

2014 -- S 2070

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO TAXATION - PERSONAL INCOME TAX

Introduced By: Senators Bates, Algieri, Walaska, Ottiano, and Hodgson

Date Introduced: January 21, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is
2 hereby amended by adding thereto the following section:

3 **44-30-2.7.1. Capital gains rates for new investments in Rhode Island businesses. —**
4 All capital assets purchased after January 1, 2014, and sold after January 1, 2017, shall be deemed
5 to have a holding period beginning from the date of such purchase. For tax years beginning in
6 2017, a taxpayer shall be exempt from one hundred percent (100%) of the gains from the sale of a
7 capital asset provided:

8 (1) The capital asset represents an ownership interest in an entity incorporated and having
9 its headquarters located in the state of Rhode Island;

10 (2) The taxpayer did not have a previous ownership interest in the entity;

11 (3) The capital asset was in the minimum amount of ten thousand dollars (\$10,000) and
12 represented newly issued capital of the Rhode Island entity; and

13 (4) The capital asset was owned by the taxpayer for at least three (3) uninterrupted years
14 prior to the sale or transaction that created the capital gain.

15 (b) The tax administrator is authorized to promulgate rules and regulations deemed
16 necessary for the proper administration and enforcement of this section.

1 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION - PERSONAL INCOME TAX

- 1 This act would provide for a capital gains tax exemption with respect to investments
- 2 made in Rhode Island businesses, provided certain conditions are met.
- 3 This act would take effect upon passage.

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