It is enacted by the General Assembly as follows:

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

44-30-2.6. Rhode Island taxable income -- Rate of tax. [Effective January 1, 2017.]

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

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

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

(1) For tax years beginning on or after January 1, 2005, and thereafter, the exemption
amount for alternative minimum tax, for Rhode Island purposes, shall be adjusted for inflation
by the tax administrator in the manner prescribed for adjustment by the commissioner of Internal

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

(A) Tax imposed.

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

<table>
<thead>
<tr>
<th>If taxable income is:</th>
<th>The tax is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $53,150</td>
<td>3.75% of taxable income</td>
</tr>
<tr>
<td>Over $53,150 but not over $128,500</td>
<td>$1,993.13 plus 7.00% of the excess over $53,150</td>
</tr>
<tr>
<td>Over $128,500 but not over $195,850</td>
<td>$7,267.63 plus 7.75% of the excess over $128,500</td>
</tr>
<tr>
<td>Over $195,850 but not over $349,700</td>
<td>$12,487.25 plus 9.00% of the excess over $195,850</td>
</tr>
<tr>
<td>Over $349,700</td>
<td>$26,333.75 plus 9.90% of the excess over $349,700</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>If taxable income is:</th>
<th>The tax is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $42,650</td>
<td>3.75% of taxable income</td>
</tr>
<tr>
<td>Over $42,650 but not over $110,100</td>
<td>$1,599.38 plus 7.00% of the excess over $42,650</td>
</tr>
<tr>
<td>Over $110,100 but not over $178,350</td>
<td>$6,320.88 plus 7.75% of the excess over $110,100</td>
</tr>
</tbody>
</table>
1. Over $178,350 but not over $349,700
   $11,610.25 plus 9.00% of the excess over $178,350

2. Over $349,700
   $27,031.75 plus 9.00% of the excess over $349,700

3. Over $178,350 but not over $349,700
   $11,610.25 plus 9.00% of the excess over $178,350

4. Over $349,700
   $27,031.75 plus 9.00% of the excess over $349,700

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

   If taxable income is: The tax is:
   
   6. Not over $31,850 3.75% of taxable income
   7. Over $31,850 but not over $77,100 $1,194.38 plus 7.00% of the excess over $31,850
   8. Over $77,100 but not over $160,850 $4,361.88 plus 7.75% of the excess over $77,100
   9. Over $160,850 but not over $349,700 $10,852.50 plus 9.00% of the excess over $160,850
   10. Over $349,700 $27,849.00 plus 9.90% of the excess over $349,700

6. There is hereby imposed on the taxable income of married individuals filing separate returns and bankruptcy estates a tax determined in accordance with the following table:

   If taxable income is: The tax is:
   
   11. Not over $26,575 3.75% of taxable income
   12. Over $26,575 but not over $64,250 $996.56 plus 7.00% of the excess over $26,575
   13. Over $64,250 but not over $97,925 $3,633.81 plus 7.75% of the excess over $64,250
   14. Over $97,925 but not over $174,850 $6,243.63 plus 9.00% of the excess over $97,925
   15. Over $174,850 $13,166.88 plus 9.90% of the excess over $174,850

7. There is hereby imposed a taxable income of an estate or trust a tax determined in accordance with the following table:

   If taxable income is: The tax is:
   
   16. Not over $2,150 3.75% of taxable income
   17. Over $2,150 but not over $5,000 $80.63 plus 7.00% of the excess over $2,150
   18. Over $5,000 but not over $7,650 $280.13 plus 7.75% of the excess over $5,000
   19. Over $7,650 but not over $10,450 $485.50 plus 9.00% of the excess over $7,650
   20. Over $10,450 $737.50 plus 9.90% of the excess over $10,450

8. Adjustments for inflation.

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

   (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;
   (b) The cost-of-living adjustment determined under section (J) with a base year of 1993;
   (c) The cost-of-living adjustment referred to in subparagraphs (a) and (b) used in making adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall be determined under section (J) by substituting "1994" for "1993."
(B) Maximum capital gains rates.

(1) In general.

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

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

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

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

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

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

(C) Itemized deductions.

(1) In general.

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

(2) Individuals who do not itemize their deductions.

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

(3) Basic standard deduction.

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

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$5,350</td>
</tr>
<tr>
<td>Married filing jointly or qualifying widow(er)</td>
<td>$8,900</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$4,450</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$7,850</td>
</tr>
</tbody>
</table>

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

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

(5) Limitation on basic standard deduction in the case of certain dependents.
In the case of an individual to whom a deduction under section (E) is allowable to another taxpayer, the basic standard deduction applicable to such individual shall not exceed the greater of:

(a) $850;
(b) The sum of $300 and such individual's earned income;
(c) Certain individuals not eligible for standard deduction.

In the case of:
(a) A married individual filing a separate return where either spouse itemizes deductions;
(b) Nonresident alien individual;
(c) An estate or trust;

The standard deduction shall be zero.

(7) Adjustments for inflation.
Each dollar amount contained in paragraphs (3), (4) and (5) shall be increased by an amount equal to:
(a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988, multiplied by
(b) The cost-of-living adjustment determined under section (J) with a base year of 1988.

(D) Overall limitation on itemized deductions.

(1) General rule.
In the case of an individual whose adjusted gross income as modified by § 44-30-12 exceeds the applicable amount, the amount of the itemized deductions otherwise allowable for the taxable year shall be reduced by the lesser of:
(a) Three percent (3%) of the excess of adjusted gross income as modified by § 44-30-12 over the applicable amount; or
(b) Eighty percent (80%) of the amount of the itemized deductions otherwise allowable for such taxable year.

(2) Applicable amount.
(a) In general.
For purposes of this section, the term "applicable amount" means $156,400 ($78,200 in the case of a separate return by a married individual)
(b) Adjustments for inflation.
Each dollar amount contained in paragraph (a) shall be increased by an amount equal to:
(i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by
(3) Phase-out of Limitation.

(a) In general.

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

(b) Applicable fraction.

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

<table>
<thead>
<tr>
<th>For taxable years beginning in calendar year</th>
<th>The applicable fraction is</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 and 2007</td>
<td>2/3</td>
</tr>
<tr>
<td>2008 and 2009</td>
<td>1/3</td>
</tr>
</tbody>
</table>

(E) Exemption amount.

(1) In general.

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

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

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

(3) Adjustments for inflation.

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

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

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

(4) Limitation.

(a) In general.

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

(b) Applicable percentage.

In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the threshold amount, the exemption amount shall be reduced by two (2) percentage points for each $2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds the threshold amount. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting "$1,250" for "$2,500." In no event shall the applicable percentage exceed one hundred percent (100%).
(c) Threshold Amount.

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

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$156,400</td>
</tr>
<tr>
<td>Married filing jointly of qualifying widow(er)</td>
<td>$234,600</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$117,300</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$195,500</td>
</tr>
</tbody>
</table>

(d) Adjustments for inflation.

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

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


(5) Phase-out of limitation.

(a) In general.

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

(b) Applicable fraction.

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

<table>
<thead>
<tr>
<th>For taxable years beginning in calendar year</th>
<th>The applicable fraction is</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 and 2007</td>
<td>2/3</td>
</tr>
<tr>
<td>2008 and 2009</td>
<td>1/3</td>
</tr>
</tbody>
</table>

(F) Alternative minimum tax.

(1) General rule. There is hereby imposed (in addition to any other tax imposed by this subtitle) a tax equal to the excess (if any) of:

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

(b) The regular tax for the taxable year.

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

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

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

(3) The amount determined under the preceding sentence shall be reduced by the alternative minimum tax foreign tax credit for the taxable year.

(4) Taxable excess. For the purposes of this subsection the term "taxable excess" means
so much of the federal alternative minimum taxable income as modified by the modifications in § 44-30-12 as exceeds the exemption amount.

(5) In the case of a married individual filing a separate return, subparagraph (2) shall be applied by substituting "$87,500" for $175,000 each place it appears.

(6) Exemption amount.

For purposes of this section "exemption amount" means:

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$39,150</td>
</tr>
<tr>
<td>Married filing jointly or qualifying widower</td>
<td>$53,700</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$26,850</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$39,150</td>
</tr>
<tr>
<td>Estate or trust</td>
<td>$24,650</td>
</tr>
</tbody>
</table>

(7) Treatment of unearned income of minor children

(a) In general.

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

(i) Such child's earned income, plus

(ii) $6,000.

(8) Adjustments for inflation.

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

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

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

(9) Phase-out.

(a) In general.

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

(b) Threshold amount.

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

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$123,250</td>
</tr>
</tbody>
</table>
Married filing jointly or qualifying widow(er) $164,350
Married filing separately $82,175
Head of Household $123,250
Estate or Trust $82,150

(c) Adjustments for inflation
Each dollar amount contained in paragraph (9) shall be increased by an amount equal to:
(i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by
(ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.

(G) Other Rhode Island taxes.

(1) General rule. There is hereby imposed (in addition to any other tax imposed by this subtitle) a tax equal to twenty-five percent (25%) of:
(a) The Federal income tax on lump-sum distributions.
(b) The Federal income tax on parents' election to report child's interest and dividends.
(c) The recapture of Federal tax credits that were previously claimed on Rhode Island return.

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

(1) General rule. There is hereby imposed a tax equal to twenty-five percent (25%) of:
(a) The Federal tax for children under the age of 18 with investment income.

(I) Averaging of farm income.

(1) General rule. At the election of an individual engaged in a farming business or fishing business, the tax imposed in section 2 shall be equal to twenty-five percent (25%) of:
(a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. § 1301].

(J) Cost-of-living adjustment.

(1) In general.
The cost-of-living adjustment for any calendar year is the percentage (if any) by which:
(a) The CPI for the preceding calendar year exceeds
(b) The CPI for the base year.
(2) CPI for any calendar year.

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

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

(4) Rounding.

(a) In general.

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

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

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

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

(2) Child and dependent care credit;

(3) General business credits;

(4) Credit for elderly or the disabled;

(5) Credit for prior year minimum tax;

(6) Mortgage interest credit;

(7) Empowerment zone employment credit;

(8) Qualified electric vehicle credit.

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

(M) The credit shall be twenty-five percent (25%) of the aforementioned federal credits
provided there shall be no deduction based on any federal credits enacted after January 1, 1996,
including the rate reduction credit provided by the federal Economic Growth and Tax
Reconciliation Act of 2001 (EGTRRA). In no event shall the tax imposed under this section be
reduced to less than zero. A taxpayer required to recapture any of the above credits for federal tax
purposes shall determine the Rhode Island amount to be recaptured in the same manner as
prescribed in this subsection.

(N) Rhode Island earned-income credit.

(1) In general.

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

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

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

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

(2) Refundable portion.

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

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

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

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

(3) For the period January 1, 2011 through December 31, 2011, and thereafter, "Rhode Island taxable income" means federal adjusted gross income as determined under the Internal Revenue Code, 26 U.S.C. 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph 44-30-2.6(c)(3)(C).
(A) Tax imposed.

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

<table>
<thead>
<tr>
<th>RI Taxable Income</th>
<th>RI Income Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $0 - $ 55,000</td>
<td>But not over $ 55,000</td>
</tr>
<tr>
<td>55,000 - 125,000</td>
<td>2,063 + 4.75%</td>
</tr>
<tr>
<td>125,000 -</td>
<td>5,388 + 5.99%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>RI Taxable Income</th>
<th>RI Income Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $0 - $ 2,230</td>
<td>But not over $ 2,230</td>
</tr>
<tr>
<td>2,230 - 7,022</td>
<td>84 + 4.75%</td>
</tr>
<tr>
<td>7,022 -</td>
<td>312 + 5.99%</td>
</tr>
</tbody>
</table>

(B) Deductions:

(I) Rhode Island Basic Standard Deduction. Only the Rhode Island standard deduction shall be allowed in accordance with the following table:

<table>
<thead>
<tr>
<th>Filing status:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$7,500</td>
</tr>
<tr>
<td>Married filing jointly or qualifying widow(er)</td>
<td>$15,000</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$7,500</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$11,250</td>
</tr>
</tbody>
</table>

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

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

(C) Exemption Amount:
The term "exemption amount" means three thousand five hundred dollars ($3,500) multiplied by the number of exemptions allowed for the taxable year for federal income tax purposes.

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

In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island purposes pursuant to § 33-30-12, for the taxable year exceeds one hundred seventy-five thousand dollars ($175,000), the exemption amount shall be reduced by the applicable percentage. The term "applicable percentage" means twenty (20) percentage points for each five thousand dollars ($5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds one hundred seventy-five thousand dollars ($175,000).

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

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


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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) Rhode Island Qualified Jobs Incentive Program: Credit shall be allowed for Rhode
Island new qualified jobs incentive program credit as provided in § 44-48.3-1 et seq.
(m) Historic homeowner assistance: Credit shall be allowed for the historic
certification pursuant to chapter 33.1 of title 44 (historic
homeowner assistance act) prior to the enactment of this subsection shall be eligible to claim
the tax credit.

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

SECTION 2. Sections 44-33.6-3, 44-33.6-4, 44-33.6-6, 44-33.6-8, 44-33.6-9 and 44-
33.6-11 of the General Laws in Chapter 44-33.6 entitled "Historic Preservation Tax Credits 2013"
are hereby amended to read as follows:

44-33.6-3. Tax credit.

(a) Subject to the maximum credit provisions set forth in subsections (c) and (d) below,
any person, firm, partnership, trust, estate, limited liability company, corporation (whether
for profit or nonprofit) or other business entity that incurs qualified rehabilitation expenditures for
the substantial rehabilitation of a certified historic structure, provided the rehabilitation meets
standards consistent with the standards of the Secretary of the United States Department of the
Interior for rehabilitation as certified by the commission and said person, firm, partnership, trust,
estate, limited liability company, corporation or other business entity is not a social club as
defined in subdivision 44-33.6-2(13) of this chapter, shall be entitled to a credit against the taxes
imposed on such person or entity pursuant to chapter 11, 12, 13, 14, 17 or 30 of this title in an
amount equal to the following:

(1) Twenty percent (20%) of the qualified rehabilitation expenditures; or

(2) Twenty-five percent (25%) of the qualified rehabilitation expenditures provided that
either:

(i) At least twenty-five percent (25%) of the total rentable area of the certified historic
structure will be made available for a trade or business; or

(ii) The entire rentable area located on the first floor of the certified historic structure will
be made available for a trade or business (which may include trades or businesses that support the
use of the remainder of the structure).

(b) Tax credits allowed pursuant to this chapter shall be allowed for the taxable year in
which such certified historic structure or an identifiable portion of the structure is placed in
service provided that the substantial rehabilitation test is met for such year.

(c) Maximum project credit. The credit allowed pursuant to this chapter shall not exceed
five million dollars ($5,000,000) for any certified rehabilitation project under this chapter. No
building to be completed in phases or in multiple projects shall exceed the maximum project credit of five million dollars ($5,000,000) for all phases or projects involved in the rehabilitation of such building.

(d) Maximum aggregate credits. The aggregate credits authorized to be reserved pursuant to this chapter shall not exceed sums estimated to be available in the historic preservation tax credit trust fund pursuant to this chapter.

(e) Subject to the exception provided in subsection (g) of this section, if the amount of the tax credit exceeds the taxpayer's total tax liability for the year in which the substantially rehabilitated property is placed in service, the amount that exceeds the taxpayer's tax liability may be carried forward for credit against the taxes imposed for the succeeding ten (10) years, or until the full credit is used, whichever occurs first for the tax credits. Credits allowed to a partnership, a limited liability company taxed as a partnership or multiple owners of property shall be passed through to the persons designated as partners, members or owners respectively pro rata or pursuant to an executed agreement among such persons designated as partners, members or owners documenting an alternate distribution method without regard to their sharing of other tax or economic attributes of such entity. Credits may be allocated to partners, members or owners that are exempt from taxation under section 501(c)(3), section (c)(4) or section 501(c)(6) of the U.S. Code and these partners, members or owners must be treated as taxpayers for purposes of this section.

(f) If the taxpayer has not claimed the tax credits in whole or part, taxpayers eligible for the tax credits may assign, transfer or convey the credits, in whole or in part, by sale or otherwise to any individual or entity, including, but not limited to, condominium owners in the event the certified historic structure is converted into condominiums and assignees of the credits that have not claimed the tax credits in whole or part may assign, transfer or convey the credits, in whole or in part, by sale or otherwise to any individual or entity. The assignee of the tax credits may use acquired credits to offset up to one hundred percent (100%) of the tax liabilities otherwise imposed pursuant to chapter 11, 12, 13, (other than the tax imposed under § 44-13-13), 14, 17 or 30 of this title. The assignee may apply the tax credit against taxes imposed on the assignee until the end of the tenth calendar year after the year in which the substantially rehabilitated property is placed in service or until the full credit assigned is used, whichever occurs first. Fiscal year assignees may claim the credit until the expiration of the fiscal year that ends within the tenth year after the year in which the substantially rehabilitated property is placed in service. The assignor shall perfect the transfer by notifying the state of Rhode Island division of taxation, in writing, within thirty (30) calendar days following the effective date of the transfer and shall
provide any information as may be required by the division of taxation to administer and carry
out the provisions of this section.

For purposes of this chapter, any assignment or sales proceeds received by the taxpayer
for its assignment or sale of the tax credits allowed pursuant to this section shall be exempt from
this title. If a tax credit is subsequently recaptured under this chapter, revoked or adjusted, the
seller's tax calculation for the year of revocation, recapture, or adjustment shall be increased by
the total amount of the sales proceeds, without proration, as a modification under chapter 30 of
this title. In the event that the seller is not a natural person, the seller's tax calculation under
chapters 11, 12, 13 (other than with respect to the tax imposed under § 44-13-13), 14, 17, or 30 of
this title, as applicable, for the year of revocation, recapture, or adjustment, shall be increased by
including the total amount of the sales proceeds without proration.

(g) Credits allowed to partners, members or owners that are exempt from taxation under
section 501(c)(3), section (c)(4) or section 501(c)(6) of the U.S. Code, and only said credits, shall
be fully refundable.

(h) Substantial rehabilitation of property that either:

(1) Is exempt from real property tax;

(2) Is a social club; or

(3) Consists of a single family home or a property that contains less than three (3)
residential apartments or condominiums shall be ineligible for the tax credits authorized under
this chapter; provided, however, a scattered site development with five (5) or more residential
units in the aggregate (which may include single family homes) shall be eligible for tax credit. In
the event a certified historic structure undergoes a substantial rehabilitation pursuant to this
chapter and within twenty-four (24) months after issuance of a certificate of completed work the
property becomes exempt from real property tax, the taxpayer's tax for the year shall be increased
by the total amount of credit actually used against the tax.

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

44-33.6-4. Administration.

(a) To claim the tax credit authorized in this chapter, taxpayers shall apply:

(1) To the commission prior to the certified historic structure being placed in service for a
certification that the certified historic structure's rehabilitation will be consistent with the
standards of the Secretary of the United States Department of the Interior for rehabilitation;

(2) To the commission after completion of the rehabilitation work of the certified historic
structure for a certification that the rehabilitation is consistent with the standards of the Secretary
of the United States Department of the Interior for rehabilitation; and

(3) To the division of taxation after completion of the rehabilitation work of the certified
historic structure for a certification as to the amount of tax credit for which the rehabilitation
qualifies. The commission and the division of taxation may rely on the facts represented in the
application without independent investigation and, with respect to the amount of tax credit for
which the rehabilitation qualifies, upon the certification of a certified public accountant licensed
in the state of Rhode Island. The applications shall be developed by the commission and the
division of taxation and may be amended from time to time.

(b) Within thirty (30) days after the commission's and division of taxation's receipt of the
taxpayer's application requesting certification for the completed rehabilitation work:

(1) The commission shall issue the taxpayer a written determination either denying or
certifying the rehabilitation; and

(2) Division of taxation shall issue a certification of the amount of credit for which the
rehabilitation qualifies. To claim the tax credit, the division of taxation's certification as to the
amount of the tax credit shall be attached to all state tax returns on which the credit is claimed.

(c) No taxpayer may benefit from the provisions of this chapter unless the owner of the
certified historic structure grants a restrictive covenant to the commission, agreeing that during
the holding period no material alterations to the certified historic structure will be made without
the commission's prior approval and agreeing that such shall be done in a manner consistent with
the standards of the Secretary of the United States Department of the Interior; and, in the event
the owner applies for the twenty-five percent (25%) tax credit, that either:

(1) At least twenty-five percent (25%) of the total rentable area of the certified historic
structure will be made available for a trade or business; or

(2) The entire rentable area located on the first floor of the certified historic structure will
be made available for a trade or business (which may include trades or businesses that support the
use of the remainder of the structure), in either case, for a period of sixty (60) months after the
placed in service date of the certified historic structure or identifiable portion thereof.

(d) The division of taxation shall charge a fee equal to three percent (3%) one quarter
percent (0.26%) of qualified rehabilitation expenditures the tax credit applied for by the applicant.
The fee shall be payable upon submission of the Part 2 application. The fee shall be non-
refundable.

(e) Notwithstanding any provisions of the general laws or regulations adopted thereunder
to the contrary, including, but not limited to, the provisions of chapter 2 of title 37, the division of

taxation is hereby expressly authorized and empowered to enter into contracts with persons, firms, partnerships, trusts, estates, limited liability companies, corporations (whether for profit or nonprofit) or other business entities that incur qualified rehabilitation expenditures for the substantial rehabilitation of certified historic structures or some identifiable portion of a structure. Upon payment of the portion of the fee set forth in subdivision (d) above, the division of taxation and the applicant shall enter into a contract for tax credits consistent with the terms and provisions of this chapter.

(f) Upon satisfaction of the requirements set forth herein and the payment of the fees as set forth in subdivision (d) above, the division of taxation shall, on behalf of the State of Rhode Island, guarantee the delivery of one hundred percent (100%) of the tax credit and use of one hundred percent (100%) of the tax credit in the tax year a certified historic structure is placed in service through a contract with persons, firms, partnerships, trusts, estates, limited liability companies, corporations (whether for profit or nonprofit) or other business entities that will incur qualified rehabilitation expenditures for the substantial rehabilitation of a certified historic structure or some identifiable portion of a structure.

(g) Any contract executed pursuant to this chapter by a person, firm, partnership, trust, estate, limited liability company, corporation (whether for profit or nonprofit) or other business entity shall be assignable to:

(1) An affiliate thereof without any consent from the division of taxation;

(2) A banking institution as defined by subdivision 44-14-2(2) or credit union as defined in subdivision 44-15-1.1(1) without any consent from the division of taxation; or

(3) A person, firm, partnership, trust, estate, limited liability company, corporation (whether for profit or nonprofit) or other business entity that incurs qualified rehabilitation expenditures for the substantial rehabilitation of certified historic structures or some identifiable portion of a structure, with such assignment to be approved by the division of taxation, which approval shall not be unreasonably withheld or conditioned. For purposes of this subsection, “affiliate” shall be defined as any entity controlling, controlled by or under common control with such person, firm, partnership, trust, estate, limited liability company, corporation (whether for profit or nonprofit) or other business entity.

(h) If information comes to the attention of the commission or division of taxation at any time up to and including the last day of the holding period that is materially inconsistent with representations made in an application, the commission may deny the requested certification or revoke a certification previously given, and in either instance all fees paid by the applicant shall be deemed forfeited. In the event that tax credits or a portion of tax credits are subject to
recapture for ineligible costs and such tax credits have been transferred, assigned and/or
allocated, the state will pursue its recapture remedies and rights against the applicant of the tax
credits, and all fees paid by the applicant shall be deemed forfeited. No redress shall be sought
against assignees, transferees or allocates of such credits provided they acquired the tax credits by
way of an arms-length transaction, for value, and without notice of violation, fraud or
misrepresentation.

(i) The commission, in consultation with the division of taxation, shall promulgate such
rules and regulations as are necessary to carry out the intent and purpose of this chapter.

(ii) The aggregate value of all tax credits approved by the commission pursuant to this
chapter for projects that file applications prior to the sunset provision contained in §44-33.6-11
shall not exceed one hundred fifty million dollars ($150,000,000), together with any and all
amounts in the historic preservation tax credit trust fund.

(k) Any project approved by the commission for tax credits in excess of fifteen million
dollars ($15,000,000) shall require ratification by the house of representatives and the senate prior
to the allowance of the awarded tax credits by the division of taxation.

44-33.6-6. Election - - Limitations.

Taxpayers who elect and qualify to claim tax credits for the substantial rehabilitation of a
certified historic structure pursuant to this chapter are ineligible for any tax credits that may also
be available to the taxpayer for the substantial rehabilitation of that particular certified historic
structure under the provisions of chapters 33.1 of this title, 64.7 of title 42, and/or 31 of this title.

Neither taxpayers nor assignees may apply any tax credits issued in accordance with this section
until fiscal year 2014 2017. Nothing shall preclude owners from qualifying and receiving other
federal, state or local incentive programs.

44-33.6-8. Historic tax credit apprenticeship requirements.

(a) Notwithstanding any laws to the contrary, any credit allowed under this chapter for
hard construction costs valued at ten million dollars ($10,000,000) or more shall include a
requirement that any contractor and subcontractor working on the project shall have an
apprenticeship program as defined herein for all apprenticeable crafts that will be employed on
the project at the time of bid. The provisions of the section shall only apply to contractors and
subcontractors with five (5) or more employees. For purposes of this section, an apprenticeship
program is one that is registered with and approved by the United States department of labor in
conformance with 29 C.F.R. 29 and 29 C.F.R. 30; and

(b) The department of labor and training must provide information and technical
assistance to affected governmental, quasi-governmental agencies, and any contractors awarded
projects relative to their obligations under this statute.

(c) The department of labor and training may also impose a penalty of up to five hundred dollars ($500) for each calendar day of noncompliance with this section, as determined by the director of labor and training. Mere errors and/or omissions shall not be grounds for imposing a penalty under this subsection.

(d) Any penalties assessed under this statute shall be paid to the general fund.

(e) To the extent that any of the provisions contained in § 37-13-3.2 conflict with the requirements for federal aid contracts, federal law and regulations shall control.

(f) A property owner, construction manager, or general contractor of other authorized person/entity may petition the department of labor and training to adjust the apprenticeship requirements upon a showing that:

(1) Compliance is not feasible because a trade or field does not have an apprenticeship program or cannot produce members from its program capable of performing the scope of work within the contract; or

(2) Compliance is not feasible because it would involve a risk or danger to human health and safety or the public at large; or

(3) Compliance is not feasible because it would create a significant economic hardship; or

(4) Compliance is not feasible for any other reason which is justifiable and demonstrates good cause.

44-33.6-9. Reporting requirements.

(a) Each taxpayer requesting certification of a completed rehabilitation shall report to the commission and the division of taxation the following information:

(1) The number of total jobs created;

(2) The number of Rhode Island businesses retained for work;

(3) The total amount of qualified rehabilitation expenditures;

(4) The total cost of materials or products purchased from Rhode Island businesses;

(5) Such other information deemed necessary by the tax administrator.

(b) Any agreements or contracts entered into under this chapter by the division, the commission, or the commerce corporation and the taxpayer shall be sent to the division of taxation and be available to the public for inspection by any person and shall be published by the tax administrator on the tax division website.

(c) By August 15th of each year the division of taxation shall report the name, address, and amount of tax credit received for each credit recipient during the previous state fiscal year to
the governor, the chairpersons of the house and senate finance committees, the house and senate
fiscal advisors, and the department of labor and training. This report shall be available to the
public for inspection by any person and shall be published by the tax administrator on the tax
division website.

(d) By September 1st of each year the division of taxation shall report in the aggregate
the information required under subsection 44-33.6-9(a). This report shall be available to the
public for inspection by any person and shall be published by the tax administrator on the tax
division website.

(e) By September 1, 2018 and biennially thereafter the division of taxation shall report in
the aggregate the total number of approved projects, project costs, and associated amount of
approved tax credits.

(f) The division of taxation shall establish, by regulation, the process for reporting the
assignment, transfer or conveyance of transferable tax credits under this chapter. The reporting
requirements promulgated by the division of taxation shall include a notification of any
assignment, transfer, or conveyance of tax credits within thirty (30) days after the transfer or sale
of such tax credits. The notification shall include the transferor's tax credit balance prior to
transfer, the credit certificate number, the transferor's remaining tax credit balance after transfer,
all identification numbers for both transferor and transferee, the date of transfer, the amount
transferred, the price paid for the credits, a copy of the credit certificate and any other information
required by the division of taxation.

44-33.6-11. Sunset.

No credits shall be authorized to be reserved pursuant to this chapter on or after June 30,
2017, or upon the exhaustion of the maximum aggregate credits, whichever comes first.

SECTION 3. Chapter 44-33.6 of the General Laws entitled "Historic Preservation Tax
Credits 2013" is hereby amended by adding thereto the following section:

44-33.6-12. Redemption of historic tax credits.

(a) The division of taxation shall establish, by regulation, a redemption process for tax
credits issued pursuant to this chapter.

(b) Upon request of a taxpayer and subject to annual appropriation, the state shall redeem
all credits referenced in this chapter, in whole or in part, for one hundred percent (100%) of the
value of the tax credit.

SECTION 4. This act shall take effect upon passage.

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This act would provide that the aggregate value of approved historic tax credits would not exceed the amount of $150,000,000 together with the amounts available in the historic preservation tax credit fund. The act would also allow property owners, construction managers, and general contractors to petition the department of labor and training to adjust apprenticeship requirements if such requirements are deemed not feasible. This act would also require the division of taxation to establish a process for reporting the assignment, transfer, or conveyance of historic tax credits, and would require the division of taxation to establish a process for the redemption of historic tax credits.

This act would take effect upon passage.