

05-21-15 P02:30 IN

Date of State Budget Office Approval:

Date Requested: Saturday, March 05, 2011

Date Due: Tuesday, March 15, 2011

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2015	n/a	FY 2015	n/a
FY 2016	n/a	FY 2016	See Below
FY 2017	n/a	FY 2017	See below

Explanation by State Budget Office:

This bill would amend Rhode Island General Law Chapter 42-64.3 entitled "Distressed Areas Economic Revitalization Act" by deleting from Rhode Island General Law subsection 42-64.3-3(4)(i) under "Definitions" the words "business corporation" and adding the words "limited liability partnership or other form of corporate entity registered to do business in the State of Rhode Island." The amendment essentially adds limited liability partnership to the types of business entities that may be qualified business entities pursuant to the wage tax credit available in Rhode Island General Law Chapter 42-64.3.

Under current law, "any business corporation, sole proprietorship, partnership, or limited partnership or limited liability company" are considered to be qualified businesses under Rhode Island General Law Chapter 42-64.3.

Comments on Sources of Funds:

All business corporations and personal income taxes are considered to be general revenues.

Summary of Facts and Assumptions:

The bill takes effect upon passage but the assumed implementation date is January 1, 2016.

The bill extends the eligibility for the Enterprise Zone Wage Tax Credit to limited liability partnerships and retains the eligibility of businesses that pay tax under Rhode Island General Law Chapter 44-11 entitled "Business Corporation Tax". The extension of eligibility for the Enterprise Zone Wage Tax Credit to limited liability partnerships, however, does not impact personal income tax revenues as the Enterprise Zone wage Tax Credit is no longer allowed against the personal income tax effective with tax years beginning on or after January 1, 2011.

According to the Office of Management and Budget, the Governor's FY 2016 Recommended Budget projects an ending balance of \$3.1 million in FY 2015, a surplus of \$600,000 in FY 2016 and a deficit of \$75.2 million in FY 2017. Passage of the bill will have no impact on the FY 2016 surplus or the FY 2017 deficit.

Summary of Fiscal Impact:

FY 2015: Not applicable given the assumed implementation date of the bill.

FY 2016: No revenue impact from the bill is forecast.

FY 2017: No revenue impact from the bill is forecast.

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**State Fiscal Note for Bill
Number: 2015-H-5521**

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