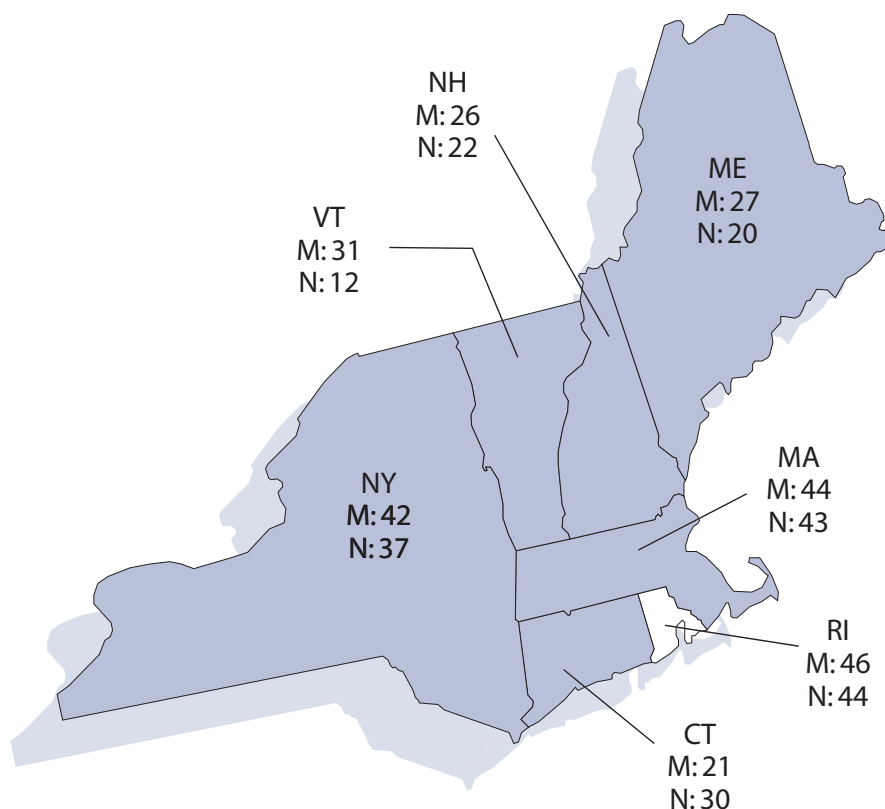


M = Rank for mature firms  
N = Rank for new firms



Rhode Island ranks 46th overall for mature operations and 44th for newly established operations. Specifically:

- Rhode Island ranks 12th for the newly established capital-intensive manufacturing firms with a total effective tax rate (TETR) of 6.6 percent, 42 percent below the national average. This type of firm benefits from Rhode Island's generous property tax abatement, which makes up for the firm's high income tax and unemployment insurance (UI) burdens.
- The state ranks 49th for mature call center operations, which have a TETR of 31 percent, a tax burden 45 percent above the national average for this type of firm. This ranking is driven by the state's 9 percent income tax and throwback rule, as well as property tax and UI rates among the highest in the nation.
- For new firms, the state's highest tax costs are on the call center operation, which ranks 48th in the country. This firm faces a 39.0 percent TETR even with above-average incentives for this type of firm. Rhode Island's taxation of equipment especially hurts this firm due to its reliance on such capital.
- Rhode Island has above-average tax costs for every firm type except the newly established capital-intensive manufacturing firm. All of these firms are hard hit by the state's corporate income tax of 9 percent, which is among the highest rates in the country.

## Rhode Island

### Corporate income tax

Main tax rate	9.000%
Applies to income over	–
Specific adjustments:	
- s.199 deduction allowed	

Apportionment	Property	Payroll	Sales
Standard factors	33.3%	33.3%	33.3%
Optional for mfg.	25.0%	25.0%	50.0%
Throwback applies to tangible property sales			Yes
Interstate services income apportionment			IPA

### Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate <sup>a</sup>	Land	Buildings	Equipment	Inventory
Tier 1	Providence	7.000%	3.370%	3.370%	2.679%	–
Tier 2	Providence	7.000%	3.370%	3.370%	2.679%	–

a. Manufacturing machinery is exempt from sales tax

### Other taxes

Unemployment insurance		State		Gross receipts tax			Local
Rate	Max. pay	capital tax		Mfg.	Services	Retail	income tax
2.97%	\$19,000	0.025%	Tier 1	n/a	n/a	n/a	n/a
			Tier 2	n/a	n/a	n/a	n/a

### Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	Varies from 4-10% of eligible capital investment	✓	✓	✓		✓	✓	
Job creation	Corporate income tax rate reduction of up to 6% based on number of new jobs created	✓	✓	✓		✓	✓	
Withholdings	n/a							
R&D	16.9-22.5% of in-state R&D, per federal concepts						✓	
Property tax	50% abatement x 1 year + 10-year phase-out	✓	✓		✓			

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

### Results

	Newly established operations								Mature operations									
	Tier 2 operations				Tier 1 operations				AVG	Tier 2 operations				Tier 1 operations				AVG
	MC	ML	CC	DC	CO	RD	RT	MC		ML	CC	DC	CO	RD	RT			
TETR	6.6%	13.2%	39.0%	54.6%	19.3%	23.9%	45.4%		14.7%	16.2%	30.5%	45.3%	17.6%	14.1%	22.7%			
Index	57.6	112.4	156.5	151.0	119.5	162.1	139.4	<b>128.4</b>	115.7	138.9	145.4	147.9	112.2	109.4	134.3	<b>129.1</b>		
Rank	12	38	48	46	37	47	47	<b>44</b>	33	46	49	45	41	33	46	<b>46</b>		

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store