

**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 – August 28, 2008

- I. Committee members present: Edward Cooney, Mark Higgins, E. Hans Lundtsen, Edward Pieroni, Patricia Thompson, Grafton H. Wiley IV

Committee members absent: Al Lubrano, George Nee

Department of Revenue employees in attendance: Paul L. Dion, Gary S. Sasse, David Sullivan, Michael Canole, Peter McVay, Cee Vallee, Sunil Pokharel

Others in attendance: Michael O’Keefe, House Fiscal Advisor, Steve Whitney, Senate Fiscal Office; Liza Pinto, House Fiscal Office; Chris Long, Governor’s Policy Office, Linda Katz, Poverty Institute; Ashley Denault, Rhode Island Public Expenditure Council

- II. Rhode Island’s Taxation of Capital Gains – Michael Canole, Chief Revenue Agent, Personal Income Tax Section, Rhode Island Division of Taxation, made a presentation on how Rhode Island taxes capital gains income and showed the impact in tax year 2007 of Rhode Island’s reduced capital gains tax rates for assets held more than five years.
- III. Economic Development and Capital Gains Taxes – Saul Kaplan, Executive Director, Rhode Island Economic Development Corporation facilitated a discussion of the role capital gains tax structure plays in creating jobs either from the relocation of firms to Rhode Island from elsewhere or from organic growth of companies currently located in Rhode Island.
- IV. Economics of Capital Gains Taxation – Paul L. Dion, Chief of the Office of Revenue Analysis, Rhode Island Department of Revenue, presented information on the economic issues related to capital gains taxation. Issues discussed included