



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUDGET OFFICE
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MEMORANDUM

To: The Honorable Marvin L. Abney
Chairman, House Finance Committee

The Honorable William J. Conley, Jr.
Chairman, Senate Finance Committee

From: Thomas A. Mullaney *Thomas A. Mullaney*
Executive Director/State Budget Officer

Date: March 12, 2019

Subject: Amendments to Article 12 of the FY 2020 Appropriations Act
(19-H-5151)

The Governor requests that Article 12 entitled "Relating to Economic Development" submitted on January 17, 2019 be replaced with the attached version. The new version contains amendments to the following sections:

Section 13

There is an amendment that deletes and replaces text. The replacement (new) text was not underlined. It is underlined in Sub A to clearly show the text change.

Section 20

Under Legislative Findings, adds a new (6) to expand on purposes of legislation and reference the use of Quonset as inspiration for this program.

Under Assistance to Municipalities, cleans up subsection (a) by deleting extraneous language and inserting clarifying language that the council may participate in the management or operation of a project at the request of a municipality, clarifies in (b) that there may be fee- or revenue- sharing when the state assists a municipality with a development project, and in (c) clarifies that either the QDC or State and Local Partnership Council can recommend a project for an enhanced TSI and the Commerce Corporation provides the TSI certifications (a project can go to either entity for assistance). In the case of the proposed changes to (a) and (b), these powers were inherent to the previous version; however, this language provides clarity.

Under Site Readiness, consolidates language from subsections (a)(1) and (a)(2), explicitly states that DBR is a partner in providing site readiness assistance to municipalities (which was assumed, but not explicit), and adds language to specify the types of projects that would be eligible for the building capacity & delegation components to the site readiness program consistent with preexisting language in the “Creation” and “Purposes” sections.

Under Directors, officers, and employees, deletes the reference to the CEO of the Commerce Corporation serving as chair in section a(1) as it conflicted with the language in subsection b(1) that authorizes the governor to appoint the chair. The latter was the intended approach.

Section 21

There is a typo that references the wrong section of U.S.C.; the incorrect reference to “12” U.S.C. is replaced with “26”.

Section 23

There is a typo that references the wrong section of U.S.C.; the incorrect reference to “12” U.S.C. is replaced with “26”.

Section 25

Enhanced R&D: There was a drafting error that erroneously left out language that creates a \$250,000 cap and limits the credit to a maximum of 5 applications (years) per applicant.

If you have any questions regarding this amendment, please feel free to call me at 222-6300.

TAM: 20-Amend-8

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Michael DiBiase, Director of Administration
Jonathan Womer, Director, Office of Management and Budget

ARTICLE 12 AS AMENDED
RELATING TO ECONOMIC DEVELOPMENT

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-64.10-6 of the General Laws in Chapter 42-64.10 entitled "Quonset
2 Development Corporation" is hereby amended to read as follows:

3 **§ 42-64.10-6. Additional general powers and duties.**

4 In addition to the powers enumerated in § 42-64.10-5, except to the extent inconsistent with any
5 specific provision of this chapter, the corporation shall have and may exercise additional general powers:

6 (a) As set forth in § 42-64-7 necessary or convenient to effect its purposes; provided, however, that
7 the corporation shall not have the power to issue bonds or notes or exercise eminent domain;

8 (b) As a subsidiary of the Rhode Island commerce corporation as provided for in § 42-64-7.1;

9 (c) As the Rhode Island commerce corporation's true and lawful attorney as agent and attorney-in-
10 fact and in the name, place and stead of the Rhode Island commerce corporation with respect to all property
11 of the Rhode Island commerce corporation at Quonset Business Park (hereinafter referred to as "the
12 Property") and for the purposes hereinafter set forth:

13 (1) To ask, demand, recover, collect, receive, hold, and possess all sums of money, debts, dues,
14 goods, wares, merchandise, chattels, effects, bonds, notes, checks, drafts, accounts, deposits, safe deposit
15 boxes, interests, dividends, stock certificates, certificates of deposit, insurance benefits and proceeds,
16 documents of title, personal and real property, tangible and intangible property, and property rights,
17 liquidated or unliquidated, that now are, or hereafter, shall be, or become, due, owing, or payable in respect
18 to the property, and upon receipt thereof, or of any part thereof, to make, sign, execute, and deliver such
19 receipts, releases, or other discharges for the same as the corporation shall deem proper.

20 (2) To lease, purchase, exchange and acquire, and to bargain, contract, and agree for the lease,
21 purchase, exchange, and acquisition of, and to take, receive, possess, and manage any real or personal
22 property related in any way to the property, tangible and intangible, or any interest therein.

23 (3) To enter into and upon all and each of the real properties constituting a part of, or related in any
24 way, to the property, and to let, manage, and improve the real property or any part thereof, and to repair or
25 otherwise improve or alter, and to insure any buildings or structures thereon.

26 (4) To market and sell, either at public or private sale, or exchange any part or parts of the real or
27 personal properties, including indebtedness or evidence thereof, constituting a part of or related in any way
28 to the property, including sales on credit, and for that purpose to execute and receive all promissory notes,
29 bonds, mortgages, deeds of trust, security agreements, and other instruments that may be necessary or
30 proper, and to bargain, contract, and agree with respect to the sale or exchange of such properties; and to
31 execute and deliver good and sufficient deeds, bills of sale, assignments, or other instruments or

1 endorsements for the conveyance or transfer of the same; and to give receipts for all or any part of the
2 purchase price or other consideration.

3 (5) To sign, endorse, execute, acknowledge, deliver, receive, and possess such applications,
4 contracts, agreements, options, covenants, deeds, conveyances, trust deeds, mortgagees deeds, security
5 agreements, bills of sale, leases, mortgages, assignments, insurance policies, bills of lading, warehouse
6 receipts, documents of title, bills, bonds, debentures, checks, drafts, bills of exchange, notes, stock
7 certificates, proxies, warrants, commercial paper, receipts, withdrawal receipts, and deposit instruments
8 relating to accounts or deposits in, or certificates of deposit of, banks, savings and loan or other institutions
9 or associations, proofs of loss, evidences of debts, releases, and satisfactions of mortgages, judgments, liens,
10 security agreements, and other debts and obligations, and other instruments in writing of whatever kind and
11 nature as be necessary or proper in the exercise of the rights and powers herein granted.

12 (6) To enter into subordination agreements, inter-creditor agreements, reinstatement agreements,
13 "stand still" and "stand-by" agreements, modification agreements, forbearance agreements, and other
14 contracts having the effect of subordinating, modifying, renewing, restructuring or otherwise altering the
15 rights, obligations, or liabilities of the commerce corporation, under or with respect to any indebtedness,
16 property, or other assets constituting or securing any property.

17 (7) To make demands, give notices of default, notices of intention to accelerate, notices of
18 acceleration, or such other notices as the corporation deems necessary or appropriate, and to take other
19 actions and exercise other rights that may be taken under the terms of any loan agreements, security
20 agreements, guaranties, or other documents or agreements evidencing, or otherwise relating to, the property,
21 including foreclosure, lease, sale, taking possession of, realization upon, or any other disposition of any
22 property or any collateral therefor or guarantee thereof.

23 (8) To exercise any powers and any duties vested in the commerce corporation as a partner, joint
24 venturer, participant, or other joint-interest holder with respect to any property, or to concur (or not) with
25 persons jointly interested with the commerce corporation in any property.

26 (9) With respect to the property: (i) To sue on, or otherwise prosecute, any claim or cause of action,
27 or commence or seek any legal, equitable, or administrative or other remedy in any legal, administrative,
28 arbitration, mediation, or other proceeding whatsoever (including, non-judicial repossessions and
29 foreclosures or similar actions to recover collateral); (ii) To defend, or otherwise participate for, or in the
30 name of, the commerce corporation in any legal, administrative, arbitration, mediation, or other
31 proceedings; (iii) To process, determine, or adjudge any claim or cause of action for, or in the name of, the
32 commerce corporation; (iv) To compromise, settle, discharge or resolve, or make, execute, or deliver any
33 endorsements, acquittances, releases, receipts, or other discharges of any claim, cause of action,
34 determination, judgment, or other proceeding for, or in the name of, the commerce corporation; and (v) To

1 prepare, execute, and file ad valorem, franchise and other tax returns, protests and suits against taxing
2 authorities, and to prepare, execute, and file other governmental or quasi-governmental reports,
3 declarations, applications, requests and documents in connection with any property, and to pay taxes in
4 connection with the property as the corporation deems necessary or appropriate, or as otherwise required
5 by law.

6 (10) Any third party shall be entitled to rely on a writing signed by the corporation to conclusively
7 establish the identity of a particular Property as property for all purposes hereof.

8 (d) To own, hold, improve, operate, manage, and regulate utilities at the Quonset Business Park
9 and to establish rates, fees, and charges, to adopt regulations, and to impose penalties for any services or
10 utilities it provides, or causes to have available, and to have functions and exercise powers as necessary and
11 appropriate under the provisions of §§ 42-64-4, 42-64-7.4, 42-64-7.8, 42-64-7.9 and 42-64-9.1 – 42-64-
12 9.10, inclusive.

13 (e) To enter into agreements with any city, town, district, or public corporation with regard to
14 application and/or administration of zoning or other land use ordinances, codes, plans, or regulations, and
15 cities, towns, districts, and public corporations are hereby authorized and empowered, notwithstanding any
16 other law to the contrary, to enter into such agreements with the corporation and to do all things necessary
17 to carry out their obligations under such agreements; in the absence of any such agreement the corporation
18 shall act in accordance with the provisions of § 42-64-13.

19 (f) To enter into agreements, including with any state agency, city, town, district, or public
20 corporation, for the provision of police, security, fire, sanitation, health protection, and other public
21 services.

22 (g) To be exempt from taxation and to enter into agreements for payments in lieu of taxes as
23 provided for in § 42-64-20.

24 (h) To establish a stormwater management and conveyance system and regulate connections, user
25 fees, charges and assessments in connection therewith. In particular, the corporation shall have full and
26 complete power and authority to:

27 (1) Limit, deny, or cause appropriate direct or indirect connections to be made between any building
28 or property located in the Quonset Business Park, or from any location outside the boundaries of the
29 Quonset Business Park and discharging into the corporation's stormwater management and conveyance
30 systems. The corporation may prescribe those rules and regulations for stormwater runoff, that in the
31 opinion of the corporation, are necessary and appropriate for the maintenance and operation of the
32 stormwater management and conveyance systems, and may establish, from time to time, rules and
33 regulations relating to stormwater management in the Quonset Business Park. Any person or entity having
34 an existing connection to the stormwater management and conveyance systems or currently discharging

1 into such systems, will obtain a permit from the corporation in accordance with its rules and regulations.
2 No person or entity shall, without first being granted a written permit from the corporation in accordance
3 with its rules and regulations, make any future connection or permit any runoff from any structure or
4 property to any stormwater management and conveyance systems, or any appurtenance thereto, without
5 first being granted a written permit from the corporation in accordance with its rules and regulations.

6 (2) Compel any person or entity within the Quonset Business Park, for the purpose of stormwater
7 runoff, to establish a direct connection on the property of the person or entity, or at the boundary thereof,
8 to the corporation's stormwater management and conveyance systems. These connections shall be made at
9 the expense of such person or entity. The term "appurtenance" as used herein shall be construed to include
10 adequate pumping facilities, whenever the pumping facilities shall be necessary to deliver the stormwater
11 runoff to the stormwater management and conveyance systems.

12 (3) Assess any person or entity having a direct or indirect connection (including, without limitation,
13 via runoff) to the Quonset Business Park stormwater management and conveyance systems the reasonable
14 charges for the use, operation, maintenance, and improvements to the systems. The corporation shall also
15 be entitled, in addition to any other remedies available, to assess fines for violations of the rules and
16 regulations established by the corporation with respect to stormwater management.

17 (4) Collect the fees, charges, and assessments from any person or entity so assessed. Each person
18 or entity so assessed shall pay the fees, charges, or assessments within the time frame prescribed by the
19 rules and regulations of the corporation. The corporation may collect the fees, charges, and assessments in
20 the same manner in which taxes are collected by municipalities, with no additional fees, charges,
21 assessments, or penalties (other than those provided for in chapter 9 of title 44). All unpaid charges shall
22 be a lien upon the real estate of the person or entity. The lien shall be filed in the records of land evidence
23 for the city or town in which the property is located and the corporation shall simultaneously, with the filing
24 of the lien, give notice to the property owner. Owners of property subject to a lien for unpaid charges are
25 entitled to a hearing within fourteen (14) days of the recording of the lien.

26 (5) Notwithstanding the provisions of subsection (h)(4) of this section, the corporation is authorized
27 to terminate the water supply service or prohibit the use of the corporation's stormwater management and
28 conveyance systems of any person or entity for the nonpayment of storm water management user fees,
29 charges, and assessments. The corporation shall notify the user of termination of water supply or use of the
30 stormwater management and conveyance systems at least forty-eight (48) hours prior to ceasing service.
31 The corporation may assess any person or entity any fees, charges, and assessments affiliated with the shut
32 off and restoration of service.

33 (6) Without in any way limiting the foregoing powers and authority, the corporation is also hereby
34 empowered to: (i) Establish a fee system and raise funds for administration and operation of the stormwater

1 management and conveyance systems; (ii) Prepare long-range, stormwater management master plans; (iii)
2 Implement a stormwater management district; (iv) Retrofit existing structures to improve water quality or
3 alleviate downstream flooding or erosion; (v) Properly maintain existing stormwater management and
4 conveyance systems; (vi) Hire personnel to carry out the functions of the stormwater management and
5 conveyance systems; (vii) Receive grants, loans, or funding from state and federal water-quality programs;
6 (viii) Grant credits to property owners who maintain retention and detention basins or other filtration
7 structures on their property; (ix) Make grants for implementation of stormwater management plans; (x)
8 Purchase, acquire, sell, transfer, or lease real or personal property; (xi) Impose liens; (xii) Levy fines and
9 sanctions for noncompliance; (xiii) Provide for an appeals process; and (xiv) Contract for services in order
10 to carry out the function of the stormwater management and conveyance systems.

11 (i) To purchase and obtain water supply and water service from any city, town, water district, or
12 other water supply authority. In particular, the corporation is authorized to:

13 (1) Enter into agreements or contracts with any city, town, county, water district, or other water
14 supply authority to purchase, acquire, and receive water supply and water service.

15 (2) Enter into cooperative agreements with cities, towns, counties, water districts, or other water
16 supply authorities for the interconnection of facilities or for any other lawful corporate purposes necessary
17 or desirable to effect the purposes of this chapter.

18 (3) Connect the water supply system at Quonset Business Park with any city, town, county, water
19 district, or other water supply authority that receives or has a connection with the city of Providence and/or
20 the Providence Water Supply Board (or any successor thereof) and purchase, connect to, receive, and enter
21 into agreements to receive water supply from any city, town, county, water district, or other water supply
22 authority regardless of the origin of such water supply. The city of Providence and the Providence Water
23 Supply Board (and any successor thereof) are authorized and directed to supply water to the Quonset
24 Business Park either directly or via connections between the Quonset Development Corporation and any
25 city, town, county, water district, or other water supply authority, notwithstanding any terms to the contrary
26 in any agreement, including, without limitation, any agreement between any city, town, county, water
27 district, or other water supply authority and the city of Providence and/or the Providence Water Supply
28 Board (or its or their predecessors), or the provisions of chapter 16 of title 39. In addition, the provisions of
29 § 18 of chapter 1278 of the public laws of Rhode Island of 1915 as amended, and any other public law that
30 would conflict with the terms hereof, are hereby amended to authorize the provision of water supply by the
31 city of Providence and the Providence Water Supply Board (or any successor thereof) to the Quonset
32 Business Park and to authorize any additional connections in accordance herewith. There shall be no
33 requirement that the corporation demonstrate public necessity before entering into such agreements,

1 connecting to such water supplies, or receiving such water as described in this subsection, but the
2 corporation shall be subject to the other applicable provisions of chapter 15 of title 46.

3 (d) The corporation shall have and may exercise all powers set forth in general laws § 42-64.33-6,
4 § 42-64.33-7 and § 42-64.33-9 in the place and stead of the state and local partnership council but only to
5 the extent the state and local partnership council has not exercised jurisdiction with respect to the subject
6 matter or project over which the corporation intends to act, and upon the exercise of such powers in relation
7 to a municipality or a project therein, notice of which shall be provided to the state and local partnership
8 council of the exercise of jurisdiction by the corporation. The corporation shall have exclusive jurisdiction
9 and authority of the subject matter thereof to the exclusion of the state and local partnership council, unless
10 otherwise agreed to in writing by the corporation.

11 SECTION 2. Section 42-64.10-7 of the General Laws in Chapter 42-64.10 entitled “Quonset
12 Development Corporation” is hereby amended to read as follows:

13 **§ 42-64.10-7. Directors, officers and employees.**

14 (a) *Directors.*

15 (1) Except in the exercise of the powers conferred under § 42-64.10-6(d), ~~the~~ powers of the
16 corporation shall be vested in a board of directors consisting of eleven (11) members. The membership of
17 the board shall consist of the executive director of the Rhode Island economic development corporation as
18 chairperson, (who shall vote only in the event of a tie), six (6) members appointed by the governor, with
19 the advice and consent of the senate, two (2) members appointed by the town council of the town of North
20 Kingstown, one member appointed by the town council of the town of Jamestown, and one member
21 appointed by the town council of the town of East Greenwich. The initial members of the board shall be
22 divided into three (3) classes and shall serve initial terms on the board of directors as follows: two (2) of
23 the directors appointed by the governor; one of the directors appointed by the town council of the town of
24 North Kingstown shall be appointed for an initial term of one year; two (2) of the directors appointed by
25 the governor, one director appointed by the town council of the town of North Kingstown and the director
26 appointed by the town of East Greenwich shall be appointed for an initial term of two (2) years; and two
27 (2) of the directors appointed by the governor and one director appointed by the town of Jamestown shall
28 be appointed for an initial term of three (3) years. Upon expiration of each initial term and upon the
29 expiration of each term thereafter, a successor shall be appointed by the same authority that made the initial
30 appointment, and in the case of appointments by the governor with the advice and consent of the senate, to
31 serve for a term of three (3) years so that members of the board of directors shall serve for staggered terms
32 of three (3) years each. A vacancy on the board, other than by expiration, shall be filled in the same manner
33 as an original appointment, but only for the unexpired portion of the term. If a vacancy occurs with respect
34 to one of the directors appointed by the governor when the senate is not in session, the governor shall

1 appoint a person to fill the vacancy, but only until the senate shall next convene and give its advice and
2 consent to a new appointment. A member shall be eligible to succeed himself or herself. Appointed directors
3 shall not serve more than two (2) successive three (3) year terms but may be reappointed after not being a
4 director for a period of at least twelve (12) months. Each appointed director shall hold office for the term
5 for which the director is appointed and until the director's successor shall have been appointed and qualified,
6 or until the director's earlier death, resignation or removal. Except for members of the town council of the
7 town of North Kingstown, who may serve as members of the board of directors, no director shall be an
8 elected official of any governmental entity. In the exercise of the powers conferred under § 42-64.10-6(d)
9 and only with respect to actions taken consistent with the program established under chapter 64.33 of title
10 42, which actions may not involve land in the Quonset Business Park, the powers of the corporation shall
11 be vested in a board of directors consisting of seven (7) members, including the chairperson, who shall be
12 the secretary of commerce and vote only in the event of a tie, and six members to be appointed by the
13 governor with the advice and consent of the senate, provided that the number of board members shall be
14 increased in instances where a project is situated in one or more municipalities. Such powers conferred
15 under § 42-64.10-6(d) may only be exercised in connection with carrying out the program established under
16 chapter 64.33 of title 42. In the exercise of the powers conferred under § 42-64.10-6(d), the board shall add,
17 and the total number of directors shall be increased by (i) two (2) new members appointed by the governing
18 body of the municipality in which the project is located when a project is located in a single municipality
19 or (ii) new members appointed by the governing body of each municipality in which the project is located
20 when a project is located in more than one municipality, with each municipality appointing one member to
21 the board.

22 SECTION 3. Section 42-64.20-3 of the General Laws in Chapter 42-64.20 entitled "Rebuild Rhode
23 Island Tax Credit Act" is hereby amended to read as follows:

24 **§ 42-64.20-3. Definitions.**

25 (1) "Adaptive reuse" means the conversion of an existing structure from the use for which it was
26 constructed to a new use by maintaining elements of the structure and adapting such elements to a new use.

27 (2) "Affiliate" means an entity that directly or indirectly controls, is under common control with,
28 or is controlled by the business. Control exists in all cases in which the entity is a member of a controlled
29 group of corporations as defined pursuant to § 1563 of the Internal Revenue Code of 1986 (26 U.S.C. §
30 1563) or the entity is an organization in a group of organizations under common control as defined pursuant
31 to subsection (b) or (c) of § 414 of the Internal Revenue Code of 1986 (26 U.S.C. § 414). A taxpayer may
32 establish by clear and convincing evidence, as determined by the tax administrator, that control exists in
33 situations involving lesser percentages of ownership than required by those statutes. An affiliate of a
34 business may contribute to meeting either the capital investment or full-time employee requirements of a

1 business that applies for a credit under this chapter.

2 (3) "Affordable housing" means housing for sale or rent with combined rental costs or combined
3 mortgage loan debt service, property taxes, and required insurance that do not exceed thirty percent (30%)
4 of the gross annual income of a household earning up to eighty percent (80%) of the area median income,
5 as defined annually by the United States Department of Housing and Urban Development.

6 (4) "Applicant" means a developer applying for a rebuild Rhode Island tax credit under this chapter.

7 (5) "Business" means a corporation as defined in § 44-11-1(4), or a partnership, an S corporation,
8 a non-profit corporation, a sole proprietorship, or a limited liability corporation. A business shall include
9 an affiliate of the business if that business applies for a credit based upon any capital investment made by
10 an affiliate.

11 (6) "Capital investment" in a real estate project means expenses by a developer incurred after
12 application for:

13 (i) Site preparation and construction, repair, renovation, improvement, equipping, or furnishing on
14 real property or of a building, structure, facility, or improvement to real property;

15 (ii) Obtaining and installing furnishings and machinery, apparatus, or equipment, including but not
16 limited to material goods for the operation of a business on real property or in a building, structure, facility,
17 or improvement to real property.

18 In addition to the foregoing, if a developer acquires or leases a qualified development project, the
19 capital investment made or acquired by the seller or owner, as the case may be, if pertaining primarily to
20 the premises of the qualified development project, shall be considered a capital investment by the developer
21 and, if pertaining generally to the qualified development project being acquired or leased, shall be allocated
22 to the premises of the qualified development project on the basis of the gross leasable area of the premises
23 in relation to the total gross leasable area in the qualified development project. The capital investment
24 described herein shall be defined through rules and regulations promulgated by the commerce corporation.

25 (7) "Certified historic structure" means a property which is located in the state of Rhode Island and
26 is

27 (i) Listed individually on the national register of historic places; or

28 (ii) Listed individually in the state register of historic places; or

29 (iii) Located in a registered historic district and certified by either the Rhode Island historical
30 preservation and heritage commission created pursuant to § 42-45-2 or the Secretary of the Interior as being
31 of historic significance to the district.

32 (8) "Commerce corporation" means the Rhode Island commerce corporation established pursuant
33 to § 42-64-1 et seq.

34 (9) "Commercial" shall mean non-residential development.

1 (10) “Developer” means a person, firm, business, partnership, association, political subdivision, or
2 other entity that proposes to divide, divides, or causes to be divided real property into a subdivision or
3 proposes to build, or builds a building or buildings or otherwise improves land or existing structures, which
4 division, building, or improvement qualifies for benefits under this chapter.

5 (11) “Development” means the improvement of land through the carrying out of building,
6 engineering, or other operations in, on, over, or under land, or the making of any material change in the use
7 of any buildings or land for the purposes of accommodating land uses.

8 (12) “Eligibility period” means the period in which a developer may claim a tax credit under this
9 act, beginning with the tax period in which the commerce corporation accepts certification from the
10 developer that it has met the requirements of the act and extending thereafter for a term of five (5) years.

11 (13) “Full-time employee” means a person who is employed by a business for consideration for a
12 minimum of at least thirty-five (35) hours per week, or who renders any other standard of service generally
13 accepted by custom or practice as full-time employment, or who is employed by a professional employer
14 organization pursuant to an employee leasing agreement between the business and the professional
15 employer organization for a minimum of thirty-five (35) hours per week, or who renders any other standard
16 of service generally accepted by custom or practice as full-time employment, and whose wages are subject
17 to withholding.

18 (14) “Hope community” means a municipality for which the five-year (5) average percentage of
19 families with income below the federal poverty level exceeds the state five-year (5) average percentage,
20 both as most recently reported by the U.S. Department of Commerce, Bureau of the Census.

21 (15) “Manufacturer” shall mean any entity that:

22 (a) Uses any premises within the state primarily for the purpose of transforming raw materials into
23 a finished product for trade through any or all of the following operations: adapting, altering, finishing,
24 making, processing, refining, metalworking, and ornamenting, but shall not include fabricating processes
25 incidental to warehousing or distribution of raw materials, such as alteration of stock for the convenience
26 of a customer; or

27 (b) Is described in codes 31-33 of the North American Industry Classification System, as revised
28 from time to time.

29 (16) “Mixed use” means a development comprising both commercial and residential components.

30 (17) “Partnership” means an entity classified as a partnership for federal income tax purposes.

31 (18) “Placed in service” means the earlier of i) substantial construction or rehabilitation work has
32 been completed which would allow for occupancy of an entire structure or some identifiable portion of a
33 structure, as established in the application approved by the commerce corporation board or ii) receipt by
34 the developer of a certificate, permit or other authorization allowing for occupancy of the project or some

1 identifiable portion of the project by the municipal authority having jurisdiction.

2 (198) "Project" means qualified development project as defined under subsection (22).

3 (2019) "Project area" means land or lands under common ownership or control in which a qualified
4 development project is located.

5 (210) "Project cost" means the costs incurred in connection with the qualified development project
6 or qualified residential or mixed use project by the applicant until the issuance of a permanent certificate of
7 occupancy, or until such other time specified by the commerce corporation, for a specific investment or
8 improvement, as defined through rules and regulations promulgated by the commerce corporation.

9 (221) "Project financing gap" means

10 (i) The part of the total project cost that remains to be financed after all other sources of capital
11 have been accounted for (such sources will include, but not be limited to, developer-contributed capital),
12 which shall be defined through rules and regulations promulgated by the commerce corporation, or

13 (ii) The amount of funds that the state may invest in a project to gain a competitive advantage over
14 a viable and comparable location in another state by means described in this chapter.

15 (232) "Qualified development project" means a specific construction project or improvement,
16 including lands, buildings, improvements, real and personal property or any interest therein, including lands
17 under water, riparian rights, space rights and air rights, acquired, owned, leased, developed or redeveloped,
18 constructed, reconstructed, rehabilitated or improved, undertaken by a developer, owner or tenant, or both,
19 within a specific geographic area, meeting the requirements of this chapter, as set forth in an application
20 made to the commerce corporation.

21 (243) "Recognized historical structure" means a property which is located in the state of Rhode
22 Island and is commonly considered to be of historic or cultural significance as determined by the commerce
23 corporation in consultation with the state historic preservation officer.

24 (25) "Residential" means a development of residential dwelling units.

25 (265) "Targeted industry" means any advanced, promising, or otherwise prioritized industry
26 identified in the economic development vision and policy promulgated pursuant to § 42-64.17-1 or, until
27 such time as any such economic development vision and policy is promulgated, as identified by the
28 commerce corporation.

29 (276) "Transit oriented development area" means an area in proximity to transit infrastructure that
30 will be further defined by regulation of the commerce corporation in consultation with the Rhode Island
31 department of transportation.

32 (287) "Workforce housing" means housing for sale or rent with combined rental costs or combined
33 mortgage loan debt service, property taxes, and required insurance that do not exceed thirty percent (30%)
34 of the gross annual income of a household earning between eighty percent (80%) and one hundred and forty

1 percent (140%) of the area median income, as defined annually by the United States Department of Housing
2 and Urban Development.

3 SECTION 4. Section 42-64.20-5 of the General Laws in Chapter 42-64.20 entitled "Rebuild Rhode
4 Island Tax Credit Act" is hereby amended to read as follows:

5 **§ 42-64.20-5. Tax credits.**

6 (a) An applicant meeting the requirements of this chapter may be allowed a credit as set forth
7 hereinafter against taxes imposed upon such person under applicable provisions of title 44 of the general
8 laws for a qualified development project.

9 (b) To be eligible as a qualified development project entitled to tax credits, an applicant's chief
10 executive officer or equivalent officer shall demonstrate to the commerce corporation, at the time of
11 application, that:

12 (1) The applicant has committed capital investment or owner equity of not less than twenty percent
13 (20%) of the total project cost;

14 (2) There is a project financing gap in which after taking into account all available private and
15 public funding sources, the project is not likely to be accomplished by private enterprise without the tax
16 credits described in this chapter; and

17 (3) The project fulfills the state's policy and planning objectives and priorities in that:

18 (i) The applicant will, at the discretion of the commerce corporation, obtain a tax stabilization
19 agreement from the municipality in which the real estate project is located on such terms as the commerce
20 corporation deems acceptable;

21 (ii) It (A) is a commercial development consisting of at least 25,000 square feet occupied by at least
22 one business employing at least 25 full-time employees after construction or such additional full-time
23 employees as the commerce corporation may determine; (B) is a multi-family residential development in a
24 new, adaptive reuse, certified historic structure, or recognized historical structure consisting of at least
25 20,000 square feet and having at least 20 residential units in a hope community; or (C) is a mixed-use
26 development in a new, adaptive reuse, certified historic structure, or recognized historical structure
27 consisting of at least 25,000 square feet occupied by at least one business, subject to further definition
28 through rules and regulations promulgated by the commerce corporation; and

29 (iii) Involves a total project cost of not less than \$5,000,000, except for a qualified development
30 project located in a hope community or redevelopment area designated under § 45-32-4 in which event the
31 commerce corporation shall have the discretion to modify the minimum project cost requirement.

32 (c) The commerce corporation shall develop separate, streamlined application processes for the
33 issuance of Rebuild RI tax credits for each of the following:

34 (1) Qualified development projects that involve certified historic structures;

1 (2) Qualified development projects that involve recognized historical structures;

2 (3) Qualified development projects that involved at least one manufacturer; and

3 (4) Qualified development projects that include affordable housing or workforce housing.

4 (d) Applications made for a historic structure or recognized historic structure tax credit under
5 chapter 33.6 of title 44 shall be considered for tax credits under this chapter. The division of taxation, at
6 the expense of the commerce corporation, shall provide communications from the commerce corporation
7 to those who have applied for and are in the queue awaiting the offer of tax credits pursuant to chapter 33.6
8 of title 44 regarding their potential eligibility for the Rebuild RI Tax Credit program.

9 (e) Applicants (i) who have received the notice referenced in subsection (d) above and who may be
10 eligible for a tax credit pursuant to chapter 33.6 of title 44, (ii) whose application involves a certified historic
11 structure or recognized historical structure, or (iii) whose project is occupied by at least one manufacturer
12 shall be exempt from the requirements of subparagraphs (b)(3)(ii) and (b)(3)(iii) of this section. The
13 following procedure shall apply to such applicants:

14 (1) The division of taxation shall remain responsible for determining the eligibility of an applicant
15 for tax credits awarded under chapter 33.6 of title 44;

16 (2) The commerce corporation shall retain sole authority for determining the eligibility of an
17 applicant for tax credits awarded under this chapter; and

18 (3) The commerce corporation shall not award in excess of fifteen percent (15%) of the annual
19 amount ~~appropriated~~ authorized in any fiscal year to applicants seeking tax credits pursuant to this
20 subsection (ee).

21 (df) Maximum project credit.

22 (i) For qualified development projects, the maximum tax credit allowed under this chapter shall be
23 the lesser of (1) thirty percent (30%) of the total project cost; or (2) the amount needed to close a project
24 financing gap (after taking into account all other private and public funding sources available to the project),
25 as determined by the commerce corporation.

26 (ii) The credit allowed pursuant to this chapter shall not exceed fifteen million dollars
27 (\$15,000,000) for any qualified development project under this chapter. No building or qualified
28 development project to be completed in phases or in multiple projects shall exceed the maximum project
29 credit of fifteen million dollars (\$15,000,000) for all phases or projects involved in the rehabilitation of
30 such building. Provided, however, that for purposes of this subsection and no more than once in a given
31 fiscal year, the commerce corporation may consider the development of land and buildings by a developer
32 on the "I-195 land" (as defined in § 42-64.24-3(6) of the general laws) as a separate, qualified development
33 project from a qualified development project by a tenant or owner of a commercial condominium or similar
34 legal interest including leasehold improvement, fit out, and capital investment. Such qualified development

1 project by a tenant or owner of a commercial condominium or similar legal interest on the I-195 land may
2 be exempted from subparagraph (fd)(i)(1). Separate buildings on the I-195 land may be considered to be
3 separate qualified development projects when determining eligibility under this chapter.

4 (eg) Credits available under this chapter shall not exceed twenty percent (20%) of the project cost,
5 provided, however, that the applicant shall be eligible for additional tax credits of not more than ten percent
6 (10%) of the project cost, if the qualified development project meets any of the following criteria or other
7 additional criteria determined by the commerce corporation from time to time in response to evolving
8 economic or market conditions:

9 (1) The project includes adaptive reuse or development of a recognized historical structure;

10 (2) The project is undertaken by or for a targeted industry;

11 (3) The project is located in a transit-oriented development area;

12 (4) The project includes residential development of which at least twenty percent (20%) of the
13 residential units are designated as affordable housing or workforce housing;

14 (5) The project includes the adaptive reuse of property subject to the requirements of the industrial
15 property remediation and reuse act, § 23-19.14-1 et seq.; or

16 (6) The project includes commercial facilities constructed in accordance with the minimum
17 environmental and sustainability standards, as certified by the commerce corporation pursuant to
18 Leadership in Energy and Environmental Design or other equivalent standards.

19 (fh) Maximum aggregate credits. The aggregate sum authorized pursuant to this chapter shall not
20 exceed ~~one-two~~ hundred fifty million dollars (~~\$150~~250,000,000), and the commerce corporation shall
21 promulgate guidelines regarding the amounts to be authorized for certified historic structures, recognized
22 historical structures, and residential projects.

23 (gi) Tax credits shall not be allowed under this chapter prior to the taxable year in which the project
24 is placed in service.

25 (hj) The amount of a tax credit allowed under this chapter shall be allowable to the taxpayer in up
26 to five, annual increments; no more than thirty percent (30%) and no less than fifteen percent (15%) of the
27 total credits allowed to a taxpayer under this chapter may be allowable for any taxable year.

28 (ik) If the portion of the tax credit allowed under this chapter exceeds the taxpayer's total tax
29 liability for the year in which the relevant portion of the credit is allowed, the amount that exceeds the
30 taxpayer's tax liability may be carried forward for credit against the taxes imposed for the succeeding four
31 (4) years, or until the full credit is used, whichever occurs first. Credits allowed to a partnership, a limited
32 liability company taxed as a partnership, or multiple owners of property shall be passed through to the
33 persons designated as partners, members, or owners respectively pro rata or pursuant to an executed

1 agreement among such persons designated as partners, members, or owners documenting an alternate
2 distribution method without regard to their sharing of other tax or economic attributes of such entity.

3 (jl) The commerce corporation in consultation with the division of taxation shall establish, by
4 regulation, the process for the assignment, transfer, or conveyance of tax credits.

5 (km) For purposes of this chapter, any assignment or sales proceeds received by the taxpayer for
6 its assignment or sale of the tax credits allowed pursuant to this section shall be exempt from taxation under
7 title 44. If a tax credit is subsequently revoked or adjusted, the seller's tax calculation for the year of
8 revocation or adjustment shall be increased by the total amount of the sales proceeds, without proration, as
9 a modification under chapter 30 of title 44. In the event that the seller is not a natural person, the seller's
10 tax calculation under chapters 11, 13, 14, or 17 of title 44 of the general laws, as applicable, for the year of
11 revocation, or adjustment, shall be increased by including the total amount of the sales proceeds without
12 proration.

13 (ln) The tax credit allowed under this chapter may be used as a credit against corporate income
14 taxes imposed under chapters 11, 13, 14, or 17, of title 44, or may be used as a credit against personal
15 income taxes imposed under chapter 30 of title 44 for owners of pass-through entities such as a partnership,
16 a limited liability company taxed as a partnership, or multiple owners of property.

17 (mo) In the case of a corporation, this credit is only allowed against the tax of a corporation included
18 in a consolidated return that qualifies for the credit and not against the tax of other corporations that may
19 join in the filing of a consolidated tax return.

20 (np) Upon request of a taxpayer and subject to annual appropriation, the state shall redeem such
21 credit, in whole or in part, for ninety percent (90%) of the value of the tax credit. The division of taxation,
22 in consultation with the commerce corporation, shall establish by regulation a redemption process for tax
23 credits.

24 (oq) Projects eligible to receive a tax credit under this chapter may, at the discretion of the
25 commerce corporation, be exempt from sales and use taxes imposed on the purchase of the following classes
26 of personal property only to the extent utilized directly and exclusively in such project: (1) Furniture,
27 fixtures and equipment, except automobiles, trucks, or other motor vehicles; or (2) Such other materials,
28 including construction materials and supplies, that are depreciable and have a useful life of one year or
29 more and are essential to the project.

30 (pr) The commerce corporation shall promulgate rules and regulations for the administration and
31 certification of additional tax credit under subsection (e), including criteria for the eligibility, evaluation,
32 prioritization, and approval of projects that qualify for such additional tax credit.

33 (qs) The commerce corporation shall not have any obligation to make any award or grant any
34 benefits under this chapter.

1 SECTION 5. Section 42-64.20-7 of the General Laws in Chapter 42-64.20 entitled "Rebuild Rhode
2 Island Tax Credit Act" is hereby amended to read as follows:

3 **§ 42-64.20-7. Rebuild Rhode Island tax credit fund.**

4 (a) There is hereby established at the commerce corporation a restricted account known as the
5 rebuild Rhode Island tax-credit fund (the "~~Fund~~fund") in which all amounts appropriated for the program
6 created under this chapter shall be deposited. The fund shall be used ~~(i)~~ to pay for the redemption of tax
7 credits or reimbursement to the state for tax credits applied against a taxpayer's liability. The commerce
8 corporation may pledge and reserve amounts deposited into the fund for the purpose of securing payment
9 for the redemption of tax credits or for making reimbursements to municipalities pursuant to chapter 64.22
10 of title 42 of the general laws. The fund shall be exempt from attachment, levy, or any other process at law
11 or in equity. The director of the department of revenue shall make a requisition to the commerce corporation
12 for funding during any fiscal year as may be necessary to pay for the redemption of tax credits presented
13 for redemption or to reimburse the state for tax credits applied against a taxpayer's tax liability. The
14 commerce corporation shall pay from the fund such amounts as requested by the director of the department
15 of revenue necessary for redemption or reimbursement in relation to tax credits granted under this chapter;
16 provided, however, that the commerce corporation shall not be required to pay from the fund such sums
17 pledged and reserved by the commerce corporation, as permitted in this section, except for redemption of
18 tax credits.

19 (b) Notwithstanding anything in this chapter to the contrary, the commerce corporation may make
20 a loan or equity investment as an alternative incentive in lieu of the provision of tax credits so long as the
21 applicant otherwise qualifies for tax credits under this chapter. In addition to the qualification requirements
22 of this chapter, any loan or equity investment shall be subject to the provisions of §§ 42-64.20-5(b), ~~(d)~~,
23 ~~(e)~~, (f), (g), ~~(n)~~, ~~(o)~~, ~~(ph)~~, (j), (q), (r), and ~~(s)~~, and ~~(q)~~, 42-64.20-7, 42-64.20-8, 42-64.20-9, and 42-64.20-10
24 as if such loan or equity investment were a tax credit. The commerce corporation may pay, reserve, and/or
25 pledge monies for a loan or equity investment from the fund.

26 (c) The commerce corporation may provide appropriate technical assistance to an applicant for tax
27 credits for projects under this chapter, including projects involving historic structures and recognized
28 historical structures to enable the applicant to provide all information and data necessary for the
29 consideration of its application by the commerce corporation. The cost of technical assistance provided to
30 applicants can be paid from the fund in an amount not to exceed \$250,000 per year.

31 SECTION 6. Section 42-64.20-10 of the General Laws in Chapter 42-64.20 entitled "Rebuild
32 Rhode Island Tax Credit Act" is hereby amended to read as follows:

33 **§ 42-64.20-10. Sunset.**

1 No credits shall be authorized to be reserved pursuant to this chapter after ~~June 30, 2020~~ December
2 31, 2023.

3 SECTION 7. Section 42-64.21-5 of the General Laws in Chapter 42-64.21 entitled "Rhode Island
4 Tax Increment Financing" is hereby amended as follows:

5 **§ 42-64.21-5. Financing.**

6 (a) Up to the limits established in subsection (b) of this section and in accordance with a TIF
7 agreement, the division of taxation shall pay to the developer incremental state revenues directly realized
8 from projects or businesses operating in the qualifying TIF area from the taxes assessed and collected under
9 chapters 11, 13, 14, 17, 18, 19, and 30 of Title 44 of the general laws or realized from such venue ticket
10 sales or parking taxes as may be established and levied under state law.

11 (b) Up to 75 percent of the projected annual incremental revenues may be allocated under a TIF
12 agreement. The incremental revenue for the revenues listed in subsection (a) of this section shall be
13 calculated as the difference between the amount collected in any fiscal year from any eligible revenue
14 source included in the TIF agreement, less the revenue increment base for that eligible revenue.

15 (c) The division of taxation is hereby authorized and empowered to segregate the annual
16 incremental revenues allocated under a TIF agreement and transfer such amounts to the general treasurer
17 for deposit in a restricted account known as the TIF fund. The TIF fund shall be used solely to pay for the
18 incentives granted under this chapter. The director of the department of revenue shall annually determine
19 if a surplus exists in the TIF fund over amounts necessary to fund incentives under this chapter in a fiscal
20 year and may authorize the general treasurer to transfer any surplus to the general fund. The unexpended
21 balance of such sum of money received and appropriated for the TIF fund remaining in the treasury at the
22 close of each fiscal year, shall be continued to and is hereby annually appropriated for the same account for
23 the ensuing year.

24 (d) Under conditions defined by the commerce corporation and in consultation with the department
25 of revenue, ~~those all taxes eligible for inclusion in this TIF program identified in § 42-64.21-5(a) that would~~
26 ~~otherwise comprise 75% of the incremental revenue available for allocation under § 42-64.21-5(b), may~~
27 ~~instead be exempted by the commerce corporation up to the levels permitted by this act in cases of~~
28 ~~significant taxpayers or for transactions occurring within a qualifying TIF area. Any incremental tax~~
29 ~~revenue exempted by the commerce corporation pursuant to this act shall not be assessed and/or collected~~
30 ~~as a tax from any person or entity. Such significant taxpayers, and any other person or entity entering into~~
31 ~~a contract with the commerce corporation consummating a transaction giving rise to the exemptions~~
32 ~~provided pursuant to this subsection, may~~ shall instead be required to contribute payments ~~in lieu of taxes~~
33 ~~(PILOTs)~~ into a dedicated fund established by the commerce corporation. Such payments shall be ~~up to 75~~
34 ~~percent of equal to~~ the amount that would otherwise be due to the state in the form of taxation ~~in the absence~~

1 ~~of such exemption as per the provisions of this statute.~~ Such dedicated funds must be used for the purposes
2 described in this act. The balance of said state revenue not subject to an exemption under this act shall be
3 deposited in the general fund in the ordinary course by the division of taxation. The commerce corporation
4 and any other person or entity entering into transactions pursuant to this act shall provide to the division of
5 taxation in a format it may reasonably require, such information that will allow it to confirm compliance
6 with this act, the terms of the documents related to the transactions giving rise to the exemptions, and all
7 applicable state law. The commerce corporation may issue revenue bonds secured by this dedicated fund.
8 Such bonds shall not be a general obligation of the state.

9 (e) The commerce corporation shall promulgate an application form and procedure for the program.

10 SECTION 8. Section 42-64.21-9 of the General Laws in Chapter 42-64.21 entitled "Rhode Island
11 Tax Increment Financing" is hereby amended as follows:

12 **§ 42-64.21-9. Sunset.**

13 No credits shall be authorized to be reserved pursuant to this chapter after December 31, 2023~~June~~
14 ~~30, 2020.~~

15 SECTION 9. Section 42-64.22-15 of the General Laws in Chapter 42-64.22 entitled "Tax
16 Stabilization Incentive" is hereby amended as follows:

17 **§ 42-64.22-15. Sunset.**

18 The commerce corporation shall enter into no agreement under this chapter after December 31,
19 ~~2023~~June 30, 2020.

20 SECTION 10. Section 42-64.23-8 of the General Laws in Chapter 42-64.23 entitled "First Wave
21 Closing Fund Act" is hereby amended as follows:

22 **§ 42-64.23-8. Sunset.**

23 No financing shall be authorized to be reserved pursuant to this chapter after December 31,
24 ~~2023~~June 30, 2020.

25 SECTION 11. Section 42-64.24-8 of the General Laws in Chapter 42-64.24 entitled "I-195
26 Redevelopment Project Fund Act" is hereby amended as follows:

27 **§ 42-64.24-8. Sunset.**

28 No funding, credits, or incentives shall be authorized or authorized to be reserved pursuant to this
29 chapter after December 31, 2023~~June 30, 2020.~~

30 SECTION 12. Section 42-64.25-14 of the General Laws in Chapter 42-64.25 entitled "Small
31 Business Assistance Program Act" is hereby repealed:

32 **§ 42-64.25-14. Sunset.**

33 ~~No grants, funding, or incentives shall be authorized pursuant to this chapter after June 30, 2020.~~

34 SECTION 13. Section 42-64.26-3 of the General Laws in Chapter 42-64.26 entitled "Stay Invested

1 in RI Wavemaker Fellowship” is hereby amended to read as follows:

2 **§ 42-64.26-3. Definitions.**

3 As used in this chapter:

4 (1) “Eligible graduate” means an individual who meets the eligibility requirements under this
5 chapter.

6 (2) “Applicant” means an eligible graduate who applies for a tax credit for education loan
7 repayment expenses under this chapter.

8 (3) “Award” means a tax credit awarded by the commerce corporation to an applicant as provided
9 under this chapter.

10 (4) “Business” means any applicant that is a corporation, state bank, federal savings bank, trust
11 company, national banking association, bank holding company, loan and investment company, mutual
12 savings bank, credit union, building and loan association, insurance company, investment company, broker-
13 dealer company or surety company, limited liability company, partnership, sole proprietorship, or federal
14 agency or subsidiaries thereof.

15 (54) “Taxpayer” means an applicant who receives a tax credit under this chapter.

16 (65) “Commerce corporation” means the Rhode Island commerce corporation established pursuant
17 to chapter 64 of title 42.

18 (76) “Eligible expenses” or “education loan repayment expenses” means annual higher education
19 loan repayment expenses, including, without limitation, principal, interest and fees, as may be applicable,
20 incurred by an eligible graduate and which the eligible graduate is obligated to repay for attendance at a
21 post-secondary institution of higher learning.

22 (87) “Eligibility period” means a term of up to four (4) consecutive service periods beginning with
23 the date that an eligible graduate receives initial notice of award under this chapter and expiring at the
24 conclusion of the fourth service period after such date specified.

25 (98) “Eligibility requirements” means the following qualifications or criteria required for an
26 applicant to claim an award under this chapter:

27 (i) That the applicant shall have graduated from an accredited two (2) year, four (4) year or graduate
28 post-secondary institution of higher learning with an associate's, bachelor's, graduate, or post-graduate
29 degree and at which the applicant incurred education loan repayment expenses;

30 (ii) That the applicant shall be a full-time employee with a Rhode Island-based employer located
31 in this state throughout the eligibility period, whose employment is for work in one or more of the following
32 covered fields: life, natural or environmental sciences; computer, information or software technology;
33 advanced mathematics or finance; engineering; industrial design or other commercially related design field;
34 or medicine or medical device technology.

1 (109) "Full-time employee" means a person who is employed in Rhode Island by a business for
2 consideration for a minimum of at least thirty-five (35) hours per week, or who renders any other standard
3 of service generally accepted by custom or practice as full-time employment, or who is employed by a
4 professional employer organization pursuant to an employee leasing agreement between the business and
5 the professional employer organization for a minimum of thirty-five (35) hours per week, or who renders
6 any other standard of service generally accepted by custom or practice as full-time employment and whose
7 earnings are subject to Rhode Island income tax, and whose wages are subject to withholding.

8 (110) "Service period" means a twelve (12) month period beginning on the date that an eligible
9 graduate receives initial notice of award under this chapter.

10 (121) "Student loan" means a loan to an individual by a public authority or private lender to assist
11 the individual to pay for tuition, books, and living expenses in order to attend a post-secondary institution
12 of higher learning.

13 (132) "Rhode Island-based employer" means (i) an employer having a principal place of business
14 or at least fifty-one percent (51%) of its employees located in this state; or (ii) an employer registered to
15 conduct business in this state that reported Rhode Island tax liability in the previous tax year.

16 (143) "Fund" refers to the "Stay Invested in RI Wavemaker Fellowship Fund" established pursuant
17 to § 42-64.26-4.

18 SECTION 14. Section 42-64.26-12 of the General Laws in Chapter 42-64.26 entitled "Stay
19 Invested in RI Wavemaker Fellowship" is hereby amended to read as follows:

20 **§ 42-64.26-12. Sunset.**

21 No incentives or credits shall be authorized pursuant to this chapter after December 31, 2023~~June 30,~~
22 ~~2020~~.

23 SECTION 15. Section 42-64.27-6 of the General Laws in Chapter 42-64.27 entitled "Main Street
24 Rhode Island Streetscape Improvement Fund" is hereby amended as follows:

25 **§ 42-64.27-6. Sunset.**

26 No incentives shall be authorized pursuant to this chapter after December 31, 2023~~June 30, 2020~~.

27 SECTION 16. Section 42-64.28-10 of the General Laws in Chapter 42-64.28 entitled "Innovation
28 Initiative" is hereby amended as follows:

29 **§ 42-64.28-10. Sunset.**

30 No vouchers, grants, or incentives shall be authorized pursuant to this chapter after December 31,
31 2023~~June 30, 2020~~.

32 SECTION 17. Section 42-64.29-8 of the General Laws in Chapter 42-64.29 entitled "Industry
33 Cluster Grants" is hereby amended as follows:

34 **§ 42-64.29-8. Sunset.**

1 No grants or incentives shall be authorized to be reserved pursuant to this chapter after December
2 31, 2023~~June 30, 2020~~.

3 SECTION 18. Section 42-64.31-4 of the General Laws in Chapter 42-64.31 entitled “High School,
4 College, and Employer Partnerships” is hereby amended as follows:

5 **§ 42-64.31-4. Sunset.**

6 No grants shall be authorized pursuant to this chapter after December 31, 2023~~June 30, 2020~~.

7 SECTION 19. Section 42-64.32-6 of the General Laws in Chapter 42-64.32 entitled “Air Service
8 Development Fund” is hereby amended as follows:

9 **§ 42-64.32-6. Sunset.**

10 No grants, credits, or incentives shall be authorized or authorized to be reserved pursuant to this
11 chapter after December 31, 2023~~June 30, 2020~~.

12 SECTION 20. It is hereby enacted as follows:

13 **§ 42-64.33-1. Legislative findings.**

14 (a) It is found and declared that:

15 (1) Rhode Island is home to a growing economy and municipalities are partners in the state’s
16 economic growth.

17 (2) The state seeks to work in even closer partnership with cities and towns to support economic
18 development throughout the state.

19 (3) The state seeks to serve as resource and partner for best practices and technical assistance to
20 enable the continued growth of cities and towns.

21 (4) Cities and towns have achieved great progress over the past four years through initiatives such
22 as LEAN programs, e-permitting, and other process improvement programs and these successes should be
23 built upon and expanded.

24 (5) Expanding statewide efforts in land-assembly and site-preparation is a core recommendation of
25 the 2015 Brookings report “Rhode Island Innovates”.

26 (6) There is significant interest in using the Quonset Development Corporation as a model of
27 successful pre-permitting and shovel-ready site development, and to build off the success of Quonset to
28 identify and prepare pad-ready development sites around the state.

29 (7) Rhode Island lacks readily developable land and this lack of shovel ready sites can prevent
30 manufacturers and other firms from locating in Rhode Island.

31 (8) Rhode Island can create a national model that integrates economic development processes
32 across the state in a mutually accountable partnership with cities and towns and Rhode Island can develop
33 an attractive portfolio of pre-permitted sites.

1 ~~(98)~~ This approach, the Site Readiness Partnership, is premised upon cities and towns opting in –
2 ~~participating in~~ ways that are of the greatest value to the local community involved.

3 **§ 42-64.33-2. Short title.**

4 This chapter shall be known as "The State and Local Partnership Council Act."

5 **§ 42-64.33-3. Creation.**

6 (a) There is authorized, created, and established a public corporation of the state having a distinct
7 legal existence from the state and not constituting a department of state government, which is a
8 governmental agency and public instrumentality of the state, to be known as the "state and local partnership
9 council" with those powers and purposes that are set forth in this chapter, with the objectives of providing
10 and promoting and encouraging the preservation, expansion and sound development of new and existing
11 industry, business, commerce, and related tourism and recreational facilities, attracting and retaining "high
12 value added" employment opportunities, and promoting thereby the economic development of the state and
13 the general welfare of its citizens.

14 (b) The exercise by the council of the powers conferred by this chapter shall be deemed and held
15 to be the performance of an essential governmental function of the state for public purposes. It is the intent
16 of the general assembly by the passage of this chapter to vest in the council all powers, authority, rights,
17 privileges, and titles which may be necessary to enable it to accomplish the purposes herein set forth, and
18 this chapter and the powers granted hereby shall be liberally construed in conformity with those purposes.

19 (c) The council and its corporate existence shall continue until terminated by law or until the council
20 shall cease entirely and continuously to conduct or be involved in any business whatsoever in furtherance
21 of its purposes; provided, that no termination shall take effect, so long as the council shall have bonds,
22 notes, or other obligations outstanding, unless adequate provision shall have been made for the payment
23 thereof pursuant to the documents securing the obligations or to the terminating law. Upon termination of
24 the existence of the council, all of its rights and properties shall pass to and be vested in the commerce
25 corporation, established pursuant to chapter 64 of this title, or its successor or, if the commerce corporation
26 is terminated and there is no successor, in the state. At no time shall the assets or other property of the
27 council inure to the benefit of any person or other corporation or entity.

28 **§ 42-64.33-4. Purposes.**

29 The council is authorized and established to carry out the program for the following purposes:

30 (a) To foster and maintain strong collaborations with municipalities in the state.

31 (b) To provide all manner of support and assistance to municipalities in order to foster economic
32 development in Rhode Island.

1 (c) To promote site readiness in the state, including developing an inventory of vetted, pad-ready
2 sites in the state capable of supporting economic development and establishing a professional capacity to
3 develop, manage, and market lands to foster economic development in Rhode Island.

4 (d) To establish, implement, and maintain high standards for design, improvement, operation, and
5 use of property in order to provide sites and related amenities for high quality businesses that create high
6 value-added jobs in Rhode Island.

7 (e) To plan, construct, reconstruct, rehabilitate, alter, improve, develop, maintain, operate and/or
8 acquire or convey any parcels, tracts, areas or projects within participating municipalities.

9 **§ 42-64.33-5. Definitions.**

10 (a) As used in this chapter, words and terms, shall have the meaning set forth in § 42-64-3 unless
11 this chapter provides a different meaning or unless the context indicates a different meaning or intent.

12 (b) Within this chapter, the following words and terms shall have the following meanings unless
13 the context indicates a different meaning or intent:

14 (1) "Board" means the board of directors of the state and local partnership council.

15 (2) "Chairperson" means the chair of the board of the state and local partnership council.

16 (3) "Council" means the state and local partnership council.

17 (4) "Program" means the state and local partnership program to be carried out by the state and local
18 partnership council consistent with the provisions of this chapter.

19 **§ 42-64.33-6. Assistance to municipalities.**

20 (a) Upon appropriate authorization by a municipality regarding participation in the program, the
21 council is authorized and empowered, in its discretion, to provide all manner of support and assistance to
22 municipalities in connection with fostering economic development including, but not limited to, aiding in
23 (i) the preparation, adoption or implementation of laws, regulations, or processes related to development;
24 and (ii) the planning, ~~and development, management and operation~~ of any parcels, tracts, areas or projects
25 within the municipality. ~~Notwithstanding state and municipal law or regulation to the contrary, such~~
26 authorization, if needed, shall require a single vote of the governing body of the municipality and the
27 approval of the chief elected official, if any.

28 (b) In carrying out the program, the council is authorized and empowered to enter into contractual
29 agreements with municipalities, which contracts may include, among other things, for the council to provide
30 all manner of support and assistance to municipalities in connection with fostering economic development
31 including, but not limited to, aiding in the (i) preparation, adoption or implementation of laws, regulations,
32 or processes related to development; and (ii) the planning and development of any parcels, tracts, areas or
33 projects within the municipality; and municipalities are authorized and empowered, notwithstanding any
34 other law to the contrary, to enter into any contractual agreements with the council including provisions for

1 the sharing or allocation of fees or other revenues and to do all things necessary to carry out their obligations
2 under the agreements.

3 (c)(1) Notwithstanding anything to the contrary in chapter 64.22 of title 42 of the general laws or
4 any regulations adopted in connection with the program created under chapter 64.22 of title 42, if a
5 qualifying community or hope community participating in the program grants a qualifying tax stabilization
6 agreement in connection with a qualifying development project, upon recommendation by the Quonset
7 Development Corporation board or the council to the commerce corporation of eligibility of an enhanced
8 award and subject to availability of appropriated funds, the commerce corporation may provide a partial
9 reimbursement of no more than fifty percent (50%) of the qualifying community and/or hope community's
10 forgone tax revenue. The qualification for reimbursement shall cease upon any termination or cessation of
11 the underlying tax stabilization agreement or upon exhaustion of funds appropriated pursuant to this section.

12 (2) Terms used in this subsection that are defined in chapter 64.22 of title 42, shall have the meaning
13 as assigned in chapter 64.22 of title 42.

14 (3) The commerce corporation council shall provide no more than five (5) certifications in any
15 calendar year under this subsection.

16 (d) Any department, agency, council, board or other instrumentality of the state shall cooperate
17 with the council in relation to the implementation, execution and administration of the program created
18 under this chapter.

19 **§ 42-64.33-7. General powers.**

20 (a)(1) Except to the extent inconsistent with any specific provision of this chapter, the council shall
21 have and may exercise all general powers set forth in this chapter and the following additional general
22 powers:

23 (2) As set forth in § 42-64.10-5, § 42-64.10-6 and necessary or convenient to effect its purposes;
24 provided, that the council shall exercise the powers enumerated in § 42-64.10-6(c) in its own name and
25 stead with respect to the program and shall not have the powers set forth in §§ 42-64.10-6(d), 42-64.10-
26 6(h) and 42-64.10-6(i)(3); and

27 (3) To grant, loan or provide other financial assistance in relation to the implementation, execution
28 or administration of the program.

29 **§ 42-64.33-8. Regulations.**

30 The council may adopt implementation guidelines, directives, criteria, rules and regulations
31 pursuant to § 42-35-1, et seq. as are necessary for the implementation and administration of the program,
32 including provisions for the imposition of fees or other charges in relation to the administration of the
33 program.

34 **§ 42-64.33-9. Site readiness.**

1 (a) To promote site readiness within the state, the council is authorized and empowered to:

2 (1) Develop ~~an comprehensive, expeditefficient permitting and pre-permitting~~ process in relation

3 to parcels, tracts or areas as authorized by a municipality participating in the program ~~or provide support~~

4 ~~and assistance consistent with applicable municipal law;~~

5 ~~(2) Develop a pre-permitting process to allow for pre-permitted parcels, tracts or areas as authorized~~

6 ~~by a municipality participating in the program or provide support and assistance consistent with applicable~~

7 ~~municipal law;~~

8 ~~(23) To the extent authorized by a municipality, through and with the department of business~~

9 ~~regulation as appropriate, conduct and/or issue any and all permits, licenses, state and municipal code~~

10 ~~reviews and approvals or other authorizations appropriate to carry-out the program; and/or~~

11 ~~(34) Plan, construct, reconstruct, rehabilitate, alter, improve, develop, operate, maintain, any~~

12 ~~parcels, tracts, or projects owned or controlled by the council or other state instrumentality. To the extent~~

13 ~~provided by the authorization for participation of a municipality in the program, such council-owned or~~

14 ~~controlled or state instrumentality-owned or controlled parcels, tracts and projects that include a significant~~

15 ~~commercial office, innovation/laboratory, industrial/port/maritime/distribution, or~~

16 ~~sporting/performance/outdoor entertainment venue use or include a structure in need of rehabilitation,~~

17 ~~revitalization, or replacement or other uses as determined for this purpose by the economic development~~

18 ~~planning council in the vision, policy and strategic plan adopted and approved pursuant to § 42-64.17-1(d)~~

19 ~~and (f) as subsequently updated from time to time by the commerce corporation shall be exempt from the~~

20 ~~zoning or other land use ordinances, codes, including building and fire codes, plans, or regulations of any~~

21 ~~municipality or political subdivision. Parcels, tracts, areas or projects which are planned, constructed,~~

22 ~~reconstructed, rehabilitated, altered, improved, or developed by the council in accordance with the~~

23 ~~exemption provisions of this subsection may be maintained and operated by lessees from and successors in~~

24 ~~interest to the council in the same manner as if such parcel, tract, area or project had been in existence prior~~

25 ~~to the enactment of the zoning or other land use ordinances, codes, plans, or regulations which, but for this~~

26 ~~chapter, would otherwise be applicable.~~

27 (b6) Notwithstanding any provision in this chapter to the contrary, in those instances in which the

28 department of environmental management exercises a permitting or licensing function under the delegated

29 authority of federal law, including, but not limited to, the Federal Clean Water Act (33 U.S.C. § 1251 et

30 seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Air Act (42 U.S.C.

31 § 7401 et seq.), Coastal Zone Management Act of 1972 (16 U.S.C. § 1451 et seq.), and those state laws and

32 regulations which implement those federal laws, the department of environmental management shall be the

33 licensing and permitting authority. Further, notwithstanding any provision in this chapter to the contrary,

34 in those instances in which the coastal resources management council exercises a permitting, licensing or

1 other regulatory function under the delegated authority of federal law, including, but not limited to, the
2 Coastal Zone Management Act (16 U.S.C. § 1451 et seq.), and those state laws and regulations which
3 implement those federal laws, the coastal resources management council shall be the licensing, permitting
4 and regulatory authority. Moreover, the authority of the department of environmental management and the
5 coastal resources management council authorities under state law, including but not limited to issuing
6 licenses and permits delegated to the department of environmental management pursuant to chapter 1 of
7 title 2 and to the coastal resources management council pursuant to chapter 23 of title 46, shall remain with
8 those agencies.

9 (c) The council shall, in planning, constructing, reconstructing, rehabilitating, altering, or
10 improving any parcel, tract, area or project, comply with all requirements of federal laws, codes, or
11 regulations applicable to that planning, construction, reconstruction, rehabilitation, alteration, or
12 improvement. Except as otherwise specifically provided to the contrary in the authorization allowing
13 participation by a municipality in the program or a contract entered into between the council and such
14 municipality pursuant to § 42-64.33-5(b) of this section, no municipality or other political subdivision of
15 the state shall have the power to modify or change in whole or in part the drawings, plans, or specifications
16 for any parcel, tract, area or project adopted by the council; nor to require that any person, firm, or council
17 employed with respect to that parcel, tract, area or project perform work in any other or different manner
18 than that provided by those drawings, plans, and specifications; nor to require that any such person, firm,
19 or council obtain any approval, permit, or certificate from the municipality or political subdivision in
20 relation to the parcel, tract, area or project; and the doing of that work by any person, firm, or council in
21 accordance with the terms of those drawings, plans, specifications, or contracts shall not subject the person,
22 firm, or council to any civil liability or penalty, other than as may be stated in the contracts or may be
23 incidental to the proper enforcement thereof; nor shall any municipality or political subdivision have the
24 power to require the council, or any lessee or successor in interest, to obtain any approval, permit, or
25 certificate from the municipality or political subdivision as a condition of owning, using, maintaining,
26 operating, or occupying any parcel, tract, area or project acquired, constructed, reconstructed, rehabilitated,
27 altered, or improved by the council or pursuant to drawings, plans, and specifications made or approved by
28 the council; provided, however, that nothing contained in this subsection shall be deemed to relieve any
29 person, firm, or council from the necessity of obtaining from any municipality or other political subdivision
30 of the state any license which, but for the provisions of this chapter, would be required in connection with
31 the rendering of personal services or sale at retail of tangible personal property.

32 (df) Except to the extent that the council shall expressly otherwise agree, a municipality or political
33 subdivision, including, but not limited to, a county, city, town, or district, in which a project of the council
34 is located, shall provide for the project, whether then owned by the council or any successor in interest,

1 police, fire, sanitation, health protection, and other municipal services of the same character and to the same
2 extent as those provided for other residents of that municipality or political subdivision, but nothing
3 contained in this section shall be deemed to require any municipality or political subdivision to make capital
4 expenditures for the sole purpose of providing any of these services for that project.

5 **§ 42-64.33-10. Directors, officers and employees.**

6 (a)(1) *Directors.* The powers of the council shall be vested in a board of directors consisting of nine
7 (9) members. The membership of the board shall consist of ~~the chief executive officer of the Rhode Island~~
8 ~~commerce corporation as a~~ chairperson, (who shall vote only in the event of a tie), and eight (8) members
9 appointed by the governor. The initial members of the board appointed by the governor shall be divided
10 into three (3) classes and shall serve initial terms on the board of directors as follows: three (3) of the
11 directors shall be appointed for an initial term of one year; three (3) of the directors, shall be appointed for
12 an initial term of two (2) years; and two (2) of the directors shall be appointed for an initial term of three
13 (3) years. Upon expiration of each initial term and upon the expiration of each term thereafter, a successor
14 shall be appointed by the governor, to serve for a term of three (3) years so that members of the board of
15 directors shall serve for staggered terms of three (3) years each. Two (2) members of the board shall be
16 representatives of the municipalities of Rhode Island. A vacancy on the board, other than by expiration,
17 shall be filled in the same manner as an original appointment, but only for the unexpired portion of the term.
18 A member shall be eligible to succeed himself or herself. Appointed directors shall not serve more than two
19 (2) successive three (3) year terms but may be reappointed after not being a director for a period of at least
20 twelve (12) months. Each appointed director shall hold office for the term for which the director is appointed
21 and until the director's successor shall have been appointed and qualified, or until the director's earlier death,
22 resignation or removal.

23 (2) The directors shall receive no compensation for the performance of their duties under this
24 chapter, but each director shall be reimbursed for his or her reasonable expenses incurred in carrying out
25 those duties. A director may engage in private employment, or in a profession or business.

26 (3) Regular meetings of the directors shall be held at least once in each calendar quarter, at the call
27 of the chairperson or secretary, or in accordance with an annual schedule of meetings adopted by the board.
28 Special meetings may be called for any purposes by the chairperson or the secretary and as provided for in
29 the bylaws of the council.

30 (4) A majority of the directors then in office, but not less than three (3) directors, shall constitute a
31 quorum, and any action to be taken by the council under the provisions of this chapter, may be authorized
32 by resolution approved by a majority of the directors present and entitled to a vote at any regular or special
33 meeting at which a quorum is present. A vacancy in the membership of the board of directors shall not
34 impair the right of a quorum to exercise all of the rights and perform all of the duties of the council. Any

1 action taken by the council under the provisions of this chapter may be authorized by a vote at any regular
2 or special meeting, and each vote shall take effect immediately, unless otherwise provided in the vote or
3 approving resolution of the board.

4 (b) Officers. The officers of the council shall include a chairperson, a secretary, and such other
5 officers as the board may from time to time establish.

6 (1) Chairperson. The governor shall appoint the chairperson of the board who shall, with the
7 concurrence of the board, appoint committee members, and preside at meetings of the board.

8 (2) Presiding Officer. The chairperson shall, from time to time, designate a presiding officer from
9 amongst the members of the board who shall preside at a given meeting in the absence of the chairperson.

10 (3) Other officers. The board shall appoint a secretary, the duties of whom shall be prescribed in
11 the bylaws of the council.

12 (4) With the exception of the chairperson, any number of offices may be held by the same person,
13 unless the bylaws provide otherwise.

14 **§ 42-64.33-11. Liability of the Council.**

15 The council is, subject to the period of limitations set forth in § 9-1-25, liable in actions of tort only
16 to the extent that those actions do not arise from the performance of any functions found or deemed to be
17 essential or discretionary governmental functions. Any recovery in an action or any recovery by any person
18 in one or more of any actions against the council, its directors, employees, or agents, shall not exceed one
19 hundred thousand dollars (\$100,000) per plaintiff in the absence of fraud or willful misconduct. In the
20 absence of fraud or willful misconduct, the directors are not personally liable to any party on account of
21 any action (whether tort or otherwise) arising from or related to the manner or terms of the disposition of
22 the council's assets, nor shall the manner or terms of the disposition constitute a defense to any obligation
23 owed to the council.

24 **§ 42-64.33-12. Compliance.**

25 The council shall comply with the following laws:

26 (a) Code of ethics, chapter 14 of title 36;

27 (b) Opening meetings, chapter 46 of this title;

28 (c) Access to public records, chapter 2 of title 38;

29 (d) Administrative procedures, chapter 35 of this title; and

30 (e) Governance and financial management of quasi-public corporations, as provided in chapter 18
31 of title 35 with regard to obligations, financing leases, and guarantees and chapter 2 of title 37 with regard
32 to purchasing principles, policies, and practices, and by §§ 35-3-17.1, 35-6-37, 35-7-13, 35-7-14, 35-20-6,
33 35-20-9, 42-11.3-2 and 42-11.3-4(A).

34 **§ 42-64.33-13. Consistency with other statutes.**

1 (a) *The Rhode Island Commerce Corporation Act.* Except as otherwise expressly provided by this
2 chapter, the council shall have the powers necessary to accomplish the purposes set forth in chapter 64 of
3 this title. The council shall be, in the manner set forth in this chapter, a subsidiary of the commerce
4 corporation notwithstanding the requirements of § 42-64-7.1, and this chapter shall be deemed fully
5 satisfactory for purposes of § 42-64-7.1 as necessary to effectuate the provisions of this chapter.

6 (b) *Other state laws.* Nothing contained in this chapter shall restrict or limit the powers of the
7 council arising under any laws of this state except where those powers are expressly contrary to the
8 provisions of this chapter; provided, however, that the council shall not have any power to create, empower,
9 or otherwise establish any corporation, subsidiary corporation, corporate body, any form of partnership, or
10 any other separate entity, without the express approval and authorization of the general assembly. Except
11 as otherwise provided, this chapter shall be construed to provide a complete additional and alternative
12 method for doing the things authorized hereby and shall be regarded as supplemental and in addition to the
13 powers conferred by other laws.

14 **§ 42-64.33-14. Inconsistent provisions.**

15 Insofar as the provisions of this chapter are inconsistent with the provisions of any other law or
16 ordinance, general, special or local, the provisions of this chapter shall be controlling.

17 **§ 42-64.33-15. Construction – Liberal construction.**

18 This chapter, being necessary for the welfare of the state and its inhabitants, shall be liberally
19 construed so as to effectuate its purposes.

20 **§ 42-64.33-16. Severability.**

21 If any clause, sentence, paragraph, section, or part of this chapter shall be adjudged by any court of
22 competent jurisdiction to be invalid, that judgment shall not affect, impair, or invalidate the remainder of
23 the chapter but shall be confined in its operation to the clause, sentence, paragraph, section, or part directly
24 involved in the controversy in which that judgment shall have been rendered.

25 **§ 42-64.33-17. Reporting requirements.**

26 The council shall publish a report summarizing municipality participation in the program within
27 sixty (60) days after the end of each fiscal year. The report shall contain information on the commitment,
28 disbursement, and use of funds expended by the council in relation to assistance to municipalities.

29 SECTION 21. Section 44-11-11 of the General Laws in Chapter 44-11 entitled “Business
30 Corporation Tax” is hereby amended to read as follows:

31 **§ 44-11-11. “Net income” defined.**

32 (a)(1) “Net income” means, for any taxable year and for any corporate taxpayer, the taxable income
33 of the taxpayer for that taxable year under the laws of the United States, plus:

34 (i) Any interest not included in the taxable income;

- 1 (ii) Any specific exemptions;
2 (iii) The tax imposed by this chapter; and minus
3 (iv) Interest on obligations of the United States or its possessions, and other interest exempt from
4 taxation by this state; and
5 (v) The federal net operating loss deduction.

6 (2) All binding federal elections made by or on behalf of the taxpayer applicable either directly or
7 indirectly to the determination of taxable income shall be binding on the taxpayer except where this chapter
8 or its attendant regulations specifically modify or provide otherwise. Rhode Island taxable income shall not
9 include the "gross-up of dividends" required by the federal Internal Revenue Code to be taken into taxable
10 income in connection with the taxpayer's election of the foreign tax credit.

11 (b) A net operating loss deduction shall be allowed which shall be the same as the net operating
12 loss deduction allowed under 26 U.S.C. § 172, except that:

13 (1) Any net operating loss included in determining the deduction shall be adjusted to reflect the
14 inclusions and exclusions from entire net income required by subsection (a) of this section and § 44-11-
15 11.1;

16 (2) The deduction shall not include any net operating loss sustained during any taxable year in
17 which the taxpayer was not subject to the tax imposed by this chapter; and

18 (3) The deduction shall not exceed the deduction for the taxable year allowable under 26 U.S.C. §
19 172; provided, that the deduction for a taxable year may not be carried back to any other taxable year for
20 Rhode Island purposes but shall only be allowable on a carry forward basis for the five (5) succeeding
21 taxable years.

22 (c) "Domestic international sales corporations" (referred to as DISCs), for the purposes of this
23 chapter, will be treated as they are under federal income tax law and shall not pay the amount of the tax
24 computed under § 44-11-2(a). Any income to shareholders of DISCs is to be treated in the same manner as
25 it is treated under federal income tax law as it exists on December 31, 1984.

26 (d) A corporation which qualifies as a "foreign sales corporation" (FSC) under the provisions of
27 subchapter N, 26 U.S.C. § 861 et seq., and which has in effect for the entire taxable year a valid election
28 under federal law to be treated as a FSC, shall not pay the amount of the tax computed under § 44-11-2(a).
29 Any income to shareholders of FSCs is to be treated in the same manner as it is treated under federal income
30 tax law as it exists on January 1, 1985.

31 (e) For purposes of a corporation's state tax liability, any deduction to income allowable under 26
32 U.S.C. 1400Z-2(c) may be claimed in the case of any investment held by the taxpayer for at least seven
33 years. The division of taxation shall promulgate, in its discretion, rules and regulations relative to the
34 accelerated application of deductions under ~~4226~~ U.S.C. 1400Z-2(c).

1 SECTION 22. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal Income
2 Tax" is hereby amended to read as follows:

3 **§ 44-30-2.6. Rhode Island taxable income – Rate of tax.**

4 (a) "Rhode Island taxable income" means federal taxable income as determined under the Internal
5 Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-deduction amount
6 for married couples filing joint returns as provided in the Jobs and Growth Tax Relief Reconciliation Act
7 of 2003 and the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), and as modified
8 by the modifications in § 44-30-12.

9 (b) Notwithstanding the provisions of §§ 44-30-1 and 44-30-2, for tax years beginning on or after
10 January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island taxable income of
11 residents and nonresidents, including estates and trusts, at the rate of twenty-five and one-half percent
12 (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year 2002 and thereafter of the federal
13 income tax rates, including capital gains rates and any other special rates for other types of income, except
14 as provided in § 44-30-2.7, which were in effect immediately prior to enactment of the Economic Growth
15 and Tax Relief Reconciliation Act of 2001 (EGTRRA); provided, rate schedules shall be adjusted for
16 inflation by the tax administrator beginning in taxable year 2002 and thereafter in the manner prescribed
17 for adjustment by the commissioner of Internal Revenue in 26 U.S.C. § 1(f). However, for tax years
18 beginning on or after January 1, 2006, a taxpayer may elect to use the alternative flat tax rate provided in §
19 44-30-2.10 to calculate his or her personal income tax liability.

20 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative minimum
21 tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island alternative
22 minimum tax. The Rhode Island alternative minimum tax shall be computed by multiplying the federal
23 tentative minimum tax without allowing for the increased exemptions under the Jobs and Growth Tax Relief
24 Reconciliation Act of 2003 (as redetermined on federal form 6251 Alternative Minimum Tax-Individuals)
25 by twenty-five and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year
26 2002 and thereafter, and comparing the product to the Rhode Island tax as computed otherwise under this
27 section. The excess shall be the taxpayer's Rhode Island alternative minimum tax.

28 (1) For tax years beginning on or after January 1, 2005, and thereafter, the exemption amount for
29 alternative minimum tax, for Rhode Island purposes, shall be adjusted for inflation by the tax administrator
30 in the manner prescribed for adjustment by the commissioner of Internal Revenue in 26 U.S.C. § 1(f).

31 (2) For the period January 1, 2007, through December 31, 2007, and thereafter, Rhode Island
32 taxable income shall be determined by deducting from federal adjusted gross income as defined in 26 U.S.C.
33 § 62 as modified by the modifications in § 44-30-12 the Rhode Island itemized-deduction amount and the
34 Rhode Island exemption amount as determined in this section.

1 (A) *Tax imposed.*

2 (1) There is hereby imposed on the taxable income of married individuals filing joint returns and
3 surviving spouses a tax determined in accordance with the following table:

4 If taxable income is:	The tax is:
5 Not over \$53,150	3.75% of taxable income
6 Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the excess over \$53,150
7 Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the excess over \$128,500
8 Over \$195,850 but not over \$349,700	\$12,487.25 plus 9.00% of the excess over \$195,850
9 Over \$349,700	\$26,333.75 plus 9.90% of the excess over \$349,700

10 (2) There is hereby imposed on the taxable income of every head of household a tax determined in
11 accordance with the following table:

12 If taxable income is:	The tax is:
13 Not over \$42,650	3.75% of taxable income
14 Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the excess over \$42,650
15 Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the excess over \$110,100
16 Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the excess over \$178,350
17 Over \$349,700	\$27,031.75 plus 9.90% of the excess over \$349,700

18 (3) There is hereby imposed on the taxable income of unmarried individuals (other than surviving
19 spouses and heads of households) a tax determined in accordance with the following table:

20 If taxable income is:	The tax is:
21 Not over \$31,850	3.75% of taxable income
22 Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the excess over \$31,850
23 Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the excess over \$77,100
24 Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the excess over \$160,850
25 Over \$349,700	\$27,849.00 plus 9.90% of the excess over \$349,700

26 (4) There is hereby imposed on the taxable income of married individuals filing separate returns
27 and bankruptcy estates a tax determined in accordance with the following table:

28 If taxable income is:	The tax is:
29 Not over \$26,575	3.75% of taxable income
30 Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the excess over \$26,575
31 Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the excess over \$64,250
32 Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the excess over \$97,925
33 Over \$174,850	\$13,166.88 plus 9.90% of the excess over \$174,850

1 (5) There is hereby imposed a taxable income of an estate or trust a tax determined in accordance
2 with the following table:

3 If taxable income is:	The tax is:
4 Not over \$2,150	3.75% of taxable income
5 Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess over \$2,150
6 Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the excess over \$5,000
7 Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the excess over \$7,650
8 Over \$10,450	\$737.50 plus 9.90% of the excess over \$10,450

9 (6) Adjustments for inflation.

10 The dollars amount contained in paragraph (A) shall be increased by an amount equal to:

11 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;

12 (b) The cost-of-living adjustment determined under section (J) with a base year of 1993;

13 (c) The cost-of-living adjustment referred to in subparagraphs (a) and (b) used in making
14 adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall be
15 determined under section (J) by substituting "1994" for "1993."

16 (B) *Maximum capital gains rates.*

17 (1) In general.

18 If a taxpayer has a net capital gain for tax years ending prior to January 1, 2010, the tax imposed by this
19 section for such taxable year shall not exceed the sum of:

20 (a) 2.5 % of the net capital gain as reported for federal income tax purposes under section 26 U.S.C.
21 § 1(h)(1)(a) and 26 U.S.C. § 1(h)(1)(b).

22 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C. §
23 1(h)(1)(c).

24 (c) 6.25% of the net capital gain as reported for federal income tax purposes under 26 U.S.C. §
25 1(h)(1)(d).

26 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C. §
27 1(h)(1)(e).

28 (2) For tax years beginning on or after January 1, 2010, the tax imposed on net capital gain shall be
29 determined under subdivision 44-30-2.6(c)(2)(A).

30 (C) *Itemized deductions.*

31 (1) In general.

32 For the purposes of section (2), "itemized deductions" means the amount of federal itemized
33 deductions as modified by the modifications in § 44-30-12.

34 (2) Individuals who do not itemize their deductions.

1 In the case of an individual who does not elect to itemize his deductions for the taxable year, they
2 may elect to take a standard deduction.

3 (3) Basic standard deduction.

4 The Rhode Island standard deduction shall be allowed in accordance with the following table:

5 Filing status Amount

6 Single \$5,350

7 Married filing jointly or qualifying widow(er) \$8,900

8 Married filing separately \$4,450

9 Head of Household \$7,850

10 (4) Additional standard deduction for the aged and blind.

11 An additional standard deduction shall be allowed for individuals age sixty-five (65) or older or
12 blind in the amount of \$1,300 for individuals who are not married and \$1,050 for individuals who are
13 married.

14 (5) Limitation on basic standard deduction in the case of certain dependents.

15 In the case of an individual to whom a deduction under section (E) is allowable to another taxpayer, the
16 basic standard deduction applicable to such individual shall not exceed the greater of:

17 (a) \$850;

18 (b) The sum of \$300 and such individual's earned income;

19 (6) Certain individuals not eligible for standard deduction.

20 In the case of:

21 (a) A married individual filing a separate return where either spouse itemizes deductions;

22 (b) Nonresident alien individual;

23 (c) An estate or trust;

24 The standard deduction shall be zero.

25 (7) Adjustments for inflation.

26 Each dollar amount contained in paragraphs (3), (4) and (5) shall be increased by an amount equal
27 to:

28 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988, multiplied by

29 (b) The cost-of-living adjustment determined under section (J) with a base year of 1988.

30 (D) *Overall limitation on itemized deductions.*

31 (1) General rule.

32 In the case of an individual whose adjusted gross income as modified by § 44-30-12 exceeds the
33 applicable amount, the amount of the itemized deductions otherwise allowable for the taxable year shall be
34 reduced by the lesser of:

1 (a) Three percent (3%) of the excess of adjusted gross income as modified by § 44-30-12 over the
2 applicable amount; or

3 (b) Eighty percent (80%) of the amount of the itemized deductions otherwise allowable for such
4 taxable year.

5 (2) Applicable amount.

6 (a) In general.

7 For purposes of this section, the term "applicable amount" means \$156,400 (\$78,200 in the case of
8 a separate return by a married individual)

9 (b) Adjustments for inflation.

10 Each dollar amount contained in paragraph (a) shall be increased by an amount equal to:

11 (i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by

12 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

13 (3) Phase-out of Limitation.

14 (a) In general.

15 In the case of taxable year beginning after December 31, 2005, and before January 1, 2010, the
16 reduction under section (1) shall be equal to the applicable fraction of the amount which would be the
17 amount of such reduction.

18 (b) Applicable fraction.

19 For purposes of paragraph (a), the applicable fraction shall be determined in accordance with the
20 following table:

21 For taxable years beginning in calendar year	The applicable fraction is
22 2006 and 2007	2/3
23 2008 and 2009	1/3

24 (E) *Exemption amount.*

25 (1) In general.

26 Except as otherwise provided in this subsection, the term "exemption amount" means \$3,400.

27 (2) Exemption amount disallowed in case of certain dependents.

28 In the case of an individual with respect to whom a deduction under this section is allowable to
29 another taxpayer for the same taxable year, the exemption amount applicable to such individual for such
30 individual's taxable year shall be zero.

31 (3) Adjustments for inflation.

32 The dollar amount contained in paragraph (1) shall be increased by an amount equal to:

33 (a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by

34 (b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

1 (4) Limitation.

2 (a) In general.

3 In the case of any taxpayer whose adjusted gross income as modified for the taxable year exceeds
4 the threshold amount shall be reduced by the applicable percentage.

5 (b) Applicable percentage.

6 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the threshold
7 amount, the exemption amount shall be reduced by two (2) percentage points for each \$2,500 (or fraction
8 thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds the threshold amount.

9 In the case of a married individual filing a separate return, the preceding sentence shall be applied by
10 substituting "\$1,250" for "\$2,500." In no event shall the applicable percentage exceed one hundred percent
11 (100%).

12 (c) Threshold Amount.

13 For the purposes of this paragraph, the term "threshold amount" shall be determined with the
14 following table:

15	Filing status	Amount
16	Single	\$156,400
17	Married filing jointly or qualifying widow(er)	\$234,600
18	Married filing separately	\$117,300
19	Head of Household	\$195,500

20 (d) Adjustments for inflation.

21 Each dollar amount contained in paragraph (b) shall be increased by an amount equal to:

- 22 (i) Such dollar amount contained in paragraph (b) in the year 1991, multiplied by
- 23 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

24 (5) Phase-out of limitation.

25 (a) In general.

26 In the case of taxable years beginning after December 31, 2005, and before January 1, 2010, the
27 reduction under section 4 shall be equal to the applicable fraction of the amount which would be the amount
28 of such reduction.

29 (b) Applicable fraction.

30 For the purposes of paragraph (a), the applicable fraction shall be determined in accordance with
31 the following table:

32	For taxable years beginning in calendar year	The applicable fraction is
33	2006 and 2007	2/3
34	2008 and 2009	1/3

1 (F) *Alternative minimum tax.*

2 (1) General rule. There is hereby imposed (in addition to any other tax imposed by this subtitle) a

3 tax equal to the excess (if any) of:

4 (a) The tentative minimum tax for the taxable year, over

5 (b) The regular tax for the taxable year.

6 (2) The tentative minimum tax for the taxable year is the sum of:

7 (a) 6.5 percent of so much of the taxable excess as does not exceed \$175,000, plus

8 (b) 7.0 percent of so much of the taxable excess above \$175,000.

9 (3) The amount determined under the preceding sentence shall be reduced by the alternative

10 minimum tax foreign tax credit for the taxable year.

11 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so much

12 of the federal alternative minimum taxable income as modified by the modifications in § 44-30-12 as

13 exceeds the exemption amount.

14 (5) In the case of a married individual filing a separate return, subparagraph (2) shall be applied by

15 substituting "\$87,500" for \$175,000 each place it appears.

16 (6) Exemption amount.

17 For purposes of this section "exemption amount" means:

18 Filing status Amount

19 Single \$39,150

20 Married filing jointly or qualifying widow(er) \$53,700

21 Married filing separately \$26,850

22 Head of Household \$39,150

23 Estate or trust \$24,650

24 (7) Treatment of unearned income of minor children

25 (a) In general.

26 In the case of a minor child, the exemption amount for purposes of section (6) shall not exceed the

27 sum of:

28 (i) Such child's earned income, plus

29 (ii) \$6,000.

30 (8) Adjustments for inflation.

31 The dollar amount contained in paragraphs (6) and (7) shall be increased by an amount equal to:

32 (a) Such dollar amount contained in paragraphs (6) and (7) in the year 2004, multiplied by

33 (b) The cost-of-living adjustment determined under section (J) with a base year of 2004.

34 (9) Phase-out.

1 (a) In general.

2 The exemption amount of any taxpayer shall be reduced (but not below zero) by an amount equal
3 to twenty-five percent (25%) of the amount by which alternative minimum taxable income of the taxpayer
4 exceeds the threshold amount.

5 (b) Threshold amount.

6 For purposes of this paragraph, the term "threshold amount" shall be determined with the following
7 table:

8 Filing status Amount

9 Single \$123,250

10 Married filing jointly or qualifying widow(er) \$164,350

11 Married filing separately \$82,175

12 Head of Household \$123,250

13 Estate or Trust \$82,150

14 (c) Adjustments for inflation

15 Each dollar amount contained in paragraph (9) shall be increased by an amount equal to:

16 (i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by

17 (ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.

18 (G) *Other Rhode Island taxes.*

19 (1) General rule. There is hereby imposed (in addition to any other tax imposed by this subtitle) a
20 tax equal to twenty-five percent (25%) of:

21 (a) The Federal income tax on lump-sum distributions.

22 (b) The Federal income tax on parents' election to report child's interest and dividends.

23 (c) The recapture of Federal tax credits that were previously claimed on Rhode Island return.

24 (H) *Tax for children under 18 with investment income.*

25 (1) General rule. There is hereby imposed a tax equal to twenty-five percent (25%) of:

26 (a) The Federal tax for children under the age of 18 with investment income.

27 (I) *Averaging of farm income.*

28 (1) General rule. At the election of an individual engaged in a farming business or fishing business,
29 the tax imposed in section 2 shall be equal to twenty-five percent (25%) of:

30 (a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. § 1301].

31 (J) *Cost-of-living adjustment.*

32 (1) In general.

33 The cost-of-living adjustment for any calendar year is the percentage (if any) by which:

34 (a) The CPI for the preceding calendar year exceeds

1 (b) The CPI for the base year.

2 (2) CPI for any calendar year.

3 For purposes of paragraph (1), the CPI for any calendar year is the average of the consumer price
4 index as of the close of the twelve (12) month period ending on August 31 of such calendar year.

5 (3) Consumer price index.

6 For purposes of paragraph (2), the term "consumer price index" means the last consumer price
7 index for all urban consumers published by the department of labor. For purposes of the preceding sentence,
8 the revision of the consumer price index that is most consistent with the consumer price index for calendar
9 year 1986 shall be used.

10 (4) Rounding.

11 (a) In general.

12 If any increase determined under paragraph (1) is not a multiple of \$50, such increase shall be
13 rounded to the next lowest multiple of \$50.

14 (b) In the case of a married individual filing a separate return, subparagraph (a) shall be applied by
15 substituting "\$25" for \$50 each place it appears.

16 (K) *Credits against tax.* For tax years beginning on or after January 1, 2001, a taxpayer entitled to
17 any of the following federal credits enacted prior to January 1, 1996, shall be entitled to a credit against the
18 Rhode Island tax imposed under this section:

19 (1) [Deleted by P.L. 2007, ch. 73, art. 7, § 5].

20 (2) Child and dependent care credit;

21 (3) General business credits;

22 (4) Credit for elderly or the disabled;

23 (5) Credit for prior year minimum tax;

24 (6) Mortgage interest credit;

25 (7) Empowerment zone employment credit;

26 (8) Qualified electric vehicle credit.

27 (L) *Credit against tax for adoption.* For tax years beginning on or after January 1, 2006, a taxpayer
28 entitled to the federal adoption credit shall be entitled to a credit against the Rhode Island tax imposed under
29 this section if the adopted child was under the care, custody, or supervision of the Rhode Island department
30 of children, youth and families prior to the adoption.

31 (M) The credit shall be twenty-five percent (25%) of the aforementioned federal credits provided
32 there shall be no deduction based on any federal credits enacted after January 1, 1996, including the rate
33 reduction credit provided by the federal Economic Growth and Tax Reconciliation Act of 2001 (EGTRRA).
34 In no event shall the tax imposed under this section be reduced to less than zero. A taxpayer required to

1 recapture any of the above credits for federal tax purposes shall determine the Rhode Island amount to be
2 recaptured in the same manner as prescribed in this subsection.

3 (N) Rhode Island earned-income credit.

4 (1) In general.

5 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-income
6 credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent (25%) of the
7 federal earned-income credit. Such credit shall not exceed the amount of the Rhode Island income tax.

8 For tax years beginning on or after January 1, 2015, and before January 1, 2016, a taxpayer entitled to a
9 federal earned-income credit shall be allowed a Rhode Island earned-income credit equal to ten percent
10 (10%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode Island
11 income tax.

12 For tax years beginning on or after January 1, 2016, a taxpayer entitled to a federal earned-income
13 credit shall be allowed a Rhode Island earned-income credit equal to twelve and one-half percent (12.5%)
14 of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode Island income
15 tax.

16 For tax years beginning on or after January 1, 2017, a taxpayer entitled to a federal earned-income
17 credit shall be allowed a Rhode Island earned-income credit equal to fifteen percent (15%) of the federal
18 earned-income credit. Such credit shall not exceed the amount of the Rhode Island income tax.

19 (2) Refundable portion.

20 In the event the Rhode Island earned-income credit allowed under paragraph (N)(1) of this section
21 exceeds the amount of Rhode Island income tax, a refundable earned-income credit shall be allowed as
22 follows.

23 (i) For tax years beginning before January 1, 2015, for purposes of paragraph (2) refundable earned-
24 income credit means fifteen percent (15%) of the amount by which the Rhode Island earned-income credit
25 exceeds the Rhode Island income tax.

26 (ii) For tax years beginning on or after January 1, 2015, for purposes of paragraph (2) refundable
27 earned-income credit means one hundred percent (100%) of the amount by which the Rhode Island earned-
28 income credit exceeds the Rhode Island income tax.

29 (O) The tax administrator shall recalculate and submit necessary revisions to paragraphs (A)
30 through (J) to the general assembly no later than February 1, 2010, and every three (3) years thereafter for
31 inclusion in the statute.

32 (3) For the period January 1, 2011, through December 31, 2011, and thereafter, "Rhode Island
33 taxable income" means federal adjusted gross income as determined under the Internal Revenue Code, 26
34 U.S.C. § 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-30-12 less the amount of

1 Rhode Island Basic Standard Deduction allowed pursuant to subparagraph 44-30-2.6(c)(3)(B), and less the
2 amount of personal exemption allowed pursuant to subparagraph 44-30-2.6(c)(3)(C).

3 (A) *Tax imposed.*

4 (I) There is hereby imposed on the taxable income of married individuals filing joint returns,
5 qualifying widow(er), every head of household, unmarried individuals, married individuals filing separate
6 returns and bankruptcy estates, a tax determined in accordance with the following table:

7 Over	But not over	Pay + Excess	on the amount over
8 \$ 0	\$ 55,000	\$ 0 + 3.75%	\$ 0
9 55,000	125,000	2,063 + 4.75%	55,000
10 125,000		5,388 + 5.99%	125,000

11 (II) There is hereby imposed on the taxable income of an estate or trust a tax determined in
12 accordance with the following table:

13 Over	But not over	% ON Pay + Excess	On The Amount Over
14 \$ 0	\$ 2,230	\$ 0 + 3.75%	\$ 0
15 2,230	7,022	84 + 4.75%	2,230
16 7,022		312 + 5.99%	7,022

17 (B) *Deductions:*

18 (I) Rhode Island Basic Standard Deduction.

19 Only the Rhode Island standard deduction shall be allowed in accordance with the following table:

20 Filing status:	Amount
21 Single	\$7,500
22 Married filing jointly or qualifying widow(er)	\$15,000
23 Married filing separately	\$7,500
24 Head of Household	\$11,250

25 (II) Nonresident alien individuals, estates and trusts are not eligible for standard deductions.

26 (III) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
27 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand dollars
28 (\$175,000), the standard deduction amount shall be reduced by the applicable percentage. The term
29 “applicable percentage” means twenty (20) percentage points for each five thousand dollars (\$5,000) (or
30 fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds one hundred
31 seventy-five thousand dollars (\$175,000).

32 (C) *Exemption Amount:*

33 (I) The term “exemption amount” means three thousand five hundred dollars (\$3,500) multiplied
34 by the number of exemptions allowed for the taxable year for federal income tax purposes. For tax years

1 beginning on or after 2018, the term “exemption amount” means the same as it does in 26 U.S.C. § 151 and
2 26 U.S.C. § 152 just prior to the enactment of the Tax Cuts and Jobs Act (Pub. L. 115-97) on December
3 22, 2017.

4 (II) Exemption amount disallowed in case of certain dependents. In the case of an individual with
5 respect to whom a deduction under this section is allowable to another taxpayer for the same taxable year,
6 the exemption amount applicable to such individual for such individual's taxable year shall be zero.

7 (III) Identifying information required.

8 (1) Except as provided in § 44-30-2.6(c)(3)(C)(II) of this section, no exemption shall be allowed
9 under this section with respect to any individual unless the Taxpayer Identification Number of such
10 individual is included on the federal return claiming the exemption for the same tax filing period.

11 (2) Notwithstanding the provisions of § 44-30-2.6(c)(3)(C)(I) of this section, in the event that the
12 Taxpayer Identification Number for each individual is not required to be included on the federal tax return
13 for the purposes of claiming a personal exemption(s), then the Taxpayer Identification Number must be
14 provided on the Rhode Island tax return for the purpose of claiming said exemption(s).

15 (D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
16 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand dollars
17 (\$175,000), the exemption amount shall be reduced by the applicable percentage. The term "applicable
18 percentage" means twenty (20) percentage points for each five thousand dollars (\$5,000) (or fraction
19 thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds one hundred seventy-
20 five thousand dollars (\$175,000).

21 (E) *Adjustment for inflation.* The dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-
22 30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount equal to:

23 (I) Such dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-
24 30-2.6(c)(3)(C) adjusted for inflation using a base tax year of 2000, multiplied by;

25 (II) The cost-of-living adjustment with a base year of 2000.

26 (III) For the purposes of this section, the cost-of-living adjustment for any calendar year is the
27 percentage (if any) by which the consumer price index for the preceding calendar year exceeds the consumer
28 price index for the base year. The consumer price index for any calendar year is the average of the consumer
29 price index as of the close of the twelve-month (12) period ending on August 31, of such calendar year.

30 (IV) For the purpose of this section the term “consumer price index” means the last consumer price
31 index for all urban consumers published by the department of labor. For the purpose of this section the
32 revision of the consumer price index that is most consistent with the consumer price index for calendar year
33 1986 shall be used.

1 (V) If any increase determined under this section is not a multiple of fifty dollars (\$50.00), such
2 increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a married
3 individual filing separate return, if any increase determined under this section is not a multiple of twenty-
4 five dollars (\$25.00), such increase shall be rounded to the next lower multiple of twenty-five dollars
5 (\$25.00).

6 (F) *Credits against tax.*

7 (I) Notwithstanding any other provisions of Rhode Island Law, for tax years beginning on or after
8 January 1, 2011, the only credits allowed against a tax imposed under this chapter shall be as follows:

9 (a) Rhode Island earned-income credit: Credit shall be allowed for earned-income credit pursuant
10 to subparagraph 44-30-2.6(c)(2)(N).

11 (b) Property Tax Relief Credit: Credit shall be allowed for property tax relief as provided in § 44-
12 33-1 et seq.

13 (c) Lead Paint Credit: Credit shall be allowed for residential lead abatement income tax credit as
14 provided in § 44-30.3-1 et seq.

15 (d) Credit for income taxes of other states. Credit shall be allowed for income tax paid to other
16 states pursuant to § 44-30-74.

17 (e) Historic Structures Tax Credit: Credit shall be allowed for historic structures tax credit as
18 provided in § 44-33.2-1 et seq.

19 (f) Motion Picture Productions Tax Credit: Credit shall be allowed for motion picture production
20 tax credit as provided in § 44-31.2-1 et seq.

21 (g) Child and Dependent Care: Credit shall be allowed for twenty-five percent (25%) of the federal
22 child and dependent care credit allowable for the taxable year for federal purposes; provided, however, such
23 credit shall not exceed the Rhode Island tax liability.

24 (h) Tax credits for contributions to Scholarship Organizations: Credit shall be allowed for
25 contributions to scholarship organizations as provided in chapter 62 of title 44.

26 (i) Credit for tax withheld. Wages upon which tax is required to be withheld shall be taxable as if
27 no withholding were required, but any amount of Rhode Island personal income tax actually deducted and
28 withheld in any calendar year shall be deemed to have been paid to the tax administrator on behalf of the
29 person from whom withheld, and the person shall be credited with having paid that amount of tax for the
30 taxable year beginning in that calendar year. For a taxable year of less than twelve (12) months, the credit
31 shall be made under regulations of the tax administrator.

32 (j) Stay Invested in RI Wavemaker Fellowship: Credit shall be allowed for stay invested in RI
33 wavemaker fellowship program as provided in § 42-64.26-1 et seq.

1 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in § 42-
2 64.20-1 et seq.

3 (l) Rhode Island Qualified Jobs Incentive Program: Credit shall be allowed for Rhode Island new
4 qualified jobs incentive program credit as provided in § 44-48.3-1 et seq.

5 (m) Historic homeownership assistance act: Effective for tax year 2017 and thereafter, unused
6 carryforward for such credit previously issued shall be allowed for the historic homeownership assistance
7 act as provided in § 44-33.1-4. This allowance is for credits already issued pursuant to § 44-33.1-4 and shall
8 not be construed to authorize the issuance of new credits under the historic homeownership assistance act.

9 (n) Credit for Qualified Research Expenses: Effective for tax year 2019 and thereafter credit for
10 qualified research expenses generated or awarded under § 44-32-3.1 shall be allowed.

11 (2) Except as provided in section 1 above, no other state and federal tax credit shall be available to
12 the taxpayers in computing tax liability under this chapter.

13 SECTION 23. Section 44-30-12 of the General Laws in Chapter 44-30 entitled "Personal Income
14 Tax" is hereby amended to read as follows:

15 **§ 44-30-12. Rhode Island income of a resident individual.**

16 (a) General. The Rhode Island income of a resident individual means his or her adjusted gross
17 income for federal income tax purposes, with the modifications specified in this section.

18 (b) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted
19 gross income:

20 (1) Interest income on obligations of any state, or its political subdivisions, other than Rhode Island
21 or its political subdivisions;

22 (2) Interest or dividend income on obligations or securities of any authority, commission, or
23 instrumentality of the United States, but not of Rhode Island or its political subdivisions, to the extent
24 exempted by the laws of the United States from federal income tax but not from state income taxes;

25 (3) The modification described in § 44-30-25(g);

26 (4)(i) The amount defined below of a nonqualified withdrawal made from an account in the tuition
27 savings program pursuant to § 16-57-6.1. For purposes of this section, a nonqualified withdrawal is:

28 (A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal Revenue
29 Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-6.1; and

30 (B) A withdrawal or distribution which is:

31 (I) Not applied on a timely basis to pay "qualified higher education expenses" as defined in § 16-
32 57-3(12) of the beneficiary of the account from which the withdrawal is made;

33 (II) Not made for a reason referred to in § 16-57-6.1(e); or

1 (III) Not made in other circumstances for which an exclusion from tax made applicable by Section
2 529 of the Internal Revenue Code, 26 U.S.C. § 529, pertains if the transfer, rollover, withdrawal or
3 distribution is made within two (2) taxable years following the taxable year for which a contributions
4 modification pursuant to subdivision (c)(4) of this section is taken based on contributions to any tuition
5 savings program account by the person who is the participant of the account at the time of the contribution,
6 whether or not the person is the participant of the account at the time of the transfer, rollover, withdrawal
7 or distribution;

8 (ii) In the event of a nonqualified withdrawal under subparagraphs (i)(A) or (i)(B) of this
9 subdivision, there shall be added to the federal adjusted gross income of that person for the taxable year of
10 the withdrawal an amount equal to the lesser of:

11 (A) The amount equal to the nonqualified withdrawal reduced by the sum of any administrative fee
12 or penalty imposed under the tuition savings program in connection with the nonqualified withdrawal plus
13 the earnings portion thereof, if any, includible in computing the person's federal adjusted gross income for
14 the taxable year; and

15 (B) The amount of the person's contribution modification pursuant to subdivision (c)(4) of this
16 section for the person's taxable year of the withdrawal and the two (2) prior taxable years less the amount
17 of any nonqualified withdrawal for the two (2) prior taxable years included in computing the person's Rhode
18 Island income by application of this subsection for those years. Any amount added to federal adjusted gross
19 income pursuant to this subdivision shall constitute Rhode Island income for residents, nonresidents and
20 part-year residents; and

21 (5) The modification described in § 44-30-25.1(d)(3)(i).

22 (6) The amount equal to any unemployment compensation received but not included in federal
23 adjusted gross income.

24 (7) The amount equal to the deduction allowed for sales tax paid for a purchase of a qualified motor
25 vehicle as defined by the Internal Revenue Code § 164(a)(6).

26 (c) Modifications reducing federal adjusted gross income. There shall be subtracted from federal
27 adjusted gross income:

28 (1) Any interest income on obligations of the United States and its possessions to the extent
29 includible in gross income for federal income tax purposes, and any interest or dividend income on
30 obligations, or securities of any authority, commission, or instrumentality of the United States to the extent
31 includible in gross income for federal income tax purposes but exempt from state income taxes under the
32 laws of the United States; provided, that the amount to be subtracted shall in any case be reduced by any
33 interest on indebtedness incurred or continued to purchase or carry obligations or securities the income of

1 which is exempt from Rhode Island personal income tax, to the extent the interest has been deducted in
2 determining federal adjusted gross income or taxable income;

3 (2) A modification described in § 44-30-25(f) or § 44-30-1.1(c)(1);

4 (3) The amount of any withdrawal or distribution from the "tuition savings program" referred to in
5 § 16-57-6.1 which is included in federal adjusted gross income, other than a withdrawal or distribution or
6 portion of a withdrawal or distribution that is a nonqualified withdrawal;

7 (4) Contributions made to an account under the tuition savings program, including the
8 "contributions carryover" pursuant to paragraph (iv) of this subdivision, if any, subject to the following
9 limitations, restrictions and qualifications:

10 (i) The aggregate subtraction pursuant to this subdivision for any taxable year of the taxpayer shall
11 not exceed five hundred dollars (\$500) or one thousand dollars (\$1,000) if a joint return;

12 (ii) The following shall not be considered contributions:

13 (A) Contributions made by any person to an account who is not a participant of the account at the
14 time the contribution is made;

15 (B) Transfers or rollovers to an account from any other tuition savings program account or from
16 any other "qualified tuition program" under section 529 of the Internal Revenue Code, 26 U.S.C. § 529; or

17 (C) A change of the beneficiary of the account;

18 (iii) The subtraction pursuant to this subdivision shall not reduce the taxpayer's federal adjusted
19 gross income to less than zero (0);

20 (iv) The contributions carryover to a taxable year for purpose of this subdivision is the excess, if
21 any, of the total amount of contributions actually made by the taxpayer to the tuition savings program for
22 all preceding taxable years for which this subsection is effective over the sum of:

23 (A) The total of the subtractions under this subdivision allowable to the taxpayer for all such
24 preceding taxable years; and

25 (B) That part of any remaining contribution carryover at the end of the taxable year which exceeds
26 the amount of any nonqualified withdrawals during the year and the prior two (2) taxable years not included
27 in the addition provided for in this subdivision for those years. Any such part shall be disregarded in
28 computing the contributions carryover for any subsequent taxable year;

29 (v) For any taxable year for which a contributions carryover is applicable, the taxpayer shall include
30 a computation of the carryover with the taxpayer's Rhode Island personal income tax return for that year,
31 and if for any taxable year on which the carryover is based the taxpayer filed a joint Rhode Island personal
32 income tax return but filed a return on a basis other than jointly for a subsequent taxable year, the
33 computation shall reflect how the carryover is being allocated between the prior joint filers; and

34 (5) The modification described in § 44-30-25.1(d)(1).

1 (6) Amounts deemed taxable income to the taxpayer due to payment or provision of insurance
2 benefits to a dependent, including a domestic partner pursuant to chapter 12 of title 36 or other coverage
3 plan.

4 (7) Modification for organ transplantation.

5 (i) An individual may subtract up to ten thousand dollars (\$10,000) from federal adjusted gross
6 income if he or she, while living, donates one or more of his or her human organs to another human being
7 for human organ transplantation, except that for purposes of this subsection, "human organ" means all or
8 part of a liver, pancreas, kidney, intestine, lung, or bone marrow. A subtract modification that is claimed
9 hereunder may be claimed in the taxable year in which the human organ transplantation occurs.

10 (ii) An individual may claim that subtract modification hereunder only once, and the subtract
11 modification may be claimed for only the following unreimbursed expenses that are incurred by the
12 claimant and related to the claimant's organ donation:

13 (A) Travel expenses.

14 (B) Lodging expenses.

15 (C) Lost wages.

16 (iii) The subtract modification hereunder may not be claimed by a part-time resident or a
17 nonresident of this state.

18 (8) Modification for taxable Social Security income.

19 (i) For tax years beginning on or after January 1, 2016:

20 (A) For a person who has attained the age used for calculating full or unreduced social security
21 retirement benefits who files a return as an unmarried individual, head of household or married filing
22 separate whose federal adjusted gross income for such taxable year is less than eighty thousand dollars
23 (\$80,000); or

24 (B) A married individual filing jointly or individual filing qualifying widow(er) who has attained
25 the age used for calculating full or unreduced social security retirement benefits whose joint federal adjusted
26 gross income for such taxable year is less than one hundred thousand dollars (\$100,000), an amount equal
27 to the social security benefits includable in federal adjusted gross income.

28 (ii) Adjustment for inflation. The dollar amount contained in subparagraphs 44-30-12(c)(8)(i)(A)
29 and 44-30-12(c)(8)(i)(B) shall be increased annually by an amount equal to:

30 (A) Such dollar amount contained in subparagraphs 44-30-12(c)(8)(i)(A) and 44-30-12(c)(8)(i)(B)
31 adjusted for inflation using a base tax year of 2000, multiplied by;

32 (B) The cost-of-living adjustment with a base year of 2000.

33 (iii) For the purposes of this section the cost-of-living adjustment for any calendar year is the
34 percentage (if any) by which the consumer price index for the preceding calendar year exceeds the consumer

1 price index for the base year. The consumer price index for any calendar year is the average of the consumer
2 price index as of the close of the twelve (12) month period ending on August 31, of such calendar year.

3 (iv) For the purpose of this section the term "consumer price index" means the last consumer price
4 index for all urban consumers published by the department of labor. For the purpose of this section the
5 revision of the consumer price index which is most consistent with the consumer price index for calendar
6 year 1986 shall be used.

7 (v) If any increase determined under this section is not a multiple of fifty dollars (\$50.00), such
8 increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a married
9 individual filing separate return, if any increase determined under this section is not a multiple of twenty-
10 five dollars (\$25.00), such increase shall be rounded to the next lower multiple of twenty-five dollars
11 (\$25.00).

12 (9) Modification for up to fifteen thousand dollars (\$15,000) of taxable retirement income from
13 certain pension plans or annuities.

14 (i) For tax years beginning on or after January 1, 2017, a modification shall be allowed for up to
15 fifteen thousand dollars (\$15,000) of taxable pension and/or annuity income that is included in federal
16 adjusted gross income for the taxable year:

17 (A) For a person who has attained the age used for calculating full or unreduced social security
18 retirement benefits who files a return as an unmarried individual, head of household, or married filing
19 separate whose federal adjusted gross income for such taxable year is less than the amount used for the
20 modification contained in § 44-30-12(c)(8)(i)(A) an amount not to exceed \$15,000 of taxable pension
21 and/or annuity income includable in federal adjusted gross income; or

22 (B) For a married individual filing jointly or individual filing qualifying widow(er) who has
23 attained the age used for calculating full or unreduced social security retirement benefits whose joint federal
24 adjusted gross income for such taxable year is less than the amount used for the modification contained in
25 § 44-30-12(c)(8)(i)(B) an amount not to exceed \$15,000 of taxable pension and/or annuity income
26 includable in federal adjusted gross income.

27 (ii) Adjustment for inflation. The dollar amount contained by reference in §§ 44-30-12(c)(9)(i)(A)
28 and 44-30-12(c)(9)(i)(B) shall be increased annually for tax years beginning on or after January 1, 2018 by
29 an amount equal to:

30 (A) Such dollar amount contained by reference in §§ 44-30-12(c)(9)(i)(A) and 44-30-12(c)(9)(i)(B)
31 adjusted for inflation using a base tax year of 2000, multiplied by;

32 (B) The cost-of-living adjustment with a base year of 2000.

33 (iii) For the purposes of this section, the cost-of-living adjustment for any calendar year is the
34 percentage (if any) by which the consumer price index for the preceding calendar year exceeds the consumer

1 price index for the base year. The consumer price index for any calendar year is the average of the consumer
2 price index as of the close of the twelve-month (12) period ending on August 31, of such calendar year.

3 (iv) For the purpose of this section, the term "consumer price index" means the last consumer price
4 index for all urban consumers published by the department of labor. For the purpose of this section, the
5 revision of the consumer price index which is most consistent with the consumer price index for calendar
6 year 1986 shall be used.

7 (v) If any increase determined under this section is not a multiple of fifty dollars (\$50.00), such
8 increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a married
9 individual filing a separate return, if any increase determined under this section is not a multiple of twenty-
10 five dollars (\$25.00), such increase shall be rounded to the next lower multiple of twenty-five dollars
11 (\$25.00).

12 (10) Modification for Rhode Island investment in opportunity zones. For purposes of a taxpayer's
13 state tax liability, in the case of any investment in a Rhode Island opportunity zone by the taxpayer for at
14 least seven (7) years, a modification to income shall be allowed for the incremental difference between the
15 benefit allowed under 26 U.S.C. 1400Z-2(b)(2)(B)(iv) and the federal benefit allowed under ~~26~~ U.S.C.
16 1400Z-2(c).

17 (d) Modification for Rhode Island fiduciary adjustment. There shall be added to, or subtracted from,
18 federal adjusted gross income (as the case may be) the taxpayer's share, as beneficiary of an estate or trust,
19 of the Rhode Island fiduciary adjustment determined under § 44-30-17.

20 (e) Partners. The amounts of modifications required to be made under this section by a partner,
21 which relate to items of income or deduction of a partnership, shall be determined under § 44-30-15.

22 SECTION 24. Section 44-32-3 of the General Laws in Chapter 44-32 entitled "Elective Deduction
23 for Research and Development Facilities" is hereby amended to read as follows:

24 **§ 44-32-3. Credit for qualified research expenses.**

25 (a) A taxpayer shall be allowed a credit against the tax imposed by chapters 11, 17 or 30 of this
26 title. The amount of the credit shall be five percent (5%)(and in the case of amounts paid or accrued after
27 January 1, 1998, twenty-two and one-half percent (22.5%) for the first twenty-five thousand dollars
28 (\$25,000) worth of credit and sixteen and nine-tenths percent (16.9%) for the amount of credit above
29 twenty-five thousand dollars (\$25,000)) of the excess, if any, of:

30 (1) The qualified research expenses for the taxable year, over

31 (2) The base period research expenses.

32 (b)(1) "Qualified research expenses" and "base period research expenses" have the same meaning
33 as defined in 26 U.S.C. § 41; provided, that the expenses have been incurred in this state after July 1, 1994.

1 (2) Notwithstanding the provisions of subdivision (1) of this subsection, “qualified research
2 expenses” also includes amounts expended for research by property and casualty insurance companies into
3 methods and ways of preventing or reducing losses from fire and other perils.

4 (c) The credit allowed under this section for any taxable year shall not reduce the tax due for that
5 year by more than fifty percent (50%) of the tax liability that would be payable, and in the case of
6 corporations, to less than the minimum fixed by § 44-11-2(e). If the amount of credit allowable under this
7 section for any taxable year is less than the amount of credit available to the taxpayer any amount of credit
8 not credited in that taxable year may be carried over to the following year or years, and may be credited
9 against the taxpayer’s tax liability for that year or years up to a maximum of seven (7) years; ~~and may be~~
10 credited against the taxpayer’s tax for that year or years provided, however, that tax credits generated
11 pursuant to this section on or after July 1, 2019 may be carried over to the following year or years, and may
12 be credited against the taxpayer’s tax liability for that year or years up to a maximum of fifteen (15) years.
13 For purposes of chapter 30 of this title, if the credit allowed under this section for any taxable year exceeds
14 the taxpayer's tax for that year, the amount of credit not credited in that taxable year may be carried over to
15 the following year or years, up to a maximum of seven (7) years, ~~and may be credited against the taxpayer's~~
16 ~~tax for that year or years.~~ For purposes of determining the order in which carry-overs are taken into
17 consideration, the credit allowed by § 44-32-2 is taken into account before the credit allowed under this
18 section.

19 (d) The investment tax credit allowed by § 44-31-1 shall be taken into account before the credit
20 allowed under this section.

21 (e) The credit allowed under this section shall only be allowed against the tax of that corporation
22 included in a consolidated return that qualifies for the credit and not against the tax of other corporations
23 that may join in the filing of a consolidated return.

24 (f) In the event the taxpayer is a partnership, joint venture or small business corporation, the credit
25 is divided in the same manner as income.

26 SECTION 25. Section 44-32 of the General Laws in Chapter 44-32 entitled “Elective Deduction
27 for Research and Development Facilities” is hereby amended to add the following section:

28 **§ 44-32-3.1. Transferable Credit for qualified research expenses.**

29 (a) On or after July 1, 2019, a taxpayer that is an early stage company or a company substantially
30 increasing its investment in research and development in this state may apply to the commerce corporation
31 for a tax credit of up to twenty-two and one-half percent (22.5%) of qualified research expenses.

32 (b) The tax credits awarded under this section shall not exceed one million three hundred thousand
33 dollars annually.

1 (c) An applicant may receive one tax credit award under this section up to two hundred
2 fifty thousand dollars (\$250,000) in any year. An applicant may receive no more than five such
3 annual awards.

4 (de) For purposes of this section the following definitions apply:

5 (1) Commerce corporation means the Rhode Island commerce corporation established pursuant to
6 § 42-64-1 et seq.

7 (2) “Company substantially increasing its investment in research and development in the state” has
8 the meaning prescribed to it in the regulations promulgated pursuant to subsection (fe).

9 (3) “Early stage company” has the meaning prescribed to it in the regulations promulgated pursuant
10 to subsection (fe).

11 (4) “Qualified research expenses” has the same meaning prescribed to it in § 44-32-3(b)(1).

12 (5) “Substantially increase” or “substantially increasing” means (i) an increase in qualifying
13 expenditures in the state in an amount that the commerce corporation prescribes pursuant to the regulations
14 promulgated pursuant to subsection (fe); and (ii) those additional qualifications that the commerce
15 corporation prescribes pursuant to the regulations promulgated pursuant to subsection (fe).

16 (ed) If a taxpayer is awarded a tax credit pursuant to this section, the taxpayer may either (1) apply
17 the tax credit, in whole or in part, to the taxpayer’s tax liability; or (2) if the taxpayer has not claimed in
18 whole or in part, the taxpayer awarded the tax credit may sell, assign, transfer, or convey the tax credit
19 consistent with the regulations promulgated pursuant to subsection (fe). If the taxpayer applies the tax
20 credit to the taxpayer’s tax liability and the amount of credit applied for any taxable year is less than the
21 amount of credit available to the taxpayer, any amount of credit not credited in that taxable year may be
22 carried over to the following year or years, up to a maximum of fifteen (15) years, and may be credited
23 against the taxpayer’s tax for that year or years.

24 (fe) The commerce corporation shall promulgate rules and regulations necessary for the award of
25 tax credits pursuant to this section. Further, the commerce corporation, in consultation with the division of
26 taxation, shall establish, by regulation, the process for the assignment, transfer, or conveyance of tax credits.
27 The commerce corporation shall consider applications for tax credits under this section on a competitive
28 basis, which the commerce corporation shall determine in its sole discretion. Any assignment or sales
29 proceeds received by the taxpayer for its assignment or sale of the tax credits allowed pursuant to subsection
30 (d) shall be exempt from taxation under title 44.

31 (gf) Taxpayers who are awarded and claim tax credits under this section are ineligible for any tax
32 credits that may also be available to the taxpayer under 44-32-3 for qualified research expenses incurred on
33 or after July 1, 2019.

1 ~~(hg)~~ Any tax credit approved by the commerce corporation pursuant to this section and used by the
2 taxpayer pursuant to subsection ~~(ed)~~ shall be taken into account after the credit allowed under § 44-32-3 if
3 such credit is claimed by the taxpayer.

4 ~~(ih)~~ The commerce corporation shall annually submit a report regarding the awards made and
5 accepted pursuant to section to the governor, the speaker of the house of representatives, the president of
6 the senate, the chairpersons of the house and senate finance committees, the house and senate fiscal
7 advisors, the division of taxation and the department of revenue.

8 ~~(ji)~~ Any taxpayer receiving tax credits pursuant to section shall make annual reports to the
9 commerce corporation as the commerce corporation prescribes in the regulations promulgated pursuant to
10 subsection ~~(e)~~.

11 ~~(kj)~~ No tax credits shall be authorized under section after December 31, 2023.

12 SECTION 26. Section 44-48.3-3 of the General Laws in Chapter 44-48.3 entitled “Rhode Island
13 Qualified Jobs Incentive Act of 2015” is hereby amended as follows:

14 § 44-48.3-3. Definitions.

15 As used in this chapter, unless the context clearly indicates otherwise, the following words and
16 phrases shall have the following meanings:

17 (1) “Affiliate” or “affiliated entity” means an entity that directly or indirectly controls, is under
18 common control with, or is controlled by the business. Control exists in all cases in which the entity is a
19 member of an affiliated group of corporations as defined pursuant to § 1504 of the Internal Revenue Code
20 of 1986 (26 U.S.C. § 1504) or the entity is an organization in a group of organizations under common
21 control as defined pursuant to subsection (b) or (c) of § 414 of the Internal Revenue Code of 1986 (26
22 U.S.C. § 414). A taxpayer may establish by clear and convincing evidence, as determined by the commerce
23 corporation, that control exists in situations involving lesser percentages of ownership than required by
24 those statutes. An affiliate of a business may contribute to meeting full-time employee requirements of a
25 business that applies for a credit under this chapter.

26 (2) “Business” means an applicant that is a corporation, state bank, federal savings bank, trust
27 company, national banking association, bank holding company, loan and investment company, mutual
28 savings bank, credit union, building and loan association, insurance company, investment company, broker-
29 dealer company or surety company, limited liability company, partnership or sole proprietorship.

30 (3) “Commerce corporation” means the Rhode Island commerce corporation established pursuant
31 to chapter 64 of title 42.

32 (4) “Commitment period” means the period of time that at a minimum is twenty percent (20%)
33 greater than the eligibility period.

1 (5) "Eligibility period" means the period in which a business may claim a tax credit under the
2 program, beginning at the end of the tax period in which the commerce corporation issues a certification
3 for the business that it has met the employment requirements of the program and extending thereafter for a
4 term of not more than ten (10) years.

5 (6) "Eligible position" or "full-time job" means a full-time position in a business which has been
6 filled with a full-time employee who earns no less than the median hourly wage as reported by the United
7 States Bureau of Labor Statistics for the state of Rhode Island, provided, that for economically fragile
8 industries such as manufacturing, the commerce corporation may reduce the wage threshold. An
9 economically fragile industry shall not include retail.

10 (7) "Full-time employee" means a person who is employed by a business for consideration for at
11 least thirty-five (35) hours a week, or who is employed by a professional employer organization pursuant
12 to an employee leasing agreement between the business and the professional employer organization for at
13 least thirty-five (35) hours a week, and whose wages are subject to withholding.

14 (8) "Hope community" means municipalities with a percentage of families below the poverty level
15 that is greater than the percentage of families below the poverty level for the state as a whole as determined
16 by the United States Census Bureau's most recent American Community Survey.

17 (9) "Incentive agreement" means the contract between the business and the commerce corporation,
18 which sets forth the terms and conditions under which the business shall be eligible to receive the incentives
19 authorized pursuant to the program.

20 (10) "Incentive effective date" means the date the commerce corporation issues a certification for
21 issuance of tax credit based on documentation submitted by a business pursuant to § 44-48.3-7.

22 (11) "Major economic development opportunity" means the expansion or relocation of a business
23 in a targeted industry where at least fifty-one percent of new full-time jobs are classified as high wage as
24 defined by the commerce corporation and where the expansion or relocation meets additional criteria
25 established by the commerce corporation which shall include but not be limited to: (i) the creation of a
26 minimum of 100 new full-time jobs in the state; or (ii) the relocation or establishment of a regional or
27 national headquarters or other major corporate hub in the state.

28 (12~~4~~) "New full-time job" means an eligible position created by the business that did not previously
29 exist in this state and which is created after approval of an application to the commerce corporation under
30 the program. Such job position cannot be the result of an acquisition of an existing company located in
31 Rhode Island by purchase, merger, or otherwise. For the purposes of determining the number of new full-
32 time jobs, the eligible positions of an affiliate shall be considered eligible positions of the business so long
33 as such eligible position(s) otherwise meets the requirements of this section.

34 (13~~2~~) "Partnership" means an entity classified as a partnership for federal income tax purposes.

1 (143) "Program" means the incentive program established pursuant to this chapter.

2 (15) "Targeted industry" means any industry identified in the economic development vision and
3 policy promulgated under § 42-64.17-1 or, until such time as any economic development vision and policy
4 is promulgated, as identified by the commerce corporation.

5 (165) "Taxpayer" means a business granted a tax credit under this chapter or such person entitled
6 to the tax credit because the business is a pass through entity such as a partnership, S corporation, sole
7 proprietorship or limited liability company taxed as a partnership.

8 (176) "Transit oriented development area" means an area in proximity to mass-transit infrastructure
9 including, but not limited to, an airport, rail or intermodal facility that will be further defined by regulation
10 of the commerce corporation in consultation with the Rhode Island department of transportation.

11 SECTION 27. Section 44-48.3-6 of the General Laws in Chapter 44-48.3 entitled "Rhode Island
12 Qualified Jobs Incentive Act of 2015" is hereby amended as follows:

13 **§ 44-48.3-6. Total amount of tax credit for eligible business.**

14 (a) The base amount of the tax credit for an eligible business for each new full-time job shall be up
15 to two thousand five hundred dollars (\$2,500) annually.

16 (b) The total tax credit amount shall be calculated and credited to the business annually for each
17 year of the eligibility period after the commerce corporation, in consultation with the division of taxation,
18 has verified that the jobs covered by the tax credit have generated sufficient personal income taxes to
19 comply with subsection (e) of this section.

20 (c) In addition to the base amount of the tax credit, the amount of the tax credit to be awarded for
21 each new full-time job may be increased, pursuant to the provisions of subsection (d) of this section, if the
22 business meets any of the following criteria or such other additional criteria determined by the commerce
23 corporation from time to time in response to evolving economic or market conditions:

- 24 (1) For a business located within a hope community;
25 (2) For a targeted industry;
26 (3) For a business located within a transit oriented development area; and
27 (4) For an out-of-state business that relocates a business unit or units or creates a significant number
28 of new full-time jobs during the commitment period.

29 (d) For any application made to the commerce corporation from 2015 through June 30, 2018, the
30 tax credit for an eligible business for each new full-time job shall not exceed seven thousand five hundred
31 dollars (\$7,500) annually. For any application made to the commerce corporation on or after July 1, 2019,
32 the tax credit for an eligible business for each new full-time job shall not exceed six thousand five hundred
33 dollars (\$6,500) annually; provided, however, that a tax credit awarded to an eligible business for each full-

1 time job may exceed such maximum up to \$7,500 annually so long as the commerce corporation, in its
2 discretion, considers the eligible business a major economic development opportunity.

3 (e) Notwithstanding the provisions of subsections (a) through (d) of this section, for each
4 application approved by the commerce corporation, the amount of tax credits available to be obtained by
5 the business annually shall not exceed the reasonable W-2 withholding received by the state for each new
6 full-time job created by a business for applications received by the commerce corporation in 2015 through
7 2018.

8 (f) The commerce corporation shall establish regulations regarding the conditions under which a
9 business may submit more than one application for tax credits over time. The commerce corporation may
10 place limits on repeat applications.

11 SECTION 28. Section 44-48.3-14 of the General Laws in Chapter 44-48.3 entitled "Rhode Island
12 Qualified Jobs Incentive Act of 2015" is hereby amended as follows:

13 **§ 44-48.3-14. Sunset.**

14 No credits shall be authorized to be reserved pursuant to this chapter after December 31, 2023 ~~June~~
15 ~~30, 2020~~.