

Testimony in OPPOSITION to S-101, Repealing the Corporate Minimum Tax Senate Finance Committee

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The Economic Progress Institute **opposes S-101** which would repeal Rhode Island’s corporate minimum tax.

Repealing the corporate minimum tax would cost the state over \$30 million in revenue each year, a major revenue loss at this time.

Although it may be the case that \$400 per year could benefit the smallest Rhode Island micro business owners, repealing the corporate minimum would affect a much larger group. To start, in Tax Year 2023, **84.7% of corporate filers paid only the minimum**, and the rate is 87.1% so far for Tax Year 2024. As Division of Taxation testimony provided to the May 2025 Revenue Estimating Conference shows, most Rhode Island businesses pay only the minimum:¹



Business Corporation Tax Filers



Breakdown of Minimum Tax Filers:

	TY19	TY20	TY21	TY22	TY23	TY24
LLC Filers	16,646	18,587	20,917	22,923	24,914	21,802
S-Corp Filers	26,094	27,143	28,297	29,016	30,613	25,386
C-Corp Filers	6,396	7,324	7,915	8,161	7,697	7,433
LLP Filers	535	506	561	599	654	522
LP Filers	2,961	3,032	3,552	3,842	4,162	3,464
SMLLC	10,553	12,346	13,122	13,853	14,965	13,145
Undeclared Filers	1,786	1,536	1,687	1,665	1,866	2,013
Minimum Tax Filers	64,971	70,474	76,051	80,059	84,871	73,765

as of 4/28/25

Furthermore, the Division of Taxation’s Statistics of Income Report for Tax Year 2019 (the most recent such report available) shows that **thousands of corporations paying the minimum have gross receipts in the millions of dollars:**²

Rhode Island Division of Taxation
Business Corporations Tax - Statistics of Income (Minimum Filers - Tax Year 2019)

Total Gross Receipts	Number of Returns
Under \$25,000	34,362
\$25,000 - \$99,999	4,218
\$100,000 - \$249,999	3,834
\$250,000 - \$499,999	3,107
\$500,000 - \$999,999	2,913
\$1,000,000 - \$2,499,999	3,236
\$2,500,000 - \$4,999,999	2,278
\$5,000,000 - \$9,999,999	2,453
\$10,000,000 and over	11,151
Total	67,552

Rhode Island Gross Receipts	Number of Returns
Under \$25,000	43,656
\$25,000 - \$99,999	6,348
\$100,000 - \$249,999	5,143
\$250,000 - \$499,999	3,829
\$500,000 - \$749,999	1,964
\$750,000 - \$999,999	1,217
\$1,000,000 - \$2,499,999	2,775
\$2,500,000 - \$4,999,999	1,181
\$5,000,000 - \$9,999,999	769
\$10,000,000 and over	670
Total	67,552

For such corporations, \$400 each year hardly seems a burden that will make any major difference in operations. While \$400 may relieve some stress at the margins, such a tax cut on any one individual business will not result, for example, in hiring even a single new employee. For these reasons, we urge you not to advance this proposal to the full Senate.

¹ <https://www.rilegislature.gov/Special/rcc/REC202505/Division%20of%20Taxation%20May%202025%20REC%205.5.25.pdf>.

² <https://tax.ri.gov/sites/g/files/xkgbur541/files/2023-02/2019%20Corp%20SOI%20All.pdf>.