



June 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

Dear Chairman Abney and Committee Members,

On behalf of the Rhode Island Society of Certified Public Accountants, I wish to express our strong support for the passage of H.7927, An Act Relating to Taxation – Taxation of Banks.

This bill permits banking institutions, whose business activities are taxable both within and outside the state, to select the allocation and apportionment method for income as outlined 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 included a single sales factor apportionment structure to encourage business growth within our state. This structure was advocated by the business community to foster local expansion. At that time, banks were not given the option to use this apportionment method due to circumstances that are no longer relevant.

Massachusetts has recently enacted legislation adopting the single sales factor, inclusive of financial institutions. Without the inclusion of this amendment in the House-adopted budget, banks may be incentivized to relocate, particularly to our neighboring state, and leverage remote work opportunities. Currently, twenty-six states have adopted the single sales factor apportionment for banks. It is time for Rhode Island to implement this change as the banking industry is key to a thriving economy; our banks are fantastic corporate partners and support our communities and families across the state.

We strongly urge the committee to view this amendment favorably. Thank you for your leadership and your consideration.

Thank you for your consideration.

Sincerely,

Melissa Travis

Melissa Travis
President/CEO
RI Society of CPAs/RI Business Forum