

2014 -- S 2274

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - ELECTRONIC VEHICLE
MANUFACTURING TAX CREDIT ACT

Introduced By: Senators Bates, Sosnowski, DaPonte, Felag, and Doyle

Date Introduced: February 04, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 64.20

4 ELECTRONIC VEHICLE MANUFACTURING TAX CREDIT ACT

5 **42-64.20-1. Short title.** – This chapter shall be known as the "Electronic Vehicle
6 Manufacturing Tax Credit Act".

7 **42-64.20-2. Definitions.** – As used in this chapter, unless the context clearly indicates
8 otherwise:

9 (1) "Adjusted current employment" means, for any taxable year ending on or after July 1,
10 2014, the aggregate of the average daily number of full-time equivalent active employees
11 employed within the state by an eligible company and its eligible subsidiaries during each taxable
12 year.

13 (2) "Affiliated entity" means any corporation owned or controlled by the same persons or
14 shareholders who own or control an eligible company.

15 (3) "Base employment" means the aggregate number of full-time equivalent active
16 employees employed within the state by an eligible company and its eligible subsidiaries on July
17 1, 2013.

18 (4) "Electronic vehicle manufacturer" means a manufacturer of the major components of

1 the energy storage, energy supply, or engine, motor, and power train mechanisms unique to an
2 electric motor vehicle. An "electronic vehicle manufacturer" also includes a manufacturer of
3 components uniquely used to convert vehicles designed to operate on gasoline or diesel fuel to
4 operate as an electronic motor vehicle.

5 (5) "Electric motor vehicle" means a motor vehicle equipped to be propelled only by
6 electricity and that may be legally operated on both interstate highways and turnpikes in this state
7 and that is eligible for registration pursuant to the general laws of this state.

8 (6) "Eligible company" means any electronic vehicle manufacturer or an eligible
9 subsidiary. An eligible company does not have to be in existence, be qualified to do business in
10 the state, or have any employees in this state at the time its base employment is determined.

11 (7) "Eligible subsidiary" means each corporation, eighty percent (80%) or more of the
12 outstanding common stock of which is owned by an eligible company.

13 (8) "Full-time equivalent active employee" means any employee of an eligible company
14 who:

15 (1) Works a minimum of thirty (30) hours per week within the state;

16 (2) Earns healthcare insurance benefits, and retirement benefits; and

17 (3) Earns no less than two hundred fifty percent (250%) of the hourly minimum wage
18 prescribed by Rhode Island law at the later of:

19 (i) The time the employee was first treated as a full-time equivalent active employee
20 during a tax year that the eligible company qualified for a rate reduction pursuant to § 42-64.20-3;
21 or

22 (ii) The time the employee first earned at least two hundred fifty percent (250%) of the
23 hourly minimum wage prescribed by Rhode Island law as an employee of the eligible company.

24 (9) "Initial new employment level" means the number of units of new employment
25 reported by an eligible company in 2014.

26 (10) "Rate reduction" means the reduction in tax rate specified in § 42-64.20-4.

27 (11) "State" means the State of Rhode Island and Providence Plantations.

28 (12) "Total employment" for an eligible company as of any date means the total number
29 of full-time equivalent active employees employed within the state by the eligible company and
30 its eligible subsidiaries on such date.

31 (13) "Units of new employment" means, for eligible companies, the amount of new
32 employment divided by fifty (50), rounded down to the nearest multiple of fifty (50).

33 **42-64.20-3. Tax rate reduction.** – The rate of tax payable by an eligible company and
34 each of its eligible subsidiaries for any taxable year ending on or after July 1, 2014, on its net

1 income pursuant to the applicable income tax provisions of § 44-11-2 of the general laws, shall be
2 reduced by the amount specified in § 42-64.20-4. This rate reduction shall be applied annually,
3 once to those eligible companies which are permitted by law to file a consolidated state tax return
4 and in the case of eligible companies not permitted by law to file consolidated state tax returns,
5 then the rate reduction shall be applied annually to each eligible company and its eligible
6 subsidiaries.

7 **42-64.20-4. Reduction rate schedule.** – The amount of the rate reduction specified in §
8 42-64.20-3 for any eligible company for each taxable year ending on or after July 1, 2014, shall
9 be based upon the aggregate amount of new employment of the eligible company and its eligible
10 subsidiaries for each taxable year, and shall be determined by multiplying the numerical
11 equivalent of one-quarter of one percent (.25%) by the number of units of new employment for
12 each taxable year through the taxable year ending in 2014 and for each taxable year thereafter,
13 however, the amount of each rate reduction shall in no event be greater than six percent (6%).

14 **42-64.20-5. Severability.** – If any provision of this chapter or the application of any
15 section or part of this chapter to any person or circumstance is held invalid, the invalidity shall
16 not affect other provisions or applications of this chapter which can be given effect without the
17 invalid provision or application.

18 **42-64.20-6. Reporting requirement.** – On or before September 1, 2015, and every
19 September 1 thereafter, all eligible companies qualifying for a rate reduction pursuant to § 42-
20 64.20-3 shall file an annual report with the tax administrator. Said report shall contain each full-
21 time equivalent active employee's name, social security number, date of hire, and hourly wage as
22 of the immediately preceding July 1 and such other information deemed necessary by the tax
23 administrator. The report shall be filed on a form and in a manner prescribed by the tax
24 administrator.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO STATE AFFAIRS AND GOVERNMENT - ELECTRONIC VEHICLE
MANUFACTURING TAX CREDIT ACT

1 This act would create a tax credit for electronic vehicle manufacturers capped at six
2 percent (6%) based upon the aggregate amount of new employment during each taxable year
3 commencing July 1, 2014 with an annual reporting requirement to the tax administrator
4 commencing September 1, 2015.

5 This act would take effect upon passage.

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