

2018 -- S 2378

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

RELATING TO TAXATION - TAX CREDITS FOR CONTRIBUTIONS TO SCHOLARSHIP ORGANIZATIONS

Introduced By: Senators Archambault, Nesselbush, Jabour, Lombardi, and Lynch Prata

Date Introduced: February 15, 2018

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-62-3 and 44-62-6 of the General Laws in Chapter 44-62
2 entitled "Tax Credits for Contributions to Scholarship Organizations" are hereby amended to read
3 as follows:

4 **44-62-3. Application for the tax credit program.**

5 (a) Prior to the contribution, a business entity shall apply in writing to the division of
6 taxation. The application shall contain such information and certification as the tax administrator
7 deems necessary for the proper administration of this chapter. A business entity shall be approved
8 if it meets the criteria of this chapter; the dollar amount of the applied for tax credit is no greater
9 than one hundred thousand dollars (\$100,000) in any tax year, and the scholarship organization
10 that is to receive the contribution has qualified under § 44-62-2.

11 (b) Approvals for contributions under this section shall be made available by the division
12 of taxation on a first-come-first-serve basis consistent with § 44-62-3(f). The total aggregate
13 amount of all tax credits approved shall not exceed one million five hundred thousand dollars
14 (\$1,500,000) in a fiscal year; provided that the total aggregate amount of all tax credits approved
15 shall not exceed five million dollars (\$5,000,000) in fiscal year 2019 and shall thereafter increase
16 by fifteen percent (15%) following any fiscal year in which applications by eligible business
17 entities exceed approved contributions by ten percent (10%).

18 (c) The division of taxation shall notify the business entity in writing within thirty (30)

1 days of the receipt of application of the division's approval or rejection of the application.

2 (d) Unless the contribution is part of a two-year plan, the actual cash contribution by the
3 business entity to a qualified scholarship organization must be made no later than one hundred
4 twenty (120) days following the approval of its application. If the contribution is part of a two-
5 year plan, the first year's contribution follows the general rule and the second year's contribution
6 must be made in the subsequent calendar year by the same date.

7 (e) The contributions must be those charitable contributions made in cash as set forth in
8 the Internal Revenue Code.

9 [\(f\) Approvals shall be made available first to applications for the continued participation](#)
10 [of eligible students already attending qualified schools through the scholarship program described](#)
11 [in this section, provided that the division of taxation may treat any contribution amount from a](#)
12 [single business entity to support additional scholarships as a separate application.](#)

13 **44-62-6. Definitions.**

14 The following words and phrases used in this chapter shall have the meanings given to
15 them in this section unless the context clearly indicates otherwise:

16 (1) "Business entity" means an entity authorized to do business in this state and subject to
17 taxes imposed under chapters 44-11, 44-13, 44-14, 44-15 and 44-17 of the general laws. Business
18 entities also include Subchapter S Corporations, Limited Liability Partnerships, and Limited
19 Liability Corporations.

20 (2) "Division of taxation" means the Rhode Island division of taxation.

21 [\(3\) "Eligible business entity" means any business entity whose application to make a](#)
22 [contribution to the program created by this section would be approved if said approval would not](#)
23 [exceed the limit described in § 44-62-3\(b\).](#)

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would increase the total aggregate amount of tax credits approved for a business
2 entity meeting the requisite criteria to an aggregate amount of all tax credits not exceeding five
3 million dollars (\$5,000,000) in fiscal year 2019. This act would also include a new definition for
4 an "eligible business entity".

5 This act would take effect upon passage.

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