



# Rhode Island

#39

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
39	35	30	26	37	48

Rhode Island ranks relatively poorly overall due to below-average rankings on all five components. Hurting Rhode Island's individual income tax component ranking is the sizeable marriage penalty in its individual income tax brackets, with bracket thresholds that are not adjusted for married couples. On the corporate component, Rhode Island is an outlier in that it offers only five years of net operating loss (NOL) carry-forwards, which is the shortest carryforward period in the country by several years. Additionally, Rhode Island taxes global intangible low-taxed income (GILTI), making it more expensive for corporations to do business in the Ocean State. Furthermore, Rhode Island does not offer bonus depreciation even though it conforms to the federal limitation on business net interest deductibility.

On the property tax component, Rhode Island benefits from forgoing a capital stock tax and only partially taxing tangible personal property, but the state continues to levy an estate tax and collects relatively high property taxes per capita and as a share of owner-occupied housing value.

While Rhode Island's state sales tax rate is among the highest in the country, its lack of local sales taxes places the combined state and average local sales tax rate near the middle of the pack. Notably, however, Rhode Island has one of the highest tobacco tax rates in the country. Furthermore, despite recent reforms, Rhode Island's UI tax continues to rank among the least competitive in the country due to high minimum and maximum rates, a wage base that exceeds the federal wage base, a long experience rating qualifying period, and a surtax.