

LEE D. CRANE
29 FAREWELL STREET
NEWPORT, RI 02840
(401) 847-5046

January 18, 2012

Editor
Newport Daily News
P O Box 420
Newport, RI 02840

Re: Clandestine Rhode Island Income Tax Increase

Dear Editor:

RI General Law 44-30-2.6 was passed by the General Assembly under the guise of tax relief by expanding tax brackets, lowering the top marginal tax rate and eliminating the use of itemized deductions. This received little attention in the news media or anywhere else. Seemingly a good thing, but beware---the devil is in the details.

In place of itemized deductions, we are required to use a standard deduction of \$7,500 for a single or married filing separately taxpayer; or, \$15,000 for married couples filing jointly. On closer examination, elimination of itemized deductions will be a major tax increase for many Rhode Islanders. Taxpayers can no longer deduct mortgage interest, medical expenses, taxes paid, significant medical expenses, or gifts to charities.

For example, under the old law, taxpayers filing jointly with an AGI of \$105,000 and federal itemized deductions of \$38,000, exemptions of \$7,300 would have a RI taxable income of \$59,700 and pay about \$2,350 in taxes. Under the new law, that same taxpayer would have a RI taxable income of \$82,700 and pay about \$3,400 in taxes. In addition to eliminating itemized deductions, the personal exemption amount has been reduced from \$3,650 to \$3,500.

This is nothing short of a clandestine tax increase---at a time when we are struggling to come out of a recession. What are the incentives to buy a house or give to charity? This is another major piece of "bumbling" by our elected representatives. I hope they respond to explain their actions.

Sincerely,

Lee D. Crane