

**State of Rhode Island
Department of Revenue**

Tax Policy Strategy Work Group

“Develop a tax strategy so that Rhode Island’s tax structure is a competitive advantage in retaining jobs and recruiting businesses. To achieve this objective the tax strategy should result in a tax structure that meets the test of equity, efficiency, predictability, competitiveness and transparency.”

Individual Taxes Sub-Group Meeting Minutes – October 23, 2008

- I. Committee members present: Edward Cooney, Mark Higgins, E. Hans Lundsten, George Nee, Edward Pieroni, Patricia Thompson, Grafton H. Willey IV

Committee members absent: Al Lubrano, E. Hans Lundsten, George Nee, and Edward Pieroni

Department of Revenue employees in attendance: Paul L. Dion, Gary S. Sasse, Peter McVay, Sunil Pokharel

Others in attendance: Kerry King, Governor’s Executive Council, Michael O’Keefe, House Fiscal Advisor, Steve Whitney, Senate Fiscal Office; Gary Ciminero, House Policy Office; Chris Long, Governor’s Policy Office, Ashley Denault, Rhode Island Public Expenditure Council, Liza Pinto, House Fiscal Office

- II. Paul L. Dion, Chief of the Office of Revenue Analysis, presented updated information on the taxation of services in the 50 states with a breakdown on the taxation and exemption of services for the New England states. The information distributed at the October 9th meeting was from 2004. The information distributed at this meeting was from 2007.
- III. Paul L. Dion, Chief of the Office of Revenue Analysis, led the members of the committee in a discussion of the final policy parameters needed to model proposed policy changes agreed to by the group.
- IV. The members of the committee engaged in a lengthy discussion of the role of tax credits in a tax system, the

conditions under which tax credits should be granted and sunset provisions.

- V. Next steps — The following action items were discussed by the committee
- Develop parameters for modeling an alternative Rhode Island individual income tax system including the personal income tax, taxation of capital gains, the estate tax and the sales and use tax (to be completed by Paul L. Dion).
- VI. Next Meeting – November 13, 2008 – 8:00am