

STATE OF RHODE ISLAND

Department of Administration
Division of Taxation



TAX EXPENDITURES REPORT

January, 2000

TAX EXPENDITURES REPORT

INTRODUCTION AND SUMMARY

Overview:

This portion of the Tax Expenditures Report gives a capsule version of the presentation. Information and statistics presented here are in summary form only and the reader is invited to review items of interest in their fullest form in the various sections of the report.

The Charge:

In accordance with Title 44, Chapter 48 of the Rhode Island General Laws [as amended] the Tax Administrator has the responsibility of preparing and annual tax expenditure report of which this report is the fourth. The first was issued in January, 1997.

As mandated, this report contains the analyses of 49 tax preference items - 25% of the list of tax preference items as of December 31, 1998. Also included is a list of the 51 items chosen for analysis in the report to be issued in 2001.

Prepared By:

At the request of R. Gary Clark, Tax Administrator, this report was prepared by Virginia R. O'Shan, CPA - Chief Revenue Agent for Research and Taxpayer Assistance with the assistance of Cecilia C. Tavares, Revenue Analyst.

Report Basics:

As directed in the charge, a "tax expenditure" is any tax credit, deduction, exemption, exclusion, modification, preferential tax rate, tax abatement, and tax deferral that provides preferential treatment to selected taxpayers, whether directly through Rhode Island General Laws or Constitutional provisions or indirectly through the adoption of other tax codes.

For ease of reference, where the tax preference item chosen applies to only one tax, it is presented with that tax. Tax preference items which apply to several taxes, are grouped together in the section of the report entitled "Other Taxes and Miscellaneous Tax Preference Items".

The other items required under 44-48.1-1 R.I.G.L. [as amended] are as follows:

- (3) to the extent allowable by law, identification of the beneficiaries of the exemption.
- (4) a comparison of the tax expenditure to the tax system of the other New England states, with emphasis on Massachusetts and Connecticut.
- (5) determination of the beneficiary's state tax burden.
- (6) to the extent allowable by law, identification of similar taxpayers or industries that do not enjoy the exemption."

Under current law, the report can not specifically identify the beneficiaries of the preference items; however, where possible, numbers and classes or beneficiaries for the preference items are presented.

Similarly, to identify those specific taxpayers which were not beneficiaries of the preference item would, in many cases, identify those taxpayers which were to an extent not allowable by law.

Without identifying individual beneficiaries, it is virtually impossible to present each beneficiary's state burden. The process is further complicated by businesses or individuals that have a number of available preference items. In taxes such as the Sales tax, the preference would reduce the burden to all consumers but the effect on each consumer would vary widely depending on income or circumstances. This request does not appear possible under current law and with the current resources.

The analyses performed on the 49 tax preference items chosen for this report include the following: (1) a legal citation to the Rhode Island General Laws [as amended]; (2) an estimate of the reliability of the revenues foregone for the preference item; (3) a description of the tax preference item; (4) the source of the information about the revenues foregone; (5) the dollar amount of revenues foregone presented rounded to the nearest thousand { \$,000}; (6) the number of taxpayers claiming the preference item; and (7) a capsule version of the comparative information for the 5 other New England states.

Report Structure:

This summary is 1 of the 6 major parts into which the report is divided. The other 5 are: the Personal Income Tax section; the Sales and Use Tax section; the Business Corporation Tax section; the Other Taxes and Miscellaneous Tax Preference Items section; and the listing of tax preference items chosen for analysis in the 2001 report.

Results Summary:

The results of the analysis of the 49 items in this year's report are that the revenues foregone total approximately \$ 36 million with an average reliability of 3.75 where 1 is the most reliable and ending with 5 for preference items for which no reliable data exists. Items listed as N/A for reliability were not included in the average. The totals for each major section of this report rounded to the nearest thousand are:

Personal Income Tax	6 items	\$ 5,800,000.
Sales and Use Tax	20 items	21,099,000.
Business Corporation Tax	6 items	1,415,000.
Miscellaneous Taxes	17 items	<u>7,224,000.</u>
GRAND TOTAL ALL ITEMS		\$ 35,538,000.

The tables following give the additional details.

STATE OF RHODE ISLAND
DIVISION OF TAXATION
2000 TAX EXPENDITURES REPORT
RESULTS SUMMARY BY TAX

Tax and Preference Item Selected	\$	Reliability
<u>Personal Income</u>		
3. Amortization air/water pollution control	\$ 0.	2
10. Exclusion for nonresident military pay	0.	5
17. Exclusion for income and preference items for qualifying employee's	0.	5
18. Federal adjustment - IRA deduction	2,500,000.	3
19. Federal adjustment - moving expenses	1,500,000.	3
22. Federal adjustment - Keough plan and SEP	1,800,000.	3
 TOTAL THIS TAX = 6 items	 <u>\$ 5,800,000.</u>	

Sales and Use

1. Cash discounts	\$ 0.	5
2. Refund in 120 days	0.	5
6. Transfers to family members	0.	5
8. Sales of residential trailers	0.	5
9. Transferee is exempt	0.	5
11. 120 days total loss or destruction	420,000.	2
14. Sales beyond state constitutional power	0.	5
28. Air/water pollution control facilities	741,000.	3
29. Camps	0.	5
31. Educational institutions rental charges	9,438,000.	2
36. Motor Vehicle trade-in	10,096,000.	3
37. Precious metal bullion	0.	5
39. Commercial vessels 50T	0.	5
40. Commercial fishing vessels	0.	5
46. Farm equipment	300,000.	3
52. Literature for boat manufacturers	20,000.	4
58. Farm structure construction materials	0.	5
60. Boats for storage and repair	0.	n/a
64. Mobile and manufactured homes	84,000.	2
66. Vehicles of nonresident armed forces personnel	0.	5
 TOTAL THIS TAX = 20 items	 <u>\$ 21,099,000.</u>	

Business Corporations

1. Exclusion for financial institution	\$ 0.	4
2. Exclusion for public service companies	0.	4
3. Exclusion for insurance companies	0.	4
4. Exclusion for nonprofits	1,415,000.	2
5. Exclusion for fraternal benefit societies	0.	5
6. Exclusion for special chartered corporations	0.	5
 TOTAL THIS TAX = 6 items	 <u>\$ 1,415,000.</u>	

Other Taxes and Miscellaneous Preference Items

Alcoholic Beverages		
1. Sacramental wine by clergy	\$ 0.	5
TOTAL THIS TAX = 1 item	<u>\$0.</u>	

STATE OF RHODE ISLAND
DIVISION OF TAXATION
2000 TAX EXPENDITURES REPORT
RESULTS SUMMARY BY TAX

Tax and Preference Item Selected	\$	Reliability
Bank Deposits Tax		
1. Out of state deposits	\$ 0.	1
2. Percentage exclusion for US obligations	438,000.	2
TOTAL THIS TAX = 2 item	<u>\$ 438,000.</u>	
Bank Excise Tax		
1. Gain/loss on sale property not securities	\$ 500,000.	3
2. Percentage exclusion for US obligations	0.	1
TOTAL THIS TAX = 2 items	<u>\$ 500,000.</u>	
Generation Skipping Transfer Tax		
1. Realty or personality in another state	\$ 0.	1
TOTAL THIS TAX = 1 item	<u>\$ 0.</u>	
Public Utilities		
3. Carrier Access fees	\$ 6,286,000.	2
4. Electricity for resale	0.	5
5. Telecommunications nonvoice service	0.	5
7. Apportionment	0.	5
TOTAL THIS TAX = 4 items	<u>\$6,286,000.</u>	
Real Estate Conveyance Tax		
1. Consideration of \$100 or less	\$ 0.	5
2. Statement in lieu of consideration	0.	5
3. Grantor-US government or subdivision	0.	5
4. Capitol Center Project	0.	n/a
TOTAL THIS TAX = 4 item	<u>\$ 0.</u>	
Hard to Dispose Tax		
1. Constitutional exemption	\$ 0.	5
TOTAL THIS TAX = 3 items	<u>\$ 0.</u>	
Mobile or Manufactured Homes Conveyance Tax		
1. Consideration of \$100 or less	\$ 0.	5
2. Statement in lieu of consideration	0.	5
TOTAL THIS TAX = 2 items	<u>\$ 0.</u>	

GRAND TOTAL ALL ITEMS CHOSEN FOR 2000 \$ 35,538,000.

STATE OF RHODE ISLAND
Division of Taxation
January 2000

TAX EXPENDITURES COMPARISON

Comparison Of Other New England States

Items below are only those reported in January 2000.

For the purpose of this chart, "S" stands for a tax preference item of the same topic. However, the item may be quite different and the reader is invited to review the comparisons in detail. "X" stand for no similar provisions found. The designations are of a general nature and applicable cites in the full text are included for reference purposes.

<u>PERSONAL INCOME</u>	<u>CT</u>	<u>MA</u>	<u>ME</u>	<u>NH</u>	<u>VT</u>
3. Amortization air/water pollution control.....	X	X	X	X	X
10. Exclusion for nonresident military pay.....	S	S	S	X	S
17. Exclusion for income and preference items for qualifying employee's.....	X	X	X	X	X
18. Federal adjustment - IRA deduction.....	S	S	S	X	S
19. Federal adjustment- moving expenses.....	S	S	S	X	S
22. Federal adjustment - Keough plan and SEP.....	S	S	S	X	S
 <u>SALES AND USE</u>					
1. Cash discounts	S	S	S	X	X
2. Refund in 120 days.....	S	S	S	X	S
6. Transfers to family members.....	S	S	X	X	X
8. Sales of residential trailers.....	S	X	S	X	S
9. Transferee is exempt.....	X	X	X	X	X
11. 120 Days total loss or destruction.....	X	X	X	X	S
14. Sales beyond state constitutional power.....	S	S	S	X	S
28. Air/water pollution control facilities.....	S	X	S	X	X
29. Camps.....	S	X	S	X	X
31. Educational institutions rental charges.....	S	X	S	X	X
36. Motor vehicle trade-in.....	S	S	S	X	S
37. Precious metal bullion.....	S	S	X	X	X
39. Commercial vessels 50T.....	X	S	X	X	X

STATE OF RHODE ISLAND
 Division of Taxation
 January 2000

TAX EXPENDITURES COMPARISON
 Comparison Of Other New England States

	CT	MA	ME	NH	VT
40. Commercial fishing vessels (5T).....	S	S	X	X	X
46. Farm equipment.....	S	S	X	X	S
52. Literature for boat manufacturers.....	X	X	X	X	X
58. Farm structure construction materials.....	X	X	X	X	X
60. Boats for storage and repair.....	S	X	X	X	X
64. Mobile and manufactured homes.....	X	X	S	X	S
66. Vehicles of nonresident armed forces personnel	X	X	X	X	X

BUSINESS CORPORATION

1. Exclusion for financial institution.....	S	S	S	X	S
2. Exclusion for public service company.....	X	S	X	X	X
3. Exclusion for insurance companies.....	S	S	S	X	X
4. Exclusion for nonprofits.....	S	S	S	S	X
5. Exclusion for fraternal benefit societies.....	S	S	X	X	X
6. Exclusion for special chartered corporations...	X	X	X	X	X

MISCELLANEOUS TAX PREFERENCE ITEMS

Alcoholic Beverages

1. Sacramental wine by clergy.....	X	X	X	X	X
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Bank Deposits Tax

1. Out of state deposits.....	X	X	X	X	X
2. Percentage exclusion for US obligations.....	X	X	X	X	X

STATE OF RHODE ISLAND
 Division of Taxation
 January 2000

TAX EXPENDITURES COMPARISON

Comparison Of Other New England States

	<u>CT</u>	<u>MA</u>	<u>ME</u>	<u>NH</u>	<u>VT</u>
<u>Bank Excise Tax</u>					
1. Gain/loss on sale property not securities.....	X	X	X	X	X
2. Gain/loss on sale of securities (1941).....	X	X	X	X	X
 <u>Generation Skipping Transfer Tax</u>					
1. Realty or personalty in another state.....	S	X	X	X	X
 <u>Public Utilities</u>					
3. Carrier Access fees.....	X	X	X	X	X
4. Electricity for resale.....	X	X	X	S	X
5. Telecommunications nonvoice service.....	X	X	X	X	X
7. Apportionment.....	S	S	X	X	X
 <u>Real Estate Conveyance Tax</u>					
1. Consideration of \$100 or less.....	S	S	X	S	S
2. Statement in lieu of consideration.....	X	X	X	X	X
3. Grantor- US government or subdivision.....	S	X	S	X	X
4. Capitol Center Project.....	X	X	X	X	X
 <u>Hard to Dispose Tax</u>					
1. Constitutional exemption.....	X	X	X	X	X
 <u>Mobile or Manufactured Homes Conveyance Tax</u>					
1. Consideration of \$100 or less.....	X	X	X	X	X
2. Statement in lieu of consideration	X	X	X	X	X

TOTAL SELECTED FOR 2000 = 49

TAX EXPENDITURES REPORT

PERSONAL INCOME TAX TITLE 44, CHAPTER 30, R.I.G.L. AS AMENDED

SUMMARY

The Personal Income Tax is one of the three largest revenue sources for the State of Rhode Island. The 1997 Tax Expenditures Report showed that there were 17 direct tax preference items and 15 indirect tax preference items in this chapter and 7 of these items were reported on in the 1998 report; 10 were included in the 1999 report; and 6 are included in this 2000 Tax Expenditures Report.

Additionally, the 1997 report showed tax preference items available for personal income tax as well as for other taxes and information about them is found in the part of this report entitled Other Taxes and Miscellaneous Tax Preference Items.

DESCRIPTION OF TAX

Who Is Subject to the Tax

For 1997 the personal income tax was imposed on the Rhode Island income of every individual, estate and trust at 27.5% of the taxpayer's federal income tax liability; for 1998, the personal income tax rate was 27%; for 1999 the rate was 26.5%; and for 2000 the rate is 26%.

All the income of a Rhode Island resident is subject to tax, but for nonresidents only that income attributable to Rhode Island sources is subject to the tax.

TAX PREFERENCE ITEMS

DIRECT TAX PREFERENCE ITEMS

3. Amortization air/water pollution control facilities:
Cite: 44-30-7
Reliability estimate: 2

This tax preference item allows taxpayers to amortize the treatment facility over a period of 60 months. This preference item is basically in the nature of a rapid writeoff. The amortization deduction requires that the federal depreciation or amortization, if any, must be added back as the Rhode Island calculation is made. The treatment facility must be certified by the Director of Environmental Management in order for the election of this rapid amortization to be valid.

Source: Personal Income Tax return information

Revenues foregone: \$ 0

Number of taxpayers: 0

Comparisons: No similar provision found in any other New England state.

10. Exclusion for nonresident military pay:
Cite: 44-30-32(d)
Reliability estimate: 5

This tax preference item excludes compensation for US armed forces service personnel if they are not domiciled in Rhode Island. This item is included for completeness only since the Federal Soldiers and Sailors' Relief act of 1940 (Act October 17, 1940, Chapter 888, Stat. 1178) mandates that the military pay of armed forces personnel on active duty can only be taxed in their state of domicile regardless of where they may be stationed.

Source: N/A

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine the number of taxpayers.

Comparison:

Connecticut: Connecticut's provisions reference the Federal Soldiers' and Sailors' Relief Act.

Connecticut Law Cite: Title 12, Chapter 229, Section 12-711

Massachusetts: Massachusetts falls under the purview of the Federal Soldiers' and Sailors' Relief Act.

Massachusetts Law Cite: Chapter 62, Section 5 (c)

Maine: Maine falls under the purview of the Federal Soldiers' and Sailors' Relief Act.

Maine Law Cite: Title 36, Part 8, Section 5142 (7)

New Hampshire: No similar provisions found. New Hampshire has no personal income tax.

Vermont: Vermont falls under the purview of the Federal Soldiers' and Sailors' Relief Act.

Vermont Law Cite: Title 32, Subtitle 2, Part 3, Chapter 151, Section 5823 (b)

17. Exclusion for income and preference items for qualifying employee's ownership in qualifying corporation:

Cite: 44-43-8

Reliability estimate: 5

For purposes of determining the federal income tax liability of a qualifying taxpayer to Rhode Island income tax, the Rhode Island income of the taxpayer under §§ 44-30-12 and 44-30-16 shall be determined by excluding any income, gain, or preference items resulting from the transfer of qualifying employer securities.

Source: No personal income tax return statistics available.

Revenues foregone: \$ 0 Revenue loss not reliably estimable.

Number of taxpayers: 0 No way to reliably determine the number of taxpayers.

Comparison: No similar provisions found in any other New England state.

INDIRECT TAX PREFERENCE ITEMS

18. Federal adjustment - IRA deduction:

Cite: Internal Revenue Code Section 408

Reliability estimate: 3

This indirect tax preference item comes from the federal income tax basis of the Rhode Island filing. As such it comes from the federal determination of tax liability; more specifically, the preference item is allowed for an individual retirement account deductions. The deduction is found as part of the determination of the payor's federal adjusted gross income.

Source: State of Rhode Island Tax Model

Revenues foregone: \$2,500,000.

Number of taxpayers: 25,572

Comparison:

Connecticut: Connecticut's income base provisions begin with Federal adjusted gross income and therefore allow this item as part of the determination.

Connecticut Law Cite: Title 12, Chapter 229, Section 12-701 (19)

Massachusetts: Massachusetts' provisions include a deduction equivalent to the amount of the federal deduction for adjusted gross income.

Massachusetts Law Cite: Chapter 62, Section 5(b)

Maine: Maine's taxable income of a resident is equal to the individuals Federal adjusted gross income as defined by Federal Law.

Maine Law Cite: Title 36, Part 8, Section 5121

New Hampshire: No provision found. New Hampshire has no personal income tax.

Vermont: Vermont's tax on income is measured by a percentage of Federal income tax liability of the taxpayer and, as such, includes the federal provisions.

Vermont Law Cite: Title 32, Subtitle 2, Part 3, Chapter 151,
Section 5822

19. Federal Adjustment - moving expenses:

Cite: Internal Revenue Code Section #217

Reliability estimate: 3

This indirect tax preference item comes from the federal income tax basis of the Rhode Island filing. As such it comes from the federal determination of tax liability; more specifically, the preference item is allowed for moving expenses as defined in the Internal Revenue Code Section 217. The deduction is found as part of the determination of the payor's federal adjusted gross income.

Source: Estimated revenues foregone using Statistics of Income Bulletin;
Spring 1999 edition

Revenues foregone: \$ 1,500,000. estimated

Number of taxpayers: 3,100 estimated

Comparison:

Connecticut: Connecticut's income base provisions begin with Federal adjusted gross income and therefore allow this item as part of the determination.

Connecticut Law Cite: Title 12, Chapter 229, Section 12-701(19)

Massachusetts: Massachusetts' provisions include a deduction equivalent to the amount of the federal deduction for adjusted gross income.

Massachusetts Law Cite: Chapter 62, Section 2(M)(2)

Maine: Maine's taxable income of a resident is equal to the individuals Federal adjusted gross income as defined by federal law.

Maine Law Cite: Title 36, Part 8, Section 5125

New Hampshire: No similar provisions found. New Hampshire has no Personal Income Tax.

Vermont: Vermont's tax on income is measured by a percentage of Federal income tax liability of the taxpayer.

Vermont Law Cite: Title 32, Subtitle 2, Part 3, Chapter 151,
Section 5823 (1)

22. Federal adjustment- Keough plan and SEP:

Cite: Internal Revenue Code Section # 219

Reliability estimate: 3

This tax preference item comes from the federal income tax basis of the Rhode Island filing. As such it comes from the federal determination of tax liability; more specifically, the preference item is the amount allowable as a Keough plan deduction. The deduction is found as part of the determination of the payor's federal adjusted gross income.

Source: State of Rhode Island Tax Model

Revenues foregone: \$1,800,000.

Number of taxpayers: 2,971

Comparison:

Connecticut: Connecticut's income base provisions begin with federal adjusted gross income and therefore allow this item as part of the determination.

Connecticut Law Cite: Title 12, Chapter 229, Section 12-701 (19)

Massachusetts: Massachusetts' provisions include a deduction equivalent to the amount of the federal deduction for adjusted gross income.

Massachusetts Law Cite: Chapter 62, Section 5(b)

Maine: Maine's taxable income of a resident is equal to the individual's Federal adjusted gross income as defined by federal law.

Maine Law Cite: Title 36, Part 8, Chapter 805, Section 5121

New Hampshire: No similar provision found. New Hampshire has no personal income tax.

Vermont: Vermont's tax on income is measured by a percentage of federal income tax liability of the taxpayer and, as such, includes this provision.

Vermont Law Cite: Title 32, Subtitle 2, Part 3, Chapter 151,
Section 5811 (1)

OTHER TAX PREFERENCE ITEMS

Other tax preference items available for this tax as well as for other taxes are covered in the part of this report entitled Other Taxes and Miscellaneous Tax Preference Items.

TAX EXPENDITURES REPORT

SALES AND USE TAX TITLE 44, CHAPTERS 18 AND 19, R.I.G.L. AS AMENDED

SUMMARY

The Sales and Use Tax is one of the three largest revenue sources for the State of Rhode Island. The 1997 Tax Expenditures report showed that there were 76 available items of various types for this chapter. Included in these 76 are 2 items noted as not considered to be preference items for purposes of reporting - items bought by nonresidents before 7/1/47 and items excluded if subject to the use tax. Of the remaining 74 items, 13 were reported on in the 1998 report; 13 items were reported on in the 1999 report; and this 2000 Tax Expenditures Report focuses on 20 items.

DESCRIPTION

The tax applies to retail sales of all tangible personalty and public utility services unless exempted. Any sale is a retail sale if the property sold is not to be

resold in the regular course of business; thus, a manufacturer or wholesaler is making retail sales when he or she sells items which will be used, rather than resold, by the purchaser.

Imposition and Collection of the Sales Tax

The Sales tax is imposed on the retailer (seller) at 7% of the gross receipts from taxable sales and the retailer collects from his or her customers all or a part of the tax which he or she pays to the state.

Use Tax

Complementing the Sales tax, a Use tax is imposed at 7% on the storage, use or other consumption in this state of all tangible personality (unless exempted), including a motor vehicle, airplane or trailer purchased from any retailer.

TAX PREFERENCE ITEMS

DIRECT PREFERENCE ITEMS

1. Cash Discounts:
Cite 44-18-12 (b) (1)
Reliability estimate: 5

This tax preference item excludes the amount of cash discounts allowed and taken from the sales price on which the Sales tax is levied.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison:

Connecticut: Connecticut's provisions defines that the sales price does not include cash discounts allowed and taken on sales.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-407(8)(B)

Massachusetts: Massachusetts' provisions allow an exclusion that the sales price does not include cash discounts allowed and taken on sales.

Massachusetts Law Cite: Chapter 64H, Section 1

Maine: Maine's provisions defines that the sales price does not include discounts allowed and taken on sales.

Maine Law Cite: Title 36, part 3, Chapter 211, Section 1752

New Hampshire: No similar provision found.

Vermont: No similar provision found.

2. Refund within 120 days:

Cite: 44-18-12 (b) (2)

Reliability estimate: 5

This tax preference item excludes the entire sale if the entire price (exclusive of handling charges) is refunded and the property is returned within 120 days.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison:

Connecticut: Connecticut's provisions include a general provision for refund if the item is returned in 90 days from the date of purchase.

Connecticut Law Cite: Title 12, Chapter 219, Section 21-407(8)(A)

Massachusetts: Massachusetts' provisions include a general provision for refund if the items is returned in 90 days from date of sale.

Massachusetts Law Cite: Chapter 64H, Section 1

Maine: Maine's provisions include a general provision for refund only upon submission of proof to the satisfaction of the State Tax Assessor.

Maine Law Cite: Title 36, Part 3, Chapter 213; Section 1814(3)

New Hampshire: No similar provision found.

Vermont: Vermont's provisions include - a general provision for canceled sales, returns and uncollectables.

Vermont Law Cite: Title 32, Subtitle 2, Part 5, Chapter 233, Section 9780.

6. Transfers between family members:
Cite 44-18-30 (d) (1)
Reliability estimate: 5

This use tax exemption item applies to property transferred if the transferee or purchaser is the spouse, mother, father, brother, sister or child of the transfer or seller.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut's provisions include exemption for family members [spouse, mother, father, brother, sister or child of the transferor or seller] in the purchase of motor vehicles, vessels, snow mobiles and aircraft.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-431

Massachusetts: Massachusetts' provisions include exemption for family members [spouse, mother, father, brother, sister, or child of the seller] in the purchase of motor vehicles, trailers, boats and airplanes.

Massachusetts Law Cite: Chapter 64I, Section 7(b)

8. Sale or transfer of residential trailers:

Cite: 44-18-20 (d) (3)

Reliability estimate: 5

This use tax preference item excludes the sale or transfer of a trailer ordinarily used for residence purposes (homes, trailer or mobile home) but does not include a camping trailer.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison:

Connecticut: Connecticut's provisions include exemption for mobile manufactured homes if such dwelling is permitted as a non-conforming use.

Connecticut Law Cite: Title 12, Chapter 219, Section 21-412 c(b)

Massachusetts: No similar provision found.

Maine: Maine's provisions include exemptions for mobile and modular homes.

Maine Law Cite: Title 36, Part 3, Chapter 211, Section 1760

New Hampshire: No similar provision found.

Vermont: Vermont's provisions include an exemption of 40% of the receipts from the sales of mobile homes when sold as tangible personal property.

Vermont Law Cite: Title 32, Subtitle 2, Part 5, Chapter 233,
Subchapter 2, Section 9741.

9. Transferee is exempt:
Cite: 44-18-20 (d) (4)
Reliability estimate: 5

This use tax preference item applies if the purchaser is already exempt under provisions of 44-18-30 (such as charitable, educational or religious organizations with a valid exemption). This item may also apply if the purchaser is exempt under the General Laws or under a separate act of the General Assembly.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: No similar provisions found in any other New England state.

11. 120 days total loss or destruction:
Cite: 44-18-21 (c)
Reliability estimate: 2

This use tax exclusion applies to the total loss or destruction of a motor vehicle within 120 days of its purchase if the purchaser has paid the tax. The exclusion is applied as though it were an overpayment of tax when the owner replaces the vehicle.

Source: Excise Tax Section

Revenues foregone: \$420,000

Number of Taxpayers: 400

Comparison: Only Vermont has similar provisions.

Vermont: Vermont's provisions include exemption for the total loss or destruction of a vehicle from an accident occurring within 3 months of the purchase.

Vermont Law Cite: Title 32, Subtitle 2, Part 5, Chapter 219,
Section 8902.

14. Sales and use beyond constitutional powers:

Cite: 44-18-30 (1)

Reliability estimate: 5

This exemption from sales and use tax provides the necessary exemption for those items, the sales or use taxation of which would be prohibited under either United States Constitution or the Rhode Island Constitution. This sales tax exemption is presented for completeness only since its amendment or removal would have major constitutional consequences.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison:

Connecticut: Connecticut's provisions include exemption for sales of tangible personal property or services which the state is prohibited from taxing under the Constitution or laws of the United States.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-412(2)

Massachusetts: Massachusetts' provisions include exemption for sales which the commonwealth is prohibited from taxing under the Constitution or laws of the United States.

Massachusetts Law Cite: Chapter 64H, Section 6(a)

Maine: Maine's provision include sales which the State of Maine is prohibited from taxing under the Constitution or laws of the United States or under the Constitution of the State of Maine.

Maine Law Cite: Title 36, part 3, Chapter 211, Section 1760(1)

New Hampshire: No similar provision found.

Vermont: Vermont's provisions include an exemption for sales not within the taxing power of this state under the Constitution of the United States.

Vermont Law Cite: Title 32, Subtitle 2, Part 5, Chapter 233,
Section 9741

28. Air and water pollution control facilities:

Cite: 44-18-30 (15)

Reliability estimate: 3

This exemption applies to air and water pollution control equipment incorporated into or consumed directly in the operation of a control facility approved by the Rhode Island Department of Environmental Management.

Source: Estimated using statistics provided by RI Department of Environmental Management and from Tax Division Field Audit Section statistics.

Revenues foregone: \$740,000. estimated

Number of Taxpayers: 15 estimated

Comparison: Only Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provisions include personal property incorporated into or consumed in air pollution control facilities.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-412(22)

Maine: Maine's provisions include sales of water pollution control [or air pollution control] facilities certified as such by the Commissioner of Environmental Protection and any part or accessories thereof or any materials for the construction or maintenance of a facility.

Maine Law Cite: Title 36, Part 3, Chapter 211,
Section 1760 (29)and (30)

29. Camps:
Cite: 44-18-30 (16)
Reliability estimate: 5

This exemption applies to the rental charge for living quarters at camps or retreats operated by charitable, educational or religious organizations having a valid exemption and also applies to privately owned and operated summer camps for children.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: Only Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provisions include exemption for nonprofit camps or recreational facilities for charitable purposes. This exemption applies provided that at least 75% of the beneficiaries using such property and equipment in each taxable year were bona fide residents of the state at the time of such use.

Connecticut Law Cite: Title 12, Chapter 203, section 12-81(49)

Maine: Maine's provisions include exemption for rental charges for living quarters, sleeping or housekeeping accommodations at camps entitled to a corresponding property tax exemption.

Maine Law Cite: Title 36, part 3, Chapter 211, Section 1760(17)

31. Educational institutions living quarters:
Cite: 44-18-30 (18)
Reliability estimate: 2

This exemption applies to the rental charges by educational institutions for living quarters for students or teachers.

Source: Estimated using RI Higher Education Institutional Academic Data Summary 1998 Fall Enrollment Statistics.

Revenues foregone: \$ 9,438,000. estimated

Number of Taxpayers: 20,700 estimated

Comparison: Only Maine and Connecticut have similar provisions. Massachusetts, New Hampshire and Vermont do not have similar provisions under Sales and Use Tax; however they do provide similar exclusions under their Rooms or Rooms and Meals taxes.

Connecticut: Connecticut's provisions include lodging accommodations at educational institutions.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-407(17)

Maine: Maine's provisions include rental charges for living quarters, sleeping or housekeeping accommodations to any student necessitated by attendance at a school as defined further by Maine statutes.

Maine Law Cite: Title 36, Part 3, Chapter 211, Section 1760(19)

36. Trade in value of motor vehicle:

Cite: 44-18-30 (23)

Reliability estimate: 3

This exemption applies to the sales price of a new or used motor vehicle by allowing a reduction for the value of the vehicle given in trade. This modification in measure also applies to the proceeds received from an insurance claim from a stolen or damaged vehicle and to the proceeds received if the automobile is repurchased by the manufacturer. The results below do not include trade-ins in conjunction with leased vehicles.

Source: Excise Tax Section and Information Processing Department

Revenues foregone: \$10,096,000. approximate

Number of Taxpayers: 5,048 estimated

Comparison:

Connecticut: Connecticut's provisions include trade in of motor vehicles, vessels, aircraft, snow mobiles or farm tractors. The tax is only on the difference between the sale price of the motor vehicle, aircraft, snow mobile, farm tractor or such vessel traded in on such purchase.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-430.

Massachusetts: Massachusetts' provisions include exemption for the trade in of motor vehicles and trailers.

Massachusetts Law Cite: Chapter 64H, Section 26

Maine: Maine's provisions include credit for trade in of motor vehicles, water craft, aircraft, chain saws, special mobile equipment, special livestock trailers and camper trailers. The trade must be for another item of the same kind.

Maine Law Cite: Title 36, Part 3, Chapter 211, Section 1765

New Hampshire: No similar provisions found.

Vermont: Vermont's provisions include trade in for motor vehicles but excludes from the trade in any amount where the vehicle traded was originally purchased in a state which did not have comparable trade in provision.

Vermont Law Cite: Title 32, Subtitle 2, Part 5, Chapter 219,
Section 8908

37. Precious metal bullion:
Cite: 44-18-30 (24)
Reliability estimate: 5

This exemption applies to precious metal bullion if the transaction is substantially equivalent to a transaction in securities. The exemption does not include fabricated metal processed for industrial, professional or artistic uses.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut's provisions include gold or silver bullion, legal tender of any nation, rare and antique coins if such sale is less than \$1,000.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-412

Massachusetts: Massachusetts' provisions exclude sales of \$1,000 or more of gold or silver bullion or coins, or gold or silver tender of any nation (except the Republic of South Africa) traded and sold according to its value as precious metal; "bullion" does not include fabricated precious metal which has been processed or manufactured for industrial, professional or artistic uses.

Massachusetts Law Cite: Chapter 64H, Section 6(11)

39. Commercial vessels (50 tons):

Cite: 44-18-30 (26)

Reliability estimate: 5

This exemption applies to sales made to commercial ships, barges or other vessels of 50 tons burden or more primarily engaged in interstate or foreign commerce and also includes provisions, supplies and materials purchased for maintenance and repair. The above exemption does not include the vessel itself.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: Only Massachusetts has a similar provision.

Massachusetts: Massachusetts' provisions include exemption for sales of barges of fifty tons burden or over when constructed in the Commonwealth and sold by builders thereof.

Massachusetts Law Cite: Chapter 64H, Section 6

40. Commercial fishing vessels (5 tons):

Cite: 44-18-30 (27)

Reliability estimate: 5

This exemption applies to sales of vessels and other watercraft of more than 5 net tons if used exclusively for commercial fishing and also applies to fishing equipment used in connection with the commercial fishing done by the vessel. The exemption for the boat itself is redundant due to the general exemption of boats; however, since the exemption also covers the equipment associated with the vessel, the revenue loss from exemption of the equipment is not reliably estimable.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparisons: Only Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut's provisions include exemption for commercial fishing vessels and machinery or equipment for use thereon. A "commercial fishing vessel" includes any vessel with a certificate of documentation issued by the United States Coast Guard for coastwise fishery.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-412(40)

Massachusetts: Massachusetts' provisions include exemption for vessels used directly and exclusively in commercial fishing, machinery and equipment and replacement parts thereof.

Massachusetts Law Cite: Chapter 64H, Section 6(0)

46. Farm Equipment:

Cite: 44-18-30 (18)

Reliability estimate: 3

This tax exemption applies to machinery and equipment used directly by a qualified farmer for commercial farming and agricultural production.

Source: State of Rhode Island Tax Model

Revenues Foregone: \$300,000.

Number of Taxpayers: Statistics not furnished by the Tax Model

Comparisons:

Connecticut: Connecticut's provisions include any items sold exclusively for use in agricultural production by a farmer engaged in such production as a business as evidenced by the Farmer's Tax Exemption Permit as issued by Connecticut Department of Revenue Services.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-412(63)

Massachusetts: Massachusetts' provisions include sales of machinery or replacements parts used directly and exclusively in agricultural production.

Massachusetts Law Cite: Chapter 64H, Section 6(s)

Maine: No similar provisions found.

New Hampshire: No similar provisions found.

Vermont: Vermont's provisions include exemption for sales of agricultural machinery and equipment for use or consumption directly and exclusively except for isolated or occasional uses, in the production for sale of tangible personal property on farms and including stock, dairy, poultry, fruit and truck farms, orchards, nurseries, or in greenhouses or in similar structures used primarily for the raising of agricultural or horticultural commodities for sale.

Vermont Law Cite: Title 32, subtitle 2, Part 5, Chapter 233,
Section 9741(25).

52. Literature of boat manufacturers:

Cite: 44-18-30 (39)

Reliability estimate: 4

This exemption applies to boat manufacturers' promotional and product literature if it is shipped to points outside of Rhode Island accompanying the product sold, shipped to out-of-state dealers for use in the sale of the product or mailed free to customers.

Source: Estimated using Field Audit Section information

Revenues foregone: \$20,000. estimated

Number of Taxpayers: There are approximately 39 Rhode Island boat manufacturers.

Comparison: No similar provisions found in the New England states.

58. Farm structure construction materials:

Cite: 44-18-30 (45)

Reliability estimate: 5

This tax exemption applies to lumber, hardware and other materials used in the new construction of farm structures including production facilities and other structures used in connection with commercial farming.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: No similar provisions found.

60. Boats brought into this state for winter storage, maintenance, repair or sale:

Cite: 44-18-30 (47)

Reliability estimate: N/A

This tax exemption applies to boats brought into this state between October 1st and April 30 exclusively for winter storage, maintenance, repair or sale. This exemption is redundant due to the general exemption for boats.

Source: Excise Tax Section

Revenues foregone: \$0 See comment above on boat exemption.

Number of Taxpayers: Because the sales and use tax is on the ultimate consumer, all consumers purchasing this preference item are beneficiaries of the exemption. Additionally, Rhode Island retailers achieve some benefits from this exemption to the extent that the item is taxable in neighboring states. Since boats are now generally exempted by 44-18-30(49) which was reported on in the Tax Expenditures Budget report dated January, 1998, refer to the comparisons portion of that report.

Comparisons: Only Connecticut has a similar provision.

Connecticut: Connecticut's provisions include exemption from use tax for vessels brought into the state exclusively for storage, maintenance or repair.

Connecticut Law Cite: Title 12, Chapter 219, Section 12-413(a)

64. Mobile and manufactured homes:

Cite: 44-18-30A (a)

Reliability estimate: 2

This tax exemption applies to mobile and/or manufactured homes.

Source: Statistics derived from the Manufactured Housing Institute

Revenues Foregone: \$84,000.

Number of Taxpayers: 31

Comparison: Only Maine and Vermont have similar provisions.

Maine: Maine's provisions include sales of mobile or modular homes including new or used mobile or modular homes but limited to all costs other than materials included in the sale price but not to exceed 50% of the sales price.

Maine Law Cite: Title 36, Part 3, Chapter 211, Section 1760 (40)

Vermont: Vermont's provisions include exclusion for 40% of the receipts from the sale of mobile homes and modular housing when they are resold as tangible personal property.

Vermont Law Cite: Title 32, Subtitle 2, Part 5, Chapter 233, Section 974(32)

66. Vehicles of nonresident armed forces personnel:

Cite: 44-18-30A (b)

Reliability estimate: 5

This use exemption applies to motor vehicles of US armed forces service personnel bought in Rhode Island if the purchaser is stationed outside Rhode Island and has paid a sales or use tax to another state in an amount greater than or equal to Rhode Island.

Source: N/A

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: No similar provision found in any other New England state.

TAX EXPENDITURES REPORT
BUSINESS CORPORATION TAX
TITLE 44, CHAPTER 11, R.I.G.L. AS AMENDED

SUMMARY

The Business Corporation Tax is one of the three largest revenue sources for the State of Rhode Island. The 1997 Tax Expenditures report showed that there were 22 available direct tax preference items of various types in this chapter and 3 of these items were reported on in the 1998 report; 6 items were reported in the 1999 report and this 2000 Tax Expenditures Report focuses on 6 items.

Additionally, the 1997 report showed tax preference items available for Business Corporation tax as well as for other taxes and information about them is found in the part of this report entitled Other Taxes and Miscellaneous Tax Preference Items.

DESCRIPTION OF TAX

Corporate Tax Basics

Corporations deriving income from sources in Rhode Island or engaging in activities for the purpose of profit or gain are required to pay a tax of 9% of net income as reported to the Federal Government and apportioned to Rhode Island. The minimum Business Corporation Tax is \$250.00

TAX PREFERENCE ITEMS

1. Exclusion for financial institutions
Cite: 44-11-1 (a)
Reliability estimate: 4

This tax preference item is an exclusion and excludes from the definition of a corporation (and therefore from this tax) financial institutions such as state banks, mutual savings banks, federal savings banks, trust companies, national banking associations, building and loan associations, credit unions, and loan and investment companies. These financial institutions are taxable under other chapters of the General Laws.

Source: Business Corporation Tax Section

Revenues foregone: \$ 0 Revenue loss not reliably estimable.

Number of taxpayers: 42 financial institutions are excluded.

Comparison:

Connecticut: Connecticut's provisions include only an exemption for those companies which are exempted by the federal corporate net income tax.

Connecticut Law Cite: Section 12-214(a) of the General Statutes

Massachusetts: Massachusetts' provisions include an exemption for corporations which are tax exempt for federal income tax purposes under Section 501 of the Internal Revenue Code; and banks and other financial corporations are exempt from the corporate excise tax but are subject to the bank excise tax.

Massachusetts Law Cite: Section 30(1) and (2), chapter 63 of the General Laws.

Maine: Maine's provisions include a general exclusion for most financial institutions due to the definition of the term "corporation". These financial institutions pay a state franchise tax measured by both net income and assets.

Maine Law Cite: Title 36, Section 5102(6)

New Hampshire: No similar provision found

Vermont: Vermont's provisions include exemption specifically for credit unions only; banking corporations and loan associations which are subject to the franchise tax are exempted from corporate income tax.

Vermont Law Cite: Title 32, Section 5811

2. Exclusion for public service companies:

Cite: 44-11-1 (a)

Reliability estimate: 4

This subsection is an exclusion for public service corporations (usually called utilities) from tax under 44-11 since these companies are taxed under the Public Service Corporation Chapter of the Rhode Island General Laws.

Source: Business Corporation Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of taxpayers: 145 public service corporations are excluded.

Comparison: Only Massachusetts has similar provisions.

Massachusetts: Massachusetts' provisions specify that utility corporations are only subject to the Public Utilities' Franchise Tax in lieu of the Corporate Excise Tax.

Massachusetts Law Cite: Chapter 63; Section 30(1) and (2)

3. Exclusion for insurance companies:

Cite: 44-11-1 (a) (3)

Reliability estimate: 4

This tax preference item excludes insurance and surety companies from being taxed under the Business Corporation Tax since they are taxed under 44-17, the Insurance Premiums Tax.

Source: Business Corporation Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of taxpayers: 1475 insurance companies are excluded.

Comparison:

Connecticut: Connecticut's provisions include exemption from the Corporation Business Tax for domestic insurance companies or those organized or incorporated under the laws of any other state or foreign government.

Connecticut Law Cite: Title 12, Chapter 208, Part I, Section 12-214(2)

Massachusetts: Massachusetts' provisions include exemption for insurance companies from the corporate excise tax but provide that such companies are subject to a tax on premiums.

Massachusetts Law Cite: Chapter 63, Section 30 (1) and (2)

Maine: Maine's provisions include exemption from the Maine corporate income tax for insurance companies by definition.

Maine Law Cite: Title 36, Section 5102,(6)

New Hampshire: No similar provisions found.

Vermont: No similar provisions found.

4. Exclusion for nonprofits:

Cite: 44-11-1 (a)(4)

Reliability estimate: 2

This section of the Business Corporation Tax excludes from this tax most normal nonprofit corporations, such as colleges, schools, incorporated hospitals and other classes of companies normally designated as "nonprofit companies".

Source: Business Corporation Tax Section and number of taxpayers provided by the Secretary of State's Office.

Revenues foregone: \$1,415,000. [calculated at the minimum fee]

Number of taxpayers: 5,660

Comparison:

Connecticut: Connecticut's provisions include exemption for organizations exempt under IRC 501(a) or under any other section of the Internal Revenue Code, however, such organizations are likewise taxed on their unrelated business income.

Connecticut Law Cite: Section 12-214(a), Title 12, Chapter 208,
Part I

Massachusetts: Massachusetts' provisions include exemption for corporations which are tax exempt for federal income tax purposes under section 501 of the Internal Revenue Code.

Massachusetts Law Cite: Chapter 63, Section 30 (1) AND (2)

Maine: Maine's provisions include exemption that a corporation which is exempt from federal income tax is generally exempt from the Maine corporate income tax by definition.

Maine Law Cite: Title 36, Section 5102 (6)

New Hampshire: New Hampshire's provisions include exemption from the business enterprise tax for organizations exempt from federal tax under 501(c)(3) and regulated investment companies.

New Hampshire Law Cite: Section 77-E:1, III

Vermont: No similar provision found.

5. Exclusion for fraternal benefit societies:

Cite: 44-11-1 (2) (5)

Reliability estimate: 5

This section of the Business Corporation Tax excludes fraternal benefit societies set out in Title 27, Chapter 25, Section 1 from being taxed as business corporations.

Source: Business Corporation Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: Only Connecticut and Massachusetts have similar provisions

Connecticut: Connecticut's provisions include this exemption by virtue of the exemption for companies which are exempted from federal income tax; one exemption of which is for fraternal benefit societies.

Connecticut Law Cite: Title 12, Chapter 208 Part I, Section 12-214

Massachusetts: Massachusetts' provisions include exemption for those corporations which are tax exempt for federal income tax purposes under Section 501 of the Internal Revenue Code.

Massachusetts Law Cite: Chapter 63, Section 30(1) and (2)

6. Exclusion for special charter exemption:
Cite: 44-11-1 (a) (6)
Reliability estimate: 5

This portion of the Business Corporation Tax law excludes any corporation which is expressly exempt from taxation from charter. This would include all those corporations specifically chartered by the Legislature which have within them specific provisions to prevent the Business Corporation Tax from being applied.

Source: Business Corporation Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: No similar provisions found for any other New England state.

OTHER TAX PREFERENCE ITEMS

Other tax preference items available for this tax as well as for other taxes are covered in the part of this report entitled Other Taxes and Miscellaneous Tax Preference Items.

TAX EXPENDITURES REPORT

OTHER TAXES AND MISCELLANEOUS TAX PREFERENCE ITEMS

INTRODUCTION:

This section of the 2000 Tax Expenditures Report contains the 10 taxes [other than Personal Income tax, Sales and Use tax and Business Corporation tax reported in the other 3 sections] from which 17 tax preference items were selected for analysis.

Additionally, this section of the report contains the 3 tax preference items available to more than one tax which were selected for analysis.

MISCELLANEOUS TAXES AND THEIR PREFERENCE ITEMS

Alcoholic Beverage Tax and Importation Service Charge:

Cite: 3-10

The tax is collected on all alcoholic beverages manufactured, rectified, blended or reduced for sale in this state. The service charge is imposed by the Division of Taxation upon each wholesaler or person importing liquor beverages into this state. The manufacturing tax and importation service charge are the same and appear in the table below.

Beverage	Tax or Service Charge
Beer	\$ 3.00 per 31 gallons
Still wines (made entirely from fruit grown in this state)	.30 per gallon
Still wines	.60 per gallon
Sparkling wines	.75 per gallon
Cordials (regardless of proof)	3.75 per gallon
Whisky, Rum and Gin	3.75 per gallon
Ethyl alcohol (beverage)	7.50 per gallon
Ethyl alcohol (non-beverage)	.08 per gallon

Tax Preferences:

1. Sacramental wines purchased by clergy:

Cite: 3-10-1

Reliability estimate: 5

This preference item exempts sacramental wines if sold directly to a member of the clergy for use by the purchaser, or his or her congregation for sacramental or other religious purposes.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss assumed to be minimal.

Number of Taxpayers: 0 No way to reliably determine the number of taxpayers.

Comparison: No similar provisions found in any other state.

Banking Institutions -- Tax On Interest - Bearing Deposits:

Cite: 44-15

An annual tax is imposed on every banking institution at .0695 (for banking institutions with total deposits in excess of \$150,000,000) or at .0625 (for those institutions with total deposits of \$150,000,000 or less) on each \$100 of the daily average of the deposits during the calendar year. For the period January 1, 1997 through December 31, 1997, the .0695 rate shall be reduced to .0348. For the period beginning January 1, 1998 and thereafter, the rate shall be 0%.

An annual tax is imposed on every credit union with total deposits in excess of \$150,000,000 at .0695 on each \$100 of the daily average of deposits with the credit union during the calendar year. For credit unions with total deposits of \$150,000,000 or less, the rate is .0625 on each \$100 of the daily average of deposits. "Credit Union" means a credit union with its principal place of business in Rhode Island.

A report must be filed by January 15 of each year showing the tax that will be due the following June 15. A tax return with payment must be filed and paid by June 15 of each year. The amount of franchise tax paid by any building and loan association or savings and loan association in the same year shall be credited against this tax.

Tax Preferences:

1. Out of state deposits:
Cite: 44-15-1(2) (ii) and 44-15-1.1 (2) (ii)
Reliability estimate: 1

This item is an exclusion for any deposits made at a branch or office of any banking institution located outside of this state.

Source: Corporation Tax Section

Revenues foregone: \$0. For banking institutions, this tax was phased out in 1997 at 50% and 1998 and thereafter, the rate is 0; for credit unions, this exclusion is inoperable since credit unions do not have branches outside the state.

Comparison: No similar provisions found in any other New England state.

2. Percentage exclusion for US obligations:
Cite: 44-15-1.1. (2) (1) and 44-15-2
Reliability estimate: 2

The bank deposits tax contains an exclusion for a certain amount of deposits. This amount is determined by a fraction, the numerator of which is the book value of assets which are obligations of the United States and the denominator of which is the total assets of the banking institution.

Source: Corporation Tax Section

Revenues Foregone: \$438,000.

Number of Taxpayers: 29

Comparison: No similar provisions found in any other New England state.

Banking Institutions -- Excise Tax:

Cite: 44-14

For the privilege of existing as a banking institution during any part of the year, each state bank, trust company, or loan and investment company in the state must annually pay an excise tax to the Tax Administrator measured by:

- 1) 9% of its net income for the preceding year or
- 2) \$2.50 per \$10,000 or fraction thereof its authorized capital stock as of the last day of the preceding calendar year.

The tax payable is the higher of the two. A national bank within this state must only pay the excise tax measured by #1 above. The minimum tax payable is \$100. The tax is self-assessed and must be filed and paid on or before March 15 of each year. Banks which have their principal place of business or a branch in Rhode Island will apportion their net income under the Tax Administrator's rules and regulations.

Tax Preferences:

1. Gain/loss on sale property which is not securities:

Cite: 44-14-11

Reliability estimate: 3

Bank Excise Tax, by definition excludes from gross income the gain, profits, and any kind of income from the sale or disposal of property other than securities. This means that the sale of such items as realty and tangible personalty owned by the bank are excluded from the tax.

Source: Business Corporation Tax Section

Revenues foregone: \$ 500,000. estimated

Number of taxpayers: 38

Comparison: No similar provisions found in any other New England state.

2. Gains/losses on sale of securities (special basis for 1941 securities):

Cite: 44-14-12

Reliability estimate: 1

This provision allows for a special treatment for the basis in the calculation of gain or loss for securities held by the bank which were acquired prior to January 1, 1941.

Source: Business Corporation Tax Section

Revenues foregone: \$0

Number of taxpayers: 0 No taxpayers claimed this preference item.

Comparison: No similar provisions found in any other New England state.

Generation Skipping Transfer Tax:

Cite: 44-40

This tax is imposed on every generation skipping transfer for which a credit is allowable under the Federal Code (26 U.S.C Subsection 2602). The tax is imposed in an amount equal to the allowable Federal credit.

Tax Preferences:

1. Realty or personalty in another state:

Cite: 44-40-3

Reliability estimate: 1

This is a direct reduction in the tax where some or all of the property transferred has a taxable situs in another state. The reduction takes a form of a ratio of out-of-state property transferred to gross property transferred.

Source: Estate Tax Section

Revenues foregone: \$0 No taxpayers claimed this preference item.

Number of Taxpayers: 0 No taxpayers claimed this preference item.

Comparison: Only Connecticut has similar provisions.

Connecticut: Connecticut's provision include, as part of Uncodified Legislation, a reduction in the tax based on a fraction using the total amount of transferred realty and the amount of transferred realty outside Connecticut.

Connecticut Law Cite: Section 10(a) and (b) of the Uncodified Legislation

Public Utilities:

Cite: 44-13

The law imposes an annual excise tax payable March 1 on public service corporations and public service companies. The tax is measured by gross earnings for the preceding calendar year and is computed as follows:

- 1) Cable corporations - 8%
The above does not include cable television corporations which currently file under Business Corporation R.I.G.L 44-11.
- 2) Electric companies, telegraph companies, and express companies doing business on a steamboats - 4%
 - a) For electric manufacturing companies:
Effective July 1, 1997 the rate will be 0%
- 3) Gas companies - 3%
 - a) For gas manufacturing companies:
Effective July 1, 1996 the rate will be 0%

4) Common carrier steamboat, ferryboat, street railway, dining car, sleeping car, chair car or parlor car corporations and water and toll bridge companies - the rate is 1 1/4%.

5) Telecommunications corporations - 5% effective July 1, 1997. The minimum tax payable is \$100,000.

Tax Preferences:

3. Carrier Access fees:

Cite: 44-13-1(b)

Reliability estimate: 2

This section allows for a deduction from the gross earnings of the "user" company for connecting fees, switching charges, and carrier access fees included in the gross earnings of the "provider" company.

Source: Tax Division Field Audit Statistics

Revenues foregone: \$6,286,000.

Number of taxpayers: The total number of taxpayers is not available.

Comparison: No similar provisions found in any other New England state.

4. Electricity sold for resale:

Cite: 44-13-4 (b)

Reliability estimate: 5

This provision allows for a deduction of gross receipts for the sale of electricity sold to other public utility corporations or municipal utilities for resale to the ultimate consumer.

Source: Corporation Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: Only New Hampshire has a similar provision.

New Hampshire: New Hampshire's provisions include exemption for sales of electricity for use outside the state and receipts for sales of electricity to another public utility which is subject to the New Hampshire tax.

New Hampshire Law Cite: Title V, Chapter 83-C, IV

5. Telecommunication companies nonvoice services:

Cite 44-13-4 (d)

Reliability estimate: 5

This is an exclusion for value added nonvoice services in which computer processing applications are used to act on the form, content, code, and protocol of the information being transmitted.

Source: Corporation Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: No similar provisions found in any other New England state.

7. Apportionment:

Cite: 44-13-10

Reliability estimate: 5

The gross earnings of every public service corporation doing business both within and without this state is allowed to be equitably apportioned to this state by various means such as wire-miles, miles of pipeline, miles of railroad track or other similarly based methods, depending on the nature of the business.

Source: Corporation Tax Section

Revenues Foregone: \$0 Revenue loss not reliably estimable.

Numbers of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: Only Connecticut and Massachusetts have similar provisions.

Connecticut: Connecticut's provisions include apportionment of gross earnings by lines, routes, lines-facilities, apparatus and auxiliary equipment operated in the state to the total amount of such items operated everywhere.

Connecticut Law Cite: Title 12, Chapter 211, Section 12-258

Massachusetts: Massachusetts' provisions include apportionment by means of the sum of a property factor, a sales factor and a payroll factor which is then divided by 3 to yield a percentage.

Massachusetts Law Cite: Chapter 63, Section 52A

Real Estate Conveyance Tax:

Cite: 44-25

This tax is imposed on each deed, instrument or writing by which interests in real estate are conveyed to a purchaser. The consideration for the conveyance must be more than \$100 and, if no consideration is paid, the deed must state that no documentary stamps are required.

For the fiscal year ended June 30, 1996, the tax is \$1.40 per \$500 (or fraction thereof) of the purchase price of the property including any liens or encumbrances remaining at the time of sale. Unless otherwise agreed, the tax is paid by the grantor. Payment of the tax is shown by the recorder affixing a stamp to the original instrument.

Tax Preferences:

1. Consideration \$100 or less:

Cite: 44-25-1 (a)

Reliability estimate: 5

The tax imposed under the Real Estate Conveyance Tax is for consideration greater than \$100. This is a *de minimis* provision.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparisons:

Connecticut: Connecticut's provisions include exclusion for conveyance of property where the consideration is less than \$2,000.

Connecticut Law Cite: Title 12, Chapter 223, Section 12-498(a)(10).

Massachusetts: Massachusetts' provisions include exclusion for conveyance where the consideration is not more than \$500.

Massachusetts Law Cite: Chapter 64D, Section 1

Maine: No similar provision found.

New Hampshire: New Hampshire's provisions include exclusion for conveyance where the consideration is \$4,000 or less at which time a minimum fee of \$14.00 is imposed.

New Hampshire Law Cite: Title V, Chapter 78-B, Section 78-B:1

Vermont: Vermont's provisions include exclusion of the first \$100,000 for a conveyance of a principal residence if a guarantee fee is paid to the Vermont Home Mortgage Guaranty Program.

Vermont Law Cite: Title 32, Subtitle 2, Part 5, Chapter 231, Section 9602(1).

2. Statement in lieu of consideration:

Cite: 44-25-1(b)

Reliability estimate: 5

In the event no consideration is actually paid for the transfer of real estate, the law requires that a statement to the effect that the consideration is such that no documentary real estate stamps are required. This item is included for completeness only since the tax is levied only when there is actual consideration for the realty.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: No similar provisions found in any other New England state.

3. Grantor is United States, State of Rhode Island or political subdivisions:

Cite: 44-25-2 (b)

Reliability estimate: 5

The tax imposed under this chapter does not apply to any conveyances wherein the United States, the state of Rhode Island or political subdivisions which are designated the grantor. This is included for completeness since most such transfers would involve the taxation of a tax exempt entity.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of taxpayers: 0 No way to reliably determine number of taxpayers.

Comparison: Only Connecticut and Maine have similar provisions.

Connecticut: Connecticut's provisions include exemption for those deeds for which Connecticut is prohibited from taxation under the US Constitution or related laws.

Connecticut Law Cite: Title 12, Chapter 223, Section 12-498

Maine: Maine's provisions include all deeds to property transferred to or by the US government, the state of Maine and any of its subdivisions, other than the Department of Transportation and the Maine Turnpike Authority.

Maine Law Cite: Title 36, Part 7, Chapter 711-A

4. Capital Center Project:

Cite: 44-25-2 (b)

Reliability estimate: N/A

This section provides that no documentary stamps are required for conveyances pursuant to the Capitol Center Project.

Source: Excise Tax Section

Revenues foregone: \$0 Revenue loss not reliably estimable.

Number of taxpayers: 0 No way to reliably determine the number of taxpayers.

Comparison: No similar provisions found in any other New England state.

Hard-To-Dispose- Material Tax:

Cite: 44-44

The hard-to-dispose material tax includes: tax of five cents (\$0.05) per quart (32 oz.) or five and 3/10th cents (\$0.053) per liter on lubricating oils; ten cents per gallon or two and 64/100th cents (\$0.0264) per liter on antifreeze; one fourth of one cent (\$0.0025) per gallon or (\$0.000066) per liter on organic solvents; and fifty cents (\$0.50) per tire. For new motor vehicles, a fee of \$3.00 per vehicle is paid to the Registry of Motor Vehicles in conjunction with the titling of the new vehicle.

Tax Preferences:

1. Constitutional exemption

Cite: 44-44-3.6

Reliability estimate: 5

This section is included for completeness since such taxes and fees cannot be levied under the US Constitution.

Source: Excise Tax Section

Revenue Foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine the number of taxpayers.

Comparison: No similar provisions found in any other New England state.

Conveyance Tax on Mobile or Manufactured Homes:

Cite: 31-44

A tax is imposed on the conveyance of a mobile or manufactured home when the consideration paid exceeds \$100.00.

The tax is imposed at the rate of \$1.40 for each \$500 or fractional part thereof paid for the mobile or manufactured home. This does not include modular homes outside of a mobile and/or manufactured home park. Payment of the tax is made to the Recorder of Deeds of the city and evidence of the tax paid is shown by the Recorder of Deeds affixing a stamp to the original instrument of conveyance. Unless otherwise agreed, the tax is paid by the grantor.

Tax Preferences:

1. Consideration \$100 or less:

Cite: 31-44-16 (a)

Reliability estimate: 5

The tax imposed under the Mobile or Manufactured Homes Tax is for consideration greater than \$100. This is a *de minimis* provision.

Source: Excise Tax Section

Revenue foregone: \$0 Revenue loss not reliably estimable.

Number of Taxpayers: 0 No way to reliably determine the number of taxpayers.

Comparison: No similar provisions found in any other New England state.

2. Statement in lieu of consideration:

Cite: 31-44-16 (b)

Reliability estimate: 5

In the event no consideration is actually paid for the mobile or manufactured home, the instrument of conveyance would contain a statement to the effect that the consideration is such that no documentary stamps are required. This item is included for completeness only since the tax is levied only when there is actual consideration for the mobile or manufactured home.

Source: Excise Tax Section

Revenue foregone: \$0 Revenue loss not reliably estimable.

Number of taxpayers: 0 No way to reliably determine the number of taxpayers.

Comparison: No similar provisions found in any other New England state.

STATE OF RHODE ISLAND
DIVISION OF TAXATION

Tax Expenditures Report
Details by Tax and Reliability Estimate

Items for reporting in January, 2001 are X'd and in bold.
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Tax and Preference Items	Direct Reliability Estimate	Indirect Reliability Estimate
Personal Income		
<u>1.</u> Artists' Modifications	PR	
<u>2.</u> Political check-off	PR	
<u>3.</u> Amortization air/water pollution control	PR	
X 4. Interest on federal obligations	4	
<u>5.</u> Credit for other states' taxes	PR	
X 6. Credit to trust beneficiary for distribution	4	
<u>7.</u> Credit for artwork exhibition	PR	
<u>8.</u> Modification for family education accounts	PR	
<u>9.</u> Credit for qualifying widow(er)	PR	
<u>10.</u> Exclusion for nonresident military pay	PR	
X 11. Allocation for nonresident partnership income	5	
X 12. Credit for trust beneficiary	4	
<u>13.</u> Credit - lead paint removal	PR	
<u>14.</u> Credit/refund property tax relief	PR	
<u>15.</u> Credit for historical residence renovations	PR	
<u>16.</u> Modification - Enterprise zone business owner	PR	
<u>17.</u> Exclusion for income and preference items for qualifying employee's ownership in qualifying corporation	PR	
<u>18.</u> Federal adjustment - IRA deduction		PR
<u>19.</u> Federal adjustment - moving expenses		PR
X 20. Federal adjustment - 1/2 self employment		3
X 21. Federal adjustment - self employment health insurance		3
<u>22.</u> Federal adjustment - Keogh plan and SEP		PR
X 23. Federal adjustment - early withdrawal penalty		3
<u>24.</u> Federal adjustment - alimony paid		PR
<u>25.</u> Federal deduction - standard		PR
X 26. Federal deduction - itemized		2
X 27. Federal exemption		2
<u>28.</u> Federal credit - child/dependent care		PR ²
<u>29.</u> Federal credit - elderly or disabled		PR
<u>30.</u> Federal credit - foreign taxes		PR
<u>31.</u> Federal credit - general business		PR
<u>32.</u> Federal credit - earned income		PR

TOTAL THIS TAX = 32 items

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Items for reporting in January, 2001 are X'd and in bold.
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Tax and Preference Items	Direct Reliability Estimate	Indirect Reliability Estimate
Sales and Use		
<u>1.</u> Cash discounts	PR	
<u>2.</u> Refund in 120 days	PR	
X 3. Installation labor	5	
X 4. Federal taxes	5	
X 5. Transportation charges	5	
<u>6.</u> Transfers to family members	PR	
X 7. Transfers - business dissolution/liquidation	5	
<u>8.</u> Sales of residential trailers	PR	
<u>9.</u> Transferee is exempt	PR	
X 10. Casual sales	5	
<u>11.</u> 120 days total loss or destruction	PR	
X 12. Sales for resale	4	
<u>13.</u> Demonstration boats	PR	
<u>14.</u> Sales beyond state constitutional power	PR	
<u>15.</u> Newspapers	PR	
<u>16.</u> School meals	PR	
<u>17.</u> Containers	PR	
X 18. Charitable, educational or religious organizations	5	
<u>19.</u> Gasoline	PR	
X 20. Purchases for manufacturing purposes	3	
X 21. State or political subdivisions	5	
<u>22.</u> Food products	PR	
<u>23.</u> Medicines and drugs	PR	
<u>24.</u> Prosthetic and orthopedic appliances	PR	
<u>25.</u> Coffins, caskets and burial garments	PR	
<u>26.</u> Motor vehicles to nonresidents	PR	
X 27. Sales by the visually impaired	4	
<u>28.</u> Air/water pollution control facilities	PR	
<u>29.</u> Camps	PR	
<u>30.</u> Nursing homes/hospitals rental charges	PR	
<u>31.</u> Educational institutions rental charges	PR	
<u>32.</u> Motor vehicles for paraplegics	PR	
<u>33.</u> Heating fuel for residences	PR	
<u>34.</u> Electricity and gas for residences	PR	
X 35. Manufacturer's machinery and equipment	4	
<u>36.</u> Motor vehicle trade-in	PR	
<u>37.</u> Precious metal bullion	PR	

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DIVISION OF TAXATION

Tax Expenditures Report
Details by Tax and Reliability Estimate

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Tax and Preference Items	Direct Reliability Estimate	Indirect Reliability Estimate
<u>38.</u> Sales by Bicentennial Commission	PR	
<u>39.</u> Commercial vessels 50T	N/A	
<u>40.</u> Commercial fishing vessels	N/A	
<u>41.</u> Clothing and footwear	PR	
<u>42.</u> Water for residential use	PR	
<u>43.</u> Bibles	PR	
<u>44.</u> Boats to nonresidents	N/A	
X <u>45.</u> \$20. sales of certain nonprofit	5	
<u>46.</u> Farm equipment	5	
X <u>47.</u> Compressed air	5	
<u>48.</u> Flags	PR	
<u>49.</u> Amputee veterans' motor vehicles and equipment	PR	
X <u>50.</u> Textbooks	5	
X <u>51.</u> Supplies for hazardous waste treatment	4	
<u>52.</u> Literature for boat manufacturers	PR	
X <u>53.</u> Food stamp items	5	
X <u>54.</u> Transportation charges motor carriers	5	
<u>55.</u> Trade-in on boats	PR	
X <u>56.</u> Equipment for research and development	5	
<u>57.</u> Coins	PR	
<u>58.</u> Farm structure construction materials	PR	
X <u>59.</u> Telecommunications carrier access service	5	
<u>60.</u> Boats for storage and repair	N/A	
<u>61.</u> Tangible personalty for jewelry display	PR	
<u>62.</u> Boats	PR	
X <u>63.</u> Investment companies' toll free calls	5	
<u>64.</u> Mobile and manufactured homes	PR	
X <u>65.</u> Taxes paid elsewhere	5	
<u>66.</u> Vehicles of nonresident armed forces personnel	PR	
X <u>67.</u> Sales to federal government	5	
X <u>68.</u> Sales to common carriers	5	
<u>69.</u> Sales by artists	PR	
X <u>70.</u> Property purchased from federal government	N/A	
X <u>71.</u> Property bought elsewhere by nonresident	N/A	
X <u>72.</u> Property otherwise exempted	N/A	
X <u>73.</u> Trucks, buses in interstate commerce	3	
X <u>74.</u> Certain energy products	5	

* above list excludes items bought by nonresidents before 7/1/47 and items excluded if subject to sales tax - not considered preference items.

TOTAL THIS TAX = 74 ITEMS

STATE OF RHODE ISLAND
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Tax Expenditures Report
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Tax and Preference Items	Direct Reliability Estimate	Indirect Reliability Estimate
Business Corporation		
<u>1.</u> Exclusion for financial institution	PR	
<u>2.</u> Exclusion for public service company	PR	
<u>3.</u> Exclusion for insurance companies	PR	
<u>4.</u> Exclusion for nonprofit	PR	
<u>5.</u> Exclusion for fraternal benefit societies	PR	
<u>6.</u> Exclusion for special chartered corporations	PR	
X 7. Special provisions for security companies	3	
X 8. Special provisions for investment companies	3	
X 9. Exclusion for 1120S	5	
X 10. Consolidation provisions	5	
X 11. Interest on federal obligations	5	
X 12. Net operating loss deductions	5	
<u>13.</u> Treatment as DISC	PR	
<u>14.</u> Treatment as FSC	PR	
<u>15.</u> Rapid amortization of air/water facility	PR	
<u>16.</u> Accelerated depreciation for manufacturers	PR	
<u>17.</u> Exclusion - dividends of local banks	PR	
<u>18.</u> Exclusion - dividends of local corporations	PR	
<u>19.</u> Exclusion - interest from local utilities	PR	
X 20. Apportionment of net income	3	
<u>21.</u> Special apportionment of USFDA facilities	PR	
<u>22.</u> Allocation/apportionment of brokerage services	PR	
TOTAL THIS TAX = 22 ITEMS		

Alcoholic Beverages

<u>1.</u> Sacramental wine by clergy	PR	
<u>2.</u> First 100,000 bbl beer	PR	
<u>3.</u> RI Manufacturer ships out of state	PR	
TOTAL THIS TAX = 3 ITEMS		

Bank Deposits Tax

<u>1.</u> Out of state deposits	PR	
<u>2.</u> Percentage exclusion for US obligations	PR	
<u>3.</u> Franchise tax paid	PR	
TOTAL THIS TAX = 3 ITEMS		

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Tax Expenditures Report
Details by Tax and Reliability Estimate

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Tax and Preference Items	Direct Reliability Estimate	Indirect Reliability Estimate
Bank Excise Tax		
<u>1.</u> Gain/loss on sale property not securities	PR	
<u>2.</u> Gain/loss on sale of securities	PR	
<u>3.</u> Securities loss writedown	PR	
<u>4.</u> Dividend exclusion	PR	
TOTAL THIS TAX = 4 ITEMS		
Beverage Containers		
<u>1.</u> Constitutional exemption	PR	
TOTAL THIS TAX = 1 ITEM		
Cigarette Tax		
<u>1.</u> 10 pack out of state cigarettes	PR	
<u>2.</u> Stamping discount	PR	
<u>3.</u> Holding period for unstamped items	PR	
TOTAL THIS TAX = 3 ITEMS		
Franchise Tax		
X <u>1.</u> Taxed under 44-11	4	
<u>2.</u> Corporations specifically exempted	PR	
TOTAL THIS TAX = 2 ITEMS		
Gasoline Tax		
X <u>1.</u> Exclusion for lubricating oils, etc.	3	
<u>2.</u> Federal and State taxes excluded	PR	
<u>3.</u> Sales to US Government	PR	
<u>4.</u> Railroad transportation equipment	PR	
TOTAL THIS TAX = 4 ITEMS		
Generation Skipping Transfer Tax		
<u>1.</u> Realty or personalty in another state	PR	
TOTAL THIS TAX = 1 ITEM		
Insurance Premiums Tax		
X <u>1.</u> Ocean marine insurance exclusion	5	
X <u>2.</u> Fraternal benefit societies	5	
X <u>3.</u> Premiums returned	4	
X <u>4.</u> Retaliatory provisions	4	
TOTAL THIS TAX = 4 ITEMS		

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Tax Expenditures Report
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Tax and Preference Items	Direct Reliability Estimate	Indirect Reliability Estimate
JaiAlai Betting and Breakage		
<u>1.</u> Licensee Commission	PR	
TOTAL THIS TAX = 1 ITEM		
Litter Fee		
<u>1.</u> New business Class A permit	PR	
<u>2.</u> Constitutional exemption	PR	
TOTAL THIS TAX = 2 ITEMS		
Motor Carrier Fuel Use		
<u>1.</u> Refunds of taxes paid to RI	PR	
TOTAL THIS TAX = 1 ITEM		
Pari-Mutual Betting/Breakage		
<u>1.</u> Licensee's commission	PR	
TOTAL THIS TAX = 1 ITEM		
Public Utilities		
<u>1.</u> Narragansett Pier RR	PR	
<u>2.</u> Company subject to Business Corp. Tax	PR	
<u>3.</u> Carrier Access fees	PR	
<u>4.</u> Electricity for resale	PR	
<u>5.</u> Telecommunications nonvoice service	PR	
<u>6.</u> Merchandise sold	PR	
<u>7.</u> Apportionment	PR	
TOTAL THIS TAX = 7 ITEMS		
Real Estate Conveyance Tax		
<u>1.</u> Consideration of \$100 or less	PR	
<u>2.</u> Statement in lieu of consideration	PR	
<u>3.</u> Grantor - US government or subdivision	PR	
<u>4.</u> Capitol Center project	N/A	
TOTAL THIS TAX = 4 ITEMS		
Telephone Company Property Tax		
X <u>1.</u> Limited depreciation allowance	5	
TOTAL THIS TAX = 1 ITEM		
Hard to Dispose Tax		
<u>1.</u> Constitutional exemption	PR	
TOTAL THIS TAX = 1 ITEM		

STATE OF RHODE ISLAND
DIVISION OF TAXATION

Tax Expenditures Report
Details by Tax and Reliability Estimate

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Tax and Preference Items	Direct Reliability Estimate	Indirect Reliability Estimate
Simulcast Betting		
<u>1.</u> Licensee Commission	PR	
TOTAL THIS TAX = 1 ITEM		
Retail Tire Fee		
<u>1.</u> Fee deposited into restricted account	PR	
TOTAL THIS TAX = 1 ITEM		
Rental Vehicle Surcharge		
<u>1.</u> 50% surcharge retained	PR	
TOTAL THIS TAX = 1 ITEM		
Environmental Protective Fee		
<u>1.</u> Fees deposited into restricted account	PR	
TOTAL THIS TAX = 1 ITEM		
Uniform Oil Response Fee		
<u>1.</u> Fees deposited into restricted account	PR	
Mobile or Manufactured Homes Conveyance Tax		
<u>1.</u> Consideration of \$100 or less	PR	
<u>2.</u> Statement in lieu of consideration	PR	
TOTAL THIS TAX = 2 ITEMS		
Other preference items for more than one tax		
<u>1.</u> Juvenile Restitution Credit	PR	
<u>2.</u> Enterprise Zone Donations Credit	PR	
<u>3.</u> Enterprise Zone Wage Credit	PR	
<u>4.</u> Enterprise Zone Interest Credits	PR	
<u>5.</u> Apprenticeship Credit	PR	
<u>6.</u> Hydroelectric Power Credit	PR	
<u>7.</u> Investment Credit	PR	
<u>8.</u> Research and Development Property Credit	PR	
<u>9.</u> Research and Development Expense Credit	PR	
<u>10.</u> Educational Assistance and Development Credit	PR	
<u>11.</u> Small Business Investment Modification	PR	
<u>12.</u> Small Business Investment Exemption	PR	
<u>13.</u> SBA Loan Guaranty Fee Credit	PR	
<u>14.</u> Adult Education Credit	PR	
<u>15.</u> Daycare Credit	PR	
<u>16.</u> Elective Deduction for Research and Development	PR	

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	Tax and Preference Items	Direct Reliability Estimate	Indirect Reliability Estimate
<u>17.</u>	Welfare Bonus Program	PR	
<u>18.</u>	Jobs Development Rate Reduction	PR	
<u>19.</u>	Jobs Training Credit	PR	

TOTAL THESE ITEMS = 19

TOTAL CHOSEN FOR JANUARY, 2001 REPORT = 51