

2020 -- H 7666

LC004728

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

A N A C T

RELATING TO TAXATION -- STATE TAX OFFICIALS

Introduced By: Representatives Phillips, Costantino, Morin, Amore, and Millea

Date Introduced: February 26, 2020

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-1-7 of the General Laws in Chapter 44-1 entitled "State Tax  
2 Officials" is hereby amended to read as follows:

3 **44-1-7. Interest on delinquent payments.**

4 (a) Whenever the full amount of any state tax or any portion or deficiency, as finally  
5 determined by the tax administrator, has not been paid on the date when it is due and payable,  
6 whether the time has been extended or not, there shall be added as part of the tax or portion or  
7 deficiency interest at the rate as determined in accordance with subsection (b) of this section,  
8 notwithstanding any general or specific statute to the contrary. Interest to be assessed under this  
9 section shall be limited to not more than four (4) calendar years prior to the date on which the  
10 delinquent payment was due and payable.

11 (b) Each January 1 the tax administrator shall compute the rate of interest to be in effect  
12 for that calendar year by adding ~~two percent (2%)~~ six percent (6%) to the prime rate, which was in  
13 effect on ~~October~~ December 1 of the preceding year. In no event shall the rate of interest exceed  
14 ~~twenty-one percent (21%) per annum nor be less than~~ eighteen percent (18%) per annum.

15 (c) "Prime rate" as used in subsection (b) of this section means the predominant prime rate  
16 quoted by commercial banks to large businesses as determined by the board of governors of the  
17 Federal Reserve System.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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RELATING TO TAXATION -- STATE TAX OFFICIALS

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1           This act would change the rate of interest for underpayments of tax to prime rate plus six  
2 percent (6%). It would also limit the assessment of interest to four (4) calendar years prior to the  
3 date on which delinquent payment was due and payable.

4           This act would take effect upon passage.

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