the state received only the net after rental car expenses, which included more eligible items.

Recent Legislation.

Duration of Rental. The 2002 Assembly amended the law to increase the duration of the vehicle rental surcharge from ten consecutive days to 30 consecutive days.

Customer Facility Charge Related Surcharge Revenues. The 2002 Assembly enacted legislation to provide the sales and vehicle rental surcharge revenues generated through customer facility charges from rental car companies at T. F. Green Airport to be deposited into a restricted receipt account for the City of Warwick.

Meals and Beverage Local Sales and Use Tax (Effective August 1, 2003)

Statute: Rhode Island General Law: Title 44, Chapters 18-18.1

Who Must File: Any retail seller of meals and or beverages from eating and/or drinking establishments, making sales for any purpose other than resale in the regular course of business.

When Due: 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.

Rate: One percent of gross receipts from retail sales of meals and beverages in or from eating and/or drinking establishments. Meals are defined as sold ready for immediate consumption, regardless of when or where consumed. Eating establishments are defined to include all entities preparing these foods, including caterers.

Disposition of Revenues: The tax is collected by the state Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages are delivered.

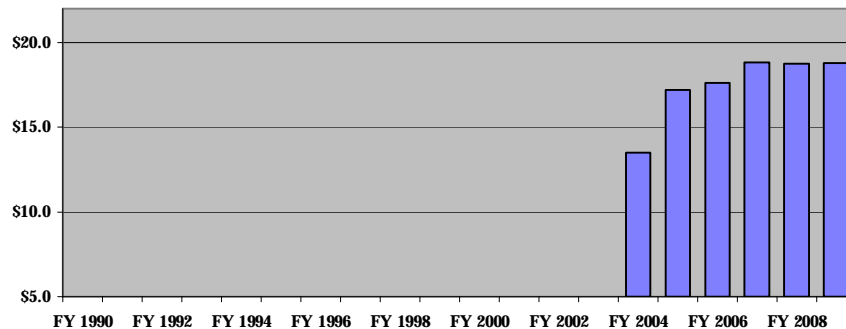
Contribution to FY 2009 General Revenues: 0.0 percent.

Recent Legislation.

Vending Machines. The 2004 Assembly redefined eating and drinking establishments to exclude vending machines. The 2003 legislation included them, and they were subject to the tax from August 1, 2003 through July 1, 2004.

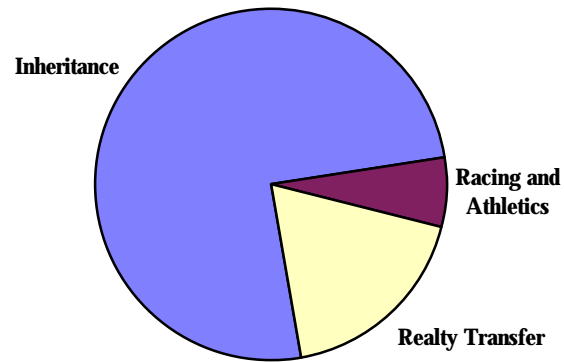
Imposition of Tax. The 2003 Assembly enacted the one percent tax, effective August 1, 2003.

Meals and Beverage Tax



Other Taxes

Contributions to General Revenues



In FY 2009, the state deposited \$37.4 million into general revenues from all other taxes, which include those on inheritance, racing and athletics, and realty transfers. These sources contributed 1.4 percent of general revenues deposited in that year. Each tax is described individually in the pages that follow.

Historical Data:

	<i>Inheritance</i>	<i>Racing & Athletics</i>	<i>Realty Transfer</i>
FY 1990	\$ 26.9	\$ 12.7	\$ 7.5
FY 1991	17.8	12.3	5.7
FY 1992	13.9	13.3	5.5
FY 1993	13.1	10.3	5.7
FY 1994	9.4	8.3	5.8
FY 1995	11.7	8.1	5.7
FY 1996	9.4	7.4	5.9
FY 1997	12.1	6.9	6.2
FY 1998	31.5	7.2	7.8
FY 1999	36.3	6.6	10.0
FY 2000	35.6	6.4	10.1
FY 2001	26.9	6.4	11.9
FY 2002	22.2	6.5	12.6
FY 2003	24.4	5.8	21.1
FY 2004	23.9	5.4	29.0
FY 2005	33.0	4.0	32.1
FY 2006	39.2	3.5	32.4
FY 2007	34.7	2.9	28.3
FY 2008	35.3	2.8	22.7
FY 2009	28.1	2.5	15.1

Inheritance Tax

Statute: Rhode Island General Law: Title 44, Chapter 22

Who Must File: Executors, administrators, trustees and heirs-at-law.

When Due: Within nine months of the death of the decedent.

Rate: The amount equal to the maximum credit for state death taxes allowed by the federal government for death taxes under 26 U.S.C. Section 2011 as it was in effect as of January 1, 2001. Prior to passage of the Economic Growth and Tax Relief Reconciliation Act of 2001, the federal return provided for a deduction of an amount calculated in tax tables that it would allow the filer to deduct for state death taxes.

Rhode Island, like many states captured, or “picked-up” that deduction as its state tax. This is based on the state death tax credit, or “pick-up tax”, that would have been paid to the federal government if there were no state tax under federal law prior to passage of the Economic Growth and Tax Relief Reconciliation Act of 2001. The 2001 federal act reduced the state death tax credit allowable under present law by 25 percent from pre-act rates per year beginning in 2002. The Assembly enacted legislation to hold the state harmless by imposing the state tax as the amount equal to the maximum state death tax credit allowed under federal law in effect January 1, 2001, prior to passage of the Economic Growth and Tax Relief Reconciliation Act of 2001.

44-22-1.1. Tax on net estate of decedent. -- (a) (1) For decedents whose death occurs on or after January 1, 1992, but prior to January 1, 2002, a tax is imposed upon the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C. section 2011.

(2) For decedents whose death occurs on or after January 1, 2002, a tax is imposed upon the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C. Section 2011 as it was in effect as of January 1, 2001. Provided, however, any scheduled increase in the unified credit provided in 26 U.S. C. section 2010 in effect on January 1, 2001 or thereafter shall not apply.

(3) For decedents whose death occurs on or after January 1, 2010, a tax is imposed upon the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C. section 2011 as it was in effect as of January 1, 2001: provided, however, that the tax shall be imposed only if the net taxable estate shall exceed eight hundred and fifty thousand dollars (\$850,000).

(b) If the decedent's estate contains property having a tax situs not within the state, then the tax determined by this section is reduced to an amount determined by multiplying the tax by a fraction whose numerator is the gross estate excluding all property having a tax situs not within the state at the decedent's death and whose denominator is the gross estate. In determining the fraction, no deductions are considered and the gross estate is not reduced by a mortgage or other indebtedness for which the decedent's estate is not liable.

(c) (1) The terms "gross taxable estate", "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of this title has the same meaning as when used in a comparable context in the laws of the United States, unless a different meaning is clearly required by the provisions of this chapter or chapter 23 of this title. Any reference in this chapter or chapter 23 of this title to the Internal Revenue Code or other laws of the United States means the Internal Revenue Code of 1954, 26 U.S.C. section 1 et seq.

(2) For decedents whose death occurs on or after January 1, 2002 the terms "gross taxable estate", "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of this title has the same meaning as when used in a comparable context in the laws of the United States, unless a different meaning is clearly required by the provisions of this chapter or chapter 23 of this title. Any reference in this chapter or chapter 23 of this title to the Internal Revenue Code or other laws of the United States means the Internal Revenue Code of 1954, 26 U.S.C. Section 1 et seq., as they were in effect as of January 1, 2001, unless otherwise provided.

(d) All values are as finally determined for federal estate tax purposes.

(e) Property has a tax situs within the state of Rhode Island:

(1) If it is real estate or tangible personal property and has actual situs within the state of Rhode Island; or

(2) If it is intangible personal property and the decedent was a resident

The applicable portion is that the tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C. Section 2011 as it was in effect as of January 1, 2001. The following table shows a sample calculation for a gross taxable estate of \$1.0 million.

The tax on that \$1,000,000 amount on line 1 shown on line 2 is calculated from table A to be the \$345,800 shown on line 2. That is based on \$248,300 plus 97,500, which is 39.0 percent of the amount over \$750,000 ($\$1,000,000 - \$750,000 = \$250,000 \times 0.39 = \$97,500$).

Computation of Tax - Example 1			
1	Gross taxable estate	1	\$ 1,000,000
2	Tax on line 12 from table A	2	345,800
3	Minus tax on \$850,000 (Table A)	3	287,300
4	Subtract line 3 from line 2	4	58,500
5	Gross taxable estate	5	1,000,000
6	Less fixed amount	6	60,000
7	Net Taxable Estate	7	940,000
8	Credit for state death taxes on line 7 (table B)	8	33,200
9	Rhode Island Tax - Smaller of line 4 or line 8	9	33,200
	Federal Tax prior to 2001 Federal Act - line 4 minus line 8		25,300
	Effective State Tax Rate		3.3%

Line 3 represents the tax from table A on the \$850,000 exemption enacted by the 2009 Assembly effective 2010, an increase to the \$675,000 federal exemption in effect prior to 2001. That is \$248,300 plus 39.0 percent of the amount over \$750,000 (\$850,000 - \$750,000 = \$100,000 x 0.39 = \$39,000). The Rhode Island tax would be the \$345,800 less the \$287,300, or \$58,500, if it is less than the pick-up tax.

Table A				
Line	Column A Taxable amount over	Column B Taxable amount not over	Column C Tax on amount in column A	Column D Rate of tax on excess over amount in column A
1	0	10,000	0	18%
2	10,000	20,000	1,800	20%
3	20,000	40,000	3,800	22%
4	40,000	60,000	8,200	24%
5	60,000	80,000	13,000	26%
6	80,000	100,000	18,200	28%
7	100,000	150,000	23,800	30%
8	150,000	250,000	38,800	32%
9	250,000	500,000	70,800	34%
10	500,000	750,000	155,800	37%
11	750,000	1,000,000	248,300	39%
12	1,000,000	1,250,000	345,800	41%
13	1,250,000	1,500,000	448,800	43%
14	1,500,000	2,000,000	555,800	45%
15	2,000,000	2,500,000	780,800	49%
16	2,500,000	3,000,000	1,025,800	53%
17	3,000,000		1,290,800	55%

The pick-up tax is the amount shown on line 8, or \$33,200. It is calculated by applying the calculations shown in table B. The calculations begin with the gross taxable estate (shown again on line 5) minus a \$60,000 exemption contained in the federal act. The credit on \$940,000 net taxable estate in table B is \$27,600 plus 5.6 percent of the amount over \$840,000 (\$940,000 - \$840,000 = \$100,000 x .056 = \$5,600).

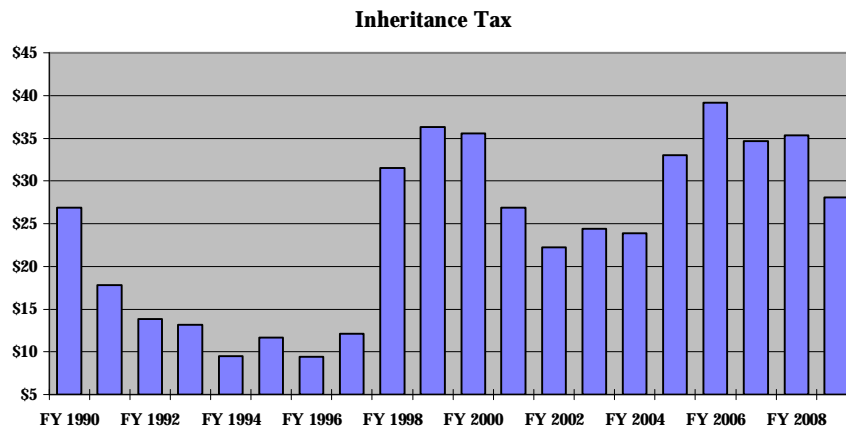
Line 9 shows the Rhode Island tax to be the \$33,200 shown in line 8. The effective state rate is the \$33,200 divided by the gross taxable estate of \$1,000,000, or 3.3 percent.

The effective rate increases with the value of the estate. This can be seen from the tax tables A and B shown here. The effective rate on a \$5.0 million gross taxable estate would be 7.8 percent, and would be 10.7 percent on a \$10.0 million estate.

Line	Column 1 Adjusted taxable estate (line 7) equal to or more than	Column 2 Adjusted taxable estate (line 7) less than	Column 3 Credit on amount in column 1	Column 4 Rate of credit on excess over amount in column 1
1	0	40,000	0	0.0%
2	40,000	90,000	0	0.8%
3	90,000	140,000	400	1.6%
4	140,000	240,000	1,200	2.4%
5	240,000	440,000	3,800	3.2%
6	440,000	640,000	10,000	4.0%
7	640,000	840,000	18,000	4.8%
8	840,000	1,040,000	27,600	5.6%
9	1,040,000	1,540,000	38,800	6.4%
10	1,540,000	2,040,000	70,800	7.2%
11	2,040,000	2,540,000	106,800	8.0%
12	2,540,000	3,040,000	146,800	8.8%
13	3,040,000	3,540,000	190,800	9.6%
14	3,540,000	4,040,000	238,800	10.4%
15	4,040,000	5,040,000	290,800	11.2%
16	5,040,000	6,040,000	402,800	12.0%
17	6,040,000	7,040,000	522,800	12.8%
18	7,040,000	8,040,000	650,800	13.6%
19	8,040,000	9,040,000	786,800	14.4%
20	9,040,000	3,000,000	930,800	15.2%
21	3,000,000	-	1,082,800	16.0%

Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: 0.9 percent.



Recent Legislation.

Estate Tax Exemption. The 2009 Assembly increased the Rhode Island estate tax exemption amount from \$675,000 to \$850,000 for any resident or non-resident who dies on or after January 1, 2010 and adjusted that exemption annually by the Consumer Price Index beginning January 1, 2011. The exemption applies to the net taxable estate – amounts below that are not subject to the tax.

Tax Amnesty. The 2006 Assembly enacted a third tax amnesty program that provides for a 75 day tax amnesty ending September 30, 2006 for all taxes owed for taxable periods ending prior to December 31, 2005. Similar programs were offered in FY 1987 and FY 1996. Filers would not be subject to penalties or prosecution and would pay 12 percent interest from the date the taxes were owed until payment. Filers may enter a tax payment plan with the tax administrator, or pay one-half of the amount owed immediately, 25 percent the following month, and 25 percent the month after that.

The Assembly also amended statutes to raise interest rates on taxes owed to a minimum 18 percent with a 21 percent maximum after the end of the amnesty period.

	FY 1987	FY 1996	FY 2007
RIGL	44-6.1	44-6.2	44-6.3
Public Law	P.L. 1986, ch. 103	P.L. 1996, ch. 13	P.L. 2006, ch. 246
Period	90 days within FY 1987	75 day period in FY 1996	75 day period ending Sep. 30, 2006
Applicable Liability	Any taxable period prior to April 1, 1986	Any taxable period prior to December 31, 1995	Any taxable period prior to December 31, 2005
Interest	11.50%	12.00%	12.00%
Post Amnesty Interest			18% - 21%
Appropriation	\$100,000 not otherwise appropriated in FY 1987		\$200,000 not otherwise appropriated in FY 2007
Analysis		Report net impact by Sep. 1, 1996	Report net impact by Nov. 1, 2006

Racing and Athletics Taxes (Pari-Mutuel Betting – Dogs; Jai Alai; Simulcast)

Statute: Rhode Island General Law: Title 41, Chapters 3.1 (Pari-Mutuel Betting - Dogs; 7 (Jai Alai), and 11 (Simulcast)

Who Must File: Licensees conducting dog racing, jai alai, and simulcast events.

When Due: At the close of each day's events.

Rate: Taxes are levied on the wagered pools and breakage as follows:

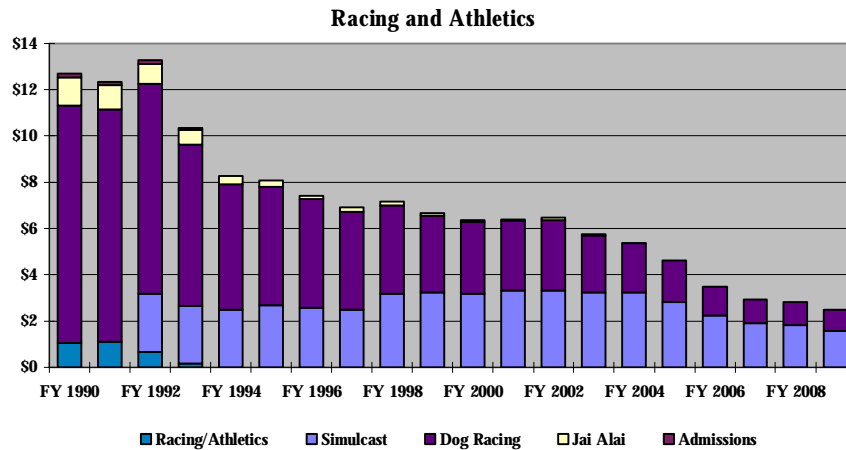
Dogs. Licensee pays the state at the rate of 7.5 percent of amounts wagered on straight wagering (win, place, show), 8.5 percent of the amount wagered on multiple pools, and 50 percent of the breakage to the dime. In addition, the licensee pays the town of Lincoln 1.5 percent on straight wagering and 0.5 percent on multiple pools.

Jai Alai. The 2003 General Assembly ended Jai Alai licensing effective July 1, 2003 and removed that licensing as a requirement for operating video lottery terminals. Prior to that, the licensee paid the state 3.0 percent of amounts wagered and 50 percent of the breakage to the dime, the city of Newport 1.0 percent of the amounts wagered.

Simulcast. The Licensee pays the state 4.0 percent of wagers on straight and multiple wagers involving two animals, and 5.5 percent on multiple wagers of three or more animals; plus 50 percent of the breakage to the dime.

Disposition of Revenues: Approximately 92 percent to State General Revenues and eight percent to the local communities where the dog racing or jai alai is located.

Contribution to FY 2009 General Revenues: 0.1 percent.



**Real Estate Conveyance Tax
(Realty Transfer Tax)**

Statute: Rhode Island General Law: Title 44, Chapter 25

Who Must File: Grantor of a deed, instrument, or writing by which any lands, tenements, or other realty sold is granted, assigned, transferred, or otherwise conveyed.

When Due: At time of execution, delivery, acceptance, or recording of the instrument of conveyance.

Rate: \$2.00 per \$500 or fractional part, paid for the purchase of property conveyed for more than \$100.

Disposition of Revenues: \$0.90 to State General Revenues and \$1.10 retained by local units. The state general revenue share includes \$0.30 cents to be used for aid to distressed communities and towns and \$0.60 cents for general use.

Distribution of Real Estate Conveyance Tax				
State	Pre FY 1996	FY 1996 - FY 1998	FY 1999 - FY 2002	Post FY 2002
General Revenues				
Distressed Communities	\$ -	\$ 0.30	\$ 0.30	\$ 0.30
General Use	0.85	0.85		0.60
Restricted Account				
Distressed Communities	0.30			
Subtotal	\$ 1.15	\$ 1.15	\$ 0.30	\$ 0.90
Local Units	0.25	0.25	1.10	1.10
Total	\$ 1.40	\$ 1.40	\$ 1.40	\$ 2.00

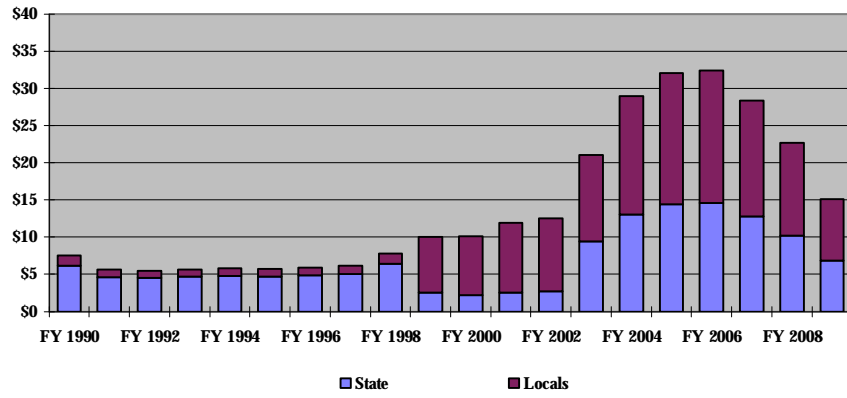
Contribution to FY 2009 General Revenues: 0.2 percent.

Recent Legislation.

The 1998 Assembly amended the law to allow local units to keep \$1.10 of the \$1.40, with the remaining \$0.30 being the state's share deposited as State General Revenues. Prior, the local unit kept \$0.25 with the state getting \$1.15, of which \$0.30 was for distribution to distressed communities. Prior to FY 1996, that \$0.30 had been deposited in a restricted account for distressed communities.

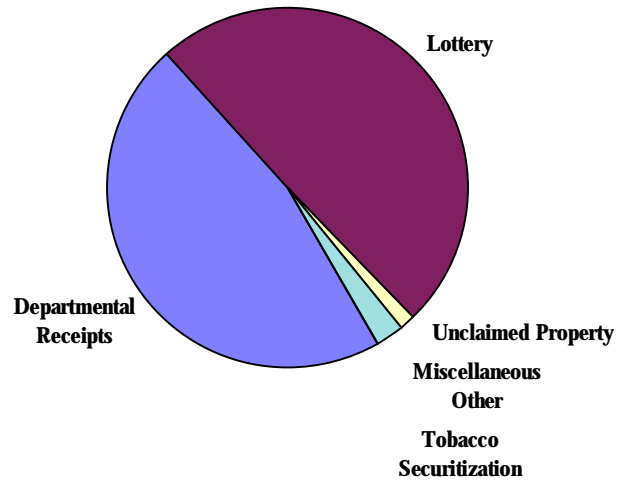
The 2002 Assembly increased the rate to \$2.00 per \$500 with the additional \$0.60 cents going to state general revenues for general use, effective July 1, 2002. The local share remained at \$1.10. The state portion for distressed communities remained at \$0.30 cents.

Real Estate Conveyance Tax



Other Sources

Contributions to General Revenues



In FY 2009, the state deposited \$679.9 million from non-tax sources into general revenues. These accounted for 22.5 percent of all general revenues. The sources include departmental receipts, which consist of licenses and fees, fines and penalties, sales and services, and miscellaneous receipts.

Sources also include revenues from the lottery, the tobacco settlement, unclaimed property, and miscellaneous other transactions. The sources are described in the pages that follow.

Departmental Revenues – General Revenues

Statute: Rhode Island General Law: Various titles and chapters

Who Must File: This is actually an accounting category. Fees generally are levied on only the persons served, regulated, licensed, fined or penalized. They are not general taxes. There are approximately 600 accounts established for these revenues in the state accounting system.

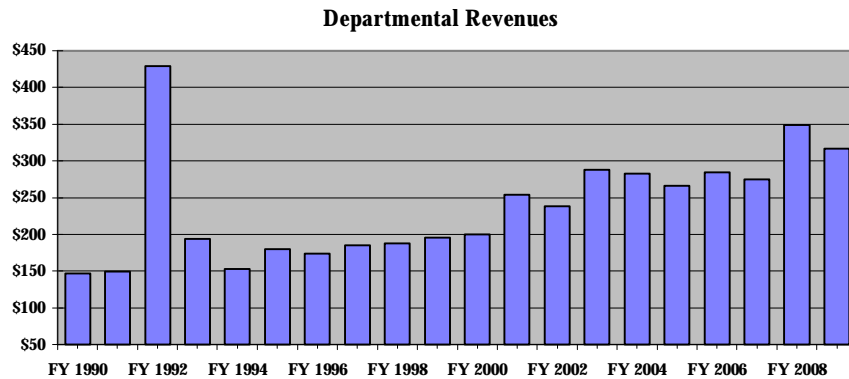
A number of similar user fees are also levied where the revenues do not go to general revenues, but are confined to restricted use accounts.

When Due: Various.

Rate: Various.

Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: 10.5 percent.



Recent Legislation.

Hospital License Fee. The 2009 Assembly continued its practice of one-year extensions of the Hospital Licensing Fee that began in FY 1995.

Water Bottle Tax. The 2008 Assembly amended the statutes on hard to dispose beverage containers to include bottled water containers.

Surgi-Centers and Imaging Centers. The 2007 Assembly enacted a 2.0 percent provider assessment on net patient services revenues on free standing ambulatory surgery centers, physician ambulatory surgery centers and podiatry ambulatory surgery centers, and to imaging services performed by non-hospitals provided the number of

radiological procedures in a month exceeds 200. It does not apply to not-for-profit organizations' ambulatory care facilities, dentists, podiatrists or veterinarians.

Tax Payment Interest. The 2006 Assembly allowed a change in practice from applying payments for overdue taxes to the tax portion with the remainder to the interest portion to applying them to the interest portion first. It also enacted legislation to change the interest payment on overdue taxes from the prime rate plus two percent with a minimum of twelve percent to the same calculation with an eighteen percent minimum and reduce the amount the Division of Taxation must pay taxpayers who overpaid taxes from twelve percent to the prime rate

Income Tax Refund Intercept for Judicial Fines. The 2004 Assembly enacted legislation to allow income tax refund interception and to require the holders of vehicle registrations and driver licenses to be free of liability to the courts prior to being able to renew.

**Lottery
(Games, Keno, Video Lottery Terminals)**

Statute: Rhode Island General Law: Title 42, Chapter 61

Who Must File: The Division of Lottery must make certain transfers to State General Revenues from the operation of its games and net terminal income from video lottery terminals after commissions.

When Due: Transfers from proceeds of lottery games and Keno are due quarterly, but are made monthly. Video Lottery Terminals proceeds transfers are due monthly.

Rate: The Lottery Commission must transfer at least 25 percent of total revenues from the *regular games* to general revenues and at least 15 percent of *Keno* net income. Additional information is provided in the next section, *Lottery – Games*.

Net terminal income from *video lottery terminals* is allocated as shown in the table below. The percentages may vary, and represent Staff estimates for FY 2010 based on the enacted forecast. Additional information is provided in the section titled *Lottery – Video Lottery Terminals* on the pages following.

Distribution of Net Terminal Income *		Lincoln Park	Newport Grand
Licensed Retailers*	[1]	27.80%	26.00%
Technology Provider*	[2]	7.00%	7.00%
Central Communications Provider*		2.50%	2.50%
Host City or Town	[3]	1.26%	1.01%
Narragansett Indian Tribe		0.17%	0.00%
Transfer to State General Revenues		61.27%	63.49%

** Rate may vary. Percentages are based on the enacted FY 2010 budget,*

[1] The facilities must contribute \$1,152,683 for the Distressed Communities Relief Fund. That consists of \$767,687 from Lincoln Park and \$384,996 from the Newport Grand.

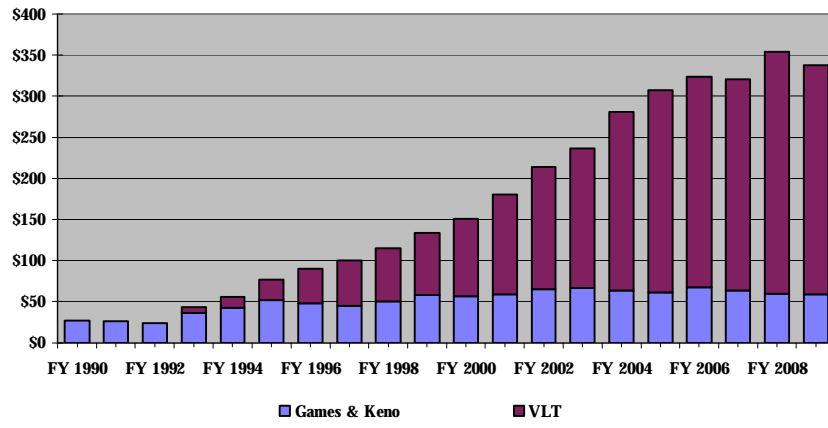
[2] The Technology Providers must contribute \$628,737 for the Distressed Communities Relief

[3] The host city and town receives a higher percentage during any week the facility in the host community operates video lottery games on a 24 hour basis for authorized periods. The percentage increases to 1.45 percent for Lincoln and 1.20 percent for Newport.

Disposition of Revenues: State General Revenues, with certain portions dedicated to property tax relief, including car tax phase-out and property tax circuit breaker expansion.

Contribution to FY 2009 General Revenues: 11.2 percent.

Lottery Revenues



Lottery - Games

Statute: Rhode Island General Law: Title 42, Chapter 61

Who Must File: Lottery Commission must make certain transfers to State General Revenues from the operation of its games after commissions.

When Due: Transfers from proceeds of lottery games and Keno are due quarterly, but are made monthly.

Rate: The amount of proceeds that must be transferred to State General Revenues varies. Since FY 2001, the Lottery Commission must transfer at least 25 percent of total revenues from the *regular games* to general revenues and at least 15 percent of *Keno* net income. It has transferred more in the past. It may vary based on the GTECH contract discussed below.

Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: 2.0 percent.

Recent Legislation.

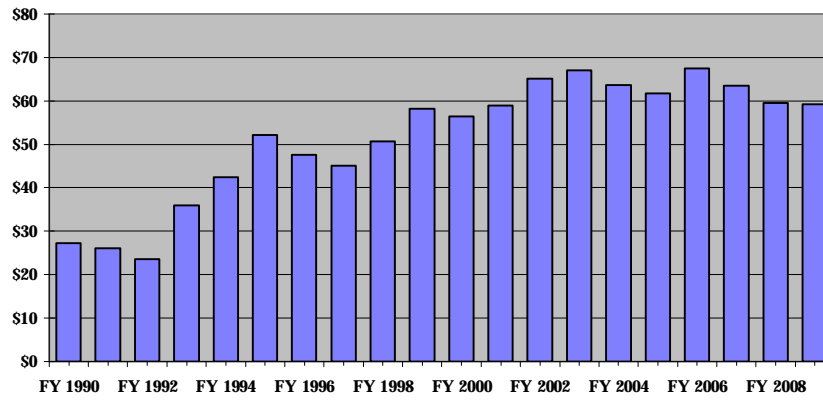
Games. The 2000 Assembly amended the statutes to allow the Lottery Commission to increase prize awards from a maximum of 55 percent of total revenue from sales to 65 percent. That would allow the Commission to increase instant prize payouts from 65 percent to 70 percent and other games beyond 60 percent. The 2001 Assembly further amended the law to change the amount to transfer to general revenues from 30 percent to 25 percent.

Keno. The 2000 Assembly also amended current law to allow the Lottery Commission to increase Keno prize awards from a maximum of 65 percent of total revenue from sales to 72 percent. The 2001 Assembly amended the law to lower the transfer to general revenue from 20 percent to 15 percent.

GTECH. The 2003 General Assembly amended the statutes to allow the Lottery Commission to enter a multiyear Master Contract with GTECH Corporation to build and maintain its global corporate headquarters in Providence and to expand its in-state manufacturing operations.

The Lottery Commission entered into a 20-year contract with GTECH Corporation which altered the structure of the state's share of lottery receipts, including those from video lottery. This agreement with GTECH provides that it will receive 5.0 percent commission on lottery game sales up to \$275.0 million, 1.0 percent on sales over \$275.0 million and up to \$400.0 million, and 5.0 percent above \$400.0 million.

Lottery Revenues - Games



Lottery – Video Lottery Terminals

Statute: Rhode Island General Law: Title 42, Chapter 61

Who Must File: Lottery Commission must make certain transfers to State General Revenues from the net terminal income from video lottery terminals after commissions.

When Due: Video Lottery Terminals proceeds transfers are due monthly.

Rate: Net terminal income from video lottery terminals is gross income minus prizes, which generally account for 70 percent of the gross income; the remainder is allocated as shown in the table below. The percentages of net terminal income shown in the table are termed commissions; the state receives net terminal income, minus commission, plus the fixed dollar transfers shown in notes [1] and [2]. Commissions for Lincoln, technology, and the central communications provider vary based upon certain factors, and therefore affect the transfer to state general revenues. The percentages represent Staff estimates for FY 2010 based on the enacted forecast.

Distribution of Net Terminal Income *	Lincoln Park	Newport Grand
Licensed Retailers*	[1] 27.80%	26.00%
Technology Provider*	[2] 7.00%	7.00%
Central Communications Provider*	2.50%	2.50%
Host City or Town	[3] 1.26%	1.01%
Narragansett Indian Tribe	0.17%	0.00%
Transfer to State General Revenues	61.27%	63.49%

** Rate may vary. Percentages are based on the enacted FY 2010 budget.*

[1] The facilities must contribute \$1,152,683 for the Distressed Communities Relief Fund. That consists of \$767,687 from Lincoln Park and \$384,996 from the Newport Grand.

[2] The Technology Providers must contribute \$628,737 for the Distressed Communities Relief

[3] The host city and town receives a higher percentage during any week the facility in the host community operates video lottery games on a 24 hour basis for authorized periods. The percentage increases to 1.45 percent for Lincoln and 1.20 percent for Newport.

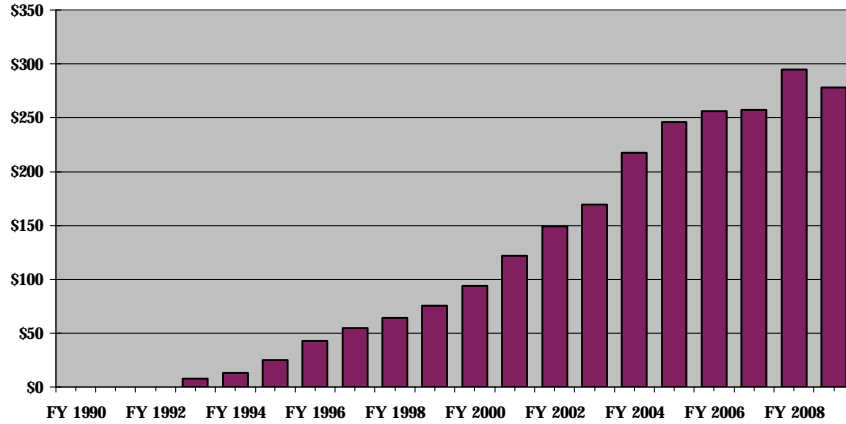
Licensed Retailers. Newport Grand receives 26.0 percent of net terminal income. Lincoln Park receives a blended rate of 28.85 percent of the net terminal income from the 3,002 “old” machines and 26.0 percent from any new machines, currently limited to 1,750. With all 4,752 machines in place, the blended rate would be 27.8 percent. “Old” and “new” refer to those authorized prior to and subsequent to the expansion agreement between the facility and the Lottery Commission. Note that Lincoln Park changed its name to Twin River in 2007. The statutes use both names,

Technology Providers. Technology providers other than GTECH receive 7.0 percent of the net terminal income on their machines. GTECH receives 7.0 percent on net terminal income for average weekly yields per machine up to \$325, 1.0 percent for yields over \$325 to \$500, and 7.0 percent for yields over \$500.

Central Communications Provider. GTECH is the central communications provider. It receives 2.5 percent of net terminal income up to \$500 million, 1.0 percent between \$500 million and \$1.0 billion, and 2.5 percent over \$1.0 billion.

Contribution to FY 2009 General Revenues: 9.2 percent.

Lottery Revenues - Video Lottery



Recent Legislation.

24-3 Hours of Operation. The 2009 Assembly authorized higher host community share for any week in which the facility located within it operates all authorized hours. For Lincoln, the share of all net terminal income increases from 1.26 percent to 1.45 percent. For Newport, the share increases from 1.01 percent to 1.20 percent. The Division of Lottery is the authorizing entity.

The 2008 Assembly authorized 24-hour operation for weekends and holidays beginning with the effective date of the legislation on May 6, 2008 through June 30, 2009. The state share of the proceeds go to the Permanent School Fund for distribution through the enacted education aid distributions schedule; the host communities receive a higher percentage of total net terminal income for those weeks that the respective facilities are engaged in full 24-hour operations specified in the legislation.

For weekends, that is the regularly scheduled time on Friday through the regular closing time on Sunday evening, except that if the federal or state holiday is recognized on a Monday, the facility may remain open through to that Monday and close at the normal closing time on Monday. For federal or state recognized holidays, it is the regular time on the day preceding the holiday through to what would be its regular closing time on the holiday.

The host communities increase their shares of net terminal income for any week that the respective facilities are fully open 24-3. For Lincoln, the share of all net terminal income increases from 1.26 percent to 1.45 percent. For Newport, the share increases from 1.01 percent to 1.20 percent.

Distributions of Net Terminal Income. The 1995 Assembly increased the state share of net terminal income from 38.0 to 46.0 percent by decreasing the dog kennel owners' commission from ten to six percent and the technology providers from 15 to 13 percent.

The 2000 Assembly increased the share of net terminal income transferred to state general revenues from 46 percent to 51 percent. The increase is obtained by reducing the technology providers' commissions from 13 percent to 8.5 percent and the central technology provider's commission from 3.0 percent to 2.5 percent.

The 2002 Assembly increased the share of net terminal income transferred to general revenues from the Lincoln facility by one percent per year for four years and from the Jai-Alai facility by one-half percent per year for four years beginning in FY 2003. This was done by reducing the facilities' commissions by one-half percent per year, or two percent by FY 2006, and the kennel owners' commissions at the Lincoln facility by one-half percent per year, or two percent by FY 2006.

The 2003 Assembly made a number of major changes. As noted above, the Lottery Commission entered into a 20-year contract with GTECH Corporation which altered the structure of the state's share of lottery receipts, including those from video lottery. This agreement with GTECH provides that it will receive 5.0 percent commission on lottery game sales up to \$275.0 million, 1.0 percent on sales over \$275.0 million and up to \$400.0 million, and 5.0 percent above \$400.0 million.

- The new structure for GTECH for video lottery terminals provides:
 - As central communications provider, it will continue to receive 2.5 percent of net terminal income up to \$500 million, 1.0 percent on net terminal income over \$500 million to \$1,000 million, and 2.5 percent on net terminal income over \$1,000 million. There is no FY 2004 impact based on net terminal income of \$384.7 million.
 - As a technology provider, GTECH is entitled to 1,860 machines, an increase of 1,000. These would come as machines are added in FY 2004 and beyond. The estimate assumes GTECH retains 860 of 3,292 machines in FY 2004, or 26.1 percent. The estimate does not include any new machines in FY 2004 at either facility. Lottery has indicated that it does not appear that Newport will be adding the expected 300 machines in May 2004.

- As a technology provider, GTECH will receive 7.0 percent on net terminal income for average weekly yields per machine up to \$325, 1.0 percent for yields over \$325 to \$500, and 7.0 percent for yields over \$500. This is a gain for the state on the GTECH machines calculated as 26.1 percent of 7.0 percent, or \$1.5 million; current law provides for 8.5 percent on the other providers.

- *Dog Kennel Owners.* The Assembly reduced the kennel owners' commission to 3.4 percent in FY 2004 and thereafter.

- *Facilities.* The Assembly amended the statutes reduced the allocations of net terminal income to 27.0 percent at Lincoln and 26.0 percent at Newport Grand for FY 2004 and thereafter.

The 2003 General Assembly ended Jai Alai licensing effective July 1, 2003 and removed that licensing as a requirement for operating video lottery terminals. Jai Alai had been subsidized at the Newport facility largely from its share of video lottery terminal income. Ending the need for that subsidy allowed for a lesser distribution of net terminal income at that facility than at Lincoln.

- *Technology Providers.* As noted above, the Commission entered a contractual arrangement with GTECH. The 2003 Assembly amended the statutes to provide 7.0 percent in FY 2004 for the other technology providers, but also amended the statutes to allow the Lottery Commission to implement an incentive structure for these providers based on machine performance not to exceed 8.5 percent of net terminal income of the provider's terminals. That structure would be for FY 2004 only, to allow the 2004 Assembly the opportunity to review it and enact it into law if it agreed with it.

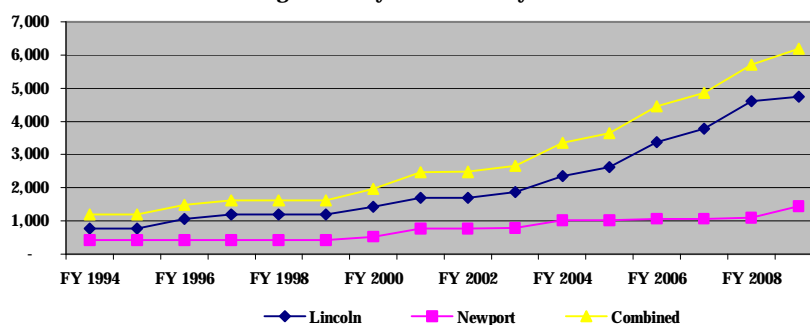
The 2004 Assembly eliminated commissions to the kennel owners beginning July 1, 2004. It also increased the share of net terminal income to the Town of Lincoln to 1.25 percent beginning January 1, 2005, and increased the commission for the Lincoln Facility to 28.85 percent effective July 1, 2004.

The 2005 Assembly made major changes to the statutes and authorized the Division of Lottery to enter long term contracts with UGTR, a Delaware based subsidiary of BLB Investors, the holders of the Lincoln license and Newport Grand Jai Alai, LLC, the holder of the Newport Grand license. Those changes include:

- *Rates.* Lincoln and Newport would retain the current rates on old machines: Lincoln would receive 26.0 percent, the same as Newport, on new machines.

- *Machines.* At the time of the enactment, Lincoln had 3,002 machines in place and would be authorized an additional 1,750. Newport had 1,070, had 231 still authorized by the Lottery Commission, and was authorized an additional 800 machines. These total 6,853 including the 4,752 at Lincoln and 2,101 at Newport.

Average Monthly Video Lottery Terminals



- Contract Term.** The Division was authorized to enter 5-year contracts with Newport and Lincoln. Both entities must make capital investments (\$125 million at Lincoln and \$20 million at Newport) during the initial term; maintain job levels (1,300 full time equivalent employees at Lincoln and 360 at Newport) during the year prior to contract extensions; and maintain the facilities in a manner substantially consistent with first class racino operated elsewhere in the United States based on regulation adopted by the Division of Lottery and approved by the Assembly's Permanent Joint Committee on State Lottery. Jobs must pay 150 percent of the state hourly minimum wage.

The rate for Lincoln would be adjusted during the second extension (eleventh through fifteenth year) by one-fourth of the annual change in the December Consumer Price Index – All Urban Consumers for the immediate preceding year minus the annual growth in net terminal income for that year. If the growth exceeds the Consumer Price Index change, the rate would decrease; if it were less, the rate would increase

- Casino Slippage.** Both facilities would be held harmless against lost business due to introduction of a casino into Rhode Island, or slippage. Slippage is calculated as the difference between the achieved yield to Lincoln and Newport after a casino opens and an adjusted base rate. The base rate is the average annual net terminal income for the two years prior to opening increased by the annual change in the December Consumer Price Index – All Urban Consumers for the immediately preceding prior years, not to exceed three percent. The adjustment is made by increasing the facilities' rates to yield the slipped amounts at the expense of the state general revenue share. The increased tax revenues from the casino operation would compensate the state for its lost revenue.
- City and Town.** Lincoln and Newport would receive an additional 0.25 percent of the net terminal income from the new terminals. The Revenue Estimating Conference would estimate the net terminal income and the state's share of it solely attributable to the introduction of the newly authorized machines.

- **Narragansett Indian Tribe.** The Tribe would receive 5.0 percent of the net terminal income from the new machines up to a cap of \$10.0 million per year. Its share would cease should a new gaming facility open from which it was entitled to payments or other incentives.

	Lincoln	Newport
Rate		
<i>Old</i>	28.85%	26.00%
<i>New</i>	26.00%	26.00%
<i>Fully Implemented Rate</i>	27.80%	26.00%
Machines		
<i>Existing</i>	3,002	1,070
<i>Authorized, not in place</i>	0	231
<i>Total Old Machines</i>	3,002	1,301
<i>New Machines</i>	1,750	800
<i>All Machines</i>	4,752	2,101
Contract Term	5 Years with two five year renewals	5 years with one five year renewal
Casino Slippage	Held harmless to annual average NTI of the two years prior to opening adjusted by CPI-U. Accomplished through increasing facilities commissions and lowering states share.	Held harmless to annual average NTI of the two years prior to opening adjusted by CPI-U. Accomplished through increasing facilities commissions and lowering states share.
City or Town		
<i>Old NTI</i>	1.25%	1.00%
<i>New NTI</i>	1.50%	1.25%
Narragansett Indian Tribe		
<i>New NTI</i>	5.0% to Maximum of \$10.0 million	None
State Share		
<i>Old</i>	General Revenues	General Revenues
<i>New</i>		
<i>Distressed Communities</i>	12.50% to Maximum of \$20.0	12.50% to Maximum of \$20.0
<i>Circuit Breaker</i>	3.125% to Maximum of \$5.0 million	3.125% to Maximum of \$5.0 million
<i>Vehicle Excise Tax</i>	78.125% until tax eliminated	78.125% until tax eliminated
<i>Supplemental Local Aid</i>	6.25% to Maximum of \$10.0 million on basis of General Revenue Sharing Distributions	6.25% to Maximum of \$10.0 million on basis of General Revenue Sharing Distributions

- **Distressed Communities.** The distressed communities would receive 12.5 percent of the state's share of net terminal income from the new machines to a maximum of \$20.0 million per year to be divided equally between the distressed communities.

- **Property Tax Circuit Breaker.** Funds from the state's share would also be used to enhance the circuit breaker program which provides property tax relief to individuals 65 or older, disabled; and non-disabled, non-elderly meeting income eligibility requirements. Homeowners and renters who qualify receive refundable income tax credits for property taxes or rent paid up to \$250 per household. Only one claimant per

household per year is eligible. The credit would be increased in \$50 increments to \$500 using 3.125 percent of the state's share of net terminal income from the newly authorized machines to a maximum of \$5.0 million per year.

- **Vehicle Excise Tax.** The largest share of the state's share of net terminal income from the newly authorized machines, 78.125 percent, is dedicated to ending the car tax by increasing the exemption in \$500 increments until it is ended. The exemption in any year cannot be less than the prior year.

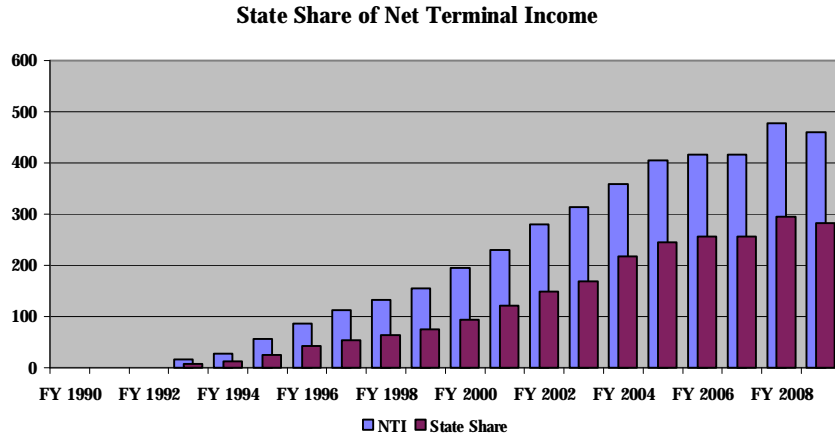
- **Supplemental Local Aid.** All non-distressed communities would share 6.25 percent of the state's share of net terminal income from the newly authorized machines up to \$10.0 million per year to be distributed on the same proportions as the general revenue sharing distribution for that same year. Amounts over the caps would be allocated as general revenues.

- **Other.** The Lincoln facility could not build or operate a hotel at or near Lincoln Park or have entertainment venues that would compete with the Convention Center, the Providence Performing Arts Center, and Veterans Memorial Auditorium.

The 2006 Assembly converted the percentages of new machine income to percentages of total income based on Revenue Estimating Conference estimates of new machine income and the state shares of that income, as shown in the following table.

Distribution	2005 Assembly	2006 Assembly
Distressed Communities	12.5 percent of State Share of Net Terminal Income solely attributable to new machines to Maximum of \$20.0 million	0.19 percent of all Net Terminal Income
Property Tax Circuit Breaker	3.125 percent of State Share of Net Terminal Income solely attributable to new machines to Maximum of \$5.0 million; increase circuit breaker in \$50 increments to maximum of \$500	0.05 percent of all Net Terminal Income to Maximum of \$5.0 million; increase circuit breaker in \$5 increments to maximum of \$500
Motor Vehicle Excise Tax	78.125 percent of State Share of Net Terminal Income solely attributable to new machines; increase phase out in \$500 increments with no exemption less than prior year	1.22 percent of all Net Terminal Income; increase phase out in \$250 increments with no exemption less than prior year
General Revenue Sharing - Non Distressed Communities	6.25 percent of State Share of Net Terminal Income solely attributable to new machines to Maximum of \$10.0 million	0.10 percent of all Net Terminal Income to Maximum of \$1.0 million
City of Newport	1.0 percent of all Net Terminal Income plus 0.25 percent of Net Terminal Income solely attributable to new machines at Newport	1.01 percent of all Net Terminal Income at Newport
Town of Lincoln	1.25 percent of all Net Terminal Income plus 0.25 percent of Net Terminal Income solely attributable to new machines at Lincoln	1.26 percent of all Net Terminal Income at Lincoln
Narragansett Indian Tribe	5.0 percent on Net Terminal Income solely attributable to new machines at Lincoln	0.17 percent of all Net Terminal Income at Lincoln

The graphic below shows both the growth in net terminal income and the state share of that net terminal income. The state share has grown from 45.0 percent in FY 1993 to 61.9 percent in FY 2008, including fixed rate transfers and the share for the Permanent School Fund from 24-3 operations.



Tobacco Master Settlement Agreement Revenues

Statute: Rhode Island General Law: Title 35, Chapter 4

Who Must File: These revenues are the result of a settlement between the states and tobacco manufacturers. On November 23, 1998 the Attorney General and other representatives of 46 states, Puerto Rico, the U.S. Virgin Islands, American Samoa, the Northern Mariana Islands, Guam and the District of Columbia signed an agreement with the five largest tobacco manufacturers.

The agreement settled all antitrust, consumer protection, common law negligence, statutory, common law and equitable claims for monetary, restitution, equitable and injunctive relief alleged by any of the settling states with respect to the year of payment or earlier years. It cannot be modified in any way unless all the parties agree to the modification.

The states will receive payments from the settlement in perpetuity. Payments to the states are based on specified shares of the national payment amounts. These in turn are subject to inflation and volume adjustments. The inflation adjustments increase the amounts for the greatest of 3.0 percent or the change in the Consumer Price Index for All Urban Consumers for each December. The Volume Adjustment adjusts the payments for sales—reduced sales mean less money to the states and increased sales means more money.

When Due: January and April.

Rate: Specified in agreement.

Disposition of Revenues: State General Revenues. There was much debate and discussion in the states, including Rhode Island, concerning the use of these funds. States have opted for a number of measures including: depositing them as general revenues; establishing trust funds for various purposes; securitizing the settlements; using them for revenue bond issues; and otherwise earmarking for various purposes, including health programs and smoking prevention programs.

Rhode Island deposited the settlement payments into its general revenues. During the first legislative session that the settlement payments became part of the general revenue stream, the Chairman of the House Finance Committee demonstrated to the House that permanent base increases in major health and human service programs exceeded the settlement amount anticipated at that time. Subsequently, these expenditures increased significantly above those estimates while settlement payments were less.

Tobacco Securitization. Governor Almond recommended legislation to the 2002 General Assembly to allow the sale of a portion of the state's tobacco Master Settlement Agreement revenues to a special corporation, which would issue asset backed bonds against those revenues with the bond proceeds given in exchange to the state.

The Assembly concurred and passed the necessary legislation to create the Tobacco Settlement Financing Corporation. The legislation created the Tobacco Settlement Financing Corporation empowered to acquire from the state that portion of the state's tobacco receipts as the state is authorized to sell and to issue bonds of the Corporation payable solely from and secured solely by the portion of the state's tobacco receipts as the Corporation may designate and pledge to secure the bonds, together with the investment income thereon and any reserve fund created by the Corporation from any portion of the proceeds of such bonds. It has a legal existence distinct from the state, which the rating agencies and investors recognize, and its debt is not state debt.

The Corporation included three members appointed by the Governor, one member appointed by the Speaker of the House, and one member appointed by the Majority Leader of the Senate (President of the Senate after January 7, 2003). The Governor appointed two citizens and the Budget Director, the Speaker and Senate Majority Leader appointed their respective Fiscal Advisors.

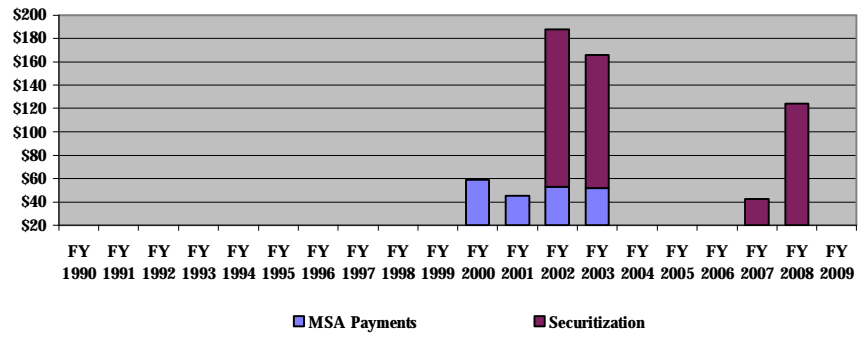
The Corporation sold the bonds on June 27, 2002 in the face amount of \$685.4 million. The amount available after discounts and underwriters fees was \$652.3 million, of which \$544.2 million is available to the state for the FY 2002 through FY 2004 budgets and to defease current debt. The state used \$295.3 million to defease existing state debt, \$248.9 million as state general revenue working capital for FY 2002 and subsequent budget deficits, \$54.5 million for the equivalent of the FY 2003 tobacco master settlement payment, \$51.3 million to a reserve fund, and the balance for issuance and operating expenses.

Nominally, the state pledged 40 years of revenues. However, bondholders believed that the bonds will have been paid off using settlement payments through FY 2022, or \$1,159.1 million. The difference between the 40 years pledged and the estimated pay out date is called the residual.

Governor Carcieri proposed to the 2007 Assembly as part of his FY 2008 budget recommendations to sell the residual portion of the 2002 tobacco securitization bonds and included \$20.0 million in FY 2007 from the proceeds. The Governor assumed the new securitization would net \$160.0 million; the Assembly concurred and authorized up to \$195.0 million, which were sold in June 2007.

Contribution to FY 2009 General Revenues: 0.0 percent.

Tobacco Settlement



Unclaimed Property

Statute: Rhode Island General Law: Title 3, Chapter 21.1

Who Must File: Holders of unclaimed property.

When Due: Generally, reports must be filed by November 1 for the year that ended June 30. Property is treated as abandoned or unclaimed as follows:

<i>Property</i>	<i>Status Creating Abandonment</i>	<i>Years Before Abandoned</i>
Intangible property issued by state, political subdivisions, or entities incorporated, created, or located in state	Unclaimed or no correspondence	3.0
Travelers Checks	Outstanding	15.0
Money Orders	Outstanding	5.0
Checks and Drafts issued or certified by banking and financial organizations	Outstanding	3.0
Bank Deposits	No transactions/ communications	3.0
Life Insurance Proceeds	Unclaimed	2.0
Utilities' Deposits	Unclaimed after termination of services	0.5
Refunds held by Business Associations	Unclaimed/No communications	3.0
Stocks, intangible interests in business associations	Unclaimed	5.0
Property held by agents and fiduciaries	Unclaimed after payable	3.0
Property held by courts and public agencies	Unclaimed after payable	1.0
Gift Certificates and credit memos	Not redeemed	3.0
Property held by hospitals, private nonprofit institutions of higher education, domestic charitable corporations	Unclaimed	3.0
Wages	Unclaimed	1.0
Contents of safe deposit boxes	Unclaimed after lease expires	3.0

Rate: Holders of unclaimed property file it with the General Treasurer, who makes attempts to find owners. The amounts remaining after expenses and returns to owners are transferred to state general revenues. In FY 2004, the Treasurer began collecting the proceeds of unclaimed property from demutualization, which is the transformation of mutual ownership in an insurance company to an equity interest in a public holding company.

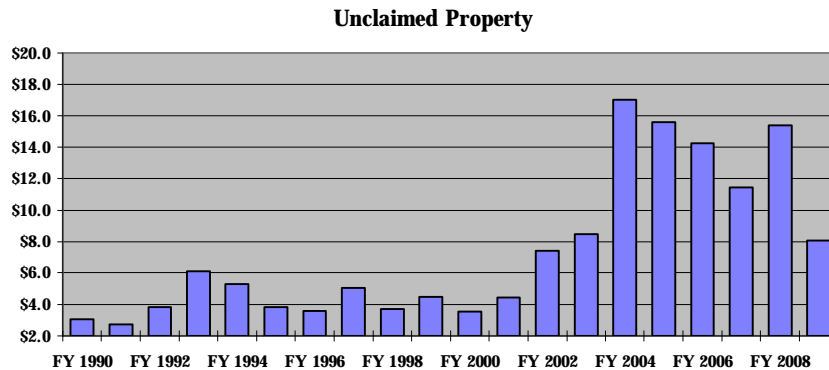
Disposition of Revenues: State General Revenues.

Contribution to FY 2009 General Revenues: 0.3 percent.

Recent Legislation.

Demutualization. The 2003 Assembly amended the unclaimed property statutes so that proceeds from insurance company demutualization would be classified as unclaimed property if abandoned for more than two years. There had been no specific provision addressing unclaimed distributions resulting from the demutualization of an insurance company, resulting in the property treated as reportable three years following the date of demutualization.

Unclaimed demutualization proceeds represent undistributed compensation owed to a policyholder who cannot be located at the time of demutualization. The compensation may be held in the form of shares of stock or as cash balances. Demutualization is the process by which mutual insurance companies convert from policyholder companies to stock companies. In order to move from a policyholder company to a stock company, the total value of the company must be distributed to voting policyholders in exchange for their rights and interests in the company.



Federal Funds

Statute: Rhode Island General Law: Title 42, Chapter 41

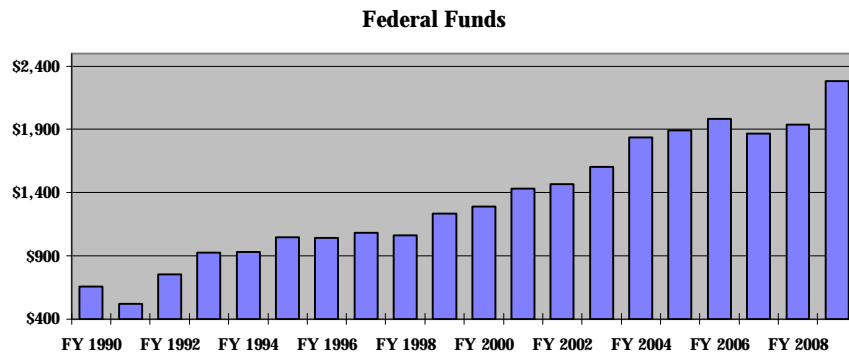
Who Must File: State agencies are authorized to apply for federal grants.

When Due: Receipt generally on a reimbursement basis after, or simultaneous to, state expenditure.

Rate: Often must be matched with state general revenues. The match rate for Medicaid, the largest federal program, varies annually with a floor of 50.0 percent. It generally ranges from 53.0 to 58.0 percent.

Disposition of Revenues: State expenditures on federal programs.

Contribution to FY 2009 General Revenues: None.



Major Issues.

Stimulus Funding. Federal funds increase significantly for FY 2009 through FY 2011 as the result of passage of the American Recovery and Reinvestment Act of 2009. The act provided immediate budget relief through enhanced Medicaid matching funding and general overall budget relief funding.

Restricted Revenues

Statute: Rhode Island General Law: Various Titles and Chapters

Who Must File: This is actually an accounting category for revenues that can only be used for specific purposes. They included the 0.6 cents of sales tax deposited with the Depositors Economic Protection Corporation (DEPCO) to pay off the bonds used to make depositors whole from the credit unions collapse, and currently include fees from hunting and fishing licenses. Licenses and fees deposited as restricted receipts are required to be segregated by federal law or trust type agreements.

There are other receipts that are restricted, but are categorized as “Other Funds” revenues and not included here. This is simply an artifact of legislation. Examples are tuition and fees paid to the institutions of public higher education and funds received for unemployment compensation from the federal government.

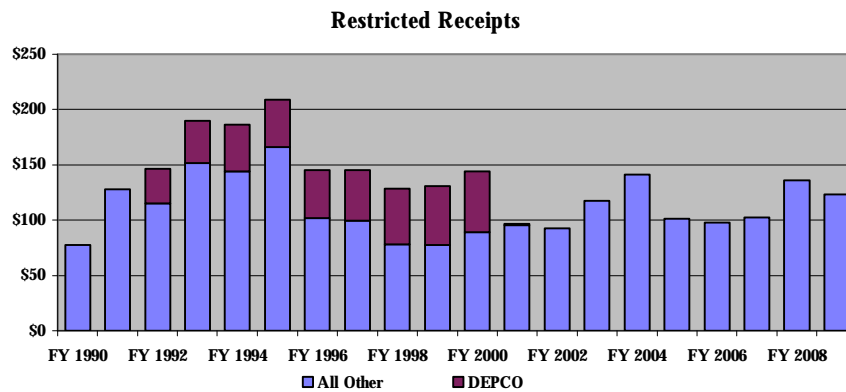
There are approximately 140 of these accounts.

When Due: Various.

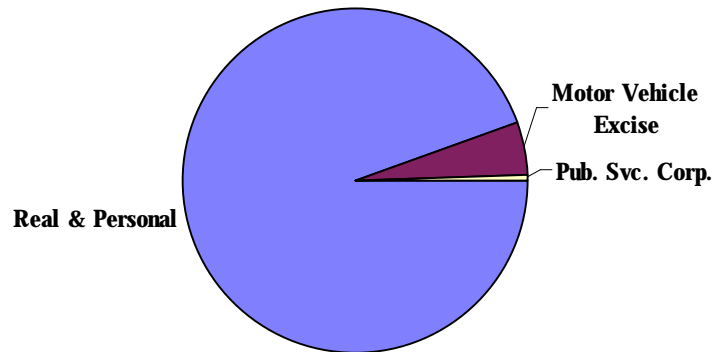
Rate: Various.

Disposition of Revenues: Restricted uses accounts.

Contribution to FY 2009 General Revenues: None.



Property Taxes



Rhode Island provides for taxation of real and personal property and motor vehicles as the principal source of local government financing. The taxes are assessed and levied locally with exception of the property tax on public service corporations. That tax is levied at the state level with the funds distributed back to local governments.

Rhode Island ranks very high in the percentage of state and local revenues generated from property taxes. It has traditionally relied more on local property taxes than most states. Based upon FY 2007 data reported by the Bureau of the Census, Rhode Island state and local property tax revenues are \$49.22 per \$1,000 of personal income, while the average for the United States is \$34.87, giving Rhode Island a ranking of fifth.

Rhode Island ranks seventh in state and local property tax revenues per capita at \$1,856, compared to the United States average of \$1,268.

The high Rhode Island rank is partially due to the fact that, until recently, Rhode Island local governments had no local option sales or income-based taxes. Recent actions by the General Assembly have provided local meals and beverage and transient guest tax revenues to the cities and towns where the transactions occur. However, these total approximately only one percent of the total of local property tax revenues.

The 2003 Assembly provided for a 1.0 percent meals and beverage tax to be remitted back to the communities in which it is collected, effective August 1, 2003. The 2004 Assembly provided a local 1.0 percent transient guest tax to be remitted back to the communities in which it is collected, effective January 1, 2005. The 2006 Assembly enacted legislation to cap the increase in property tax levies over the prior year, beginning at 5.25 percent for FY 2008 dropping by 0.25 percent per year to 4.00 percent in FY 2013.

Historical Data:

<i>Levies as of December 31 (millions)</i>	<i>Real and Personal</i>	<i>Motor Vehicle</i>	<i>Public Service Corps.</i>
1989	\$ 811.2	\$ 105.1	\$ 9.9
1990	881.8	108.3	7.5
1991	1,012.8	106.1	7.9
1992	950.9	108.4	6.9
1993	983.0	117.6	7.0
1994	1,032.2	119.0	7.2
1995	1,075.4	128.8	8.2
1996	1,113.9	135.8	8.4
1997	1,152.9	146.2	10.1
1998	1,177.5	158.2	11.3
1999	1,230.7	137.5	12.8
2000	1,310.0	120.0	13.7
2001	1,379.6	107.2	16.7
2002	1,473.7	114.0	18.0
2003	1,547.2	109.9	16.2
2004	1,606.5	123.6	14.6
2005	1,673.1	117.7	12.2
2006	1,767.2	115.6	10.3
2007	1,843.0	122.8	10.2
2008	1,935.0	101.7	9.2

Appendix IV contains total tax levies by community for FY 1991 through the most recent date for which certified data exists.

Real and Personal Property Tax

Statute: Rhode Island General Law: Title 44, Chapter 44

Who Must File: All real property in the state, and all personal property belonging to the inhabitants of the state, whether individuals, co-partnerships, or corporations, and all tangible personal property located in the state belonging to nonresidents, are liable to taxation unless otherwise specially provided. In addition, the cities and towns are authorized to administer and collect an excise tax on registered motor vehicles and trailers in lieu of property tax.

When Due: Section 45-5-5 of the Rhode Island General Laws provides that the electors in a financial town meeting of any town qualified to vote on any proposition to impose a tax or for the expenditure of money, or the city council of a city, shall determine the date on which taxes are due and payable and the date on which they are subject to a penalty, unless otherwise provided by law.

Rate: The electors of any town qualified to vote on any proposition to impose a tax or for the expenditure of money, when legally assembled, may levy a tax for the purposes authorized by law, on the ratable property of the town, either in a sum certain, or in a sum not less than a certain sum and not more than a certain sum. The tax is apportioned upon the assessed valuations as determined by the assessors of the town as of December 31 in each year at midnight, the date being known as the date of assessment of town.

Rates vary by city and town. Further, exemptions vary by cities and towns, and by types of property. For FY 2005 the mean weighted effective rate was \$13.73 per \$1,000 of value, estimated by dividing the FY 2005 total real and personal property tax levy, after exemptions, by total gross value as of December 31, 2003. That calculation for each community is shown in Appendix VII.

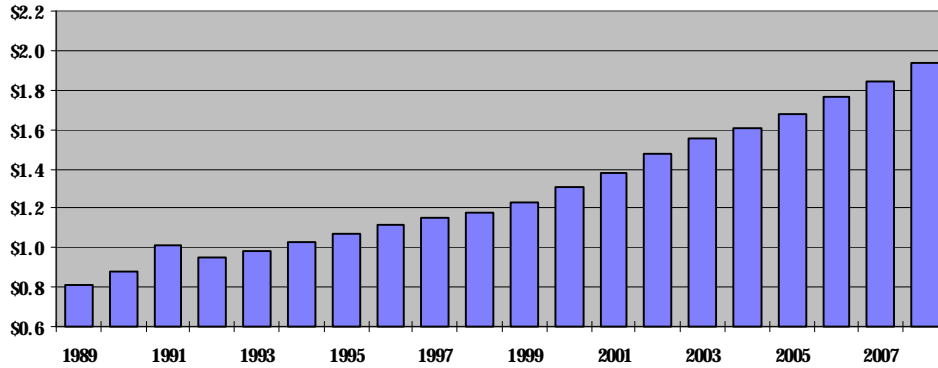
The levies are based on locally determined valuations. The General Laws mandate that property revaluations and statistical updates according to a schedule that, once fully implemented, will require complete full revaluations every nine years with statistical updates in the third and sixth years following the full revaluation.

The statute defines a transition period for communities having conducted or implemented revaluations as of 1993 or later. During 2000 through 2003, these communities were required to complete a statistical update with a full revaluation three years later. For all other municipalities, the statute defines a schedule for two statistical updates before a complete revaluation will be required.

Disposition of Revenues: Local governments retain all property tax revenues they levy. The state levies the public service corporation tax, which is levied at the state level and distributed back to the cities and towns.

Contribution to FY 2009 Total General Revenues: None.

Real and Personal Property Tax Levy as of December 31 (in billions)



Recent Legislation.

Property Tax Cap. The 2006 Assembly enacted legislation to cap the property tax levy at 5.25 percent over the prior year, dropping annually by 0.25 percent to 4.0 percent by FY 2013. Prior to the legislation, communities could increase property taxes up to 5.5 percent, and could apply that limit to either the rate that taxpayers pay or the overall tax levy. The property tax relief act applies the tax cap strictly to the levy. The legislation provides for safeguards to enable communities to exceed the cap in emergencies.

Fiscal Year	Allowable Levy Increase
2008	5.25%
2009	5.00%
2010	4.75%
2011	4.50%
2012	4.25%
2013	4.00%

Lottery Master Contracts. The 2005 Assembly provided for increased property tax relief as part of the legislation authorizing new video lottery terminals at Lincoln and Newport. All non distressed communities would share 6.25 percent of the state's share of net terminal income from the newly authorized machines up to \$10.0 million per year to be distributed on the same proportions as the general revenue sharing distribution for that same year. In addition, the distressed communities would receive 12.5 percent of the state's share of net terminal income from the new machines to a maximum of \$20.0 million per year to be divided equally between the distressed communities.

The 2006 Assembly amended the statutes to convert these shares to percentages of total video lottery net terminal income: 0.10 percent for the non distressed communities and 0.19 percent for the distressed communities.

Inventory Tax Phase-Out. The 1998 Assembly mandated the phase-out of local inventory taxes over a ten-year period beginning in FY 2000. Local tax rates have been frozen at the FY 1999 level and would be reduced by ten percent a year through FY 2008, the last year of the tax. To compensate municipalities for the lost revenues, the state is providing additional funding through the General Revenue Sharing program by increasing the percent of second prior year revenues dedicated to the program. The statute was amended to increase the rate to 4.7 percent by FY 2009; it had been one 1.0 percent.

Revaluation. The 1997 Assembly required the statistical updates and provided for state per-parcel reimbursements of \$15 for the first update, \$10 for the second, and \$6 for the third and all subsequent updates. The 2000 Assembly increased the per parcel reimbursement to \$20 for the first updates, 80 percent of costs up to \$16 for the second update and 60 percent of costs up to \$12 per parcel for subsequent updates. Distressed communities receive 80 percent up to \$16 for the second and subsequent updates.

Property Tax Circuit Breaker

Statute: Rhode Island General Law: Title 44, Chapter 33

Who Must File: This expenditure program provides property tax relief to individuals 65 or older, disabled; and non-disabled, non-elderly meeting income eligibility requirements. Homeowners and renters who qualify receive refundable income tax credits for property taxes or rent paid up to \$300 per household. Only one claimant per household per year is eligible.

The credit is based upon the amount that property taxes or rent constituting property taxes exceeds the thresholds shown below. For example, for a single person household with \$14,000 household income, the credit would be the amount the household's property tax exceeds \$840, with a maximum credit up to \$300.

Credit Percentage Threshold			
Household Income		Household Size	
From	To	1 Person	2 or More
\$ -	\$ 6,000	3%	3%
6,001	9,000	4%	4%
9,001	12,000	5%	5%
12,001	15,000	6%	5%
15,001	30,000	6%	6%

Property tax for renters is defined for this purpose as 20 percent of the rent payments. For a renter with household income of \$14,000, the credit would be the amount that 20 percent of the household's rent payment exceeds \$840, with a maximum credit up to \$350. For example, a household with annual rent payments of \$4,800 would qualify for \$120 of relief based on 20 percent of \$4,800 equaling \$960, which exceeds six percent of \$14,000, or \$840, by \$120.

The law originally provided first priority to elderly and disabled within the amount appropriated. The tax administrator would first pay all claims to elderly and disabled claimants. After June 30, the administrator would pay all remaining claims of those under 65 years of age. If the total program's cost exceeded the appropriations, these remaining citizens would be paid proportionately.

Payments to non-elderly non-disabled filers had been reduced since 1999 as the \$6.0 million appropriation remained unchanged. The 2005 Assembly increased the appropriation to \$10.0 million, while retaining the thresholds and maximum credits, to restore tax relief to non-disabled, non-elderly meeting income eligibility requirements. The 2006 Assembly converted the program from being appropriation based to one of tax refunds to all qualifying individuals.

The following table shows recent history.

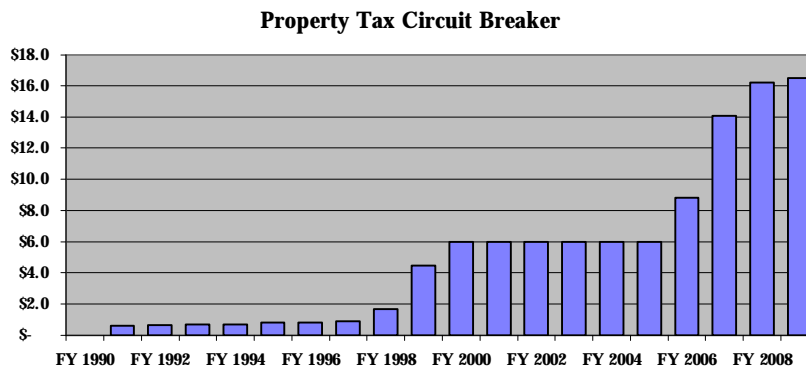
Tax Year	Elderly & Disabled				Non-Elderly, Non-Disabled				Total			
	Filers	Claims	Paid	Average	Filers	Claims	Paid	Average	Filers	Claims	Paid	Average
1998	14,293	\$ 3.2	\$ 3.2	\$ 221.18	5,977	\$ 1.4	\$ 1.4	\$ 227.47	20,270	\$ 4.5	\$ 4.5	\$ 223.03
1999	19,962	4.4	4.4	221.77	11,197	2.6	1.6	140.49	31,159	7.0	6.0	192.56
2000	21,758	4.8	4.8	221.82	14,857	3.4	1.2	79.00	36,615	8.2	6.0	163.87
2001	22,319	5.0	5.0	223.63	15,610	3.6	1.0	64.62	37,929	8.6	6.0	158.19
2002	23,545	5.3	5.3	226.42	16,830	3.9	0.7	39.74	40,375	9.2	6.0	148.61
2003	24,872	5.7	5.7	228.79	15,526	3.6	0.3	19.94	40,398	9.3	6.0	148.52
2004	24,641	5.7	5.7	229.45	13,306	3.1	0.3	26.01	37,947	8.8	6.0	158.12
2005	24,571	5.6	5.6	229.50	13,559	3.2	3.2	233.65	38,130	8.8	8.8	230.97
2006	25,011	6.8	6.8	272.42	25,905	7.3	7.3	280.26	50,916	14.1	14.1	276.41
2007	26,983	7.3	7.3	272.21	31,601	8.9	8.9	281.70	58,584	16.2	16.2	277.33
2008	25,414	7.0	7.0	274.49	33,698	9.5	9.5	282.42	59,112	16.5	16.5	279.01

When Due: April 15.

Rate: See above.

Disposition of Revenues: Part of personal income tax refunds

Contribution to FY 2009 General Revenues: None.



Recent Legislation.

The 1997 Assembly increased income eligibility from \$12,500 to \$18,000 and the maximum credit per household from \$200 to \$250 for elderly and disabled, effective for tax year 1997.

The 1998 Assembly increased income eligibility to \$25,000 and expanded the credit to non-elderly and non-disabled Rhode Islanders. It also increased the available funds for tax year 1998 to \$6.0 million.

The 1999 Assembly further increased income eligibility to \$30,000.

The 2005 Assembly increased funding to \$10.0 million, sufficient to fully provide the credit to all filers based on the \$250 credit. It also provided that 3.125 percent of the state share of net terminal income from the newly authorized video lottery terminals at Lincoln and Newport, to a maximum of \$5.0 million per year, would be used to increase the maximum credit to \$500 in \$50 increments. This was part of the legislation authorizing the multiyear contracts described in the *Lottery* section of *Revenues Facts*.

The 2006 Assembly enacted legislation to treat the circuit breaker as an income tax refund beginning in FY 2006 rather than an appropriation consistent with the intent of the 2005 legislation to fully fund the circuit breaker for low income property tax payers as well as low income elderly and disabled.

It increased the maximum refund for FY 2007 from \$250 to \$300, and amended the 2005 legislation concerning FY 2008 and beyond to lower the increments from \$50 to \$5 and converted the 3.125 percent of new machine revenue to 0.05 percent of all video lottery terminal income.

Motor Vehicle Excise Tax

Statute: Rhode Island General Law: Title 44, Chapter 34

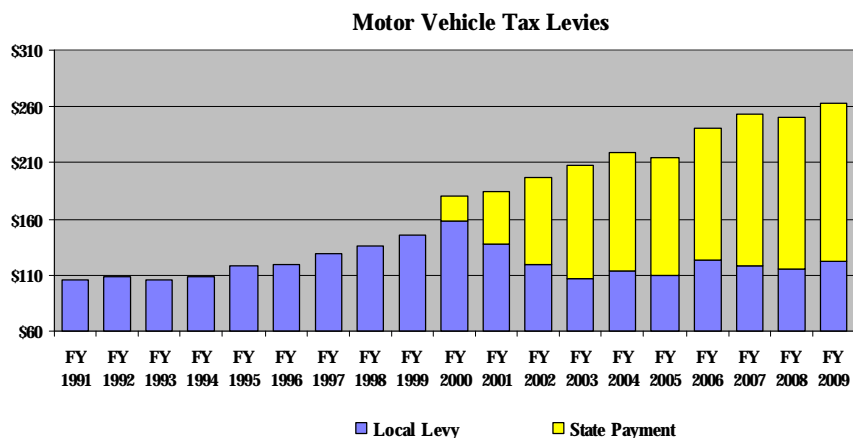
Who Must File: All cities and towns are authorized to administer and collect the excise on registered motor vehicles and trailers in lieu of property tax.

When Due: Bills are to be paid at the same time and on the same schedule as property tax bills.

Rate: The electors of any town qualified to vote on any proposition to impose a tax or for the expenditure of money, when legally assembled, may levy a tax for the purposes authorized by law, on the ratable property of the town, either in a sum certain, or in a sum not less than a certain sum and not more than a certain sum. The tax is apportioned upon the assessed valuations as determined by the assessors of the town as of December 31 in each year at midnight, the date being known as the date of assessment of town. The rate is applied to average retail values as established by, or in guides approved by, the Rhode Island Vehicle Value Commission.

Rates vary by city and town. Further, exemptions vary by cities and towns, and by types of property. The state provides for a \$6,000 exemption on all vehicles, and reimburses the cities and towns for resulting lost revenues. In addition, the 1998 General Assembly capped tax rates at fiscal year 1998 levels for each city, town, and fire district except the Town of Johnston which is capped at fiscal year 1999 rate.

Prior to FY 2004 the state reimbursed cities and towns for the revenues that would have resulted from annual rate changes at the national inflation rate measured by the December consumer price index – all urban consumers (CPI-U), published by the Bureau of Labor Statistics of the United States Department of Labor.



Disposition of Revenues: The local governments retain the tax revenues.

Contribution to FY 2009 Total General Revenues: None.

Recent Legislation.

The 1998 Assembly enacted legislation to phase out the property tax on motor vehicles and trailers over seven years beginning with FY 2000 tax bills.

The 2000 Assembly amended the statute to extend the phase-out for one year through FY 2007. It also eliminated the authority of fire districts to levy motor vehicle excise taxes and the ability of municipalities to charge a minimum tax. The fire districts will be reimbursed for 100 percent of the lost revenues beginning in FY 2001.

The 2002 Assembly ended the phase out of the excise tax and provided for a permanent \$4,500 exemption for FY 2003 and beyond.

The 2003 Assembly ended the CPI-U adjustment.

The 2004 Assembly allowed reimbursement to be for prior year loss; the 2005 Assembly reversed that, providing the reimbursement be made in the year the local governments lose the revenue.

The 2005 Assembly increased the exemption to \$5,000, and dedicated 78.125 percent of the state's share of net terminal income from the newly authorized machines to ending the car tax by increasing the exemption in \$500 increments until it is ended. The exemption in any year cannot be less than the prior year.

The 2006 Assembly increased the exemption to \$6,000, converted the dedicated video lottery terminal income portion to 1.22 percent of total net terminal income, and changed the increments for adjusting the exemption from \$500 to \$250 in order to speed the phase out.

The 2008 Assembly concurred with Governor Carcieri's recommendation to limit the reimbursement to 98 percent of the calculated reimbursement beginning in FY 2008. The Governor indicated this was to more closely align the state reimbursement to actual tax collection rates.

	1998	2000	2002	2005	2006
Fiscal Year	Assembly	Assembly	Assembly	Assembly	Assembly
2000	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
2001	2,500	2,500	2,500	2,500	2,500
2002	3,500	3,500	3,500	3,500	3,500
2003	8,000	5,000	4,500	4,500	4,500
2004	10,000	6,900	4,500	4,500	4,500
2005	15,000	9,400	4,500	4,500	4,500
2006	Total Value	13,000	4,500	5,000	5,000
2007		Total Value	4,500	*	6,000
20??				*	*

**Phase-out using 1.22 percent of net terminal income in \$250 increments.*

Public Service Corporation Tax

Statute: Rhode Island General Law: Title 44, Chapter 44-13

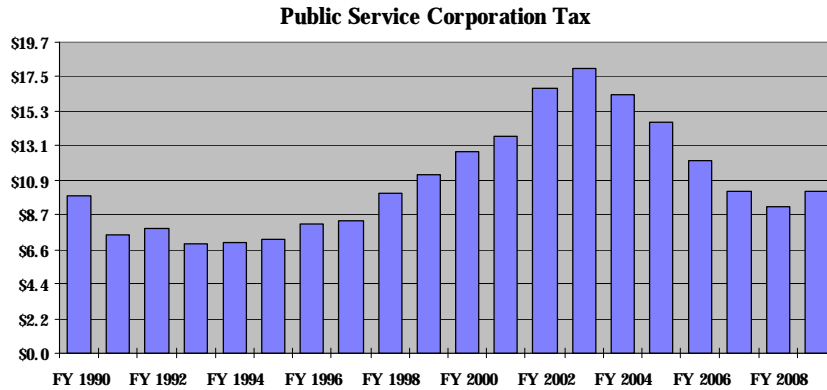
Who Must File: Telegraph, cable, and telecommunications corporations and express corporations used exclusively in conducting business for the corporation on tangible personal property. That includes lines, cables, ducts, pipes, machines and machinery, and equipment.

When Due: By March 1st of each year, companies are required to declare the value of its tangible personal property to the Division of Taxation.

Rate: The rate is based on the average assessment ratios in the state and the average property tax rate, and is calculated by the Department of Administration.

Disposition of Revenues: The funds, minus up to 0.75 percent for administrative purposes, are distributed to the municipalities on the basis of the ratio of the population of the municipality to the population of the state as a whole. For distribution purposes, population data from the most recent census is used.

Contribution to FY 2009 Total General Revenues: None.



Appendix I
General Revenues by Source

General Revenues by Source

	FY 1990	FY 1991	FY 1992	FY 1993
Personal Income Tax	\$ 433,728,358	\$ 425,426,978	\$ 476,080,235	\$ 494,650,723
General Business Taxes				
Business Corporations	64,428,973	41,971,634	51,317,138	66,661,669
Public Utilities Gross	66,312,767	61,156,950	60,747,384	61,861,916
Financial Institutions	9,683,373	3,215,827	328,193	10,754,594
Insurance Companies	37,094,985	32,464,883	34,213,364	32,647,414
Bank Deposits	9,974,023	9,498,046	17,994,017	9,690,957
Health Care Provider	-	-	30,720,184	99,499,428
Subtotal	187,494,121	148,307,340	195,320,280	281,115,978
Consumption Taxes				
Sales and Use	399,768,790	432,593,949	392,772,916	409,598,269
Motor Vehicle	29,443,630	37,387,010	37,407,745	34,826,505
Motor Fuel	74,067,260	77,854,103	73,020,851	67,254,259
Cigarettes & Tobacco	38,673,799	38,293,419	35,547,153	34,670,520
Alcohol	10,832,476	9,449,041	9,130,790	9,156,634
Controlled Substances	1,044	535	75	753
Subtotal	552,786,999	595,578,057	547,879,530	555,506,940
Other Taxes				
Inheritance and Gift	26,889,781	17,794,937	13,856,818	13,128,244
Racing and Athletics	11,181,394	10,074,268	10,917,679	8,161,065
Realty Transfer	4,558,241	3,436,549	3,340,489	3,443,700
Subtotal	42,629,416	31,305,754	28,114,986	24,733,009
Total Taxes	\$1,216,638,894	\$1,200,618,129	\$1,247,395,031	\$1,356,006,650
Departmental Receipts	148,167,563	150,855,650	430,375,629	195,104,314
Gas Tax Transfer	-	-	-	-
Other Miscellaneous	79,415,750	70,542,394	35,993,491	35,295,213
Lottery	27,218,927	26,007,012	23,579,798	43,623,496
Unclaimed Property	4,351,835	3,924,755	3,800,000	6,100,000
Total General Revenues	\$1,475,792,969	\$1,451,947,940	\$1,741,143,949	\$1,636,129,673

General Revenues by Source

	FY 1994	FY 1995	FY 1996	FY 1997
Personal Income Tax	\$ 524,365,387	\$ 529,605,366	\$ 569,009,239	\$ 632,143,363
General Business Taxes				
Business Corporations	66,204,966	67,068,310	69,697,046	74,638,038
Public Utilities Gross	69,019,290	66,731,388	65,088,930	69,397,394
Financial Institutions	20,734,631	16,969,209	24,865,031	20,313,777
Insurance Companies	37,587,941	33,134,724	33,919,731	33,036,335
Bank Deposits	7,499,704	8,232,468	9,025,297	4,083,954
Health Care Provider	24,619,337	17,790,786	20,244,070	22,465,036
Subtotal	225,665,869	209,926,885	222,840,105	223,934,534
Consumption Taxes				
Sales and Use	419,562,993	455,378,653	459,221,827	489,132,746
Motor Vehicle	35,835,776	35,718,335	36,375,376	36,698,217
Motor Fuel	5,704,094	5,705,626	5,930,119	4,701,991
Cigarettes & Tobacco	41,455,452	52,660,658	53,106,348	54,842,926
Alcohol	8,401,237	8,561,561	8,578,510	8,372,008
Controlled Substances	725	1,084	77	32
Subtotal	510,960,277	558,025,917	563,212,257	593,747,920
Other Taxes				
Inheritance and Gift	9,437,728	11,669,639	9,427,932	12,074,862
Racing and Athletics	6,450,250	6,383,887	6,028,905	5,646,881
Realty Transfer	3,515,641	3,476,979	4,864,745	5,085,737
Subtotal	19,403,619	21,530,505	20,321,582	22,807,480
Total Taxes	\$1,280,395,152	\$1,319,088,673	\$1,375,383,183	\$1,472,633,297
Departmental Receipts				
Gas Tax Transfer	154,095,435	181,444,376	175,984,001	187,242,799
Other Miscellaneous	41,792,169	41,042,009	38,339,198	37,710,049
Lottery	27,703,917	55,621,877	68,455,263	40,767,761
Unclaimed Property	51,306,931	71,795,039	90,375,486	100,032,238
Unclaimed Property	5,300,000	3,800,000	3,572,133	5,032,739
Total General Revenues	\$1,560,593,604	\$1,672,791,974	\$1,752,109,264	\$1,843,418,883

General Revenues by Source

	FY 1998	FY 1999	FY 2000	FY 2001
Personal Income Tax	\$ 722,809,063	\$ 757,557,456	\$ 817,079,620	\$ 913,805,718
General Business Taxes				
Business Corporations	78,856,629	74,393,615	75,741,799	68,803,815
Public Utilities Gross	62,330,189	66,349,690	73,011,717	82,112,494
Financial Institutions	(1,157,614)	(1,639,532)	7,683,012	19,105,691
Insurance Companies	41,817,850	31,648,918	31,324,916	37,448,382
Bank Deposits	1,387,514	(612,474)	947,979	959,329
Health Care Provider	23,546,817	23,974,976	24,641,523	27,319,481
Subtotal	206,781,385	194,115,193	213,350,946	235,749,192
Consumption Taxes				
Sales and Use	530,649,386	564,807,963	631,304,598	712,596,610
Motor Vehicle	40,328,576	41,991,608	42,960,129	44,433,272
Motor Fuel	4,947,942	1,010,393	641,041	1,151,584
Cigarettes & Tobacco	64,188,077	61,576,289	59,392,252	60,067,612
Alcohol	8,586,546	9,027,601	9,209,855	9,203,779
Controlled Substances	7	-	165	4
Subtotal	648,700,534	678,413,854	743,508,040	827,452,861
Other Taxes				
Inheritance and Gift	31,524,415	36,324,715	35,563,398	26,912,400
Racing and Athletics	5,979,095	5,806,170	5,374,515	5,472,514
Realty Transfer	6,428,808	2,585,090	2,173,033	2,556,006
Subtotal	43,932,318	44,715,975	43,110,946	34,940,920
Total Taxes	\$1,622,223,300	\$1,674,802,478	\$1,817,049,552	\$2,011,948,691
Departmental Receipts				
Gas Tax Transfer	190,266,014	199,644,809	204,991,741	261,677,841
Other Miscellaneous	30,412,271	20,041,618	15,040,727	8,538,414
Lottery	32,721,004	15,891,757	83,412,911	97,011,236
Unclaimed Property	115,071,622	133,475,047	150,283,635	180,743,897
	3,693,926	4,488,559	3,520,488	4,460,535
Total General Revenues	\$1,994,388,137	\$2,048,344,268	\$2,274,299,054	\$2,564,380,614

General Revenues by Source

	FY 2002	FY 2003	FY 2004	FY 2005
Personal Income Tax	\$ 808,076,953	\$ 813,341,218	\$ 870,203,448	\$ 978,922,876
General Business Taxes				
Business Corporations	32,767,974	62,818,292	75,996,096	116,143,553
Public Utilities Gross	80,813,972	76,134,288	92,209,614	86,357,789
Financial Institutions	3,385,254	9,804,211	(7,296,194)	(1,480,365)
Insurance Companies	32,351,132	51,287,425	43,418,735	53,333,488
Bank Deposits	1,138,120	1,697,630	1,579,935	1,524,111
Health Care Provider	27,843,707	28,140,784	40,317,507	46,827,408
Subtotal	178,300,159	229,882,630	246,225,693	302,705,984
Consumption Taxes				
Sales and Use	745,908,753	777,364,781	822,855,222	847,726,627
Motor Vehicle	46,108,282	47,250,900	47,355,716	47,137,097
Motor Fuel	812,579	1,022,168	859,502	1,978,991
Cigarettes & Tobacco	85,478,817	94,379,289	117,263,392	136,342,162
Alcohol	10,039,097	10,059,399	10,342,162	10,536,807
Controlled Substances	-	-	-	-
Subtotal	888,347,528	930,076,537	998,675,994	1,043,721,684
Other Taxes				
Inheritance and Gift	22,244,911	24,351,448	23,904,508	32,980,957
Racing and Athletics	5,470,031	4,939,017	4,587,070	3,990,803
Realty Transfer	2,691,142	9,781,150	13,036,709	14,423,038
Subtotal	30,406,084	39,071,615	41,528,287	51,394,798
Total Taxes	\$1,905,130,724	\$2,012,372,000	\$2,156,633,422	\$2,376,745,342
Departmental Receipts				
Gas Tax Transfer	243,364,829	290,254,791	285,004,989	267,079,817
Other Miscellaneous	553,531	25,506,330	7,760,433	9,022,662
Lottery	232,339,320	184,086,402	19,705,661	28,197,313
Unclaimed Property	214,141,576	236,540,055	281,141,647	307,540,000
	7,419,763	8,458,048	17,042,121	15,617,732
Total General Revenues	\$2,602,949,742	\$2,757,217,627	\$2,767,288,273	\$3,004,202,866

General Revenues by Source

	FY 2006	FY 2007	FY 2008	FY 2009
Personal Income Tax	\$ 996,792,298	\$ 1,065,367,487	\$ 1,073,616,875	\$ 940,513,781
General Business Taxes				
Business Corporations	165,054,033	148,149,226	150,468,827	104,436,811
Public Utilities Gross	96,027,349	102,109,351	99,436,915	126,664,890
Financial Institutions	3,988,509	4,423,263	1,830,270	2,901,945
Insurance Companies	52,877,704	56,624,296	67,997,274	78,016,930
Bank Deposits	1,494,366	1,673,925	1,710,050	1,802,796
Health Care Provider	47,002,360	47,969,855	53,356,431	46,030,570
Subtotal	366,444,321	360,949,916	374,799,767	359,853,942
Consumption Taxes				
Sales and Use	869,162,931	873,203,817	844,197,089	808,125,293
Motor Vehicle	52,625,943	46,878,903	48,610,020	47,925,805
Motor Fuel	31,099	1,311,762	991,473	1,325,034
Cigarettes & Tobacco	126,340,938	120,480,817	114,674,498	130,503,213
Alcohol	10,870,193	10,705,751	11,140,941	10,811,831
Subtotal	1,059,031,104	1,052,581,050	1,019,614,021	998,691,176
Other Taxes				
Inheritance and Gift	39,204,438	34,683,979	35,333,925	28,096,912
Racing and Athletics	3,489,811	2,921,166	2,812,860	2,450,809
Realty Transfer	14,591,822	12,737,438	10,223,094	6,811,322
Subtotal	57,286,071	50,342,583	48,369,879	37,359,043
Total Taxes	\$ 2,479,553,794	\$ 2,529,241,036	\$ 2,516,400,542	\$ 2,336,417,942
Departmental Receipts				
Gas Tax Transfer	287,314,592	277,790,450	356,546,075	319,361,734
Other Miscellaneous	4,322,195	4,704,602	4,513,745	4,327,710
Lottery	31,163,069	67,471,487	181,810,134	17,739,819
Unclaimed Property	323,899,490	320,989,832	355,321,087	337,529,754
Subtotal	14,243,183	11,456,513	15,387,030	8,044,126
Total General Revenues	\$ 3,140,496,323	\$ 3,211,653,920	\$ 3,429,978,613	\$ 3,023,421,085

Appendix II

Rhode Island Personal Income Tax Statistics of Income

The tables on the following pages contain Rhode Island income tax statistics for tax years 2005 through 2007 showing the numbers of resident filers by adjusted gross income groupings, for the various lines on the personal income tax form. The first tables show the summary data, including taxable income as a percentage of adjusted gross income, or the effective tax before credits, as well as the effective tax rates after credits. Effective tax rates differ from the marginal rates in that they show what is actually paid after deductions and credits.

The second tables show the credits, the numbers of filers using them, and the amounts filed for the same adjusted gross income groups. The first table shows the sum of the credits on the line titled "Credits" near the end of the form.

The effective rate calculations do not include reductions for historic preservation and film tax credits. Tax filers generally purchase these credits; therefore reflecting them would distort the effective rates calculations because the purchase prices are not known.

The 2006 tables are revised from those appearing in the 2008 edition to reflect final returns.

2005 Statistics of Rhode Island Personal Income

Tax Year 2005 Rhode Island Resident Returns	All Returns	Under \$30,000	\$30,001 Thru \$50,000	\$50,001 thru \$75,000
Total Returns	486,209	236,964	87,060	68,060
Joint Returns	175,482	28,787	26,943	40,348
Single Returns	232,780	154,842	45,317	21,186
Married Separate Returns	6,240	3,096	1,752	783
Head of Household Returns	57,030	35,714	12,992	5,693
Adjusted Gross Income	\$ 25,775,327,838	\$ 2,991,152,526	\$ 3,405,805,807	\$ 4,189,391,358
Modification Increasing AGI	\$ 115,670,078	\$ 7,179,268	\$ 5,429,649	\$ 7,001,030
Modification Decreasing AGI	\$ (168,568,418)	\$ (16,897,537)	\$ (12,794,176)	\$ (17,058,242)
Modified AGI	\$ 25,722,429,498	\$ 2,981,434,257	\$ 3,398,441,279	\$ 4,179,334,146
Standard Deduction - Returns	269,660	178,811	53,228	23,862
Standard Deduction Amount	\$ 1,897,571,232	\$ 1,053,264,705	\$ 357,631,086	\$ 203,959,264
Itemized Deductions - Returns	200,654	42,301	33,785	44,187
Itemized Deductions Amount	\$ 3,827,553,812	\$ 426,254,056	\$ 466,427,601	\$ 717,572,302
Number of Exemptions	869,875	292,649	158,343	156,663
Value of Exemptions	\$ 2,717,195,500	\$ 931,802,741	\$ 506,119,697	\$ 500,008,901
Taxable Income	\$ 17,280,108,955	\$ 570,112,755	\$ 2,068,262,895	\$ 2,757,793,680
Regular Tax - Returns	400,694	210,505	76,294	54,729
Regular Tax	\$ 866,879,111	\$ 42,120,074	\$ 80,649,430	\$ 115,082,736
Capital Gains - Returns	70,769	11,859	10,727	13,292
Capital Gains Amount	\$ 90,059,614	\$ 381,102	\$ 620,182	\$ 1,486,063
Other Taxes - Returns	910	557	49	55
Other Taxes	\$ 599,521	\$ 134,814	\$ 29,654	\$ 28,440
Alternative Minimum Tax - Returns	7,846	37	85	440
Alternative Minimum Tax	\$ 7,921,147	\$ 65,435	\$ 48,662	\$ 155,034
Tax Liability - Returns	480,219	222,958	87,155	68,516
Tax Liability	\$ 965,459,393	\$ 42,701,426	\$ 81,347,929	\$ 116,752,274
Percent of Adjusted Gross Income	3.75%	1.43%	2.39%	2.79%
Credits* - Returns	106,662	65,503	10,150	7,711
Credits	\$ 23,255,997	\$ 6,525,728	\$ 1,093,242	\$ 726,926
Tax	\$ 942,203,396	\$ 36,175,698	\$ 80,254,686	\$ 116,025,348
Percent of Adjusted Gross Income	3.66%	1.21%	2.36%	2.77%

*Excluding historic and film credits which are generally purchased from the credit earning entity.

2005 Statistics of Rhode Island Personal Income

Tax Year 2005 Rhode Island Resident Returns	\$75,001 Thru \$100,000	\$100,001 Thru \$200,000	Over \$200,000	All Returns
Total Returns	40,395	41,817	11,913	486,209
Joint Returns	32,693	36,531	10,180	175,482
Single Returns	5,946	4,120	1,369	232,780
Married Separate Returns	288	214	107	6,240
Head of Household Returns	1,444	936	251	57,030
Adjusted Gross Income	\$ 3,489,103,368	\$ 5,485,330,193	\$ 6,214,544,586	\$ 25,775,327,838
Modification Increasing AGI	\$ 7,696,461	\$ 18,044,701	\$ 70,318,971	\$ 115,670,078
Modification Decreasing AGI	\$ (12,897,093)	\$ (25,790,689)	\$ (83,130,681)	\$ (168,568,418)
Modified AGI	\$ 3,483,902,736	\$ 5,477,584,205	\$ 6,201,732,876	\$ 25,722,429,498
Standard Deduction - Returns	7,444	4,643	1,672	269,660
Standard Deduction Amount	\$ 88,448,354	\$ 94,103,790	\$ 100,164,033	\$ 1,897,571,232
Itemized Deductions - Returns	32,938	37,180	10,243	200,654
Itemized Deductions Amount	\$ 624,576,695	\$ 933,042,366	\$ 659,680,792	\$ 3,827,553,812
Number of Exemptions	109,064	120,244	32,912	869,875
Value of Exemptions	\$ 349,007,028	\$ 383,537,504	\$ 46,719,630	\$ 2,717,195,500
Taxable Income	\$ 2,421,870,659	\$ 4,066,900,545	\$ 5,395,168,420	\$ 17,280,108,955
Regular Tax - Returns	29,493	25,254	4,419	400,694
Regular Tax	\$ 108,066,883	\$ 209,016,651	\$ 311,943,337	\$ 866,879,111
Capital Gains - Returns	10,873	16,532	7,486	70,769
Capital Gains Amount	\$ 2,234,170	\$ 10,412,010	\$ 74,926,087	\$ 90,059,614
Other Taxes - Returns	50	108	91	910
Other Taxes	\$ 56,865	\$ 52,269	\$ 297,479	\$ 599,521
Alternative Minimum Tax - Returns	802	2,944	3,538	7,846
Alternative Minimum Tax	\$ 312,018	\$ 1,824,891	\$ 5,515,106	\$ 7,921,147
Tax Liability - Returns	41,218	44,838	15,534	480,219
Tax Liability	\$ 110,669,935	\$ 221,305,821	\$ 392,682,009	\$ 965,459,393
Percent of Adjusted Gross Income	3.17%	4.03%	6.32%	3.75%
Credits* - Returns	6,837	10,520	5,941	106,662
Credits	\$ 727,255	\$ 1,545,103	\$ 12,637,743	\$ 23,255,997
Tax	\$ 109,942,681	\$ 219,760,718	\$ 380,044,265	\$ 942,203,396
Percent of Adjusted Gross Income	3.15%	4.01%	6.12%	3.66%

* Excluding historic and film credits which are generally purchased from the credit earning entity.

2005 Statistics of Rhode Island Personal Income

Tax Year 2005 Rhode Island Resident Returns	All Returns	Under \$30,000	\$30,001 Thru \$50,000	\$50,001 thru \$75,000
RI Part of Federal Credits - Returns	43,769	7,624	6,048	7,644
RI Part of Federal Credits Amount	\$ 7,087,459	\$ 742,579	\$ 525,405	\$ 640,338
Foreign Tax Credit - Returns	21,104	2,806	2,587	3,349
Foreign Tax Credit Amount	\$ 2,646,769	\$ 24,260	\$ 35,538	\$ 54,268
Credit for Child Care - Returns	18,826	3,201	3,160	3,907
Credit for Child Care Amount	\$ 2,401,449	\$ 355,374	\$ 416,482	\$ 479,901
Credit for Elderly - Returns	282	276	5	-
Credit for Elderly Amount	\$ 19,109	\$ 18,623	\$ 420	\$ -
Federal Mortgage Credit - Returns	202	23	59	63
Federal Mortgage Credit Amount	\$ 58,583	\$ 5,372	\$ 16,658	\$ 17,450
Other Federal Credits - Returns	3,355	1,318	237	325
Other Federal Credits Amount	\$ 1,961,549	\$ 338,951	\$ 56,306	\$ 88,719
Total Other Credits - Returns	2,011	65	69	105
Total Other Credits Amount	\$ 58,560,195	\$ 36,953	\$ 141,542	\$ 126,197
Out of State Credit - Returns	70,882	16,594	15,524	14,417
Out of State Credit Amount	\$ 120,586,442	\$ 3,980,491	\$ 10,585,706	\$ 15,766,814
Property Tax Credit - Returns	38,528	38,528	-	-
Property Tax Credit Amount	\$ 8,899,879	\$ 8,899,879	\$ -	\$ -
Property Tax Now - Returns	24,780	24,780	-	-
Property Tax Now Amount	\$ 5,683,376	\$ 5,683,376	\$ -	\$ -
Property Tax Later - Returns	13,748	13,748	-	-
Property Tax Later Amount	\$ 3,216,503	\$ 3,216,503	\$ -	\$ -
Investment Tax Credit	553	42	18	34
Investment Tax Amount	\$ 3,086,870	\$ 16,106	\$ 5,757	\$ 24,217
Historic Preservation Credit - Returns	875	6	22	37
Historic Preservation Credit Amount	\$ 43,630,275	\$ 1,610	\$ 20,485	\$ 39,027
Surviving Spouse Credit - Returns	-	-	-	-
Surviving Spouse Credit Amount	\$ -	\$ -	\$ -	\$ -

2005 Statistics of Rhode Island Personal Income

Tax Year 2005 Rhode Island Resident Returns	\$75,001 Thru \$100,000	\$100,001 Thru \$200,000	Over \$200,000	All Returns
RI Part of Federal Credits - Returns	6,757	10,305	5,391	43,769
RI Part of Federal Credits Amount	\$ 606,661	\$ 1,088,628	\$ 3,483,848	\$ 7,087,459
Foreign Tax Credit - Returns	2,990	5,278	4,094	21,104
Foreign Tax Credit Amount	\$ 65,096	\$ 294,981	\$ 2,172,626	\$ 2,646,769
Credit for Child Care - Returns	3,437	4,367	754	18,826
Credit for Child Care Amount	\$ 454,090	\$ 590,212	\$ 105,391	\$ 2,401,449
Credit for Elderly - Returns	1	-	-	282
Credit for Elderly Amount	\$ 67	\$ -	\$ -	\$ 19,109
Federal Mortgage Credit - Returns	37	19	1	202
Federal Mortgage Credit Amount	\$ 11,537	\$ 7,478	\$ 88	\$ 58,583
Other Federal Credits - Returns	292	641	542	3,355
Other Federal Credits Amount	\$ 75,872	\$ 195,958	\$ 1,205,744	\$ 1,961,549
Total Other Credits - Returns	113	348	1,311	2,011
Total Other Credits Amount	\$ 168,195	\$ 933,401	\$ 57,153,906	\$ 58,560,195
Out of State Credit - Returns	9,743	10,916	3,688	70,882
Out of State Credit Amount	\$ 15,302,671	\$ 31,177,286	\$ 43,773,472	\$ 120,586,442
Property Tax Credit - Returns	-	-	-	38,528
Property Tax Credit Amount	\$ -	\$ -	\$ -	\$ 8,899,879
Property Tax Now - Returns	-	-	-	24,780
Property Tax Now Amount	\$ -	\$ -	\$ -	\$ 5,683,376
Property Tax Later - Returns	-	-	-	13,748
Property Tax Later Amount	\$ -	\$ -	\$ -	\$ 3,216,503
Investment Tax Credit	46	123	290	553
Investment Tax Amount	\$ 42,346	\$ 198,245	\$ 2,800,199	\$ 3,066,870
Historic Preservation Credit - Returns	33	120	657	875
Historic Preservation Credit Amount	\$ 47,602	\$ 389,978	\$ 43,131,573	\$ 43,630,275
Surviving Spouse Credit - Returns	-	-	-	-
Surviving Spouse Credit Amount	\$ -	\$ -	\$ -	\$ -

2005 Statistics of Rhode Island Personal Income

Tax Year 2005 Rhode Island Resident Returns	All Returns	Under \$30,000	\$30,001 Thru \$50,000	\$50,001 thru \$75,000
Enterprise Zones Total - Returns	220	2	4	6
Enterprise Zones Total Amount	\$ 1,936,052	\$ 863	\$ 2,406	\$ 5,565
Enterprise Zone Wage Credit - Returns	138	1	1	3
Enterprise Zone Wage Credit Amount	\$ 1,391,764	\$ 350	\$ 230	\$ 3,956
Enterprise Zone Interest Credit - Returns	38	1	2	1
Enterprise Zone Interest Credit Amount	\$ 132,970	\$ 513	\$ 1,815	\$ 906
Enterprise Zone Donation Credit - Returns	44	-	1	2
Enterprise Zone Donation Credit Amount	\$ 411,318	\$ -	\$ 361	\$ 703
Lead Pain Abatement Credit - Returns	51	8	17	14
Lead Paint Abatement Credit Amount	\$ 254,099	\$ 16,728	\$ 111,340	\$ 47,439
Apprenticeship Credit - Returns	-	-	-	-
Apprenticeship Credit Amount	\$ -	\$ -	\$ -	\$ -
R&D Credit - Returns	82	1	-	1
R&D Credit Amount	\$ 4,140,799	\$ 278	\$ -	\$ 187
R&D Property Credit - Returns	11	1	-	-
R&D Property Credit Amount	\$ 67,707	\$ 278	\$ -	\$ -
R&D Expenses Credit - Returns	71	-	-	1
R&D Expenses Credit Amount	\$ 4,073,092	\$ -	\$ -	\$ 187
Job Training Credit - Returns	48	1	2	2
Job Training Credit Amount	\$ 449,583	\$ 186	\$ 200	\$ 420
Film Credit - Returns	118	-	-	1
Film Credit Amount	\$ 4,955,968	\$ -	\$ -	\$ 582
Other Credits - Returns	64	5	6	10
Other Credits Amount	\$ 106,548	\$ 1,181	\$ 1,355	\$ 8,760
Earned Income Credit Total - Returns	61,875	57,820	4,055	-
Earned Income Credit Total Amount	\$ 6,194,587	\$ 5,747,807	\$ 446,780	\$ -
Refundable Portion - Returns	51,316	50,208	1,108	-
Refundable Portion Amount	\$ 2,442,905	\$ 2,427,790	\$ 15,116	\$ -
Payments				
Balance Due - Returns	91,674	23,147	17,946	17,467
Balance Due Amount	\$ 64,450,143	\$ 3,063,135	\$ 4,618,945	\$ 6,855,447
Refunds - Returns	355,746	192,959	62,626	46,366
Refunds Amount	\$ 171,754,954	\$ 45,055,071	\$ 25,494,980	\$ 28,023,396
Credit Carry Forward - Returns	14,366	2,957	2,074	2,378
Credit Carry Forward Amount	\$ 32,326,039	\$ 1,121,586	\$ 841,635	\$ 1,340,263

2005 Statistics of Rhode Island Personal Income

Tax Year 2005 Rhode Island Resident Returns	\$75,001 Thru \$100,000	\$100,001 Thru \$200,000	Over \$200,000	All Returns
Enterprise Zones Total - Returns	9	50	149	220
Enterprise Zones Total Amount	\$ 22,109	\$ 135,030	\$ 1,770,079	\$ 1,936,052
Enterprise Zone Wage Credit - Returns	8	34	91	138
Enterprise Zone Wage Credit Amount	\$ 19,921	\$ 95,815	\$ 1,271,491	\$ 1,391,764
Enterprise Zone Interest Credit - Returns	-	9	25	38
Enterprise Zone Interest Credit Amount	\$ -	\$ 26,354	\$ 103,382	\$ 132,970
Enterprise Zone Donation Credit - Returns	1	7	33	44
Enterprise Zone Donation Credit Amount	\$ 2,188	\$ 12,861	\$ 395,206	\$ 411,318
Lead Pain Abatement Credit - Returns	4	7	1	51
Lead Paint Abatement Credit Amount	\$ 25,626	\$ 51,186	\$ 1,780	\$ 254,099
Apprenticeship Credit - Returns	-	-	-	-
Apprenticeship Credit Amount	\$ -	\$ -	\$ -	\$ -
R&D Credit - Returns	2	12	66	82
R&D Credit Amount	\$ 1,833	\$ 32,865	\$ 4,105,636	\$ 4,140,799
R&D Property Credit - Returns	-	-	10	11
R&D Property Credit Amount	\$ -	\$ -	\$ 67,429	\$ 67,707
R&D Expenses Credit - Returns	2	12	56	71
R&D Expenses Credit Amount	\$ 1,833	\$ 32,865	\$ 4,038,207	\$ 4,073,092
Job Training Credit - Returns	4	7	32	48
Job Training Credit Amount	\$ 4,656	\$ 6,594	\$ 437,527	\$ 449,583
Film Credit - Returns	-	13	104	118
Film Credit Amount	\$ -	\$ 86,948	\$ 4,868,438	\$ 4,955,968
Other Credits - Returns	15	16	12	64
Other Credits Amount	\$ 24,023	\$ 32,555	\$ 38,675	\$ 106,548
Earned Income Credit Total - Returns	-	-	-	61,875
Earned Income Credit Total Amount	\$ -	\$ -	\$ -	\$ 6,194,587
Refundable Portion - Returns	-	-	-	51,316
Refundable Portion Amount	\$ -	\$ -	\$ -	\$ 2,442,905
Payments				
Balance Due - Returns	13,030	15,722	4,362	91,674
Balance Due Amount	\$ 7,551,027	\$ 17,175,898	\$ 25,185,690	\$ 64,450,143
Refunds - Returns	25,127	23,075	5,593	355,746
Refunds Amount	\$ 18,822,776	\$ 23,973,548	\$ 30,385,183	\$ 171,754,954
Credit Carry Forward - Returns	1,704	2,896	2,357	14,366
Credit Carry Forward Amount	\$ 1,278,749	\$ 3,751,653	\$ 23,992,153	\$ 32,326,039

2006 Statistics of Rhode Island Personal Income

Tax Year 2006 Rhode Island Resident Returns	All Returns	Thru \$30,000	\$30,001 Thru \$50,000	\$50,001 Thru \$75,000
Total Returns	484,218	224,039	88,600	69,023
Joint Returns	176,616	27,561	25,503	38,294
Single Returns	240,921	156,284	47,599	23,534
Separate Returns	6,531	3,060	1,832	909
Head of Household Returns	60,150	37,134	13,666	6,286
Adjusted Gross Income	\$27,732,997,466	\$2,934,410,763	\$3,468,761,929	\$4,255,293,718
Modification Increasing AGI	\$142,827,699	\$10,167,990	\$5,891,278	\$7,817,348
Modification Decreasing AGI	(184,453,452)	(15,866,855)	(12,819,429)	(18,732,581)
Modified AGI	\$27,691,371,713	\$2,928,711,897	\$3,461,833,778	\$4,244,378,485
Standard Deduction - Returns	271,839	177,943	54,646	24,868
Standard Deduction Amount	\$1,961,805,681	\$1,078,926,933	\$372,400,950	\$210,582,583
Itemized Deductions - Returns	210,741	44,377	33,966	44,191
Itemized Deductions Amount	\$4,346,991,958	\$470,204,029	\$495,541,868	\$753,890,264
Number of Exemptions	890,235	295,219	158,222	154,077
Value of Exemptions	\$2,881,035,910	\$965,803,213	\$521,833,900	\$505,971,772
Taxable Income	\$18,501,538,164	\$413,777,722	\$2,072,057,060	\$2,773,933,866
Regular Tax - Returns	478,513	219,883	88,281	68,828
Regular Tax Amount	\$863,338,713	\$40,344,795	\$80,048,754	\$114,996,356
Capital Gains - Returns	73,797	10,961	10,796	13,606
Capital Gains Amount	\$ 102,223,266	\$ 390,465	\$ 683,554	\$ 1,654,135
Flat Tax Option - Returns	447	52	10	9
Flat Tax Amount	\$60,244,221	\$23,417	\$13,636	\$10,585
Other Taxes - Returns	1,824	1,297	93	91
Other Taxes Amount	\$665,765	\$246,227	\$88,675	\$100,846
Alternative Minimum Tax - Returns	8,689	40	78	390
Alternative Minimum Tax	\$10,335,240	\$10,036	\$33,926	\$145,519
Tax Liability - Returns	547,013	228,308	95,653	79,202
Tax Liability	\$1,036,807,205	\$41,014,940	\$80,868,544	\$116,907,442
Percent of Adjusted Gross Income	3.74%	1.40%	2.33%	2.75%
Credits* - Returns	291,088	186,875	29,414	21,772
Credits	\$ 166,784,941	\$ 29,639,067	\$ 11,650,423	\$ 16,052,769
Tax	\$870,022,263	\$11,375,873	\$69,218,120	\$100,854,673
Percent of Adjusted Gross Income	3.14%	0.39%	2.00%	2.37%

**Excluding historic and film credits which are generally purchased from the credit earning entity.*

2006 Statistics of Rhode Island Personal Income

Tax Year 2006 Rhode Island Resident Returns	\$75,001 Thru \$100,000	\$100,001 Thru \$200,000	Over \$200,000	All Returns
Total Returns	42,472	46,995	13,089	484,218
Joint Returns	33,301	40,753	11,204	176,616
Single Returns	7,102	4,884	1,518	240,921
Separate Returns	343	291	96	6,531
Head of Household Returns	1,726	1,067	271	60,150
Adjusted Gross Income	\$3,673,458,660	\$6,197,327,932	\$7,203,744,464	\$27,732,997,466
Modification Increasing AGI	\$8,015,311	\$21,727,831	\$89,207,941	\$142,827,699
Modification Decreasing AGI	(15,835,581)	(33,490,667)	(87,708,338)	(184,453,452)
Modified AGI	\$3,665,638,391	\$6,185,565,096	\$7,205,244,067	\$27,691,371,713
Standard Deduction - Returns	8,086	4,769	1,527	271,839
Standard Deduction Amount	\$90,974,920	\$95,089,305	\$113,830,990	\$1,961,805,681
Itemized Deductions - Returns	34,401	42,240	11,566	210,741
Itemized Deductions Amount	\$682,196,818	\$1,100,492,771	\$844,666,208	\$4,346,991,958
Number of Exemptions	111,625	133,735	37,357	890,235
Value of Exemptions	\$368,236,308	\$440,357,237	\$78,833,480	\$2,881,035,910
Taxable Income	\$2,524,230,345	\$4,549,625,783	\$6,167,913,389	\$18,501,538,164
Regular Tax - Returns	42,314	46,706	12,501	478,513
Regular Tax Amount	\$110,928,878	\$232,042,797	\$284,977,134	\$863,338,713
Capital Gains - Returns	11,455	18,746	8,233	73,797
Capital Gains Amount	\$ 2,429,753	\$ 10,385,708	\$ 86,679,650	\$ 102,223,266
Flat Tax Option - Returns	4	15	357	447
Flat Tax Amount	\$12,265	\$72,554	\$60,111,764	\$60,244,221
Other Taxes - Returns	75	150	118	1,824
Other Taxes Amount	\$55,330	\$98,331	\$76,357	\$665,765
Alternative Minimum Tax - Returns	629	2,930	4,622	8,689
Alternative Minimum Tax	\$243,145	\$1,687,716	\$8,214,899	\$10,335,240
Tax Liability - Returns	51,871	65,575	26,404	547,013
Tax Liability	\$113,669,371	\$244,287,106	\$440,059,803	\$1,036,807,205
Percent of Adjusted Gross Income	3.09%	3.94%	6.11%	3.74%
Credits* - Returns	20,700	23,105	30,484	291,088
Credits	\$ 15,972,301	\$ 35,654,286	\$ 57,816,095	\$ 166,784,941
Tax	\$97,697,069	\$208,632,820	\$382,243,708	\$870,022,263
Percent of Adjusted Gross Income	2.66%	3.37%	5.31%	3.14%

**Excluding historic and film credits which are generally purchased from the credit earning entity.*

2006 Statistics of Rhode Island Personal Income

Tax Year 2006 Rhode Island Resident Returns	All Returns	Thru \$30,000	\$30,001 Thru \$50,000	\$50,001 Thru \$75,000
RI Part of Federal Credits - Returns	47,636	6,612	7,359	7,548
RI Part of Federal Credits Amount	\$ 7,354,451	\$ 481,398	\$ 591,244	\$ 725,928
Foreign Tax Credit - Returns	24,479	3,217	2,795	3,757
Foreign Tax Credit Amount	\$2,803,131	\$31,945	\$43,563	\$70,724
Credit for Child Care - Returns	19,408	3,259	3,253	3,703
Credit for Child Care Amount	\$2,526,344	\$375,860	\$449,514	\$466,277
Credit for Elderly - Returns	259	247	2	3
Credit for Elderly Amount	10,884	9,614	87	750
Federal Mortgage Credit - Returns	170	15	52	55
Federal Mortgage Credit Amount	\$49,851	\$1,432	\$16,011	\$14,042
Adoption Credit - Returns	120	2	19	37
Adoption Credit Amount	\$128,967	\$214	\$8,669	\$28,691
Other Federal Credits - Returns	3,200	294	276	455
Other Federal Credits Amount	\$1,835,273	\$62,333	\$73,399	\$145,445
Total Other Credits - Returns	124,648	67,077	15,447	14,248
Total Other Credits Amount	\$ 202,044,484	\$ 17,935,475	\$ 10,426,734	\$ 15,358,104
Out of State Credit - Returns	71,447	15,958	15,358	14,147
Out of State Credit Amount	\$120,214,941	\$3,746,034	\$10,350,210	\$15,259,965
FT Out of State Credit - Returns	163	13	5	1
FT Out of State Credit Amount	\$6,156,357	\$11,370	\$14,541	\$4,402
Prop Tax Now - Returns	51,052	51,037	7	4
Prop Tax Now Amount	\$14,111,080	\$14,110,180	\$600	\$0
Investment Tax Credit	539	31	27	38
Investment Tax Amount	\$3,840,594	\$12,950	\$19,949	\$35,330
Historical - Returns	816	8	24	27
Historical Amount	\$35,287,992	\$2,906	\$21,157	\$31,429
Surviving Spouse - Returns	2	2	0	0
Surviving Spouse Amount	\$147	\$147	\$0	\$0

2006 Statistics of Rhode Island Personal Income

Tax Year 2006 Rhode Island Resident Returns	\$75,001 Thru \$100,000	\$100,001 Thru \$200,000	Over \$200,000	All Returns
RI Part of Federal Credits - Returns	10,633	10,902	25,844	47,636
RI Part of Federal Credits Amount	\$ 741,024	\$ 1,396,453	\$ 3,418,404	\$ 7,354,451
Foreign Tax Credit - Returns	3,295	6,625	4,790	24,479
Foreign Tax Credit Amount	\$85,553	\$344,355	\$2,226,992	\$2,803,131
Credit for Child Care - Returns	3,524	4,843	826	19,408
Credit for Child Care Amount	\$469,411	\$650,875	\$114,408	\$2,526,344
Credit for Elderly - Returns	5	2	-	259
Credit for Elderly Amount	271	163	-	10,884
Federal Mortgage Credit - Returns	32	15	1	170
Federal Mortgage Credit Amount	\$11,254	\$6,811	\$300	\$49,851
Adoption Credit - Returns	36	26	0	120
Adoption Credit Amount	\$40,795	\$50,598	\$0	\$128,967
Other Federal Credits - Returns	411	1,226	538	3,200
Other Federal Credits Amount	\$133,740	\$343,651	\$1,076,705	\$1,835,273
Total Other Credits - Returns	10,104	12,360	5,412	124,648
Total Other Credits Amount	\$ 15,286,457	\$ 34,811,060	\$ 108,226,653	\$ 202,044,484
Out of State Credit - Returns	10,005	11,987	3,992	71,447
Out of State Credit Amount	\$15,149,352	\$33,828,379	\$41,881,001	\$120,214,941
FT Out of State Credit - Returns	0	1	143	163
FT Out of State Credit Amount	\$0	\$13,609	\$6,112,435	\$6,156,357
Prop Tax Now - Returns	2	2	0	51,052
Prop Tax Now Amount	\$0	\$300	\$0	\$14,111,080
Investment Tax Credit	24	121	298	539
Investment Tax Amount	\$22,791	\$182,791	\$3,566,784	\$3,840,594
Historical - Returns	36	145	576	816
Historical Amount	\$53,388	\$458,940	\$34,720,172	\$35,287,992
Surviving Spouse - Returns	0	0	0	2
Surviving Spouse Amount	\$0	\$0	\$0	\$147

2006 Statistics of Rhode Island Personal Income

Tax Year 2006 Rhode Island Resident Returns	All Returns	Thru \$30,000	\$30,001 Thru \$50,000	\$50,001 Thru \$75,000
Enterprise Zone Wage Credit - Returns	128	0	4	4
Enterprise Zone Wage Credit Amount	\$837,223	\$0	\$1,700	\$4,416
Enterprise Zone Interest Credit - Returns	4	0	0	0
Enterprise Zone Interest Credit Amount	\$41,310	\$0	\$0	\$0
Lead Paint - Returns	37	11	4	5
Lead Paint Amount	\$123,773	\$46,804	\$6,516	\$6,801
R&D Property Credit - Returns	11	2	0	1
R&D Property Credit Amount	\$193,994	\$1,150	\$0	\$2
R&D Expense Credit - Returns	108	4	5	6
R&D Expense Credit Amount	\$1,395,363	\$1,880	\$5,721	\$2,431
Job Training Credit - Returns	67	7	5	3
Job Training Credit Amount	\$391,181	\$760	\$1,190	\$807
Film Credit - Returns	212	0	1	0
Film Credit Amount	\$19,205,396	\$0	\$320	\$0
Other Credits - Returns	62	4	7	12
Other Credits Amount	\$245,134	\$1,296	\$4,830	\$12,521
Earned Income Credit Total - Returns	65,159	59,973	5,183	2
Earned Income Credit Amount	\$7,891,117	\$7,272,161	\$618,701	\$151
Refundable Portion - Returns	54,673	53,221	1,450	1
Refundable Portion - Amount	\$3,988,278	\$3,952,938	\$35,221	\$15
Payments				
Withholding - Returns	392,717	168,155	74,562	59,741
Withholding Amount	\$710,367,417	\$61,642,573	\$85,404,134	\$112,431,595
Estimated Pay - Returns	39,823	6,517	5,970	7,081
Estimated Pay Amount	\$186,093,772	\$3,679,797	\$5,026,143	\$9,236,664
Other Payments - Returns	23,734	4,517	3,439	3,627
Other Payments Amount	\$81,402,714	\$995,322	\$1,347,132	\$2,089,091
Balance Due - Returns	96,585	23,216	18,779	18,259
Balance Due Amount	\$68,982,751	\$3,203,195	\$4,981,229	\$7,532,366
Refunds - Returns	364,707	195,315	63,525	46,678
Refunds Amount	\$188,913,543	\$53,144,559	\$26,893,092	\$29,555,827
Credit CarryForward - Returns	13,977	2,603	1,844	2,168
Credit CarryForward Amount	\$34,793,195	\$1,317,000	\$862,395	\$1,232,121

2006 Statistics of Rhode Island Personal Income

Tax Year 2006 Rhode Island Resident Returns	\$75,001 Thru \$100,000	\$100,001 Thru \$200,000	Over \$200,000	All Returns
Enterprise Zone Wage Credit - Returns	14	29	77	128
Enterprise Zone Wage Credit Amount	\$23,405	\$102,609	\$705,092	\$837,223
Enterprise Zone Interest Credit - Returns	0	0	4	4
Enterprise Zone Interest Credit Amount	\$0	\$0	\$41,310	\$41,310
Lead Paint - Returns	5	8	4	37
Lead Paint Amount	\$15,652	\$27,000	\$21,000	\$123,773
R&D Property Credit - Returns	0	1	7	11
R&D Property Credit Amount	\$0	\$14	\$192,828	\$193,994
R&D Expense Credit - Returns	3	20	70	108
R&D Expense Credit Amount	\$1,472	\$36,729	\$1,347,129	\$1,395,363
Job Training Credit - Returns	4	9	39	67
Job Training Credit Amount	\$2,413	\$11,290	\$374,721	\$391,181
Film Credit - Returns	1	14	196	212
Film Credit Amount	\$1,791	\$94,495	\$19,108,790	\$19,205,396
Other Credits - Returns	10	23	6	62
Other Credits Amount	\$16,192	\$54,904	\$155,392	\$245,134
Earned Income Credit Total - Returns	0	1	0	65,159
Earned Income Credit Amount	\$0	\$104	\$0	\$7,891,117
Refundable Portion - Returns	0	1	0	54,673
Refundable Portion - Amount	\$0	\$104	\$0	\$3,988,278
Payments				
Withholding - Returns	37,881	41,869	10,509	392,717
Withholding Amount	\$99,551,117	\$182,498,970	\$168,839,029	\$710,367,417
Estimated Pay - Returns	5,365	8,766	6,124	39,823
Estimated Pay Amount	\$9,953,406	\$28,771,933	\$129,425,829	\$186,093,772
Other Payments - Returns	2,890	5,071	4,190	23,734
Other Payments Amount	\$2,485,417	\$8,937,684	\$65,548,069	\$81,402,714
Balance Due - Returns	13,630	17,864	4,837	96,585
Balance Due Amount	\$7,822,350	\$19,010,271	\$26,433,340	\$68,982,751
Refunds - Returns	26,736	26,127	6,326	364,707
Refunds Amount	\$21,081,265	\$27,426,655	\$30,812,145	\$188,913,543
Credit CarryForward - Returns	1,699	3,011	2,652	13,977
Credit CarryForward Amount	\$1,306,909	\$4,046,288	\$26,028,482	\$34,793,195

2007 Statistics of Rhode Island Personal Income

Tax Year 2007 Rhode Island Resident Returns	All Returns	Thru \$30,000	\$30,001 Thru \$50,000	\$50,001 Thru \$75,000
Total Returns	489,557	225,042	87,452	69,016
Joint Returns	175,098	26,844	23,598	36,108
Single Returns	247,120	158,443	48,050	25,276
Separate Returns	6,530	3,019	1,771	1,020
Head of Household Returns	60,809	36,736	14,033	6,612
Adjusted Gross Income	\$28,479,822,099	\$2,895,723,387	\$3,425,706,783	\$4,258,821,602
Modification Increasing AGI	\$144,085,288	\$9,629,794	\$5,026,008	\$7,181,269
Modification Decreasing AGI	(\$204,594,906)	(\$14,658,501)	(\$11,813,608)	(\$19,852,727)
Modified AGI	\$28,419,312,480	\$2,890,694,680	\$3,418,919,184	\$4,246,150,145
Standard Deduction - Returns	280,211	182,157	55,664	26,175
Standard Deduction Amount	\$2,107,549,135	\$1,152,755,269	\$392,792,465	\$226,270,264
Itemized Deductions - Returns	207,504	40,945	31,811	42,878
Itemized Deductions Amount	\$4,444,994,451	\$446,733,121	\$482,849,566	\$758,562,011
Number of Exemptions	896,762	296,352	155,796	149,573
Value of Exemptions	\$2,974,282,576	\$992,986,457	\$523,631,733	\$505,823,077
Taxable Income	\$18,892,486,319	\$298,219,834	\$2,019,645,419	\$2,755,494,792
Regular Tax - Returns	482,597	211,237	77,240	55,728
Regular Tax Amount	\$856,074,463	\$35,532,952	\$68,677,418	\$92,429,068
Capital Gains - Returns	74,332			
Capital Gains Amount	\$69,652,207			
Flat Tax Option - Returns	860	70	18	11
Flat Tax Amount	\$78,225,236	\$23,842	\$32,311	\$23,686
Other Taxes - Returns	2,111	1,541	88	95
Other Taxes Amount	\$748,874	\$333,503	\$93,562	\$74,811
Alternative Minimum Tax - Returns	8,155	30	46	298
Alternative Minimum Tax	\$9,550,211	\$14,603	\$24,896	\$102,446
Tax Liability - Returns	564,038	229,771	95,592	80,949
Tax Liability	\$1,014,250,992	\$38,642,124	\$77,866,343	\$115,017,717
Percent of Adjusted Gross Income	3.56%	1.33%	2.27%	2.70%
Credits* - Returns	307,327	198,288	30,213	21,879
Credits	\$172,639,157	\$32,292,072	\$11,519,421	\$15,455,496
Tax	\$841,611,835	\$6,350,052	\$66,346,922	\$99,562,221
Percent of Adjusted Gross Income	2.96%	0.22%	1.94%	2.34%

**Excluding historic and film credits which are generally purchased from the credit earning entity.*

2007 Statistics of Rhode Island Personal Income

Tax Year 2007 Rhode Island Resident Returns	\$75,001 Thru \$100,000	\$100,001 Thru \$200,000	Over \$200,000	All Returns
Total Returns	43,309	50,886	13,852	489,557
Joint Returns	32,917	43,765	11,866	175,098
Single Returns	8,096	5,631	1,624	247,120
Separate Returns	337	270	113	6,530
Head of Household Returns	1,959	1,220	249	60,809
Adjusted Gross Income	\$3,749,172,904	\$6,727,616,504	\$7,422,780,918	\$28,479,822,099
Modification Increasing AGI	\$7,278,061	\$22,663,379	\$92,306,776	\$144,085,288
Modification Decreasing AGI	(\$16,352,615)	(\$38,244,227)	(\$103,673,230)	(\$204,594,906)
Modified AGI	\$3,740,098,350	\$6,712,035,657	\$7,411,414,464	\$28,419,312,480
Standard Deduction - Returns	9,059	5,475	1,681	280,211
Standard Deduction Amount	\$101,110,157	\$105,987,988	\$128,632,992	\$2,107,549,135
Itemized Deductions - Returns	34,268	45,428	12,174	207,504
Itemized Deductions Amount	\$698,313,767	\$1,203,619,028	\$854,916,957	\$4,444,994,451
Number of Exemptions	111,800	143,645	39,596	896,762
Value of Exemptions	\$378,521,683	\$484,689,181	\$88,630,445	\$2,974,282,576
Taxable Income	\$2,562,152,743	\$4,917,739,461	\$6,339,234,070	\$18,892,486,319
Regular Tax - Returns	31,912	30,834	4,482	411,433
Regular Tax Amount	\$82,525,619	\$151,392,527	\$84,140,294	\$514,697,879
Capital Gains - Returns	11,397	20,037	8,628	74,332
Capital Gains Amount	\$1,965,234	\$7,716,101	\$57,628,147	\$69,652,207
Flat Tax Option - Returns	5	16	740	860
Flat Tax Amount	\$19,994	\$70,445	\$78,054,959	\$78,225,236
Other Taxes - Returns	88	166	133	2,111
Other Taxes Amount	\$54,136	\$109,946	\$82,916	\$748,874
Alternative Minimum Tax - Returns	542	2,543	4,696	8,155
Alternative Minimum Tax	\$213,654	\$1,407,848	\$7,786,764	\$9,550,211
Tax Liability - Returns	54,576	73,497	29,653	564,038
Tax Liability	\$112,977,569	\$257,103,670	\$412,643,569	\$1,014,250,992
Percent of Adjusted Gross Income	3.01%	3.82%	5.56%	3.56%
Credits* - Returns	17,766	27,562	11,619	307,327
Credits	\$15,720,768	\$37,190,938	\$60,460,462	\$172,639,157
Tax	\$97,256,801	\$219,912,732	\$352,183,106	\$841,611,835
Percent of Adjusted Gross Income	2.59%	3.27%	4.74%	2.96%

**Excluding historic and film credits which are generally purchased from the credit earning entity.*

2007 Statistics of Rhode Island Personal Income

Tax Year 2007 Rhode Island Resident Returns	All Returns	Thru \$30,000	\$30,001 Thru \$50,000	\$50,001 Thru \$75,000
RI Part of Federal Credits - Returns	50,537	6,948	6,463	8,057
RI Part of Federal Credits Amount	\$7,926,982	\$434,401	\$585,965	\$664,482
Foreign Tax Credit - Returns	27,949	3,422	2,932	4,192
Foreign Tax Credit Amount	\$3,468,269	\$38,218	\$47,175	\$81,674
Credit for Child Care - Returns	19,243	3,115	3,232	3,426
Credit for Child Care Amount	\$2,565,904	\$359,780	\$458,199	\$434,822
Credit for Elderly - Returns	229	222	1	2
Credit for Elderly Amount	\$9,295	\$7,948	\$25	\$1,000
Federal Mortgage Credit - Returns	135	12	31	46
Federal Mortgage Credit Amount	\$48,128	\$5,027	\$11,396	\$15,398
Adoption Credit - Returns	71	1	15	22
Adoption Credit Amount	\$79,115	\$1	\$5,604	\$18,765
Other Federal Credits - Returns	2,910	176	252	369
Other Federal Credits Amount	\$1,756,271	\$23,427	\$63,566	\$112,823
Total Other Credits - Returns	132,116	74,389	14,972	13,852
Total Other Credits Amount	\$204,106,826	\$19,957,205	\$9,992,447	\$14,834,793
Out of State Credit - Returns	71,015	15,571	14,882	13,755
Out of State Credit Amount	\$114,764,477	\$3,564,502	\$9,891,674	\$14,704,695
FT Out of State Credit - Returns	332	24	8	3
FT Out of State Credit Amount	\$14,076,393	\$26,598	\$21,273	\$14,023
Prop Tax Now - Returns	58,778	58,744	14	8
Prop Tax Now Amount	\$16,284,287	\$16,281,503	\$1,285	\$900
Investment Tax Credit	471	19	24	27
Investment Tax Amount	\$3,467,417	\$6,202	\$8,907	\$14,536
Historical - Returns	835	2	16	29
Historical Amount	\$42,793,066	\$981	\$12,101	\$41,520
Surviving Spouse - Returns	1	1	-	-
Surviving Spouse Amount	\$316	\$316	\$0	\$0

2007 Statistics of Rhode Island Personal Income

Tax Year 2007 Rhode Island Resident Returns	\$75,001 Thru \$100,000	\$100,001 Thru \$200,000	Over \$200,000	All Returns
RI Part of Federal Credits - Returns	7,781	14,476	6,812	50,537
RI Part of Federal Credits Amount	\$730,454	\$1,589,401	\$3,922,279	\$7,926,982
Foreign Tax Credit - Returns	3,931	8,033	5,439	27,949
Foreign Tax Credit Amount	\$96,549	\$395,308	\$2,809,345	\$3,468,269
Credit for Child Care - Returns	3,377	5,211	882	19,243
Credit for Child Care Amount	\$461,226	\$729,417	\$122,459	\$2,565,904
Credit for Elderly - Returns	1	3	-	229
Credit for Elderly Amount	\$29	\$293	\$0	\$9,295
Federal Mortgage Credit - Returns	31	14	1	135
Federal Mortgage Credit Amount	\$9,545	\$6,532	\$230	\$48,128
Adoption Credit - Returns	18	14	1	71
Adoption Credit Amount	\$27,645	\$21,944	\$5,157	\$79,115
Other Federal Credits - Returns	423	1,201	489	2,910
Other Federal Credits Amount	\$135,460	\$435,907	\$985,088	\$1,756,271
Total Other Credits - Returns	10,007	13,231	5,665	132,116
Total Other Credits Amount	\$15,024,004	\$36,114,651	\$108,183,727	\$204,106,826
Out of State Credit - Returns	9,930	12,875	4,002	71,015
Out of State Credit Amount	\$14,921,133	\$35,111,709	\$36,570,764	\$114,764,477
FT Out of State Credit - Returns	1	8	288	332
FT Out of State Credit Amount	\$6,461	\$58,430	\$13,949,607	\$14,076,393
Prop Tax Now - Returns	7	5	-	58,778
Prop Tax Now Amount	\$300	\$300	\$0	\$16,284,287
Investment Tax Credit	23	109	269	471
Investment Tax Amount	\$20,087	\$209,923	\$3,207,762	\$3,467,417
Historical - Returns	21	132	635	835
Historical Amount	\$29,579	\$431,870	\$42,277,014	\$42,793,066
Surviving Spouse - Returns	-	-	-	1
Surviving Spouse Amount	\$0	\$0	\$0	\$316

2007 Statistics of Rhode Island Personal Income

Tax Year 2007 Rhode Island Resident Returns	All Returns	Thru \$30,000	\$30,001 Thru \$50,000	\$50,001 Thru \$75,000
Enterprise Zone Wage Credit - Returns	146	1	1	3
Enterprise Zone Wage Credit Amount	\$730,363	\$0	\$250	\$2,763
Enterprise Zone Interest Credit - Returns	9	-	-	-
Enterprise Zone Interest Credit Amount	\$37,233	\$0	\$0	\$0
Lead Paint - Returns	53	17	10	12
Lead Paint Amount	\$215,989	\$75,146	\$41,405	\$44,599
R&D Property Credit - Returns	11	-	-	1
R&D Property Credit Amount	\$32,773	\$0	\$0	\$795
RSD Expense Credit - Returns	109	3	9	1
R&D Expense Credit Amount	\$1,384,263	\$1,396	\$10,548	\$838
Job Training Credit - Returns	66	6	4	8
Job Training Credit Amount	\$480,094	\$210	\$2,554	\$4,714
Film Credit - Returns	240	-	-	3
Film Credit Amount	\$9,456,990	\$0	\$0	\$3,106
Other Credits - Returns	50	1	4	2
Other Credits Amount	\$383,164	\$351	\$2,449	\$2,304
Earned Income Credit Total - Returns	68,375	61,651	6,722	2
Earned Income Credit Amount	\$8,464,025	\$7,566,793	\$896,385	\$847
Refundable Portion - Returns	57,374	55,302	2,072	-
Refundable Portion - Amount	\$4,391,380	\$4,334,654	\$56,726	\$0
Payments				
Withholding - Returns	393,658	165,558	73,530	59,566
Withholding Amount	\$724,162,932	\$60,370,894	\$83,392,913	\$111,854,562
Estimated Pay - Returns	39,870	5,766	5,655	7,106
Estimated Pay Amount	\$191,314,058	\$3,581,680	\$4,875,957	\$9,345,451
Other Payments - Returns	23,229	4,409	3,420	3,614
Other Payments Amount	\$69,520,002	\$780,540	\$1,223,248	\$2,001,036
Balance Due - Returns	95,681	22,183	17,878	18,185
Balance Due Amount	\$65,807,845	\$3,073,435	\$4,764,700	\$7,499,443
Refunds - Returns	369,940	197,192	63,368	46,533
Refunds Amount	\$201,224,063	\$56,306,575	\$27,055,724	\$29,935,079
Credit CarryForward - Returns	14,170	2,308	1,783	2,138
Credit CarryForward Amount	\$39,144,537	\$959,162	\$775,276	\$1,208,221

2007 Statistics of Rhode Island Personal Income

Tax Year 2007 Rhode Island Resident Returns	\$75,001 Thru \$100,000	\$100,001 Thru \$200,000	Over \$200,000	All Returns
Enterprise Zone Wage Credit - Returns	9	45	87	146
Enterprise Zone Wage Credit Amount	\$12,251	\$96,232	\$618,867	\$730,363
Enterprise Zone Interest Credit - Returns	-	-	9	9
Enterprise Zone Interest Credit Amount	\$0	\$0	\$37,233	\$37,233
Lead Paint - Returns	5	5	4	53
Lead Paint Amount	\$20,404	\$20,200	\$14,235	\$215,989
R&D Property Credit - Returns	-	2	8	11
R&D Property Credit Amount	\$0	\$64	\$31,914	\$32,773
RSD Expense Credit - Returns	3	16	77	109
R&D Expense Credit Amount	\$1,560	\$37,440	\$1,332,481	\$1,384,263
Job Training Credit - Returns	3	10	35	66
Job Training Credit Amount	\$900	\$22,922	\$448,794	\$480,094
Film Credit - Returns	1	13	223	240
Film Credit Amount	\$4,111	\$81,244	\$9,368,529	\$9,456,990
Other Credits - Returns	4	11	28	50
Other Credits Amount	\$7,217	\$44,317	\$326,526	\$383,164
Earned Income Credit Total - Returns	-	-	-	68,375
Earned Income Credit Amount	\$0	\$0	\$0	\$8,464,025
Refundable Portion - Returns	-	-	-	57,374
Refundable Portion - Amount	\$0	\$0	\$0	\$4,391,380
Payments				
Withholding - Returns	38,485	45,362	11,157	393,658
Withholding Amount	\$100,684,714	\$196,641,624	\$171,218,225	\$724,162,932
Estimated Pay - Returns	5,488	9,452	6,403	39,870
Estimated Pay Amount	\$10,069,354	\$30,568,004	\$132,873,612	\$191,314,058
Other Payments - Returns	2,798	5,174	3,814	23,229
Other Payments Amount	\$2,352,872	\$8,068,124	\$55,094,182	\$69,520,002
Balance Due - Returns	13,328	19,087	5,020	95,681
Balance Due Amount	\$7,555,924	\$18,563,969	\$24,350,374	\$65,807,845
Refunds - Returns	27,688	28,465	6,694	369,940
Refunds Amount	\$22,167,508	\$29,997,594	\$35,761,584	\$201,224,063
Credit CarryForward - Returns	1,747	3,288	2,906	14,170
Credit CarryForward Amount	\$1,252,748	\$4,311,840	\$30,637,289	\$39,144,537

Appendix III Personal Income Tax Flat Tax Calculations

The 2006 Assembly received substantial information during 2005 and testimony during 2006 indicating that Rhode Island's income tax was competitive with Massachusetts's 5.3 percent flat tax until adjusted growth income surpassed somewhere between \$150,000 and \$250,000, with \$225,000 sometimes mentioned. In response, it enacted legislation to allow taxpayers to opt for a tax of 8.0 percent of adjusted gross income for tax year 2006 in lieu of the current tax in determining tax liability.

Each filer could calculate tax liability under both methods, opting to file under that which provides the greater advantage to the filer. The 8.0 percent flat tax rate would decrease by 0.5 percent per year until reaching 5.5 percent for tax year 2011. Filers opting for the flat tax would be ineligible for credits or deductions.

Tax Year	2006	2007	2008	2009	2010	2011
% of AGI	8.00%	7.50%	7.00%	6.50%	6.00%	5.50%

The Division of Taxation recalculated all tax returns using both tax options and assigned the option producing the lower tax liability for each filer. The Division performed the analysis at each of the tax rates, from 5.5 percent to 8.0 percent. Tables showing the actual data for tax years 2006 and 2007 and calculations using the tax year 2007 data for tax years 2008 through 2011 are shown on the following pages. The tax years 2008 through 2011 estimates reflect the 2007 data as filed; it is not adjusted for growth.

Flat Tax Option at 8.0 Percent - Tax Year 2006							
AGI Range		Number of Returns	Tax as Currently Filed	Savings Using New Tax	Number Exercising Option	Percent of Flat Tax Filers	Flat Tax Percent of All
Less	Zero	3,777	-	-	-	-	-
Zero	25,000	228,949	24,814,641	11,314	74	4.7%	0.0%
	25,001 50,000	136,291	91,711,224	9,826	30	1.9%	0.0%
	50,001 75,000	83,063	111,969,714	13,599	21	1.3%	0.0%
	75,001 100,000	53,562	110,673,652	12,916	22	1.4%	0.0%
	100,001 150,000	47,715	160,466,088	16,673	20	1.3%	0.0%
	150,001 200,000	15,580	83,640,579	45,208	9	0.6%	0.1%
	200,001 300,000	10,349	85,606,340	8,972	10	0.6%	0.1%
	300,001 400,000	3,987	50,180,012	42,088	11	0.7%	0.3%
	400,001 500,000	2,109	33,136,991	16,816	19	1.2%	0.9%
	500,001 600,000	1,320	25,266,298	83,291	33	2.1%	2.5%
	600,001 700,000	885	18,733,460	30,918	46	2.9%	5.2%
	700,001 800,000	601	14,812,412	38,957	53	3.4%	8.8%
	800,001 900,000	467	11,967,274	61,081	61	3.9%	13.1%
	900,001 1,000,000	380	10,295,646	68,017	75	4.8%	19.7%
	1,000,001 5,000,000	2,870	113,981,548	3,371,050	904	57.7%	31.5%
	5,000,001 greater	913	99,553,815	3,299,011	179	11.4%	19.6%
Total		592,818	1,046,809,694	7,129,737	1,567	100.0%	0.3%

Flat Tax Option at 7.5 Percent - Tax Year 2007							
AGI Range		Number of Returns	Tax as Currently Filed	Savings Using New Tax	Number Exercising Option	Percent of Flat Tax Filers	Flat Tax Percent of All
Less	Zero	4,313	-	-	-	-	-
Zero	25,000	230,200	23,288,492	7,977	75	3.0%	0.1%
	25,001 50,000	134,431	88,736,464	3,832	37	1.5%	0.0%
	50,001 75,000	82,924	110,853,124	23,369	23	0.9%	0.0%
	75,001 100,000	54,269	110,145,214	12,343	23	0.9%	0.1%
	100,001 150,000	50,267	166,234,016	10,163	21	0.8%	1.5%
	150,001 200,000	16,706	88,332,451	29,163	11	0.4%	4.4%
	200,001 300,000	10,811	86,855,100	47,722	24	1.0%	24.2%
	300,001 400,000	4,005	48,255,753	37,147	48	1.9%	65.8%
	400,001 500,000	2,180	33,323,230	42,275	80	3.2%	72.9%
	500,001 600,000	1,277	22,662,039	93,855	136	5.4%	73.5%
	600,001 700,000	889	17,995,296	171,549	181	7.2%	72.0%
	700,001 800,000	588	13,600,023	257,348	176	7.0%	70.1%
	800,001 900,000	467	11,163,935	316,021	163	6.5%	68.7%
	900,001 1,000,000	391	9,794,363	326,688	135	5.4%	62.4%
	1,000,001 5,000,000	2,877	104,593,772	7,238,732	1,162	46.1%	61.3%
	5,000,001 greater	933	74,764,644	4,831,054	225	8.9%	42.6%
Total		597,528	1,010,597,916	13,449,238	2,520	100.0%	0.4%

Flat Tax Option at 7.0 Percent for Tax Year 2008 - Tax Year 2007 Data								
AGI Range		Number of Returns	Tax as Currently Filed	Savings Using New Tax	Number Exercising Option	Percent of Flat Tax Filers	Flat Tax Percent of All	
Less	Zero	4,313	-	-	-	-	-	
Zero	25,000	230,200	23,288,492	9,406	85	2.2%	0.0%	
	25,001	50,000	134,431	88,736,464	7,083	41	1.0%	0.0%
	50,001	75,000	82,924	110,853,124	25,835	27	0.7%	0.0%
	75,001	100,000	54,269	110,145,214	13,978	23	0.6%	0.0%
	100,001	150,000	50,267	166,234,016	13,770	31	0.8%	0.1%
	150,001	200,000	16,706	88,332,451	33,769	17	0.4%	0.1%
	200,001	300,000	10,811	86,855,100	76,161	88	2.2%	0.8%
	300,001	400,000	4,005	48,255,753	119,832	158	4.0%	3.9%
	400,001	500,000	2,180	33,323,230	253,527	360	9.1%	16.5%
	500,001	600,000	1,277	22,662,039	508,066	425	10.8%	33.3%
	600,001	700,000	889	17,995,296	699,968	397	10.1%	44.7%
	700,001	800,000	588	13,600,023	747,779	279	7.1%	47.4%
	800,001	900,000	467	11,163,935	777,828	226	5.7%	48.4%
	900,001	1,000,000	391	9,794,363	703,254	186	4.7%	47.6%
	1,000,001	5,000,000	2,877	104,593,772	11,571,322	1,339	34.0%	46.5%
	5,000,001	greater	933	74,764,644	6,935,892	253	6.4%	27.1%
Total		597,528	1,010,597,916	22,497,470	3,935	100.0%	0.7%	

Flat Tax Option at 6.5 Percent for Tax Year 2009 - Tax Year 2007 Data								
AGI Range		Number of Returns	Tax as Currently Filed	Savings Using New Tax	Number Exercising Option	Percent of Flat Tax Filers	Flat Tax Percent of All	
Less	Zero	4,313	-	-	-	-	-	
Zero	25,000	230,200	23,288,492	11,118	88	1.5%	0.0%	
	25,001	50,000	134,431	88,736,464	11,609	45	0.8%	0.0%
	50,001	75,000	82,924	110,853,124	29,530	31	0.5%	0.0%
	75,001	100,000	54,269	110,145,214	16,403	27	0.5%	0.0%
	100,001	150,000	50,267	166,234,016	19,878	40	0.7%	0.1%
	150,001	200,000	16,706	88,332,451	49,572	55	0.9%	0.3%
	200,001	300,000	10,811	86,855,100	209,555	298	5.0%	2.8%
	300,001	400,000	4,005	48,255,753	506,206	660	11.1%	16.5%
	400,001	500,000	2,180	33,323,230	1,127,688	915	15.4%	42.0%
	500,001	600,000	1,277	22,662,039	1,437,427	668	11.2%	52.3%
	600,001	700,000	889	17,995,296	1,564,546	518	8.7%	58.3%
	700,001	800,000	588	13,600,023	1,444,325	354	5.9%	60.2%
	800,001	900,000	467	11,163,935	1,347,831	276	4.6%	59.1%
	900,001	1,000,000	391	9,794,363	1,166,614	208	3.5%	53.2%
	1,000,001	5,000,000	2,877	104,593,772	16,360,459	1,488	25.0%	51.7%
	5,000,001	greater	933	74,764,644	9,387,561	283	4.8%	30.3%
Total		597,528	1,010,597,916	34,690,322	5,954	100.0%	1.0%	

Flat Tax Option at 6.0 Percent for Tax Year 2010 - Tax Year 2007 Data								
AGI Range		Number of Returns	Tax as Currently Filed	Savings Using New Tax	Number Exercising Option	Percent of Flat Tax Filers	Flat Tax Percent of All	
Less	Zero	4,313	-	-	-	-	-	-
Zero	25,000	230,200	23,288,492	13,338	104	1.2%	0.0%	
	25,001	50,000	134,431	88,736,464	17,873	56	0.6%	0.0%
	50,001	75,000	82,924	110,853,124	34,334	36	0.4%	0.0%
	75,001	100,000	54,269	110,145,214	20,677	35	0.4%	0.1%
	100,001	150,000	50,267	166,234,016	39,921	117	1.3%	0.2%
	150,001	200,000	16,706	88,332,451	143,146	267	3.0%	1.6%
	200,001	300,000	10,811	86,855,100	708,209	965	10.8%	8.9%
	300,001	400,000	4,005	48,255,753	1,947,410	1,720	19.3%	42.9%
	400,001	500,000	2,180	33,323,230	2,815,922	1,368	15.3%	62.8%
	500,001	600,000	1,277	22,662,039	2,717,610	829	9.3%	64.9%
	600,001	700,000	889	17,995,296	2,608,104	586	6.6%	65.9%
	700,001	800,000	588	13,600,023	2,241,518	388	4.3%	66.0%
	800,001	900,000	467	11,163,935	1,996,086	299	3.3%	64.0%
	900,001	1,000,000	391	9,794,363	1,666,698	225	2.5%	57.5%
	1,000,001	5,000,000	2,877	104,593,772	21,513,405	1,618	18.1%	56.2%
	5,000,001	greater	933	74,764,644	12,036,063	321	3.6%	34.4%
Total		597,528	1,010,597,916	50,520,314	8,934	100.0%	1.5%	

Flat Tax Option at 5.5 Percent for Tax Year 2011 - Tax Year 2007 Tax Information Data								
AGI Range		Number of Returns	Tax as Currently Filed	Savings Using New Tax	Number Exercising Option	Percent of Flat Tax Filers	Flat Tax Percent of All	
Less	Zero	4,313	-	-	-	-	-	-
Zero	25,000	230,200	23,288,492	17,107	126	5.0%	0.0%	
	25,001	50,000	134,431	88,736,464	26,089	64	2.5%	0.0%
	50,001	75,000	82,924	110,853,124	39,467	41	1.6%	0.0%
	75,001	100,000	54,269	110,145,214	28,504	74	2.9%	0.0%
	100,001	150,000	50,267	166,234,016	213,669	753	29.9%	0.0%
	150,001	200,000	16,706	88,332,451	463,615	731	29.0%	0.0%
	200,001	300,000	10,811	86,855,100	2,291,539	2,612	103.7%	0.0%
	300,001	400,000	4,005	48,255,753	4,702,676	2,636	104.6%	0.0%
	400,001	500,000	2,180	33,323,230	5,020,718	1,590	63.1%	0.0%
	500,001	600,000	1,277	22,662,039	4,205,556	938	37.2%	0.0%
	600,001	700,000	889	17,995,296	3,757,566	640	25.4%	0.0%
	700,001	800,000	588	13,600,023	3,078,821	412	16.3%	0.0%
	800,001	900,000	467	11,163,935	2,686,936	321	12.7%	0.0%
	900,001	1,000,000	391	9,794,363	2,193,249	244	9.7%	0.0%
	1,000,001	5,000,000	2,877	104,593,772	27,075,904	1,764	70.0%	0.0%
	5,000,001	greater	933	74,764,644	14,838,604	397	15.8%	0.0%
Total		597,528	1,010,597,916	70,640,020	13,343	529.5%	2.2%	

Appendix IV
Total Property Tax Levy by Community

Total Tax Levy

<i>City or Town</i>	<i>FY 1991</i>	<i>FY 1992</i>	<i>FY 1993</i>	<i>FY 1994</i>
Barrington	\$ 19,664,078	\$ 20,983,306	\$ 22,365,220	\$ 23,903,526
Bristol	13,835,916	15,747,137	16,599,239	18,009,644
Burrillville	11,141,961	11,694,674	11,936,161	12,111,433
Central Falls	10,242,767	10,310,318	10,259,849	10,172,639
Charlestown	7,498,519	7,400,164	8,580,410	9,083,749
Coventry	22,481,523	24,514,500	24,860,218	26,187,875
Cranston	70,530,702	76,723,900	76,990,342	82,116,312
Cumberland	22,713,158	24,363,809	26,174,750	26,732,639
East Greenwich	15,740,762	16,763,177	17,372,128	18,625,795
East Providence	45,014,531	47,461,736	49,313,140	50,624,171
Exeter	3,761,747	4,267,375	4,564,567	5,781,346
Foster	4,547,981	4,755,327	5,272,243	5,592,365
Glocester	7,588,669	8,445,868	9,709,352	9,845,654
Hopkinton	5,424,254	5,994,066	5,776,739	6,160,149
Jamestown	5,223,973	5,771,394	6,697,280	7,391,904
Johnston	23,693,550	25,677,412	26,320,852	27,979,691
Lincoln	18,252,296	19,518,113	21,417,926	22,538,057
Little Compton	3,698,246	3,899,263	4,423,638	4,809,058
Middletown	14,937,783	16,388,384	17,008,618	17,776,499
Narragansett	17,393,770	18,219,826	19,323,190	19,999,768
Newport	32,542,959	33,933,293	35,627,068	37,781,176
New Shoreham	2,747,503	2,839,887	3,162,249	3,395,445
North Kingstown	24,903,802	27,048,078	28,054,867	28,876,681
North Providence	28,641,438	29,340,595	29,266,459	32,092,880
North Smithfield	9,115,594	9,332,207	10,286,467	10,816,969
Pawtucket	50,403,238	54,023,137	55,647,684	58,259,906
Portsmouth	16,641,941	17,678,422	18,491,859	19,414,632
Providence	158,509,798	173,284,598	169,196,630	168,661,098
Richmond	4,575,188	5,291,149	5,057,672	5,512,107
Scituate	8,691,180	9,337,195	9,898,097	10,563,965
Smithfield	17,859,420	18,903,036	19,499,516	20,609,469
South Kingstown	21,694,839	24,395,719	24,790,122	25,952,238
Tiverton	11,698,096	12,847,406	13,337,906	13,959,787
Warren	8,459,665	10,517,447	10,640,385	11,042,872
Warwick	100,356,714	109,288,179	109,778,571	114,455,210
Westerly	19,448,673	22,143,600	23,800,433	25,677,172
West Greenwich	3,514,514	3,881,965	3,936,334	5,014,900
West Warwick	22,027,037	23,753,400	23,690,692	26,015,225
Woonsocket	31,094,019	33,377,758	33,690,284	35,826,150
Total	\$ 916,311,804	\$ 990,116,820	\$ 1,012,819,157	\$ 1,059,370,156

Total Tax Levy

<i>City or Town</i>	<i>FY 1995</i>	<i>FY 1996</i>	<i>FY 1997</i>	<i>FY 1998</i>
Barrington	\$ 24,450,114	\$ 25,609,011	\$ 27,495,992	\$ 29,644,959
Bristol	18,492,866	19,288,072	19,074,420	19,627,234
Burrillville	12,767,633	13,116,497	13,776,724	14,528,048
Central Falls	9,498,960	9,292,770	9,526,529	9,423,576
Charlestown	9,589,995	9,371,962	10,219,968	10,844,403
Coventry	27,619,191	28,895,109	32,007,832	33,457,685
Cranston	85,100,526	94,132,535	104,639,207	101,361,559
Cumberland	28,988,668	30,406,838	29,054,916	30,907,665
East Greenwich	19,856,889	20,863,957	21,236,148	22,193,962
East Providence	51,665,986	52,055,533	53,919,242	56,716,857
Exeter	6,020,599	6,192,777	6,599,500	6,891,884
Foster	5,575,839	5,637,423	5,651,325	5,689,555
Glocester	10,351,778	11,096,067	11,567,292	12,029,672
Hopkinton	6,291,123	7,405,301	7,707,713	8,776,835
Jamestown	8,543,709	9,095,614	9,121,340	9,291,399
Johnston	30,814,916	31,624,876	31,954,210	32,068,858
Lincoln	22,814,286	25,633,953	26,305,730	26,812,513
Little Compton	5,089,052	5,213,282	5,301,090	5,258,759
Middletown	18,159,907	19,417,108	20,694,998	21,841,055
Narragansett	21,817,962	23,566,987	25,620,460	26,481,965
Newport	37,882,571	39,368,988	41,517,978	42,157,569
New Shoreham	3,389,621	3,396,455	3,516,408	3,640,022
North Kingstown	29,125,455	31,217,616	32,760,419	35,751,113
North Providence	32,834,620	36,022,574	35,959,432	36,045,810
North Smithfield	11,970,761	12,130,049	12,308,712	12,624,475
Pawtucket	59,909,569	59,992,053	60,943,588	62,907,132
Portsmouth	20,575,610	21,745,878	22,762,533	23,947,408
Providence	170,580,655	170,882,013	187,423,362	201,227,761
Richmond	5,864,894	6,515,244	6,490,118	6,896,373
Scituate	11,138,601	12,027,417	12,736,842	13,388,985
Smithfield	21,483,470	23,055,758	23,741,123	24,391,296
South Kingstown	26,924,581	28,860,757	31,060,801	33,152,276
Tiverton	14,340,729	15,631,129	16,484,660	16,696,580
Warren	11,166,827	11,612,559	11,451,955	11,682,658
Warwick	120,119,572	126,262,267	129,600,125	134,671,153
Westerly	27,174,041	29,964,533	29,656,542	30,130,114
West Greenwich	5,333,483	6,054,572	6,208,141	6,657,947
West Warwick	30,813,632	31,517,148	31,955,095	32,916,038
Woonsocket	36,390,024	36,969,781	36,131,702	36,976,307
Total	\$ 1,100,528,715	\$ 1,151,142,463	\$ 1,204,184,172	\$ 1,249,709,460

Total Tax Levy

<i>City or Town</i>	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>	<i>FY 2002</i>
Barrington	\$ 31,497,215	\$ 33,447,866	\$ 34,154,622	\$ 35,895,009
Bristol	20,011,543	21,445,434	22,235,529	23,863,022
Burrillville	14,937,822	15,227,517	15,812,278	16,033,549
Central Falls	9,444,343	9,247,935	9,211,391	9,637,616
Charlestown	11,286,939	11,855,441	12,523,128	13,740,998
Coventry	35,397,955	36,014,310	37,431,558	38,905,763
Cranston	102,041,174	102,313,877	101,766,825	105,644,501
Cumberland	33,064,613	33,870,869	34,634,712	36,508,273
East Greenwich	23,610,804	24,831,179	27,280,262	28,495,352
East Providence	59,293,974	59,275,360	57,826,630	60,036,697
Exeter	6,919,022	7,135,756	7,149,190	7,480,365
Foster	5,756,889	5,877,830	6,175,924	6,619,905
Glocester	12,537,868	12,737,540	13,276,374	13,667,435
Hopkinton	8,726,072	8,961,227	9,011,437	9,784,131
Jamestown	9,975,205	10,407,368	11,066,247	11,756,189
Johnston	42,000,002	44,011,929	44,546,247	45,368,735
Lincoln	29,525,382	30,076,619	30,550,262	33,687,061
Little Compton	5,372,607	5,550,662	5,681,346	5,920,595
Middletown	22,710,695	23,885,608	25,401,576	26,843,349
Narragansett	27,304,764	27,916,250	29,189,253	30,673,991
Newport	43,024,343	44,376,017	45,435,317	47,052,966
New Shoreham	4,051,167	4,186,598	4,415,025	4,635,557
North Kingstown	38,259,391	40,225,839	42,225,274	46,885,673
North Providence	38,373,135	37,892,371	37,557,368	38,346,342
North Smithfield	13,370,601	14,092,312	16,322,431	17,145,613
Pawtucket	65,217,833	65,595,184	66,426,405	66,252,769
Portsmouth	24,980,482	26,533,985	27,567,489	29,774,731
Providence	202,388,512	210,179,779	216,891,841	225,626,210
Richmond	7,226,198	7,689,319	8,055,192	8,496,107
Scituate	13,932,100	13,976,416	14,369,390	15,386,941
Smithfield	25,520,999	27,752,132	27,891,542	29,865,540
South Kingstown	35,496,057	37,136,434	38,854,143	43,002,755
Tiverton	17,123,377	18,045,113	18,581,516	18,765,009
Warren	12,136,846	13,135,791	13,601,755	13,985,955
Warwick	137,403,579	136,725,617	143,163,870	149,304,181
Westerly	30,705,394	35,557,147	34,263,239	37,110,175
West Greenwich	7,029,247	7,458,085	7,862,400	8,204,130
West Warwick	34,824,154	34,888,580	36,001,037	36,239,314
Woonsocket	36,660,424	36,118,512	33,705,269	33,375,355
Total	\$ 1,299,138,727	\$ 1,335,655,808	\$ 1,368,115,294	\$ 1,430,017,859

Total Tax Levy

<i>City or Town</i>	<i>FY 2003</i>	<i>FY 2004</i>	<i>FY 2005</i>	<i>FY 2006</i>
Barrington	\$ 36,836,896	\$ 38,759,725	\$ 40,853,698	\$ 43,086,859
Bristol	25,949,554	27,085,497	28,077,337	29,350,483
Burrillville	15,957,566	17,278,137	18,174,466	19,162,222
Central Falls	8,841,116	8,984,283	9,457,677	9,477,934
Charlestown	14,292,793	15,139,130	16,063,348	16,823,683
Coventry	43,278,079	45,839,262	48,191,589	50,446,107
Cranston	116,382,729	136,756,193	142,694,201	145,337,455
Cumberland	37,625,647	37,126,503	42,764,307	44,961,635
East Greenwich	29,088,379	31,034,832	32,745,057	34,691,160
East Providence	61,423,637	63,926,312	67,265,041	72,631,325
Exeter	8,316,812	8,823,092	9,325,439	9,996,307
Foster	6,657,161	7,276,527	7,352,142	7,843,650
Glocester	13,986,931	14,077,498	14,949,359	15,647,919
Hopkinton	10,368,719	10,932,077	12,998,099	14,019,545
Jamestown	12,302,988	13,073,976	18,695,485	15,215,000
Johnston	46,979,324	48,981,351	50,503,367	52,022,784
Lincoln	33,298,641	37,989,501	40,460,657	42,923,047
Little Compton	6,290,086	6,862,229	7,548,572	8,109,180
Middletown	28,746,422	30,570,077	32,315,763	33,631,581
Narragansett	31,837,814	33,150,539	37,614,586	36,186,903
Newport	47,892,029	49,653,460	50,799,038	53,298,045
New Shoreham	4,888,541	5,233,871	5,519,972	5,802,143
North Kingstown	48,766,433	50,861,709	51,656,182	54,015,438
North Providence	41,034,182	43,475,619	46,952,889	50,609,828
North Smithfield	17,122,703	17,786,787	18,389,047	19,562,352
Pawtucket	66,620,409	67,852,709	67,852,709	73,296,650
Portsmouth	29,988,118	31,258,257	31,774,391	34,128,893
Providence	232,530,403	250,230,980	256,688,743	259,991,095
Richmond	9,122,395	9,732,644	10,309,392	11,112,168
Scituate	15,746,385	17,433,034	18,703,213	20,086,630
Smithfield	30,620,259	33,739,654	35,369,460	37,721,249
South Kingstown	46,304,104	49,568,970	51,148,277	54,722,909
Tiverton	19,802,907	21,247,547	22,067,372	23,623,340
Warren	15,118,703	15,891,789	16,063,594	17,177,949
Warwick	154,793,324	162,380,901	161,867,391	171,526,009
Westerly	39,073,874	43,906,353	46,449,356	50,780,778
West Greenwich	8,468,149	10,116,533	11,184,674	12,187,033
West Warwick	36,714,265	38,178,753	40,283,276	42,061,061
Woonsocket	33,748,070	35,492,181	36,028,797	36,794,838
Total	\$ 1,486,816,547	\$ 1,587,708,492	\$ 1,657,157,963	\$ 1,730,063,187

Total Tax Levy

<i>City or Town</i>	<i>FY 2007</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>
Barrington	\$ 45,054,422	\$ 47,347,311	\$ 49,602,859	\$ 51,856,526
Bristol	30,715,501	31,466,379	33,426,741	33,449,298
Burrillville	19,481,713	20,379,384	21,011,173	21,867,633
Central Falls	9,968,176	10,075,041	10,495,379	10,570,404
Charlestown	17,752,958	18,780,800	19,708,925	20,395,658
Coventry	53,614,508	56,292,004	59,106,603	59,014,126
Cranston	144,155,099	151,718,441	153,150,874	160,419,261
Cumberland	46,603,494	48,787,120	50,571,523	52,119,987
East Greenwich	35,309,164	37,726,180	39,575,719	41,524,344
East Providence	75,642,921	79,273,447	82,082,303	84,770,570
Exeter	10,573,166	11,108,972	11,672,749	11,763,351
Foster	8,225,871	8,657,612	9,879,531	10,345,673
Glocester	16,578,703	18,134,554	19,541,335	20,380,911
Hopkinton	14,574,762	15,091,660	15,651,281	15,794,049
Jamestown	15,908,038	16,727,176	17,562,744	17,734,650
Johnston	54,944,037	61,086,592	61,791,239	63,658,365
Lincoln	45,176,212	47,459,085	49,267,068	50,599,475
Little Compton	8,534,169	8,981,920	9,425,477	9,441,514
Middletown	35,038,059	36,797,355	38,487,041	39,247,059
Narragansett	37,131,463	38,325,157	40,209,538	42,106,773
Newport	54,975,217	56,490,825	58,945,707	60,914,809
New Shoreham	6,296,702	6,614,259	6,932,888	7,529,857
North Kingstown	56,991,563	59,586,154	62,565,154	63,293,576
North Providence	50,883,621	51,581,994	53,303,326	60,468,663
North Smithfield	20,304,558	21,370,406	24,190,127	25,090,079
Pawtucket	75,606,746	78,892,841	81,691,526	88,299,369
Portsmouth	36,525,097	38,442,372	40,361,114	42,275,881
Providence	262,293,771	275,329,161	287,211,711	294,186,862
Richmond	12,190,366	12,822,091	13,852,385	14,376,803
Scituate	21,228,576	22,342,551	23,459,585	24,570,658
Smithfield	39,873,408	41,966,249	44,064,149	46,156,583
South Kingstown	57,665,645	60,692,561	63,726,992	64,504,174
Tiverton	26,334,883	28,131,165	31,230,364	32,187,296
Warren	18,000,102	18,580,185	19,508,191	19,874,748
Warwick	178,109,831	187,228,328	195,989,706	204,173,334
Westerly	52,042,911	56,058,965	58,931,924	59,205,119
West Greenwich	12,919,189	14,048,611	16,092,264	16,850,480
West Warwick	44,699,149	47,044,147	49,395,487	51,700,991
Woonsocket	38,863,769	40,868,441	42,128,184	44,130,573
Total	\$ 1,790,787,540	\$ 1,882,307,496	\$ 1,965,800,886	\$ 2,036,849,482

Appendix V
Real and Personal Property Tax Levy by Community

Real and Personal Property Tax Levy

<i>City or Town</i>	<i>FY 1991</i>	<i>FY 1992</i>	<i>FY 1993</i>	<i>FY 1994</i>
Barrington	\$ 17,666,149	\$ 18,876,158	\$ 20,178,954	\$ 21,457,985
Bristol	12,204,585	13,901,594	14,743,313	15,925,012
Burrillville	9,249,778	9,787,036	10,135,511	10,265,938
Central Falls	8,847,476	9,007,961	9,063,111	9,038,286
Charlestown	7,061,388	6,995,236	8,132,966	8,603,475
Coventry	20,889,837	22,775,293	23,132,113	24,330,582
Cranston	61,295,909	66,977,982	67,672,798	72,135,267
Cumberland	20,048,812	21,535,633	23,255,340	23,681,457
East Greenwich	14,380,417	15,327,491	15,927,958	16,965,369
East Providence	40,108,950	42,447,490	44,330,196	45,416,236
Exeter	2,951,310	3,386,684	3,659,271	5,161,290
Foster	4,038,916	4,218,821	4,694,526	4,946,847
Glocester	6,578,513	7,284,218	9,011,557	9,114,876
Hopkinton	4,684,419	5,221,064	5,069,022	5,781,063
Jamestown	4,816,140	5,324,700	6,170,017	6,763,336
Johnston	20,284,614	22,093,812	22,859,086	24,210,829
Lincoln	16,033,692	17,303,073	19,104,642	20,133,649
Little Compton	3,438,521	3,714,588	4,213,828	4,569,542
Middletown	14,311,507	15,687,872	16,316,046	17,010,364
Narragansett	15,730,484	16,518,176	17,609,004	19,155,590
Newport	30,174,418	31,546,160	33,218,979	36,294,937
New Shoreham	2,642,633	2,728,207	3,047,979	3,343,981
North Kingstown	22,236,898	24,239,228	25,202,556	25,879,719
North Providence	24,231,747	24,934,404	25,092,570	27,400,775
North Smithfield	7,683,449	7,920,535	8,824,967	9,242,516
Pawtucket	43,687,487	46,657,801	47,948,166	50,264,918
Portsmouth	15,943,593	16,959,675	17,769,374	18,631,962
Providence	139,373,959	153,208,437	150,532,389	150,037,956
Richmond	3,959,770	4,611,512	4,753,721	5,175,650
Scituate	7,208,924	8,587,210	9,072,920	9,656,535
Smithfield	15,113,743	16,127,749	16,716,782	17,631,111
South Kingstown	19,840,153	22,334,798	22,798,105	23,732,430
Tiverton	10,319,981	11,385,129	11,881,834	13,113,798
Warren	7,577,923	9,471,817	9,626,078	9,955,409
Warwick	90,105,469	98,407,719	99,157,921	103,316,403
Westerly	17,534,135	21,343,335	21,684,487	23,401,795
West Greenwich	2,924,491	3,263,564	3,724,250	4,730,962
West Warwick	19,108,472	20,613,041	20,718,198	22,795,126
Woonsocket	26,914,566	29,103,856	29,699,620	31,672,590
Total	\$811,203,228	\$881,829,059	\$906,750,155	\$950,945,566

Real and Personal Property Tax Levy

<i>City or Town</i>	<i>FY 1995</i>	<i>FY 1996</i>	<i>FY 1997</i>	<i>FY 1998</i>
Barrington	\$ 21,694,796	\$ 22,714,046	\$ 24,331,213	\$ 25,831,531
Bristol	16,153,125	18,026,648	17,718,724	18,159,167
Burrillville	10,732,009	10,951,582	11,423,001	12,057,694
Central Falls	8,348,544	8,329,888	8,509,868	8,343,112
Charlestown	9,028,506	9,037,138	9,814,601	10,374,044
Coventry	25,549,492	26,740,114	29,470,773	30,794,796
Cranston	73,986,284	81,773,222	91,512,539	87,742,585
Cumberland	25,377,495	27,993,446	26,554,303	28,186,033
East Greenwich	17,888,209	18,772,123	19,465,447	20,280,137
East Providence	45,909,640	46,418,893	47,655,137	49,974,693
Exeter	5,286,381	5,422,070	5,715,225	5,954,054
Foster	4,874,112	4,943,410	4,916,342	4,928,092
Glocester	9,526,392	10,196,015	10,579,864	10,975,306
Hopkinton	5,844,759	6,851,845	7,086,613	8,054,780
Jamestown	8,129,459	8,654,432	8,654,138	8,796,793
Johnston	26,693,853	27,309,442	27,435,482	27,476,015
Lincoln	20,153,851	22,919,731	23,310,033	23,682,763
Little Compton	4,816,801	4,934,975	5,003,611	4,960,290
Middletown	17,227,257	18,604,515	19,445,023	20,498,580
Narragansett	20,784,287	22,428,023	24,297,639	25,070,058
Newport	36,221,360	37,600,979	39,493,067	40,023,959
New Shoreham	3,331,999	3,339,378	3,453,441	3,571,867
North Kingstown	26,987,016	28,908,112	30,153,042	32,804,923
North Providence	27,737,516	30,861,245	30,475,462	30,385,958
North Smithfield	10,212,075	10,340,776	10,366,078	10,571,737
Pawtucket	51,113,810	51,375,699	51,958,446	53,241,804
Portsmouth	19,651,046	20,748,665	21,624,373	22,722,734
Providence	150,326,839	150,228,143	164,642,507	177,377,336
Richmond	5,452,099	6,037,632	5,963,816	6,332,942
Scituate	10,067,276	10,739,984	11,298,897	11,817,508
Smithfield	18,101,036	19,578,939	20,200,698	20,589,741
South Kingstown	25,432,218	27,224,102	29,169,713	31,072,294
Tiverton	13,362,897	14,562,153	15,280,048	15,452,545
Warren	9,959,681	10,388,980	10,150,933	10,613,528
Warwick	107,456,693	112,906,916	115,207,433	119,944,596
Westerly	24,629,794	27,379,236	26,866,416	27,199,646
West Greenwich	4,987,036	5,644,175	5,747,538	6,148,307
West Warwick	28,129,244	28,775,060	29,050,433	29,848,872
Woonsocket	31,805,164	32,526,828	31,378,102	32,011,545
Total	\$ 982,970,051	\$1,032,188,560	\$1,075,380,019	\$1,113,872,365

Real and Personal Property Tax Levy

<i>City or Town</i>	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>	<i>FY 2002</i>
Barrington	\$ 27,409,333	\$ 29,534,842	\$ 30,433,370	\$ 32,380,158
Bristol	18,401,274	20,040,771	20,808,299	22,553,952
Burrillville	12,310,666	12,018,131	12,265,106	14,075,051
Central Falls	8,312,853	7,763,531	7,540,399	7,720,091
Charlestown	10,762,419	11,372,858	12,020,478	13,286,010
Coventry	32,417,925	33,354,344	34,838,596	36,507,705
Cranston	87,591,293	84,797,507	85,161,412	94,185,458
Cumberland	30,002,508	30,936,837	31,833,212	33,827,742
East Greenwich	21,455,444	22,437,329	25,335,402	26,563,694
East Providence	51,542,331	51,363,652	50,712,856	53,495,244
Exeter	6,690,852	5,927,568	5,835,917	6,620,113
Foster	4,964,840	5,124,515	5,457,678	5,946,862
Glocester	11,377,830	11,657,275	12,233,406	12,708,962
Hopkinton	7,991,828	8,244,458	8,327,302	9,150,267
Jamestown	9,415,403	9,916,317	10,563,447	11,272,588
Johnston	36,132,448	38,343,943	39,007,080	40,044,299
Lincoln	26,142,261	26,901,261	27,433,461	30,712,221
Little Compton	5,045,994	5,230,877	5,381,401	5,626,727
Middletown	21,263,979	22,730,817	24,277,909	25,793,323
Narragansett	25,734,612	26,471,344	27,774,279	29,300,531
Newport	40,712,598	42,210,414	43,393,602	45,101,217
New Shoreham	3,965,042	4,120,996	4,343,056	4,564,483
North Kingstown	34,924,732	37,145,450	39,237,730	45,073,072
North Providence	32,060,459	30,701,843	30,055,539	33,808,048
North Smithfield	11,102,119	11,996,504	14,308,527	15,295,538
Pawtucket	55,293,393	56,892,228	58,301,881	58,902,395
Portsmouth	23,615,946	25,242,141	26,311,492	28,578,768
Providence	177,410,312	179,183,470	196,347,379	205,870,017
Richmond	6,615,171	7,082,758	7,467,697	7,954,676
Scituate	12,193,570	12,356,222	12,846,437	13,980,070
Smithfield	21,423,047	23,946,155	24,209,334	26,390,243
South Kingstown	33,189,397	34,989,590	36,773,217	41,027,964
Tiverton	15,780,902	16,420,576	16,803,361	17,650,023
Warren	10,955,383	12,021,374	12,534,664	13,021,550
Warwick	121,932,580	117,947,896	129,025,274	135,704,124
Westerly	27,575,102	32,621,809	31,481,358	34,536,360
West Greenwich	6,455,767	6,934,249	7,356,783	7,726,924
West Warwick	31,348,206	31,809,696	33,081,065	33,503,094
Woonsocket	31,402,996	29,670,082	29,538,249	29,512,355
Total	\$1,152,922,815	\$1,177,461,630	\$1,230,657,655	\$1,309,971,919

Real and Personal Property Tax Levy

<i>City or Town</i>	<i>FY 2003</i>	<i>FY 2004</i>	<i>FY 2005</i>	<i>FY 2006</i>
Barrington	\$ 33,658,951	\$ 35,383,386	\$ 37,599,443	\$ 39,560,584
Bristol	24,764,678	25,809,892	26,820,190	27,962,788
Burrillville	14,242,316	15,292,971	16,163,864	16,919,922
Central Falls	8,171,101	8,392,157	8,769,495	8,640,432
Charlestown	13,904,223	14,717,681	15,653,297	16,359,123
Coventry	41,183,716	43,491,250	45,861,016	47,838,719
Cranston	105,797,463	125,734,057	131,684,009	132,818,566
Cumberland	35,207,193	34,452,245	40,144,086	41,892,931
East Greenwich	27,315,305	29,163,198	30,885,485	32,655,022
East Providence	55,685,724	58,735,967	62,311,067	66,822,392
Exeter	7,541,298	7,990,919	8,493,071	9,037,453
Foster	6,077,425	6,657,854	6,722,394	7,116,908
Glocester	13,125,729	13,137,001	14,025,943	14,606,145
Hopkinton	9,807,618	10,317,760	12,401,000	13,348,380
Jamestown	11,893,884	12,604,168	18,220,746	14,702,460
Johnston	42,447,464	43,986,000	45,946,931	46,985,566
Lincoln	30,612,741	35,010,529	37,555,647	39,540,633
Little Compton	6,044,092	6,581,175	7,277,008	7,789,768
Middletown	27,814,711	29,577,712	31,318,822	32,509,090
Narragansett	30,609,310	31,818,361	36,298,494	34,665,612
Newport	46,129,988	47,797,423	48,981,555	51,311,269
New Shoreham	4,822,334	5,161,217	5,450,667	5,723,995
North Kingstown	45,932,598	47,995,979	48,895,314	50,874,304
North Providence	36,957,915	39,034,816	42,638,511	45,835,831
North Smithfield	15,453,224	15,975,056	16,612,785	17,621,225
Pawtucket	60,313,486	61,143,533	63,332,501	65,936,442
Portsmouth	28,930,895	30,108,407	30,632,618	32,863,131
Providence	214,795,683	231,522,906	239,615,200	241,482,421
Richmond	8,622,893	9,185,589	9,760,121	10,494,408
Scituate	14,476,757	16,044,364	17,295,789	18,484,386
Smithfield	27,107,310	30,328,050	31,961,063	33,907,726
South Kingstown	44,510,257	47,586,249	49,187,153	52,421,337
Tiverton	18,818,113	20,162,375	20,977,642	22,324,040
Warren	14,274,900	14,950,720	15,145,045	16,182,288
Warwick	142,958,464	149,253,668	149,669,407	157,257,226
Westerly	36,772,661	41,353,294	44,005,471	48,094,036
West Greenwich	8,028,175	9,628,062	10,684,944	11,636,369
West Warwick	34,409,271	35,722,118	37,923,861	39,346,469
Woonsocket	30,405,616	31,753,405	32,503,193	32,934,309
Total	\$1,379,625,482	\$1,473,561,514	\$1,549,424,848	\$1,606,503,706

Real and Personal Property Tax Levy

<i>City or Town</i>	<i>FY 2007</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>
Barrington	\$ 41,657,684	\$ 43,958,686	\$ 46,033,094	\$ 48,879,367
Bristol	29,312,655	30,091,875	31,939,544	32,238,110
Burrillville	17,285,375	18,190,780	18,685,901	19,993,976
Central Falls	9,220,239	9,338,848	9,737,920	10,007,050
Charlestown	17,284,011	18,318,720	19,208,168	20,004,822
Coventry	51,033,501	53,733,336	56,350,234	56,830,394
Cranston	132,776,979	140,679,729	141,444,417	150,614,720
Cumberland	43,393,401	45,926,736	47,535,368	49,640,082
East Greenwich	33,369,153	35,812,819	37,528,309	39,796,399
East Providence	70,023,575	74,448,731	76,913,194	80,578,010
Exeter	9,612,237	10,155,045	10,640,927	10,925,831
Foster	7,508,645	7,958,599	9,088,994	9,715,078
Glocester	15,550,984	17,094,360	18,451,745	19,509,354
Hopkinton	13,925,545	14,414,384	14,898,963	15,216,548
Jamestown	15,415,274	16,252,062	17,045,618	17,297,861
Johnston	50,082,034	56,352,417	56,700,345	59,480,394
Lincoln	42,088,956	44,433,506	46,122,673	47,927,022
Little Compton	8,244,862	8,681,104	9,125,139	9,201,591
Middletown	33,964,065	35,741,838	37,351,027	38,319,174
Narragansett	35,937,173	36,981,834	38,761,440	40,938,281
Newport	53,043,886	54,635,837	57,034,045	59,331,361
New Shoreham	6,225,420	6,545,058	6,849,257	7,464,056
North Kingstown	53,945,083	56,666,524	59,471,988	60,748,364
North Providence	46,293,035	46,989,079	48,684,422	56,620,779
North Smithfield	18,401,292	19,470,009	22,034,235	23,270,427
Pawtucket	69,145,384	72,552,205	74,830,125	82,676,634
Portsmouth	35,299,480	37,228,703	39,067,159	41,200,316
Providence	244,596,499	257,315,509	267,909,778	277,680,261
Richmond	11,567,350	12,201,621	13,182,925	13,834,067
Scituate	19,738,577	20,855,109	21,856,984	23,266,130
Smithfield	36,191,651	38,331,142	40,258,551	42,990,627
South Kingstown	55,518,738	58,570,704	61,443,222	62,645,443
Tiverton	25,142,341	26,950,006	29,939,376	31,132,479
Warren	17,053,816	17,648,793	18,503,246	19,086,273
Warwick	164,379,875	173,665,408	181,985,573	192,549,566
Westerly	49,431,245	53,475,864	56,122,995	56,873,305
West Greenwich	12,375,376	13,498,103	15,466,044	16,331,160
West Warwick	41,946,195	44,467,795	46,613,013	49,443,943
Woonsocket	35,113,235	37,110,954	38,122,217	40,841,974
Total	\$1,673,094,826	\$1,766,743,832	\$1,842,938,177	\$ 1,935,101,231

Appendix VI
Motor Vehicle Excise Tax by Community

Motor Vehicle Excise Tax

<i>City or Town</i>	<i>FY 1991</i>	<i>FY 1992</i>	<i>FY 1993</i>	<i>FY 1994</i>
Barrington	\$ 1,997,929	\$ 2,107,148	\$ 2,186,266	\$ 2,445,541
Bristol	1,605,206	1,816,669	1,827,339	2,053,320
Burrillville	1,858,571	1,896,737	1,769,556	1,812,651
Central Falls	1,352,674	1,263,529	1,161,462	1,100,787
Charlestown	433,064	404,624	443,410	476,066
Coventry	1,587,131	1,734,367	1,723,394	1,852,584
Cranston	9,001,410	9,500,986	9,073,989	9,719,711
Cumberland	2,615,716	2,777,411	2,513,560	2,997,796
East Greenwich	1,305,539	1,377,879	1,380,336	1,581,390
East Providence	4,847,155	4,953,592	4,916,258	5,137,533
Exeter	808,553	879,656	904,368	619,472
Foster	508,016	535,322	576,440	643,710
Glocester	996,890	1,147,577	688,607	721,360
Hopkinton	738,088	771,211	706,147	377,077
Jamestown	404,994	443,691	522,999	622,346
Johnston	3,373,167	3,547,598	3,422,763	3,728,318
Lincoln	2,179,968	2,177,094	2,272,499	2,363,947
Little Compton	258,988	184,439	209,552	239,254
Middletown	626,276	700,512	678,036	749,528
Narragansett	1,658,515	1,696,555	1,709,143	841,896
Newport	2,319,800	2,339,304	2,360,446	1,450,945
New Shoreham	103,160	110,245	112,591	50,644
North Kingstown	2,645,968	2,785,016	2,826,385	2,972,523
North Providence	4,320,875	4,316,639	4,090,570	4,603,340
North Smithfield	1,431,502	1,402,263	1,451,365	1,562,988
Pawtucket	6,485,357	7,137,939	7,478,987	7,782,751
Portsmouth	694,092	714,221	717,913	778,475
Providence	19,004,519	19,940,219	18,532,590	18,497,769
Richmond	613,028	677,423	303,190	335,622
Scituate	1,477,482	745,631	822,703	904,728
Smithfield	2,732,428	2,761,171	2,769,332	2,963,477
South Kingstown	1,839,024	2,044,045	1,975,551	2,203,337
Tiverton	1,366,896	1,450,453	1,443,359	835,992
Warren	866,437	1,027,732	995,709	1,069,170
Warwick	9,852,475	10,457,555	10,165,559	10,655,210
Westerly	1,884,912	1,890,922	2,085,436	2,263,035
West Greenwich	587,507	616,257	211,494	283,938
West Warwick	2,899,637	3,122,662	2,952,789	3,217,314
Woonsocket	4,078,298	4,150,041	3,895,661	4,058,360
Total	\$ 103,361,247	\$ 107,606,335	\$ 103,877,754	\$ 106,573,905

Motor Vehicle Excise Tax

<i>City or Town</i>	<i>FY 1995</i>	<i>FY 1996</i>	<i>FY 1997</i>	<i>FY 1998</i>
Barrington	\$ 2,755,318	\$ 2,894,965	\$ 3,164,779	\$ 3,798,812
Bristol	2,339,741	1,261,424	1,355,375	1,443,968
Burrillville	1,837,945	1,960,715	2,126,565	2,253,717
Central Falls	1,097,603	919,141	975,463	1,039,433
Charlestown	557,195	331,567	401,641	466,797
Coventry	2,065,271	2,150,913	2,532,470	2,658,462
Cranston	10,829,678	12,046,666	12,806,402	13,276,476
Cumberland	3,561,664	2,382,342	2,460,695	2,679,551
East Greenwich	1,874,370	1,996,600	1,679,205	1,816,218
East Providence	5,682,933	5,567,145	6,191,418	6,669,556
Exeter	733,018	768,973	882,576	937,276
Foster	699,908	692,198	733,002	759,569
Glocester	823,219	889,849	975,127	1,043,122
Hopkinton	446,364	553,456	618,038	718,600
Jamestown	410,256	438,111	464,062	491,187
Johnston	4,096,345	4,276,817	4,482,541	4,554,975
Lincoln	2,624,508	2,680,496	2,961,620	3,096,310
Little Compton	271,989	278,041	297,198	298,235
Middletown	915,124	794,556	1,227,471	1,320,473
Narragansett	1,031,118	1,135,912	1,319,111	1,408,590
Newport	1,627,511	1,735,750	1,994,057	2,101,218
New Shoreham	56,932	56,195	61,406	66,365
North Kingstown	2,114,981	2,284,513	2,580,668	2,917,042
North Providence	5,006,949	5,073,311	5,391,417	5,571,028
North Smithfield	1,748,536	1,779,987	1,933,645	2,036,677
Pawtucket	8,594,228	8,428,391	8,890,646	9,500,470
Portsmouth	920,925	993,137	1,133,865	1,221,107
Providence	20,128,239	20,528,293	22,665,374	23,739,631
Richmond	412,656	475,349	522,069	559,258
Scituate	1,068,168	1,255,059	1,433,032	1,567,689
Smithfield	3,357,254	3,453,614	3,518,411	3,777,072
South Kingstown	1,478,400	1,622,824	1,877,550	2,066,603
Tiverton	966,900	1,057,609	1,192,426	1,231,303
Warren	1,187,759	1,204,220	1,282,662	1,051,239
Warwick	12,144,758	12,820,336	13,834,117	14,174,287
Westerly	2,512,082	2,551,319	2,750,156	2,889,293
West Greenwich	346,447	410,397	459,582	508,688
West Warwick	2,671,565	2,729,195	2,892,123	3,050,596
Woonsocket	4,494,982	4,356,656	4,671,575	4,882,095
Total	\$ 115,492,839	\$ 116,836,042	\$ 126,739,540	\$ 133,642,988

Motor Vehicle Excise Tax

<i>City or Town</i>	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>	<i>FY 2002</i>
Barrington	\$ 4,072,258	\$ 3,913,024	\$ 3,721,252	\$ 3,514,851
Bristol	1,587,378	1,404,663	1,427,230	1,309,070
Burrillville	2,401,177	2,332,815	2,341,676	1,958,498
Central Falls	1,096,858	953,657	823,988	1,917,525
Charlestown	521,542	482,583	502,650	454,988
Coventry	2,975,402	2,659,966	2,592,962	2,398,058
Cranston	14,085,133	13,500,131	11,573,692	11,459,043
Cumberland	3,017,684	2,934,032	2,801,500	2,680,531
East Greenwich	2,054,578	1,928,973	1,944,860	1,931,658
East Providence	7,679,645	7,911,708	7,113,774	6,541,453
Exeter	972,522	944,194	910,546	860,252
Foster	790,107	753,315	718,246	673,043
Glocester	1,142,733	1,080,265	1,042,968	958,473
Hopkinton	730,084	716,769	684,135	633,864
Jamestown	556,263	491,051	502,800	483,601
Johnston	5,820,942	5,667,986	5,539,167	5,324,436
Lincoln	3,350,605	3,175,358	3,116,801	2,974,840
Little Compton	326,369	319,785	299,945	293,868
Middletown	1,425,144	1,135,043	1,123,667	1,050,026
Narragansett	1,566,995	1,441,670	1,414,974	1,373,460
Newport	2,283,365	2,141,517	2,041,715	1,951,749
New Shoreham	84,346	65,602	71,969	71,074
North Kingstown	3,306,400	3,080,389	2,987,544	2,979,160
North Providence	6,220,143	5,577,337	5,033,615	4,538,294
North Smithfield	2,258,781	2,095,808	2,013,904	1,850,075
Pawtucket	9,839,434	8,580,540	8,124,524	7,350,374
Portsmouth	1,360,934	1,291,844	1,255,997	1,195,963
Providence	24,869,664	22,665,725	20,544,462	19,756,193
Richmond	606,355	606,561	587,495	541,431
Scituate	1,734,829	1,620,194	1,522,953	1,406,871
Smithfield	4,070,887	3,773,646	3,682,208	3,475,297
South Kingstown	2,293,305	2,134,170	2,080,926	1,974,791
Tiverton	1,330,631	1,410,219	1,425,648	1,114,986
Warren	1,162,261	1,114,417	1,067,091	964,405
Warwick	14,924,897	15,216,035	14,138,596	13,600,057
Westerly	3,090,958	2,935,338	2,781,881	2,573,815
West Greenwich	571,782	523,836	505,617	477,206
West Warwick	3,465,023	3,078,884	2,919,972	2,736,220
Woonsocket	5,179,392	4,759,342	4,167,020	3,863,000
Total	\$ 144,826,806	\$ 136,418,392	\$ 127,149,970	\$ 121,212,499

Motor Vehicle Excise Tax

<i>City or Town</i>	<i>FY 2003</i>	<i>FY 2004</i>	<i>FY 2005</i>	<i>FY 2006</i>
Barrington	\$ 3,177,945	\$ 3,376,339	\$ 3,254,255	\$ 3,526,275
Bristol	1,184,876	1,275,605	1,257,147	1,387,695
Burrillville	1,715,250	1,985,166	2,010,602	2,242,300
Central Falls	670,015	750,976	688,182	837,502
Charlestown	388,570	421,449	410,051	464,560
Coventry	2,094,363	2,348,012	2,330,573	2,607,388
Cranston	10,585,266	11,022,136	11,010,192	12,518,889
Cumberland	2,418,454	2,674,258	2,620,221	3,068,704
East Greenwich	1,773,074	1,871,634	1,859,572	2,036,138
East Providence	5,737,913	5,190,345	4,953,974	5,808,933
Exeter	775,514	832,173	832,368	958,854
Foster	579,736	618,673	629,748	726,742
Glocester	861,202	940,497	923,416	1,041,774
Hopkinton	561,101	614,317	597,099	671,165
Jamestown	409,104	469,808	474,739	512,540
Johnston	4,531,860	4,995,351	4,556,436	5,037,218
Lincoln	2,685,900	2,978,972	2,905,010	3,382,414
Little Compton	245,994	281,054	271,564	319,412
Middletown	931,711	992,365	996,941	1,122,491
Narragansett	1,228,504	1,332,178	1,316,092	1,521,291
Newport	1,762,041	1,856,037	1,817,483	1,986,776
New Shoreham	66,207	72,654	69,305	78,148
North Kingstown	2,833,835	2,865,730	2,760,868	3,141,134
North Providence	4,076,267	4,440,803	4,314,378	4,773,997
North Smithfield	1,669,479	1,811,731	1,776,262	1,941,127
Pawtucket	6,306,923	6,709,176	6,237,554	7,360,208
Portsmouth	1,057,223	1,149,850	1,141,773	1,265,762
Providence	17,734,720	18,708,074	17,073,543	18,508,674
Richmond	499,502	547,055	549,271	617,760
Scituate	1,269,628	1,388,670	1,407,424	1,602,244
Smithfield	3,512,949	3,411,604	3,408,397	3,813,523
South Kingstown	1,793,847	1,982,721	1,961,124	2,301,572
Tiverton	984,794	1,085,172	1,089,730	1,299,300
Warren	843,803	941,069	918,549	995,661
Warwick	11,834,860	12,821,441	12,197,984	14,268,783
Westerly	2,301,213	2,553,059	2,443,885	2,686,742
West Greenwich	439,974	488,471	499,730	550,664
West Warwick	2,304,994	2,456,635	2,359,415	2,714,592
Woonsocket	3,342,454	3,738,776	3,525,604	3,860,529
Total	\$ 107,191,065	\$ 114,000,036	\$ 109,450,461	\$ 123,559,481

Motor Vehicle Excise Tax

<i>City or Town</i>	<i>FY 2007</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>
Barrington	\$ 3,396,738	\$ 3,388,625	\$ 3,569,765	\$ 2,977,159
Bristol	1,402,846	1,374,504	1,487,198	1,211,188
Burrillville	2,196,338	2,188,604	2,325,272	1,873,657
Central Falls	747,937	736,193	757,459	563,354
Charlestown	468,947	462,080	500,757	390,836
Coventry	2,581,007	2,558,668	2,756,369	2,183,732
Cranston	11,378,120	11,038,712	11,706,457	9,804,541
Cumberland	3,210,093	2,860,384	3,036,155	2,479,904
East Greenwich	1,940,011	1,913,361	2,047,410	1,727,946
East Providence	5,619,346	4,824,716	5,169,108	4,192,560
Exeter	960,929	953,927	1,031,822	837,520
Foster	717,226	699,013	790,536	630,595
Glocester	1,027,719	1,040,194	1,089,590	871,556
Hopkinton	649,217	677,276	752,318	577,501
Jamestown	492,764	475,114	517,126	436,789
Johnston	4,862,003	4,734,175	5,090,894	4,177,971
Lincoln	3,087,256	3,025,579	3,144,395	2,672,452
Little Compton	289,307	300,816	300,338	239,923
Middletown	1,073,994	1,055,517	1,136,014	927,885
Narragansett	1,194,290	1,343,323	1,448,098	1,168,493
Newport	1,931,331	1,854,988	1,911,662	1,583,448
New Shoreham	71,282	69,201	83,631	65,801
North Kingstown	3,046,480	2,919,630	3,093,165	2,545,213
North Providence	4,590,586	4,592,915	4,618,904	3,847,883
North Smithfield	1,903,266	1,900,397	2,155,892	1,819,652
Pawtucket	6,461,362	6,340,636	6,861,401	5,622,734
Portsmouth	1,225,617	1,213,669	1,293,955	1,075,565
Providence	17,697,272	18,013,652	19,301,932	16,506,601
Richmond	623,016	620,470	669,460	542,736
Scituate	1,489,999	1,487,442	1,602,601	1,304,528
Smithfield	3,681,757	3,635,107	3,805,599	3,165,956
South Kingstown	2,146,907	2,121,857	2,283,770	1,858,731
Tiverton	1,192,542	1,181,159	1,290,988	1,054,817
Warren	946,286	931,392	1,004,944	788,474
Warwick	13,729,956	13,562,920	14,004,133	11,623,767
Westerly	2,611,666	2,583,101	2,808,929	2,331,814
West Greenwich	543,813	550,508	626,220	519,320
West Warwick	2,752,954	2,576,352	2,782,474	2,257,047
Woonsocket	3,750,534	3,757,487	4,005,967	3,288,599
Total	\$ 117,692,714	\$ 115,563,664	\$ 122,862,709	\$ 101,748,250

Appendix VII
Mean Weighted Effective Real and Personal Property Tax Rate by
Community

Real and Personal Property Tax Effective Rates

<i>City or Town</i>	<i>FY 2002 Tax Levy</i>	<i>December 31, 2000 Full Value</i>	<i>FY 2002 Effective Rate</i>
Barrington	\$ 32,380,158	\$ 1,501,742,439	21.56
Bristol	22,553,952	1,377,211,398	16.38
Burrillville	14,075,051	910,059,157	15.47
Central Falls	7,720,091	288,113,785	26.80
Charlestown	13,286,010	1,028,587,012	12.92
Coventry	36,507,705	1,742,197,118	20.95
Cranston	94,185,458	4,156,344,069	22.66
Cumberland	33,827,742	1,957,532,047	17.28
East Greenwich	26,563,694	1,198,867,952	22.16
East Providence	53,495,244	2,654,738,541	20.15
Exeter	6,620,113	402,201,617	16.46
Foster	5,946,862	322,894,481	18.42
Glocester	12,708,962	605,131,312	21.00
Hopkinton	9,150,267	466,731,934	19.60
Jamestown	11,272,588	931,243,310	12.10
Johnston	40,044,299	1,805,149,715	22.18
Lincoln	30,712,221	1,602,033,148	19.17
Little Compton	5,626,727	829,933,374	6.78
Middletown	25,793,323	1,541,579,916	16.73
Narragansett	29,300,531	1,986,363,446	14.75
Newport	45,101,217	2,679,858,368	16.83
New Shoreham	4,564,483	753,813,484	6.06
North Kingstown	45,073,072	2,023,661,896	22.27
North Providence	33,808,048	1,418,374,993	23.84
North Smithfield	15,295,538	745,595,710	20.51
Pawtucket	58,902,395	2,328,910,020	25.29
Portsmouth	28,578,768	1,548,071,005	18.46
Providence	205,870,017	6,735,612,091	30.56
Richmond	7,954,676	444,235,074	17.91
Scituate	13,980,070	965,064,480	14.49
Smithfield	26,390,243	1,361,179,621	19.39
South Kingstown	41,027,964	2,318,426,894	17.70
Tiverton	17,650,023	1,055,502,523	16.72
Warren	13,021,550	671,017,738	19.41
Warwick	135,704,124	5,466,310,862	24.83
Westerly	34,536,360	2,480,779,223	13.92
West Greenwich	7,726,924	398,637,363	19.38
West Warwick	33,503,094	1,179,713,821	28.40
Woonsocket	29,512,355	1,182,144,060	24.97
Total	\$ 1,309,971,919	\$ 63,065,564,997	20.77

Real and Personal Property Tax Effective Rates

<i>City or Town</i>	<i>FY 2003 Tax Levy</i>	<i>December 31, 2001 Full Value</i>	<i>FY 2003 Effective Rate</i>
Barrington	\$ 33,658,951	\$ 1,792,651,200	18.78
Bristol	24,764,678	1,640,562,748	15.10
Burrillville	14,242,316	1,057,059,990	13.47
Central Falls	8,171,101	335,604,945	24.35
Charlestown	13,904,223	1,305,690,649	10.65
Coventry	41,183,716	1,986,814,149	20.73
Cranston	105,797,463	4,855,808,358	21.79
Cumberland	35,207,193	2,412,819,197	14.59
East Greenwich	27,315,305	1,429,916,032	19.10
East Providence	55,685,724	2,979,914,467	18.69
Exeter	7,541,298	471,988,754	15.98
Foster	6,077,425	371,431,140	16.36
Glocester	13,125,729	720,841,560	18.21
Hopkinton	9,807,618	549,353,839	17.85
Jamestown	11,893,884	1,183,894,504	10.05
Johnston	42,447,464	2,067,507,532	20.53
Lincoln	30,612,741	1,910,400,403	16.02
Little Compton	6,044,092	1,043,504,864	5.79
Middletown	27,814,711	1,768,026,270	15.73
Narragansett	30,609,310	2,299,522,522	13.31
Newport	46,129,988	3,598,022,400	12.82
New Shoreham	4,822,334	1,019,600,686	4.73
North Kingstown	45,932,598	2,350,053,517	19.55
North Providence	36,957,915	1,703,855,580	21.69
North Smithfield	15,453,224	848,354,374	18.22
Pawtucket	60,313,486	2,682,868,252	22.48
Portsmouth	28,930,895	1,922,560,245	15.05
Providence	214,795,683	7,499,399,108	28.64
Richmond	8,622,893	527,256,457	16.35
Scituate	14,476,757	1,102,545,353	13.13
Smithfield	27,107,310	1,630,000,402	16.63
South Kingstown	44,510,257	2,629,854,764	16.92
Tiverton	18,818,113	1,256,377,207	14.98
Warren	14,274,900	803,201,878	17.77
Warwick	142,958,464	6,398,192,410	22.34
Westerly	36,772,661	2,998,385,075	12.26
West Greenwich	8,028,175	510,331,824	15.73
West Warwick	34,409,271	1,351,265,486	25.46
Woonsocket	30,405,616	1,359,584,020	22.36
Total	\$ 1,379,625,482	\$ 74,375,022,161	18.55

Real and Personal Property Tax Effective Rates

<i>City or Town</i>	<i>FY 2004 Tax Levy</i>	<i>December 31, 2002 Full Value</i>	<i>FY 2004 Effective Rate</i>
Barrington	\$ 35,383,386	\$ 2,082,703,643	16.99
Bristol	25,809,892	1,966,750,179	13.12
Burrillville	15,292,971	1,008,266,413	15.17
Central Falls	8,392,157	409,586,405	20.49
Charlestown	14,717,681	1,570,062,217	9.37
Coventry	43,491,250	2,294,240,412	18.96
Cranston	125,734,057	5,459,253,451	23.03
Cumberland	34,452,245	2,786,821,826	12.36
East Greenwich	29,163,198	1,757,091,673	16.60
East Providence	58,735,967	3,299,813,150	17.80
Exeter	7,990,919	577,772,756	13.83
Foster	6,657,854	486,559,173	13.68
Glocester	13,137,001	815,788,249	16.10
Hopkinton	10,317,760	730,779,713	14.12
Jamestown	12,604,168	1,424,466,207	8.85
Johnston	43,986,000	2,342,847,590	18.77
Lincoln	35,010,529	2,128,200,357	16.45
Little Compton	6,581,175	1,317,040,034	5.00
Middletown	29,577,712	2,001,143,483	14.78
Narragansett	31,818,361	3,060,440,858	10.40
Newport	47,797,423	4,186,905,328	11.42
New Shoreham	5,161,217	1,372,422,540	3.76
North Kingstown	47,995,979	2,732,642,180	17.56
North Providence	39,034,816	1,998,565,289	19.53
North Smithfield	15,975,056	951,500,086	16.79
Pawtucket	61,143,533	3,286,503,689	18.60
Portsmouth	30,108,407	2,239,530,222	13.44
Providence	231,522,906	8,813,013,676	26.27
Richmond	9,185,589	619,006,792	14.84
Scituate	16,044,364	1,244,460,962	12.89
Smithfield	30,328,050	1,886,484,903	16.08
South Kingstown	47,586,249	3,171,336,701	15.01
Tiverton	20,162,375	1,487,884,958	13.55
Warren	14,950,720	892,546,019	16.75
Warwick	149,253,668	7,265,202,475	20.54
Westerly	41,353,294	3,449,059,842	11.99
West Greenwich	9,628,062	588,613,480	16.36
West Warwick	35,722,118	1,612,474,806	22.15
Woonsocket	31,753,405	1,585,490,226	20.03
Total	\$ 1,473,561,514	\$ 86,903,271,963	16.96

Real and Personal Property Tax Effective Rates

<i>City or Town</i>	<i>FY 2005 Tax Levy</i>	<i>December 31, 2003 Full Value</i>	<i>FY 2005 Effective Rate</i>
Barrington	\$ 37,599,443	\$ 2,530,408,779	14.86
Bristol	26,820,190	2,451,167,310	10.94
Burrillville	16,163,864	1,362,046,883	11.87
Central Falls	8,769,495	552,167,209	15.88
Charlestown	15,653,297	1,893,476,382	8.27
Coventry	45,861,016	2,754,274,840	16.65
Cranston	131,684,009	6,619,838,041	19.89
Cumberland	40,144,086	3,275,644,402	12.26
East Greenwich	30,885,485	2,020,531,873	15.29
East Providence	62,311,067	4,181,540,553	14.90
Exeter	8,493,071	660,618,563	12.86
Foster	6,722,394	535,562,192	12.55
Glocester	14,025,943	922,810,544	15.20
Hopkinton	12,401,000	797,091,663	15.56
Jamestown	18,220,746	1,694,517,060	10.75
Johnston	45,946,931	2,770,394,706	16.58
Lincoln	37,555,647	2,598,101,832	14.46
Little Compton	7,277,008	1,669,969,151	4.36
Middletown	31,318,822	2,315,215,577	13.53
Narragansett	36,298,494	3,713,489,852	9.77
Newport	48,981,555	5,369,084,603	9.12
New Shoreham	5,450,667	1,825,011,584	2.99
North Kingstown	48,895,314	3,596,412,844	13.60
North Providence	42,638,511	2,369,613,720	17.99
North Smithfield	16,612,785	1,172,757,905	14.17
Pawtucket	63,332,501	3,923,066,960	16.14
Portsmouth	30,632,618	2,624,998,642	11.67
Providence	239,615,200	10,763,085,097	22.26
Richmond	9,760,121	720,788,986	13.54
Scituate	17,295,789	1,531,292,576	11.29
Smithfield	31,961,063	2,368,096,360	13.50
South Kingstown	49,187,153	4,151,603,242	11.85
Tiverton	20,977,642	1,761,146,296	11.91
Warren	15,145,045	1,080,065,904	14.02
Warwick	149,669,407	9,299,305,809	16.09
Westerly	44,005,471	4,721,059,074	9.32
West Greenwich	10,684,944	740,398,821	14.43
West Warwick	37,923,861	2,093,730,860	18.11
Woonsocket	32,503,193	1,911,591,254	17.00
Total	\$ 1,549,424,848	\$ 107,341,977,949	14.43

Real and Personal Property Tax Effective Rates

<i>City or Town</i>	<i>FY 2006 Tax Levy</i>	<i>December 31, 2004 Full Value</i>	<i>FY 2006 Effective Rate</i>
Barrington	\$ 39,560,584	\$ 2,965,219,721	13.34
Bristol	27,962,788	3,077,000,548	9.09
Burrillville	16,919,922	1,470,993,559	11.50
Central Falls	8,640,432	637,785,235	13.55
Charlestown	16,359,123	2,541,305,644	6.44
Coventry	47,838,719	3,480,664,111	13.74
Cranston	132,818,566	7,850,398,641	16.92
Cumberland	41,892,931	3,938,882,043	10.64
East Greenwich	32,655,022	2,284,658,714	14.29
East Providence	66,822,392	4,676,218,324	14.29
Exeter	9,037,453	809,413,864	11.17
Foster	7,116,908	600,231,246	11.86
Glocester	14,606,145	1,145,990,120	12.75
Hopkinton	13,348,380	921,710,762	14.48
Jamestown	14,702,460	1,954,135,627	7.52
Johnston	46,985,566	3,041,520,896	15.45
Lincoln	39,540,633	2,904,615,801	13.61
Little Compton	7,789,768	1,918,093,600	4.06
Middletown	32,509,090	2,700,131,506	12.04
Narragansett	34,665,612	4,326,232,311	8.01
Newport	51,311,269	5,884,971,664	8.72
New Shoreham	5,723,995	2,047,303,362	2.80
North Kingstown	50,874,304	3,862,188,543	13.17
North Providence	45,835,831	3,069,524,118	14.93
North Smithfield	17,621,225	1,335,190,462	13.20
Pawtucket	65,936,442	4,753,401,521	13.87
Portsmouth	32,863,131	3,426,983,306	9.59
Providence	241,482,421	12,217,488,855	19.77
Richmond	10,494,408	922,210,918	11.38
Scituate	18,484,386	1,664,023,611	11.11
Smithfield	33,907,726	2,595,526,902	13.06
South Kingstown	52,421,337	4,660,152,573	11.25
Tiverton	22,324,040	1,979,491,892	11.28
Warren	16,182,288	1,238,562,801	13.07
Warwick	157,257,226	10,294,404,224	15.28
Westerly	48,094,036	5,294,881,683	9.08
West Greenwich	11,636,369	908,196,715	12.81
West Warwick	39,346,469	2,312,209,642	17.02
Woonsocket	32,934,309	2,362,262,284	13.94
Total	\$ 1,606,503,706	\$ 124,074,177,349	12.95

Real and Personal Property Tax Effective Rates

<i>City or Town</i>	<i>FY 2007 Tax Levy</i>	<i>December 31, 2005 Full Value</i>	<i>FY 2007 Effective Rate</i>
Barrington	\$ 41,657,684	\$3,198,801,187	12.49
Bristol	29,312,655	3,484,263,142	8.06
Burrillville	17,285,375	1,644,659,113	9.84
Central Falls	9,220,239	746,321,894	11.69
Charlestown	17,284,011	2,756,648,817	6.12
Coventry	51,033,501	3,783,644,954	12.60
Cranston	132,776,979	8,859,460,554	14.15
Cumberland	43,393,401	4,138,513,697	9.86
East Greenwich	33,369,153	2,639,873,430	12.04
East Providence	70,023,575	5,170,925,390	12.83
Exeter	9,612,237	853,855,389	10.59
Foster	7,508,645	691,683,092	10.29
Glocester	15,550,984	1,242,020,000	11.74
Hopkinton	13,925,545	1,026,451,095	12.79
Jamestown	15,415,274	2,357,689,651	6.38
Johnston	50,082,034	3,276,635,088	14.33
Lincoln	42,088,956	3,256,522,538	12.26
Little Compton	8,244,862	2,104,106,010	3.85
Middletown	33,964,065	3,082,447,948	10.60
Narragansett	35,937,173	5,219,888,573	6.70
Newport	53,043,886	2,206,075,784	8.60
New Shoreham	6,225,420	6,156,615,234	2.65
North Kingstown	53,945,083	4,407,952,275	11.60
North Providence	46,293,035	3,287,707,400	13.25
North Smithfield	18,401,292	1,510,318,729	11.47
Pawtucket	69,145,384	5,267,123,587	12.47
Portsmouth	35,299,480	3,676,339,235	9.35
Providence	244,596,499	14,562,544,286	16.26
Richmond	11,567,350	1,000,554,814	10.98
Scituate	19,738,577	1,793,055,817	10.48
Smithfield	36,191,651	2,875,415,677	11.90
South Kingstown	55,518,738	5,281,270,103	10.12
Tiverton	25,142,341	2,634,878,379	9.12
Warren	17,053,816	1,389,714,430	11.67
Warwick	164,379,875	11,544,986,957	13.40
Westerly	49,431,245	5,930,066,731	8.10
West Greenwich	12,375,376	1,010,391,973	11.64
West Warwick	41,946,195	2,625,243,061	14.95
Woonsocket	35,113,235	2,503,404,295	13.10
Total	\$ 1,673,094,826	\$ 139,198,070,329	11.48

Real and Personal Property Tax Effective Rates

<i>City or Town</i>	<i>FY 2008 Tax Levy</i>	<i>December 31, 2006 Full Value</i>	<i>FY 2008 Effective Rate</i>
Barrington	\$ 43,958,685	\$3,362,958,478	13.07
Bristol	30,091,875	3,648,891,614	8.25
Burrillville	18,190,780	1,710,553,470	10.63
Central Falls	9,338,849	821,542,935	11.37
Charlestown	18,318,719	3,021,643,600	6.06
Coventry	53,733,335	4,005,608,472	13.41
Cranston	140,679,729	9,580,745,276	14.68
Cumberland	45,926,735	4,436,434,496	10.35
East Greenwich	35,812,819	2,806,780,778	12.76
East Providence	74,448,731	5,259,462,814	14.16
Exeter	10,155,044	925,852,193	10.97
Foster	7,958,599	709,749,970	11.21
Glocester	17,094,359	1,374,319,550	12.44
Hopkinton	14,414,384	1,114,912,783	12.93
Jamestown	16,252,062	2,258,227,185	7.20
Johnston	56,352,418	3,456,726,512	16.30
Lincoln	44,433,506	3,432,387,803	12.95
Little Compton	8,681,104	2,119,041,549	4.10
Middletown	35,741,838	3,262,906,631	10.95
Narragansett	36,981,834	5,441,575,205	6.80
Newport	54,635,837	6,439,709,689	8.48
New Shoreham	6,545,058	2,546,117,109	2.57
North Kingstown	56,666,524	4,672,264,983	12.13
North Providence	46,989,079	3,481,170,064	13.50
North Smithfield	19,470,009	1,582,977,013	12.30
Pawtucket	72,552,205	5,572,852,026	13.02
Portsmouth	37,228,703	3,969,586,161	9.38
Providence	257,315,509	15,295,151,909	16.82
Richmond	12,201,621	1,081,587,317	11.28
Scituate	20,855,109	1,895,989,467	11.00
Smithfield	38,331,142	2,961,795,155	12.94
South Kingstown	58,570,704	5,475,677,707	10.70
Tiverton	26,950,007	2,775,589,356	9.71
Warren	17,648,792	1,511,386,015	11.68
Warwick	173,665,407	12,192,320,168	14.24
Westerly	53,475,864	6,491,222,025	8.24
West Greenwich	13,498,103	1,071,837,404	12.59
West Warwick	44,467,796	2,835,655,328	15.68
Woonsocket	37,110,954	2,648,955,136	14.01
Total	\$ 1,766,743,831	\$ 147,252,165,346	12.00

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