

**Date of State Budget Office Approval:**

**Date Requested:** Wednesday, April 03, 2013

**Date Due:** Saturday, April 13, 2013

**Impact on Expenditures**

FY 2013 n/a  
 FY 2014 n/a  
 FY 2015 n/a

**Impact on Revenues**

FY 2013 n/a  
 FY 2014 indeterminable  
 FY 2015 indeterminable

**Explanation by State Budget Office:**

This act would amend Rhode Island General Law Chapter 44-57 entitled "Residential Renewable Energy System Tax Credit". In particular, the act replaces the provision in Section 44-57-1 titled "Tax credit for principal or secondary residence" that prohibits any unused amount of the credit being carried forward for use in future tax years with a maximum three year carry forward for any unused portion of the credit.

**Comments on Sources of Funds:**

All personal income taxes are considered to be general revenues.

**Summary of Facts and Assumptions:**

The act takes effect upon passage. The Office of Revenue Analysis (ORA) assumed that the act would apply to tax years beginning on or after January 1, 2013.

It should be noted that the Rhode Island General Assembly repealed the use of the residential renewable energy system tax credit in June 2010 as a part of the comprehensive personal income tax reform bill. In order for this act to have the effect that appears to be intended, Rhode Island General Law subsection 44-30-2.6(c)(3)(I) would have to be amended to allow the credit contained in Rhode Island General Law Chapter 44-57 to be used against the personal income tax.

There is no data available on the amount of unused residential renewable energy system tax credits in tax years that ended on or before December 31, 2010. As a result, it is not possible to determine the impact that passage of the act would have on state general revenues. Suffice it to say that passage of the act and restoration of the credit contained in Rhode Island General Law Chapter 44-57 for use against the personal income tax would reduce general revenues in FY 2014 and FY 2015 by unknown amounts.

The Governor's recommended FY 2014 Budget projects a closing balance of \$1.4 million in FY 2014 and a deficit of \$170.5 million in FY 2015. Passage of the act would reduce the Governor's FY 2014 budget closing balance and increase the FY 2015 projected deficit

**Summary of Fiscal Impact:**

FY 2013: Not applicable given the effective date in the act.  
 FY 2014: An indeterminable revenue loss is forecast.  
 FY 2015: An indeterminable revenue loss is forecast.

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*Budget Office Signature:*

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*Wednesday, April 10, 2013*

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