



April 11, 2024

The Honorable Marvin Abney
Chairman, House Finance Committee
Rhode Island State House
Providence, RI 02903

RE: H.7927, An Act Relating to Taxation – Taxation of Banks

Chairman Abney and Committee Members,

The undersigned members of the Rhode Island Business Coalition wish to register our support for the passage of H.7927, An Act Relating to Taxation – Taxation of Banks.

This bill allows a banking institution, whose business activities are taxable in the state and outside the state, to choose the allocation and apportionment method for income provided in §44-14-14.1 (Apportionment and allocation of income for purposes of taxation).

In 2015, when the legislature adopted a combined reporting method for calculating corporate taxes, it did so by including a single sales factor apportionment structure to encourage businesses to grow here in our state. Members of the business community advocated for the inclusion of the single sales factor structure. At the time, banks were not afforded the opportunity to use this method of apportionment.

Massachusetts recently passed legislation adopting the single sales factor and included financial institutions. If H.7927 does not pass, banks will be encouraged to locate elsewhere – particularly in our neighboring state - and take advantage of remote work opportunities. Twenty-six states have adopted the single sales factor apportionment for banks; and it is time Rhode Island approves the change as well.

We urge the committee to pass H.7927. Thank you for your consideration.

Sincerely,

Associated Builders and Contractors, Rhode Island
Rhode Island Bankers Association
Rhode Island Business Group on Health

Rhode Island Manufacturers Association

Rhode Island Mortgage Bankers Association

Rhode Island Partnership for Home Care

Rhode Island Small Business Economic Summit Regulations Committee

Rhode Island Small Business Economic Summit Tax and Budget Committee

Rhode Island Staffing Association

Rhode Island Society of Certified Public Accountants

Sustainable Benefits Strategies, LLC

The Rhode Island Business Coalition represents 50 industries and 6,280 businesses that employ 231,200 people throughout Rhode Island.