

# Governor's FY 2027 Budget: Articles

Staff Presentation to the House Finance  
Committee  
March 3, 2026

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# Introduction

<b>2026-H 7127 Topics</b>	<b>Tax Type</b>	<b>Article 5 Section</b>
R&D Tax Provisions	Corp.	2 & 6
Income Tax Rates	PIT	2 & 6
Social Security Tax		6
Child Tax Credit		5 & 6
Tax Amnesty	Multiple	1

# Revenue Impacts

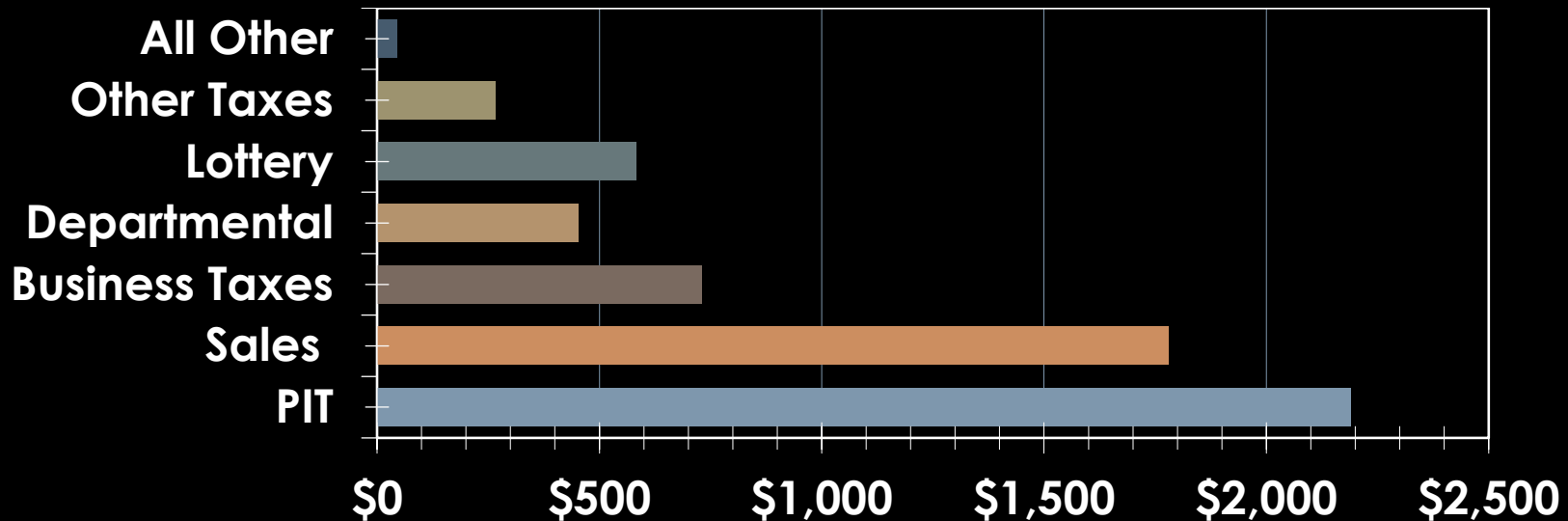
- Tax years (TY)=Calendar year
  - Fiscal years (FY) begin July 1
  - Full tax year impacts appear in 2<sup>nd</sup> fiscal year
  - Phased-in proposals take longer to show impact

Agenda Item	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
R&D Tax Provisions	\$22.6	\$10.9	\$8.0	\$2.8	\$2.0
Income Tax Tier - \$1.0M +3%	67.1	135.3	138.4	142.3	146.3
Social Security Exemption	(3.0)	(14.6)	(41.3)	(60.1)	(61.9)
Child Tax Credit	(14.7)	(29.7)	(30.3)	(31.2)	(32.1)
Tax Amnesty	26.3	-	-	-	-
<b>Total</b>	<b>\$98.3</b>	<b>\$101.9</b>	<b>\$74.8</b>	<b>\$53.8</b>	<b>\$54.3</b>

\$ in millions

# General Revenue Sources

(\$ millions)



- Personal income taxes are the single largest source of general revenues - over 1/3<sup>rd</sup>
  - PIT & Sales tax account for 80% of all general revenue taxes and 2/3<sup>rd</sup>s of all general revenues

# November 2025

## Consensus Revenue Estimates

	<b>FY 2025 Draft</b>	<b>FY 2026 Rev.</b>	<b>Chg to Enacted</b>	<b>FY 2027 Estimate</b>	<b>Change to FY 26</b>
Personal Income	\$1,975.3	\$2,056.4	\$55.5	\$2,130.8	\$74.4
Business Taxes	676.1	672.4	(44.2)	705.6	33.2
Sales & Use Taxes	1,811.8	1,860.5	(7.1)	1,905.3	44.8
Other Taxes	104.3	126.0	15.9	126.2	0.2
<b>Total Taxes</b>	<b>\$4,567.5</b>	<b>\$4,715.3</b>	<b>\$20.1</b>	<b>\$4,867.9</b>	<b>\$152.6</b>
Departmental	541.2	574.9	0.6	341.0	(233.9)
Other Misc.	33.4	25.3	(2.0)	20.1	(5.2)
Lottery	433.6	451.3	10.3	453.1	1.8
Unclaimed Prop.	34.3	29.0	0.2	24.5	(4.5)
<b>Total</b>	<b>\$5,610.0</b>	<b>\$5,795.8</b>	<b>\$29.2</b>	<b>\$5,706.6</b>	<b>\$(89.2)</b>

\$ in millions

# November 2025

## Consensus Revenue Estimates

- H.R. 1 made dozens of changes
  - Only some affect RI tax code
    - TY 2025 and prior – Decoupled in budget
    - TY 2026 and after - Impacts begin in FY 2026

<b>Tax Type</b>	<b>FY 2026</b>	<b>FY 2027</b>
Personal Income	\$(8.0)	\$(11.0)
Corporate	(27.6)	(26.5)
<b>Total REC Impact</b>	<b>\$(35.6)</b>	<b>\$ (37.5)</b>
<i>Governor's Budget</i>		
<i>R&amp;D Tax Decouple (Corp)</i>	\$22.6	\$22.6
<b>H.R. 1 Impact Retained</b>	<b>\$(13.0)</b>	<b>\$(14.9)</b>

\$ in millions

# H.R 1 Report – State Revenue Impacts

- Report covers business & individual taxes
  - TCJA extension with changes & new provisions
    - Options to respond to impacts
    - Tables show direct impacts only

<b><i>TCJA Extensions w/Modifications</i></b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>
Business Interest Limitation	(3.7)	(4.0)	(2.5)	(2.6)	(2.4)
Expensing Limitation	(2.9)	(3.6)	(2.5)	(2.3)	(1.8)
Miscellaneous Business	0.2)	(0.2)	(0.1)	0.1	0.2
<b>R&amp;D Expensing</b>	<b>(22.6)</b>	<b>(22.6)</b>	<b>(10.9)</b>	<b>(8.0)</b>	<b>(2.8)</b>
SALT Deduction Cap	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)

\$ in millions

# H.R 1 Report – State Revenue Impacts

<b><i>New Provisions</i></b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>
Agriculture	(0.6)	(2.1)	(1.9)	(0.9)	(0.4)
Charitable Deduct.	0.9	1.6	1.8	1.7	1.6
Child Care/Adopt	(0.5)	(1.4)	(1.6)	(1.5)	(1.6)
Energy	-	0.1	0.1	-	-
Housing	(0.4)	(0.5)	(0.3)	(0.2)	(0.1)
International	0.7	2.1	3.3	4.7	5.2
Misc. Healthcare	(0.2)	(0.6)	(0.9)	(1.0)	(1.1)
Small Business Stock Gains	-	0.1	-	(0.1)	(0.9)

\$ in millions

# Revenues Changes

<b>Changes to REC</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>R&amp;D Tax Provisions</b>	<b>\$22.6</b>	<b>\$22.6</b>	<b>\$10.9</b>
<b>Income Tax Rates</b>	<b>-</b>	<b>67.1</b>	<b>135.3</b>
<b>Social Security Tax</b>	<b>-</b>	<b>(3.0)</b>	<b>(14.6)</b>
<b>Child Tax Credit</b>	<b>-</b>	<b>(14.7)</b>	<b>(29.7)</b>
Cigarettes/Tobacco (2/4)	-	8.0	6.4
Utility Ratepayer Savings (3/5)	-	(2.3)	(4.8)
<b>Tax Amnesty</b>	<b>-</b>	<b>26.3</b>	<b>-</b>
Pawtucket TIF Debt Service	-	0.5	0.2
Scoops/Internal xfers (3 dates)	10.8	-	-
	<b>\$33.4</b>	<b>104.5</b>	<b>\$103.7</b>

\$ in millions

# Corporation Income Taxes

- Who Pays?
  - Corporations & businesses, wherever incorporated, deriving any income from sources within RI or engaging in any activities or transactions w/in the state for profit or gain
  - Many types of entities
- Current rate=7%
  - \$400 min
- Min tax applies to
  - C Corporations – C Corp
  - Limited Liability Corporations – LLC
  - Limited Liability Partnerships – LLP
  - Limited Partnerships – LP
  - Partnerships
- TY 2024 \$35M

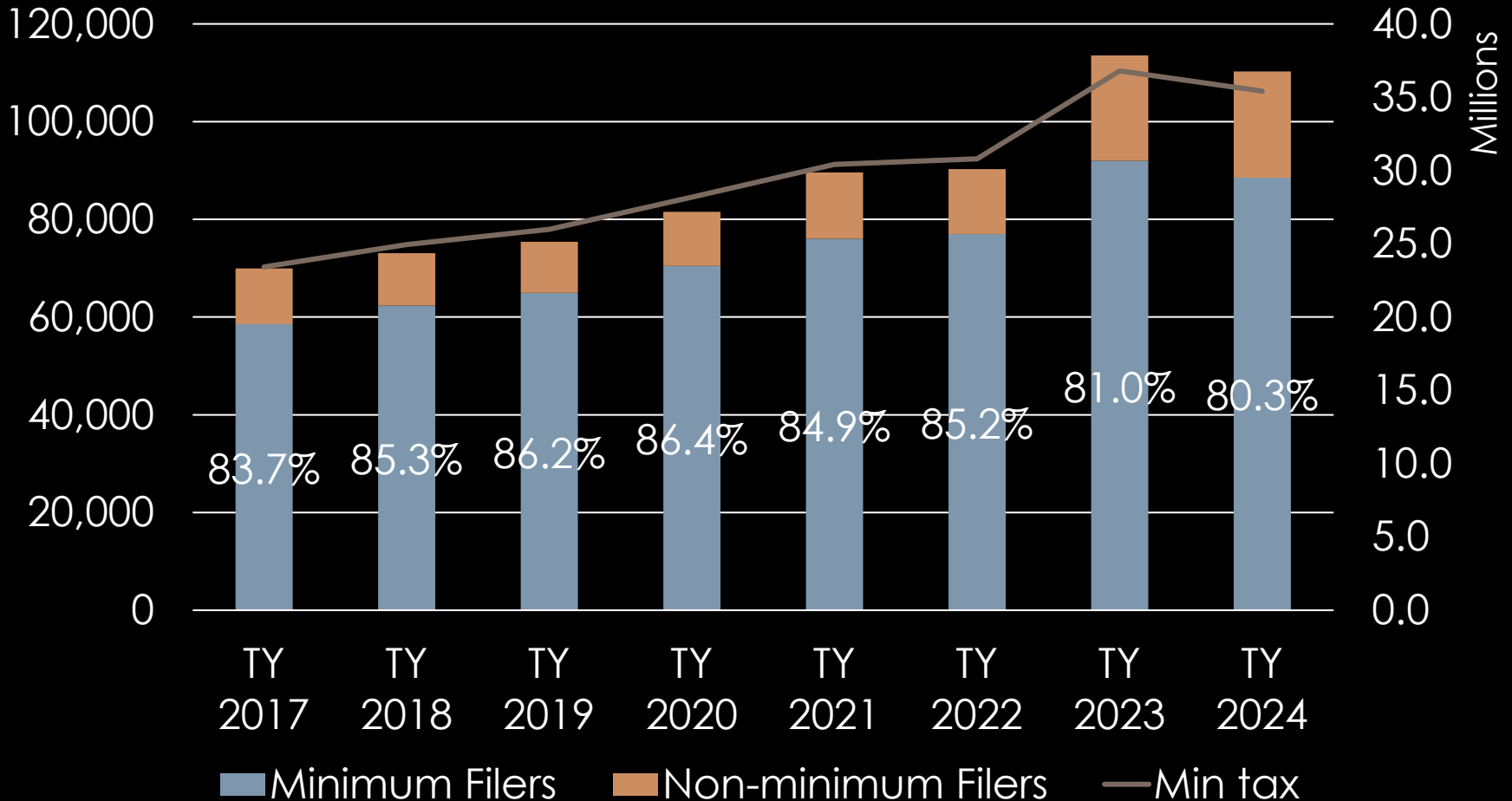
# Corporation Income Taxes

- 2014 Restructuring
  - Corporate tax rate from 9% to 7%
    - JDA rate reduction scaled to match
  - Mandatory combined reporting
  - Single sales factor apportionment
    - Utilize only sales to determine net income
- Other Changes
  - Min tax reduced from \$500
    - 2016 & 2017 \$50 each
  - 2024 Assembly
    - Net Operating Loss carryforward increased from 5 to 20 years
      - MA and CT timeframe
    - Cannabis deductions
  - 2025 Assembly
    - Repealed several underused tax credits

# Corporation Income Taxes

Type of Minimum Filer	Tax Year 2024 # of Filers
LLC	26,788
S-Corp	29,677
C-Corp	9,419
LLP	628
LP	4,671
SMLLC	16,408
Undeclared	942
<b>Total</b>	<b>88,533</b>

# Corporation Income Taxes- Minimum Filers



# Business Taxes

- Pass-through Entity Tax Credit
  - 2017 Tax Cuts & Jobs Act
    - Numerous changes to tax code including a \$10K cap on individual deductions for taxes paid to state and local governments “SALT” cap
    - Similar cap NOT applicable to C corporations
  - Many states established “workarounds”
    - For business who pay taxes through the individual owners’ taxes to avoid impact of \$10K SALT cap
  - RI workaround began in TY 2019
    - Modified to 90% in 2024

# Business Taxes

- Pass-through Entity Tax Credit
  - Income passed through to shareholders & taxed at individual level
    - 6,894 entities in TY 2023
    - 6,771 entities in TY 2024

Entity pays tax at  
**5.99% rate**

Members add  
back pro rata  
share of taxes  
paid by entity on  
personal income  
tax return

Members get  
offsetting credit for  
90% of tax already  
paid

# Sections 2 & 6 – R&D Tax

Before  
TCJA

- Businesses could deduct the full cost of research and development expenses in the year they were incurred
- Costs include employee wages, supplies, rent, contracted work, overhead & research equipment

TCJA

- TCJA required businesses to spread R&D deductions over five years starting in TY 2022

H.R. 1

- Restores the ability for businesses to fully deduct domestic R&D costs in the year incurred
- Beginning in tax year 2025; retro for some to TY 2022

# Sections 2 & 6 – R&D Tax

RI business taxes start with **federal taxable income**

FY 2026 enacted budget decoupled RI from **any TY 2025 or earlier provisions** that may be enacted post-budget adoption

Ensure federal action would not affect the 2025 tax base for calculating RI tax liability

Required DOR to convene an advisory group to assist in **review of any impacts** of adopted federal tax actions & **report findings by 10/31/25**

# Sections 2 & 6 – R&D Tax

- Report released October 30, 2025
  - RI's corporate tax revenues would have been reduced by \$79 million, mostly in FY 2026, but for the action to decouple for tax year 2025
    - Identified revenue loss of \$22.6M for FY 2026 & FY 2027 from full R&D expensing
      - These losses were incorporated into the November 2025 consensus revenue estimates
- Report included 3 options to consider

# Sections 2 & 6 – R&D Tax

## Option 1: Permanently Decouple

- Preserves state revenues but adds complexity for taxpayers & makes tax administration more difficult
  - May disincentivize some businesses from making R&D investments in RI

## Option 2: Decouple Temporarily

- Preserves state revenue in short term
  - The longer the state is decoupled, the greater the burden on taxpayers to track their R&D spending

## Option 3: Create RI Amortization Schedule

- Provides taxpayers with some tax relief relative to the status quo & reduces revenue loss
  - Burden on taxpayers & Division of Taxation to administer

# Sections 2 & 6 – R&D Tax

- Sections 2 & 6 would permanently decouple the state from federal law
  - Beginning with tax year 2026
  - Preserves the revenue
    - Biggest impacts in earlier years

<b>Revenue Impact from Decoupling</b>					
FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
\$22.6	\$22.6	\$10.9	\$8.0	\$2.8	\$2.0

\$ in millions

# Income Tax

- Rhode Island has 3 tax brackets
  - Income levels adjusted annually for inflation
  - Thresholds in statute date to 2011, showing the current highest tier of \$125,000

<b>RI 2026 Taxable Income</b>			
<b>Over</b>	<b>But Not Over</b>	<b>Pay + % on Excess</b>	<b>On Amount Over</b>
\$ -	\$82,050	3.75%	\$ -
\$82,050	\$186,450	\$3,077 + 4.75%	\$82,050
\$186,450		\$8,036 + 5.99%	\$186,450

# Income Tax

- 2010 Assembly
  - Top marginal rate down from 9.9% to 5.99%
  - Reduced tax brackets from 5 (20 all-in) to 3
  - Ended the option to itemize deductions
  - Increased standard deduction amounts
  - Reduced # of tax credits
  - Eliminated alternative minimum & flat tax option

## Goals

- Simplified brackets
  - One filing status schedule
- Remove “stigma” of 9.9% top marginal rate in state comparisons
  - Effective tax rate paid with credits & deductions was much lower

60% of RI residents did not itemize

- Helped by increased standard deduction

# Income Tax

## Deduction & Exemptions

Filing Status	TY 2011	TY 2026
<b>Standard Deduction</b>		
Single	\$7,500	\$11,200
Married/Joint	\$15,000	\$22,400
Head Household	\$11,250	\$16,800
Married/Separate	\$7,500	\$11,200
<b>Personal &amp; Dependent Exemptions</b>		
All	\$3,500	\$5,250
Allowance reduced in 20% increments	\$180K-\$200K	\$261K-\$291K

- Deductions & exemptions set at higher levels
  - Indexed to inflation
  - Phased out for higher income levels incrementally
    - Not applicable above \$200K in 2011; \$291K in 2026
    - Effective tax rates higher at these levels

# RI Income Tax

- Modifications since the 2010 restructure
  - Enhanced value of Earned Income Tax Credit (EITC)
  - Exempt all Social Security Benefits
    - For older, lower-income filers
  - Exempt up to \$50,000 of pension and annuity income (was \$15K, then \$20k)
    - Same as eligible for Social Security exemption
  - Exempt Military pensions
    - Any age/income

# Sections 2 & 6 – Income Tax

- Article 5 adds a 4th income tax bracket
  - 8.99% for income over \$1.0M - effective TY 2027
    - Also amends estate & trust tax w/same brackets
    - Increases PTE workaround rate to 8.99%

Taxable Income					
		Current Law		Governor	
Tax Rate	Applied	TY 2011	TY 2026	TY 2011	TY 2027*
3.75%	On first	\$55,000	\$82,050	\$55,000	\$84,750
4.75%	Up to	\$125,000	\$186,450	\$125,000	\$192,600
5.99%	Over	\$125,000	\$186,450	\$125,000	\$192,600
<b>8.99%</b>	<b>Over</b>	<b>NA</b>		<b>\$648,398</b>	<b>\$1,000,000</b>

\*estimated using 3.3% index

# Sections 2 & 6 – Income Tax

AGI	Resident Filers	%
< \$0	8,480	1.5%
\$0 - \$10K	63,090	11.1%
\$10K - \$25K	87,040	15.3%
\$25K - \$50K	128,730	22.6%
\$50K - \$75K	89,450	15.7%
\$75K - \$100K	58,360	10.3%
\$100K - \$200K	95,220	16.8%
\$200K – 500K	31,600	5.6%
\$500K - \$1.0M	4,510	0.8%
>\$1.0M	1,870	0.3%
<b>Total</b>	<b>568,350</b>	<b>100%</b>

- Budget assumes new bracket will apply to ~2,300 resident & ~5,500 non-resident filers
  - Impact includes some taxpayer behavior change
    - Each 1% increase in rate = a 1% income reduction

# Sections 2 & 6 – Income Tax

- Tax Foundation reports as of 1/1/25
  - 42 states levy individual income taxes
  - 8 do not levy individual income tax
    - Includes NH
- Of the states that tax wages
  - 14 have single-rate tax structures
  - 27 & DC have graduated-rate structures
    - # of brackets varies widely by state
      - 6 states, including MA, have a two-bracket income tax system

# Sections 2 & 6 – Income Tax

## MA 2025 TAXABLE INCOME

Over	Up To	Rate
\$ -	\$1,083,150	5.00%
\$1,083,150		9.00%

## CT 2025 TAXABLE INCOME

Over	Up To	Rate
\$ -	\$10,000	2.00%
\$10,000	\$50,000	4.50%
\$50,000	\$100,000	5.50%
\$100,000	\$200,000	6.00%
\$200,000	\$250,000	6.50%
\$250,000	\$500,000	6.90%
\$500,000		6.99%

Brackets shown for individuals & double for joint filers, meaning incomes of \$1M + taxed at 6.99%

# Sections 2 & 6 – Income Tax

- Top marginal rates
  - Range from 2.5% in AZ & ND to 13.3% in CA
    - CA also imposes 1.1% payroll tax on wage income
      - Brings top rate to 14.4%
- Marginal rates are not the same as effective rates
  - Credits, deductions etc. impact final “rate”

NE State	Top Marginal Rate	# of Brackets
CT	6.99%	7
ME	7.15%	3
MA	9.00%	2
NH	NA	
VT	8.75%	4
<b>RI</b>	<b>5.99%</b>	<b>3</b>
<b>RI Art. 5</b>	<b>8.99%</b>	<b>4</b>

# Sections 2 & 6 – Income Tax

- Annualized impact of new tax bracket in FY 2028 is \$135.3M
  - Remaining years assume out-year PIT growth
    - Average of about 3.6%
  - No express impact assumed on PTE workaround
    - Complicated by federal changes to State and Local Tax (SALT) deduction cap
      - Increased to \$40,000, subject to income limits
      - Reverts to \$10,000 in 2030

<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>FY 2031</b>
\$67.1	\$135.3	\$138.4	\$142.3	\$146.6

\$ in millions

# Social Security Retirement Income

- Social Security retirement income
  - May be taxable at the federal level
    - May be taxed by RI if taxed at the federal level
      - State uses federal AGI – then modifications
  - H.R. 1 allows deduction of \$6k after AGI
    - 65+ and income limited; does not affect RI tax

	<b>Single Filers</b>	<b>Joint Filers</b>	<b>% Taxed</b>
<b>Combined Income*</b>	< \$25k	< \$32k	0%
	≥ \$25k and ≤ \$34k	≥ \$32k and ≤ \$44k	50%
	> \$34k	> \$44k	85%

\*Federal AGI plus one half of Social Security benefits

# Section 6 – Social Security Tax

- RI income tax starts with federal AGI
  - All federally taxable retirement income is subject to RI tax
    - Exemptions
      - Social Security & \$50K of other retirement income
        - Age & income limits
          - Works like a cliff – all benefits taxed for filers over AGI limit
      - Military service pensions

Assembly	Action
2015	Social Security exempt if <ul style="list-style-type: none"><li>• Full SSRA (65-67)</li><li>• AGI of \$80K/\$100K</li></ul>
2016	Exempts up to \$15K of pension/annuity benefits <ul style="list-style-type: none"><li>• SS age &amp; income limits</li></ul>
2022	<ul style="list-style-type: none"><li>• Increases pension exemption to \$20K</li><li>• Exempts military service pensions – no limits</li></ul>
2024	<ul style="list-style-type: none"><li>• Increases pension exemption to \$50K</li></ul>

# Section 6 – Social Security Tax

Federal AGI	Resident Filers w/ Taxable SS Benefits*	Income Exempted
Under \$0	< 10	\$57,415
\$0 - \$30k	11,742	36,026,302
\$30k - \$50k	11,638	113,864,515
\$50k - \$75k	13,883	246,322,773
\$75k - \$100k	10,878	257,071,191
\$100k - \$200k	4,791	143,796,371
\$200k +	< 10	14,923
<b>Total</b>	<b>52,940</b>	<b>\$797,153,491</b>

- ORA
  - ~43,000 resident taxpayers had lower taxes because of the SS exemption in TY 2022
  - ~ 20% of filers who had SS modifications would not have otherwise owed

\*TY 2022 data, Division of Taxation - Statistics of Income

# Section 6 – Social Security Tax

3 Step exemption expansion

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graph TD; A[3 Step exemption expansion] --> B[2027 - Age threshold is eliminated]; B --> C[2028 - Income thresholds increase $165K for individual & $207K for joint filers]; C --> D[2029 - Social Security income is exempt for all];
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**2027** – Age threshold is eliminated

**2028** - Income thresholds increase \$165K for individual & \$207K for joint filers

**2029** – Social Security income is exempt for all

- FY 2027 budget has \$3M revenue loss
- \$60.1M in FY 2030
  - First fiscal year with the full impact of the total exemption

# Section 6 – Social Security Tax

<b>Proposed Increments</b>	<b>Tax Year</b>	<b>FY 27</b>	<b>FY 28</b>	<b>FY 29</b>	<b>FY 30</b>	<b>FY 31</b>
Eliminate min. age	2027	\$(3.0)	\$(6.0)	\$(6.1)	\$(6.3)	\$(6.5)
Raise max. income to \$165K/\$207K individual/joint filers	2028	-	(8.6)	(17.5)	(18.0)	(18.5)
Exempt filers above \$165k/\$207k	2029	-	-	(17.6)	(35.8)	(36.9)
<b>Total</b>		<b>\$(3.0)</b>	<b>\$(14.6)</b>	<b>\$(41.3)</b>	<b>\$(60.1)</b>	<b>\$(61.9)</b>

\$ in millions

# Section 6 – Social Security Tax

- 9 states tax Social Security income in some form
  - Only Montana has no special exemption
  - WV is phasing out its current tax
  - VT previously had no exemptions like pre-2015 RI

State	Exemptions
CO	AGI over \$75K/\$95K but \$20K is exempt; taxpayers 65+ not taxed
CT	AGI over \$75K/\$100K
MN	AGI over \$84K/\$100K
MT	None
NM	\$100K/\$150K exempt
UT	\$54K/\$90K exempt
VT	AGI over \$50K/\$65K
WV	65% exempt for 2025 but phasing out so no tax by 2026

# Sections 5 & 6 – Child Tax Credit

## EXEMPTION

- An exemption lowers taxable income
  - \$5,250 per dependent
  - Face value= taxpayer's tax rate X exemption amount
    - Ex:  $5.99\% * \$5,250 = \$314$
  - Filers with other credits and deductions receive only the value of this exemption up to their tax liability

## CREDIT MODEL

- A credit is applied to tax liability (what you owe)
  - Exemption equivalent is \$314
  - Impact on tax liability can still be less than full value
    - If credit is not “refundable”

# Sections 5 & 6 – Child Tax Credit

- Sections 5 & 6
  - Replace the current dependent exemption w/a **refundable** child tax credit for age 18 & under
    - Effective Tax year 2027
  - Existing exemption for other dependents remains
  - Maintains phase-out for higher income taxpayers
- Credit calculated at the current top rate of 5.99%
  - ~\$325 for FY 2027
  - Full value of benefit even without full tax liability
  - Greater marginal benefit for lower-income households

# Sections 5 & 6 – Child Tax Credit

- ORA data - TY 2023
  - Resident filers claimed 196,600 dependents age 18 or younger
    - 120,900 claimed at least one
  - Not all saw benefit
    - 31,200 resident tax returns w/at least one child and no tax liability
    - Others had income too high to qualify for deductions & exemptions
- 110,500 filers are estimated to benefit from proposal
  - New credit may be neutral to tax liability compared to the current exemption
  - Higher incomes remain ineligible

# Sections 5 & 6 – Child Tax Credit

- 17 states & D.C. offer child tax credits
  - 12 have refundable ones
    - Including Maine, Massachusetts and Vermont

NE State	Amount	Eligibility	Notes
ME	\$300	Child under age 17	Prorated for non- & part-year residents
MA	\$440	<ul style="list-style-type: none"><li>• Child under age 13</li><li>• Adult 65 and older</li><li>• Anyone disabled</li></ul>	Child & family tax credit
VT	\$1,000	Child Under age 5 & income below \$125K	Credit phases out at \$20 per every \$1K over \$125K

# Sections 5 & 6 – Child Tax Credit

- 2022 Assembly enacted a one-time child tax rebate to RI residents
  - \$250 each up to \$750
  - Taxpayers up to \$100k/\$200k joint
  - Taxation used existing info to send checks
- \$43.2M in rebates paid
  - ~108,300 filers
  - ~173,000 children

# Sections 5 & 6 – Child Tax Credit

- Governor assumes revenue loss of \$14.7M
  - Annualizes to \$29.7 million
  - Maximum credit is estimated to be \$325 per child for FY 2027

<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>FY 2031</b>
\$(14.7)	\$(29.7)	\$(30.3)	\$(31.2)	\$(32.1)

\$ in millions

# Section 1 – Tax Amnesty

- Section 1 establishes a 75-day tax amnesty program ending Feb. 15, 2027
  - Applies to tax periods through 12/31/2025
  - Penalties waived, interest reduced 25%
  - No civil or criminal prosecution
    - Taxpayers under criminal investigation or with pending fraud cases are ineligible
  - Installment plans available
  - Taxpayers must apply to participate

# Section 1 – Tax Amnesty

- Public analysis due April 30, 2027
  - Tax administrator must report on
    - Tax vs interest collected
    - New vs existing revenue
    - Revenue by tax source
- Last tax amnesty program in 2017
  - \$22 million collected
    - 38% considered “new money”
      - Non-filers or no known obligation
  - \$9.9 million in penalties & interest forgiven
  - Administrative cost - \$512,000

# Section 1 – Tax Amnesty

- Budget provides \$750k for implementation
  - Marketing, mailing – no new staff
- Estimates based on prior programs

<b>General Revenue Assumptions</b>			
<b>Type</b>	<b>Known Debt</b>	<b>New Revenue</b>	<b>Total</b>
Personal Income	\$7.0	\$1.8	\$8.8
Sales & Use	2.0	2.3	4.4
Business Corporation	1.4	1.1	2.5
Other Tax Types	1.7	1.0	2.6
Interest Payments	5.4	2.6	8.1
<b>Total Revenue</b>	<b>\$17.5</b>	<b>\$8.9</b>	<b>\$26.3</b>

\$ in millions

# Out-Year Forecast

<b>All Revenue Proposals</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>FY 2031</b>
R&D Tax Provisions	\$22.6	\$10.9	\$8.0	\$2.8	\$2.0
Income Tax Tier - \$1.0M +3%	67.1	135.3	138.4	142.3	146.3
Social Security Exemption	(3.0)	(14.6)	(41.3)	(60.1)	(61.9)
Child Tax Credit	(14.7)	(29.7)	(30.3)	(31.2)	(32.1)
Cigarettes/Tobacco	8.0	6.4	6.1	5.9	5.7
Other – Including Amnesty	24.5	(4.6)	(4.6)	(4.5)	(4.5)
<b>Total</b>	<b>\$104.5</b>	<b>\$103.6</b>	<b>\$76.4</b>	<b>\$55.2</b>	<b>\$55.5</b>
<b>Chg. to FY 2027 Baseline</b>		<b>\$(0.9)</b>	<b>\$(28.1)</b>	<b>\$(49.3)</b>	<b>\$(49.1)</b>

\$ in millions

# Governor's FY 2027 Budget: Articles

Staff Presentation to the House Finance  
Committee  
March 3, 2026

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