

2023 -- S 0536

LC002364

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO TAXATION -- STATE TAX OFFICIALS

Introduced By: Senator Roger Picard

Date Introduced: March 07, 2023

Referred To: Senate 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  
OF  
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- 1           This act would limit the assessment of interest to four (4) calendar years prior to the date
- 2           on which notice of the delinquent payment is sent to the taxpayer.
- 3           This act would take effect upon passage.

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