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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

A N A C T

RELATING TO TAXATION -- RENEWABLE ENERGY TAX CREDIT

Introduced By: Representatives Ruggiero, Handy, Chippendale, Ackerman, and
O'Grady

Date Introduced: January 15, 2014

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The renewable energy sector continues to be one of the fastest growing
2 sectors in the Rhode Island economy, with solar electricity becoming a less expensive form of
3 energy and the cleanest.

4 The regional greenhouse gas initiative act of 2007 (RIGL 23-82) sets a target for
5 reduction of greenhouse gases in Rhode Island with small scale renewable energy projects being
6 part of the short-term and long-term goals of reducing greenhouse gas emissions.

7 The renewable energy tax credit for Rhode Island homeowners encourages investment in
8 solar, photovoltaic, solar hot water, and geothermal projects. This will create jobs for the building
9 trades and small business renewable energy firms while generating revenue for the state of Rhode
10 Island in sales, payroll, and income tax revenue.

11 According to the Rhode Island office of energy, since 2006 when the renewable energy
12 tax credit was available to homeowners, the average cost to the state was one hundred fifty
13 thousand dollars (\$150,000) a year with an average of one million one hundred thousand dollars
14 (\$1.1) million dollars in economic output to the state with a yearly average of fifty-seven (57)
15 installations.

16 SECTION 2. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal
17 Income Tax" is hereby amended to read as follows:

18 **44-30-2.6. Rhode Island taxable income -- Rate of tax.** -- (a) "Rhode Island taxable
19 income" means federal taxable income as determined under the Internal Revenue Code, 26 U.S.C.

1 section 1 et seq., not including the increase in the basic standard deduction amount for married
2 couples filing joint returns as provided in the Jobs and Growth Tax Relief Reconciliation Act of
3 2003 and the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), and as
4 modified by the modifications in section 44-30-12.

5 (b) Notwithstanding the provisions of sections 44-30-1 and 44-30-2, for tax years
6 beginning on or after January 1, 2001, a Rhode Island personal income tax is imposed upon the
7 Rhode Island taxable income of residents and nonresidents, including estates and trusts, at the rate
8 of twenty-five and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for
9 tax year 2002 and thereafter of the federal income tax rates, including capital gains rates and any
10 other special rates for other types of income, except as provided in section 44-30-2.7, which were
11 in effect immediately prior to enactment of the Economic Growth and Tax Relief Reconciliation
12 Act of 2001 (EGTRRA); provided, rate schedules shall be adjusted for inflation by the tax
13 administrator beginning in taxable year 2002 and thereafter in the manner prescribed for
14 adjustment by the commissioner of Internal Revenue in 26 U.S.C. section 1(f). However, for tax
15 years beginning on or after January 1, 2006, a taxpayer may elect to use the alternative flat tax
16 rate provided in section 44-30-2.10 to calculate his or her personal income tax liability.

17 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative
18 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode
19 Island alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by
20 multiplying the federal tentative minimum tax without allowing for the increased exemptions
21 under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal
22 form 6251 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%)
23 for tax year 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing
24 the product to the Rhode Island tax as computed otherwise under this section. The excess shall be
25 the taxpayer's Rhode Island alternative minimum tax.

26 (1) For tax years beginning on or after January 1, 2005 and thereafter the exemption
27 amount for alternative minimum tax, for Rhode Island purposes, shall be adjusted for inflation by
28 the tax administrator in the manner prescribed for adjustment by the commissioner of Internal
29 Revenue in 26 U.S.C. section 1(f).

30 (2) For the period January 1, 2007 through December 31, 2007, and thereafter, Rhode
31 Island taxable income shall be determined by deducting from federal adjusted gross income as
32 defined in 26 U.S.C. section 62 as modified by the modifications in section 44-30-12 the Rhode
33 Island itemized deduction amount and the Rhode Island exemption amount as determined in this
34 section.

1 (A) Tax imposed.

2 (1) There is hereby imposed on the taxable income of married individuals filing joint
3 returns and surviving spouses a tax determined in accordance with the following table:

4 If taxable income is:	The tax is:
5 Not over \$53,150	3.75% of taxable income
6 Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the 7 excess over \$53,150
8 Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the 9 excess over \$128,500
10 Over \$195,850 but not over \$349,700	\$12,487.25 plus 9.00% of the 11 excess over \$195,850
12 Over \$349,700	\$26,333.75 plus 9.90% of the 13 excess over \$349,700

14 (2) There is hereby imposed on the taxable income of every head of household a tax
15 determined in accordance with the following table:

16 If taxable income is:	The tax is:
17 Not over \$42,650	3.75% of taxable income
18 Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the 19 excess over \$42,650
20 Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the 21 excess over \$110,100
22 Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the 23 excess over \$178,350
24 Over \$349,700	\$27,031.75 plus 9.90% of the 25 excess over \$349,700

26 (3) There is hereby imposed on the taxable income of unmarried individuals (other than
27 surviving spouses and heads of households) a tax determined in accordance with the following
28 table:

29 If taxable income is:	The tax is:
30 Not over \$31,850	3.75% of taxable income
31 Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the 32 excess over \$31,850
33 Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the 34 excess over \$77,100

1	Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the
2		excess over \$160,850
3	Over \$349,700	\$27,849.00 plus 9.90% of the
4		excess over \$349,700

5 (4) There is hereby imposed on the taxable income of married individuals filing separate
6 returns and bankruptcy estates a tax determined in accordance with the following table:

7	If taxable income is:	The tax is:
8	Not over \$26,575	3.75% of taxable income
9	Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the
10		excess over \$26,575
11	Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the
12		excess over \$64,250
13	Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the
14		excess over \$97,925
15	Over \$174,850	\$13,166.88 plus 9.90% of the
16		excess over \$174,850

17 (5) There is hereby imposed a taxable income of an estate or trust a tax determined in
18 accordance with the following table:

19	If taxable income is:	The tax is:
20	Not over \$2,150	3.75% of taxable income
21	Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess
22		over \$2,150
23	Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the
24		excess over \$5,000
25	Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the
26		excess over \$7,650
27	Over \$10,450	\$737.50 plus 9.90% of the
28		excess over \$10,450

29 (6) Adjustments for inflation.

30 The dollars amount contained in paragraph (A) shall be increased by an amount equal to:

31 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;

32 (b) The cost-of-living adjustment determined under section (J) with a base year of 1993;

33 (c) The cost-of-living adjustment referred to in subparagraph (a) and (b) used in making
34 adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall

1 be determined under section (J) by substituting "1994" for "1993."

2 (B) Maximum capital gains rates

3 (1) In general

4 If a taxpayer has a net capital gain for tax years ending prior to January 1, 2010, the tax
5 imposed by this section for such taxable year shall not exceed the sum of:

6 (a) 2.5 % of the net capital gain as reported for federal income tax purposes under section
7 26 U.S.C. 1(h)(1)(a) and 26 U.S.C. 1(h)(1)(b).

8 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
9 1(h)(1)(c).

10 (c) 6.25% of the net capital gain as reported for federal income tax purposes under 26
11 U.S.C. 1(h)(1)(d).

12 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
13 1(h)(1)(e).

14 (2) For tax years beginning on or after January 1, 2010 the tax imposed on net capital
15 gain shall be determined under subdivision 44-30-2.6(c)(2)(A).

16 (C) Itemized deductions.

17 (1) In general

18 For the purposes of section (2) "itemized deductions" means the amount of federal
19 itemized deductions as modified by the modifications in section 44-30-12.

20 (2) Individuals who do not itemize their deductions

21 In the case of an individual who does not elect to itemize his deductions for the taxable
22 year, they may elect to take a standard deduction.

23 (3) Basic standard deduction.

24 The Rhode Island standard deduction shall be allowed in accordance with the following
25 table:

26 Filing status	Amount
27 Single	\$5,350
28 Married filing jointly or qualifying widow(er)	\$8,900
29 Married filing separately	\$4,450
30 Head of Household	\$7,850

31 (4) Additional standard deduction for the aged and blind.

32 An additional standard deduction shall be allowed for individuals age sixty-five (65) or
33 older or blind in the amount of \$1,300 for individuals who are not married and \$1,050 for
34 individuals who are married.

1 (5) Limitation on basic standard deduction in the case of certain dependents.

2 In the case of an individual to whom a deduction under section (E) is allowable to another
3 taxpayer, the basic standard deduction applicable to such individual shall not exceed the greater
4 of:

- 5 (a) \$850;
- 6 (b) The sum of \$300 and such individual's earned income;
- 7 (c) Certain individuals not eligible for standard deduction.

8 In the case of:

- 9 (a) A married individual filing a separate return where either spouse itemizes deductions;
- 10 (b) Nonresident alien individual;
- 11 (c) An estate or trust;

12 The standard deduction shall be zero.

13 (7) Adjustments for inflation.

14 Each dollars amount contained in paragraphs (3), (4) and (5) shall be increased by an
15 amount equal to:

- 16 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988,
17 multiplied by
- 18 (b) The cost-of-living adjustment determined under section (J) with a base year of 1988.
- 19 (D) Overall limitation on itemized deductions
- 20 (1) General rule.

21 In the case of an individual whose adjusted gross income as modified by section 44-30-12
22 exceeds the applicable amount, the amount of the itemized deductions otherwise allowable for the
23 taxable year shall be reduced by the lesser of:

- 24 (a) Three percent (3%) of the excess of adjusted gross income as modified by section 44-
25 30-12 over the applicable amount; or
- 26 (b) Eighty percent (80%) of the amount of the itemized deductions otherwise allowable
27 for such taxable year.

28 (2) Applicable amount.

29 (a) In general.

30 For purposes of this section, the term "applicable amount" means \$156,400 (\$78,200 in
31 the case of a separate return by a married individual)

32 (b) Adjustments for inflation.

33 Each dollar amount contained in paragraph (a) shall be increased by an amount equal to:

- 34 (i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by

1 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

2 (3) Phase-out of Limitation.

3 (a) In general.

4 In the case of taxable year beginning after December 31, 2005, and before January 1,
5 2010, the reduction under section (1) shall be equal to the applicable fraction of the amount which
6 would be the amount of such reduction.

7 (b) Applicable fraction.

8 For purposes of paragraph (a), the applicable fraction shall be determined in accordance
9 with the following table:

10 For taxable years beginning in calendar year	The applicable fraction is
11 2006 and 2007	2/3
12 2008 and 2009	1/3

13 (E) Exemption amount

14 (1) In general.

15 Except as otherwise provided in this subsection, the term "exemption amount" mean
16 \$3,400.

17 (2) Exemption amount disallowed in case of certain dependents. In the case of an
18 individual with respect to whom a deduction under this section is allowable to another taxpayer
19 for the same taxable year, the exemption amount applicable to such individual for such
20 individual's taxable year shall be zero.

21 (3) Adjustments for inflation.

22 The dollar amount contained in paragraph (1) shall be increased by an amount equal to:

23 (a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by

24 (b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

25 (4) Limitation.

26 (a) In general.

27 In the case of any taxpayer whose adjusted gross income as modified for the taxable year
28 exceeds the threshold amount shall be reduced by the applicable percentage.

29 (b) Applicable percentage.

30 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the
31 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each
32 \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
33 exceeds the threshold amount. In the case of a married individual filing a separate return, the
34 preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the

1 applicable percentage exceed one hundred percent (100%).

2 (c) Threshold Amount.

3 For the purposes of this paragraph, the term "threshold amount" shall be determined with
4 the following table:

5 Filing status	Amount
6 Single	\$156,400
7 Married filing jointly of qualifying widow(er)	\$234,600
8 Married filing separately	\$117,300
9 Head of Household	\$195,500

10 (d) Adjustments for inflation.

11 Each dollars amount contain in paragraph (b) shall be increased by an amount equal to:

12 (i) Such dollar amount contained in paragraph (b) in the year 1991, multiplied by

13 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

14 (5) Phase-out of Limitation.

15 (a) In general.

16 In the case of taxable years beginning after December 31, 2005, and before January 1,
17 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
18 would be the amount of such reduction.

19 (b) Applicable fraction.

20 For the purposes of paragraph (a), the applicable fraction shall be determined in
21 accordance with the following table:

22 For taxable years beginning in calendar year	The applicable fraction is
23 2006 and 2007	2/3
24 2008 and 2009	1/3

25 (F) Alternative minimum tax

26 (1) General rule. - There is hereby imposed (in addition to any other tax imposed by this
27 subtitle) a tax equal to the excess (if any) of:

28 (a) The tentative minimum tax for the taxable year, over

29 (b) The regular tax for the taxable year.

30 (2) The tentative minimum tax for the taxable year is the sum of:

31 (a) 6.5 percent of so much of the taxable excess as does not exceed \$175,000, plus

32 (b) 7.0 percent of so much of the taxable excess above \$175,000.

33 (3) The amount determined under the preceding sentence shall be reduced by the
34 alternative minimum tax foreign tax credit for the taxable year.

1 (4) Taxable excess. - For the purposes of this subsection the term "taxable excess" means
2 so much of the federal alternative minimum taxable income as modified by the modifications in
3 section 44-30-12 as exceeds the exemption amount.

4 (5) In the case of a married individual filing a separate return, subparagraph (2) shall be
5 applied by substituting "\$87,500" for \$175,000 each place it appears.

6 (6) Exemption amount.

7 For purposes of this section "exemption amount" means:

8 Filing status	Amount
9 Single	\$39,150
10 Married filing jointly or qualifying widow(er)	\$53,700
11 Married filing separately	\$26,850
12 Head of Household	\$39,150
13 Estate or trust	\$24,650

14 (7) Treatment of unearned income of minor children

15 (a) In general.

16 In the case of a minor child, the exemption amount for purposes of section (6) shall not
17 exceed the sum of:

18 (i) Such child's earned income, plus

19 (ii) \$6,000.

20 (8) Adjustments for inflation.

21 The dollar amount contained in paragraphs (6) and (7) shall be increased by an amount
22 equal to:

23 (a) Such dollar amount contained in paragraphs (6) and (7) in the year 2004, multiplied
24 by

25 (b) The cost-of-living adjustment determined under section (J) with a base year of 2004.

26 (9) Phase-out.

27 (a) In general.

28 The exemption amount of any taxpayer shall be reduced (but not below zero) by an
29 amount equal to twenty-five percent (25%) of the amount by which alternative minimum taxable
30 income of the taxpayer exceeds the threshold amount.

31 (b) Threshold amount.

32 For purposes of this paragraph, the term "threshold amount" shall be determined with the
33 following table:

34 Filing status	Amount
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1	Single	\$123,250
2	Married filing jointly or qualifying widow(er)	\$164,350
3	Married filing separately	\$82,175
4	Head of Household	\$123,250

5 (c) Adjustments for inflation

6 Each dollar amount contained in paragraph (9) shall be increased by an amount equal to:

- 7 (i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by
- 8 (ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.

9 (G) Other Rhode Island taxes

10 (1) General rule. - There is hereby imposed (in addition to any other tax imposed by this
11 subtitle) a tax equal to twenty-five percent (25%) of:

- 12 (a) The Federal income tax on lump-sum distributions.
- 13 (b) The Federal income tax on parents' election to report child's interest and dividends.
- 14 (c) The recapture of Federal tax credits that were previously claimed on Rhode Island
15 return.

16 (H) Tax for children under 18 with investment income

17 (1) General rule. - There is hereby imposed a tax equal to twenty-five percent (25%) of:

- 18 (a) The Federal tax for children under the age of 18 with investment income.

19 (I) Averaging of farm income

20 (1) General rule. - At the election of an individual engaged in a farming business or
21 fishing business, the tax imposed in section 2 shall be equal to twenty-five percent (25%) of:

- 22 (a) The Federal averaging of farm income as determined in IRC section 1301.

23 (J) Cost-of-living adjustment

24 (1) In general.

25 The cost-of-living adjustment for any calendar year is the percentage (if any) by which:

- 26 (a) The CPI for the preceding calendar year exceeds
- 27 (b) The CPI for the base year.

28 (2) CPI for any calendar year. For purposes of paragraph (1), the CPI for any calendar
29 year is the average of the Consumer Price Index as of the close of the twelve (12) month period
30 ending on August 31 of such calendar year.

31 (3) Consumer Price Index

32 For purposes of paragraph (2), the term "consumer price index" means the last consumer
33 price index for all urban consumers published by the department of labor. For purposes of the
34 preceding sentence, the revision of the consumer price index which is most consistent with the

1 consumer price index for calendar year 1986 shall be used.

2 (4) Rounding.

3 (a) In general.

4 If any increase determined under paragraph (1) is not a multiple of \$50, such increase
5 shall be rounded to the next lowest multiple of \$50.

6 (b) In the case of a married individual filing a separate return, subparagraph (a) shall be
7 applied by substituting "\$25" for \$50 each place it appears.

8 (K) Credits against tax. - For tax years beginning on or after January 1, 2001, a taxpayer
9 entitled to any of the following federal credits enacted prior to January 1, 1996 shall be entitled to
10 a credit against the Rhode Island tax imposed under this section:

11 (1) [Deleted by P.L. 2007, ch. 73, art. 7, section 5].

12 (2) Child and dependent care credit;

13 (3) General business credits;

14 (4) Credit for elderly or the disabled;

15 (5) Credit for prior year minimum tax;

16 (6) Mortgage interest credit;

17 (7) Empowerment zone employment credit;

18 (8) Qualified electric vehicle credit.

19 (L) Credit against tax for adoption. - For tax years beginning on or after January 1, 2006,
20 a taxpayer entitled to the federal adoption credit shall be entitled to a credit against the Rhode
21 Island tax imposed under this section if the adopted child was under the care, custody, or
22 supervision of the Rhode Island department of children, youth and families prior to the adoption.

23 (M) The credit shall be twenty-five percent (25%) of the aforementioned federal credits
24 provided there shall be no deduction based on any federal credits enacted after January 1, 1996,
25 including the rate reduction credit provided by the federal Economic Growth and Tax
26 Reconciliation Act of 2001 (EGTRRA). In no event shall the tax imposed under this section be
27 reduced to less than zero. A taxpayer required to recapture any of the above credits for federal tax
28 purposes shall determine the Rhode Island amount to be recaptured in the same manner as
29 prescribed in this subsection.

30 (N) Rhode Island earned income credit

31 (1) In general.

32 A taxpayer entitled to a federal earned income credit shall be allowed a Rhode Island
33 earned income credit equal to twenty-five percent (25%) of the federal earned income credit.
34 Such credit shall not exceed the amount of the Rhode Island income tax.

1 (2) Refundable portion.

2 In the event the Rhode Island earned income credit allowed under section (J) exceeds the
3 amount of Rhode Island income tax, a refundable earned income credit shall be allowed.

4 (a) For purposes of paragraph (2) refundable earned income credit means fifteen percent
5 (15%) of the amount by which the Rhode Island earned income credit exceeds the Rhode Island
6 income tax.

7 (O) The tax administrator shall recalculate and submit necessary revisions to paragraphs
8 (A) through (J) to the general assembly no later than February 1, 2010 and every three (3) years
9 thereafter for inclusion in the statute.

10 (3) For the period January 1, 2011 through December 31, 2011, and thereafter, "Rhode
11 Island taxable income" means federal adjusted gross income as determined under the Internal
12 Revenue Code, 26 U.S.C. 1 et seq., and as modified for Rhode Island purposes pursuant to
13 section 44-30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to
14 subparagraph 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant of
15 subparagraph 44-30-2.6(c)(3)(C).

16 (A) Tax imposed.

17 (I) There is hereby imposed on the taxable income of married individuals filing joint
18 returns, qualifying widow(er), every head of household, unmarried individuals, married
19 individuals filing separate returns and bankruptcy estates, a tax determined in accordance with the
20 following table:

Rhode Island Taxable Income		Rhode Island Income Tax	
Over	But not over	Pay + Excess	on the amount over
23 \$ 0 -	\$ 55,000	\$ 0 + 3.75%	\$ 0
24 55,000 -	125,000	2,063 + 4.75%	55,000
25 125,000 -		5,388 + 5.99%	125,000

26 (II) There is hereby imposed on the taxable income of an estate or trust a tax determined
27 in accordance with the following table:

Rhode Island Taxable Income		Rhode Island Income Tax	
Over	But not over	Pay + Excess	on the amount over
30 \$ 0 -	\$ 2,230	\$ 0 + 3.75%	\$ 0
31 2,230 -	7,022	84 + 4.75%	2,230
32 7,022 -		312 + 5.99%	7,022

33 (B) Deductions:

34 (I) Rhode Island Basic Standard Deduction. Only the Rhode Island standard deduction

1 shall be allowed in accordance with the following table:

2 Filing status:	Amount
3 Single	\$7,500
4 Married filing jointly or qualifying widow(er)	\$15,000
5 Married filing separately	\$7,500
6 Head of Household	\$11,250

7 (II) Nonresident alien individuals, estates and trusts are not eligible for standard
8 deductions.

9 (III) In the case of any taxpayer whose adjusted gross income, as modified for Rhode
10 Island purposes pursuant to section 44-30-12, for the taxable year exceeds one hundred seventy-
11 five thousand dollars (\$175,000), the standard deduction amount shall be reduced by the
12 applicable percentage. The term "applicable percentage" means twenty (20) percentage points for
13 each five thousand dollars (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross
14 income for the taxable year exceeds one hundred seventy-five thousand dollars (\$175,000).

15 (C) Exemption Amount:

16 (I) The term "exemption amount" means three thousand five hundred dollars (\$3,500)
17 multiplied by the number of exemptions allowed for the taxable year for federal income tax
18 purposes.

19 (II) Exemption amount disallowed in case of certain dependents. In the case of an
20 individual with respect to whom a deduction under this section is allowable to another taxpayer
21 for the same taxable year, the exemption amount applicable to such individual for such
22 individual's taxable year shall be zero.

23 (D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode
24 Island purposes pursuant to section 33-30-12, for the taxable year exceeds one hundred seventy-
25 five thousand dollars (\$175,000), the exemption amount shall be reduced by the applicable
26 percentage. The term "applicable percentage" means twenty (20) percentage points for each five
27 thousand dollars (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for
28 the taxable year exceeds one hundred seventy-five thousand dollars (\$175,000).

29 (E) Adjustment for inflation. - The dollar amount contained in subparagraphs 44-30-
30 2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount
31 equal to:

32 (I) Such dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-
33 2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) adjusted for inflation using a base tax year of 2000,
34 multiplied by;

1 (II) The cost-of-living adjustment with a base year of 2000.

2 (III) For the purposes of this section the cost-of-living adjustment for any calendar year is
3 the percentage (if any) by which the consumer price index for the preceding calendar year
4 exceeds the consumer price index for the base year. The consumer price index for any calendar
5 year is the average of the consumer price index as of the close of the twelve (12) month period
6 ending on August 31, of such calendar year.

7 (IV) For the purpose of this section the term "consumer price index" means the last
8 consumer price index for all urban consumers published by the department of labor. For the
9 purpose of this section the revision of the consumer price index which is most consistent with the
10 consumer price index for calendar year 1986 shall be used.

11 (V) If any increase determined under this section is not a multiple of fifty dollars
12 (\$50.00), such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the
13 case of a married individual filing separate return, if any increase determined under this section is
14 not a multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower
15 multiple of twenty-five dollars (\$25.00).

16 (E) Credits against tax.

17 (I) Notwithstanding any other provisions of Rhode Island Law, for tax years beginning on
18 or after January 1, 2011, the only credits allowed against a tax imposed under this chapter shall be
19 as follows:

20 (a) Rhode Island Earned Income Credit: Credit shall be allowed for earned income credit
21 pursuant to subparagraph 44-30-2.6(c)(2)(N).

22 (b) Property Tax Relief Credit: Credit shall be allowed for property tax relief as provided
23 in section 44-33-1 et seq.

24 (c) Lead Paint Credit: Credit shall be allowed for residential lead abatement income tax
25 credit as provided in section 44-30.3-1 et seq.

26 (d) Credit for income taxes of other states. - Credit shall be allowed for income tax paid
27 to other states pursuant to section 44-30-74.

28 (e) Historic Structures Tax Credit: Credit shall be allowed for historic structures tax
29 credit as provided in section 44-33.2-1 et seq.

30 (f) Motion Picture Productions Tax Credit: Credit shall be allowed for motion picture
31 production tax credit as provided in section 44-31.2-1 et seq.

32 (g) Child and Dependent Care: Credit shall be allowed for twenty-five percent (25%) of
33 the federal child and dependent care credit allowable for the taxable year for federal purposes;
34 provided, however, such credit shall not exceed the Rhode Island tax liability.

1 (h) Tax credits for contributions to Scholarship Organizations: Credit shall be allowed for
2 contributions to scholarship organizations as provided in section 44-62 et seq.

3 (i) Credit for tax withheld. - Wages upon which tax is required to be withheld shall be
4 taxable as if no withholding were required, but any amount of Rhode Island personal income tax
5 actually deducted and withheld in any calendar year shall be deemed to have been paid to the tax
6 administrator on behalf of the person from whom withheld, and the person shall be credited with
7 having paid that amount of tax for the taxable year beginning in that calendar year. For a taxable
8 year of less than twelve (12) months, the credit shall be made under regulations of the tax
9 administrator.

10 [\(j\) Residential Renewable Energy System Tax Credit: Credit shall be allowed for](#)
11 [residential renewable energy systems as provided in section 44-57-1 et seq.](#)

12 (2) Except as provided in section 1 above, no other state and federal tax credit shall be
13 available to the taxpayers in computing tax liability under this chapter.

14 SECTION 3. This act shall take effect upon passage, and shall apply to installations
15 commenced after July 1, 2014.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO TAXATION -- RENEWABLE ENERGY TAX CREDIT

- 1 This act would reinstate the residential renewable energy system tax credit.
2 This act would take effect upon passage, and apply to installations commenced after July
3 1, 2014.

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