

2024 -- H 7121

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO TAXATION -- STATE TAX OFFICIALS

Introduced By: Representatives Phillips, Serpa, Costantino, Lima, Corvese, Casey, J. Brien, Cardillo, Fenton-Fung, and Bennett

Date Introduced: January 10, 2024

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 earliest date the
10 administrator provides, mails or serves a tax notice, notice of deficiency, or deficiency
11 determination to the taxpayer.

12 (b) Each January 1 the tax administrator shall compute the rate of interest to be in effect
13 for that calendar year by adding two percent (2%) to the prime rate, which was in effect on October
14 1 of the preceding year, except:

15 (1) Before January 1, 2023, in no event shall the rate of interest exceed twenty-one percent
16 (21%) per annum nor be less than eighteen percent (18%) per annum;

17 (2) On and after January 1, 2023, in no event shall the rate of interest exceed twenty-one
18 percent (21%) per annum nor be less than twelve percent (12%) per annum except:

19 (i) For trust fund taxes as established by §§ 44-19-35 and 44-30-76, in no event shall the

1 rate of interest exceed twenty-one percent (21%) per annum nor be less than eighteen percent (18%)
2 per annum.

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

6 (d) Notwithstanding any provisions of the general laws to the contrary, the tax
7 administrator shall waive interest and penalty on the taxable portion of each Paycheck Protection
8 Program loan taxed pursuant to §§ 44-11-11(a)(1)(iv), 44-14-11, and 44-30-12(b)(8) and forgiven
9 during tax year 2020 provided that the tax on that portion is paid in full on or before March 31,
10 2022. The tax administrator shall make available suitable forms with instructions for making tax
11 payments on the taxable portion of such forgiven Paycheck Protection Program loans.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
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- 1 This act would limit the assessment of interest to 4 calendar years prior to the date on which
- 2 notice of the delinquent payment is sent to the taxpayer.
- 3 This act would take effect upon passage.

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