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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- RHODE
ISLAND BUSINESS CORPORATION ACT

Introduced By: Senators Raptakis, Anderson, Paolino, Morgan, and de la Cruz

Date Introduced: February 25, 2021

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 7-1.2-1415 and 7-1.2-1416 of the General Laws in Chapter 7-1.2
2 entitled "Rhode Island Business Corporation Act" are hereby amended to read as follows:

3 **7-1.2-1415. Issuance of certificate of revocation.**

4 (a) Upon revoking any certificate of authority, the secretary of state shall:

5 (1) Issue a certificate of revocation.

6 (2) File the certificate in his or her office.

7 (3) Send to the corporation by regular mail the certificate of revocation, addressed to the
8 registered office of the corporation in this state on file with the secretary of state's office; provided,
9 however, that if a prior mailing addressed to the registered agent of the corporation in this state
10 currently on file with the secretary of state's office has been returned to the secretary of state as
11 undeliverable by the United States Postal Service for any reason, or if the revocation certificate is
12 returned as undeliverable to the secretary of state's office by the United States Postal Service for
13 any reason, the secretary of state shall give notice as follows:

14 (i) To the corporation at its principal office of record as shown in its most recent annual
15 report, and no further notice is required; or

16 (ii) In the case of a foreign corporation that has not yet filed an annual report then to the
17 corporation at its principal office shown in its application for certificate of authority, and no further
18 notice is required.

1 [\(4\) Send to the Rhode Island division of taxation a copy of the certificate of revocation.](#)

2 (b) Upon the issuance of the certificate of revocation, the authority of the corporation to
3 transact business in this state ceases.

4 **7-1.2-1416. Withdrawal of certificate of revocation.**

5 (a) Within ten (10) years after issuing a certificate of revocation as provided in § 7-1.2-
6 1415, the secretary of state may withdraw the certificate of revocation and retroactively reinstate
7 the corporation in good standing as if its certificate of incorporation had not been revoked, except
8 as subsequently provided:

9 (1) Upon the filing by the corporation of the documents it had previously failed to file as
10 set forth in subsections (a)(1) -- (a)(4) of § 7-1.2-1414.

11 (2) Upon the payment by the corporation of a penalty for each year or part of a year that
12 has elapsed since the issuance of the certificate of revocation; and

13 (3) Upon the filing by the corporation of a certificate of good standing from the Rhode
14 Island division of taxation.

15 (b) If, as permitted by the provisions of this title, another corporation, whether business or
16 nonprofit limited partnership, limited-liability partnership or limited-liability company, or domestic
17 or foreign, qualified to transact business in this state, bears or has filed a fictitious business name
18 statement with respect to or reserved or registered a name which is not distinguishable upon the
19 records of the secretary of state from the name of a corporation with respect to which the certificate
20 of revocation is proposed to be withdrawn, then the secretary of state shall condition the withdrawal
21 of the certificate of revocation upon the reinstated corporation's amending its articles of
22 incorporation or otherwise complying with the provisions of this chapter with respect to the use of
23 a name available to it under the laws of this state so as to designate a name which is distinguishable
24 upon the records of the secretary of state from its former name.

25 (c) Upon the withdrawal of the certificate of revocation and reinstatement of the
26 corporation in good standing as provided in subsection (a), title to any real estate, or any interest in
27 real estate, held by the corporation at the time of the issuance of the certificate of revocation and
28 not conveyed subsequent to the revocation of its certificate of incorporation, shall be deemed to be
29 revested in the corporation without further act or deed.

30 [\(d\) Upon reinstatement of the corporation in good standing as provided in subsection \(a\)](#)
31 [of this section, the secretary of state shall send written notice of the reinstatement to the division of](#)
32 [taxation.](#)

33 SECTION 2. Sections 7-6-57 and 7-6-58 of the General Laws in Chapter 7-6 entitled
34 "Rhode Island Nonprofit Corporation Act" are hereby amended to read as follows:

1 **7-6-57. Issuance of certificate of revocation.**

2 (a) Upon revoking any certificate of incorporation, the secretary of state shall:

3 (1) Issue a certificate of revocation in duplicate;

4 (2) File one of the certificates in the secretary of state's office;

5 (3) Send to the corporation by regular mail a certificate of revocation, addressed to the
6 registered office of the corporation in this state on file with the secretary of state's office; provided,
7 however, that if a prior mailing addressed to the registered office of the corporation in this state
8 currently on file with the secretary of state's office has been returned to the secretary of state as
9 undeliverable by the United States Postal Service for any reason, or if the certificate of revocation
10 is returned as undeliverable to the secretary of state's office by the United States Postal Service for
11 any reason, the secretary of state shall give notice as follows:

12 (i) To the corporation at its principal office of record as shown in its most recent annual
13 report, and no further notice shall be required; or

14 (ii) In the case of a domestic corporation that has not yet filed an annual report, then to any
15 one of the incorporators listed on the articles of incorporation, and no further notice shall be
16 required.

17 [\(4\) Send to the Rhode Island division of taxation a copy of the certificate of revocation.](#)

18 (b) Upon the issuance of the certificate of revocation, the authority of the corporation to
19 transact business in this state ceases.

20 **7-6-58. Withdrawal of certificate of revocation.**

21 (a) Within ten (10) years after issuing a certificate of revocation as provided in § 7-6-57,
22 the secretary of state may withdraw the certificate of revocation and reinstate the corporation in
23 good standing:

24 (1) Upon filing by the corporation of the documents it had previously failed to file as set
25 forth in § 7-6-56(a)(3) -- (a)(6); and

26 (2) Upon the payment by the corporation of a penalty in the amount of twenty-five dollars
27 (\$25.00) for each year or part of a year that has elapsed since the issuance of the certificate of
28 revocation.

29 (b) If as permitted by § 7-6-11(b)(2) another corporation, whether business or nonprofit, or
30 domestic or foreign qualified to transact business in this state, bears or has filed a fictitious business
31 name statement with respect to or reserved or registered in a name that is the same as the name of
32 a corporation regarding which the certificate of revocation is proposed to be withdrawn, the
33 secretary of state shall condition the withdrawal of the certificate of revocation upon the reinstated
34 corporation's amending its articles of incorporation so as to designate a name that is distinguishable

1 upon the records of the secretary of state from its former name.

2 (c) Upon the withdrawal of the certificate of revocation and reinstatement of the
3 corporation in good standing as provided in subsection (a), title to any real estate, or any interest in
4 real estate, held by the corporation at the time of the issuance of the certificate of revocation and
5 not conveyed subsequent to the revocation of its certificate of incorporation shall be deemed to be
6 re-vested in the corporation without further act or deed.

7 [\(d\) Upon reinstatement of the corporation in good standing as provided in subsection \(a\)](#)
8 [of this section, the secretary of state shall send written notice of the reinstatement to the division of](#)
9 [taxation.](#)

10 SECTION 3. Sections 7-16-42 and 7-16-43 of the General Laws in Chapter 7-16 entitled
11 "The Rhode Island Limited-Liability Company Act" are hereby amended to read as follows:

12 **7-16-42. Issuance of certificates of revocation.**

13 (a) Upon revoking any such certificate of organization or certificate of registration of the
14 limited-liability company, the secretary of state shall:

15 (1) Issue a certificate of revocation in duplicate;

16 (2) File one of the certificates in the secretary of state's office;

17 (3) Send to the limited-liability company by regular mail a certificate of revocation,
18 addressed to the resident agent of the limited-liability company in this state on file with the secretary
19 of state's office; provided, however, that if a prior mailing addressed to the address of the resident
20 agent of the limited-liability company in this state currently on file with the secretary of state's
21 office has been returned to the secretary of state as undeliverable by the United States Postal Service
22 for any reason, or if the revocation certificate is returned as undeliverable to the secretary of state's
23 office by the United States Postal Service for any reason, the secretary of state shall give notice as
24 follows:

25 (i) To the limited-liability company, domestic or foreign, at its principal office of record as
26 shown in its most recent annual report, and no further notice shall be required; or

27 (ii) In the case of a limited-liability company that has not yet filed an annual report, then
28 to the domestic limited-liability company at the principal office in the articles of organization or to
29 the authorized person listed on the articles of organization, or to the foreign limited-liability
30 company at the office required to be maintained by the limited-liability company in its state of
31 organization, and no further notice shall be required.

32 [\(4\) Send to the Rhode Island division of taxation a copy of the certificate of revocation.](#)

33 (b) Upon the issuance of the certificate of revocation, the authority of the limited-liability
34 company to transact business in this state ceases.

1 **7-16-43. Withdrawal of certificate of revocation.**

2 (a) Within ten (10) years after issuing a certificate of revocation as provided in § 7-16-42,
3 the secretary of state may withdraw the certificate of revocation and retroactively reinstate the
4 limited-liability company in good standing as if its certificate of organization or certificate of
5 registration had not been revoked except as subsequently provided:

6 (1) On the filing by the limited-liability company of the documents it had previously failed
7 to file as set forth in subdivisions (3) -- (6) of § 7-16-41(a);

8 (2) On the payment by the limited-liability company of a penalty in the amount of fifty
9 dollars (\$50.00) for each year or part of year that has elapsed since the issuance of the certificate
10 of revocation; and

11 (3) Upon the filing by the limited-liability company of a certificate of good standing from
12 the Rhode Island division of taxation.

13 (b) If, as permitted by the provisions of this chapter or chapters 1.2, 6, 12, or 13 of this title,
14 another limited-liability company, business or nonprofit corporation, registered limited liability
15 partnership or a limited partnership, or in each case domestic or foreign, authorized and qualified
16 to transact business in this state, bears or has filed a fictitious business name statement as to or
17 reserved or registered a name that is the same as, the name of the limited-liability company with
18 respect to which the certificate of revocation is proposed to be withdrawn, then the secretary of
19 state shall condition the withdrawal of the certificate of revocation on the reinstated limited-liability
20 company's amending its articles of organization or certificate of registration so as to designate a
21 name that is not the same as its former name.

22 (c) [Upon reinstatement of the limited-liability company in good standing as provided in](#)
23 [subsection \(a\) of this section, the secretary of state shall send written notice of the reinstatement to](#)
24 [the division of taxation.](#)

25 SECTION 4. Section 44-11-2 of the General Laws in Chapter 44-11 entitled "Business
26 Corporation Tax" is hereby amended to read as follows:

27 **44-11-2. Imposition of tax.**

28 (a) Each corporation shall annually pay to the state a tax equal to nine percent (9%) of net
29 income, as defined in § 44-11-11, qualified in § 44-11-12, and apportioned to this state as provided
30 in §§ 44-11-13 -- 44-11-15, for the taxable year. For tax years beginning on or after January 1,
31 2015, each corporation shall annually pay to the state a tax equal to seven percent (7.0%) of net
32 income, as defined in § 44-11-13 -- 44-11-15, for the taxable year.

33 (b) A corporation shall pay the amount of any tax as computed in accordance with
34 subsection (a) after deducting from "net income," as used in this section, fifty percent (50%) of the

1 excess of capital gains over capital losses realized during the taxable year, if for the taxable year:

2 (1) The corporation is engaged in buying, selling, dealing in, or holding securities on its
3 own behalf and not as a broker, underwriter, or distributor;

4 (2) Its gross receipts derived from these activities during the taxable year amounted to at
5 least ninety percent (90%) of its total gross receipts derived from all of its activities during the year.

6 "Gross receipts" means all receipts, whether in the form of money, credits, or other valuable
7 consideration, received during the taxable year in connection with the conduct of the taxpayer's
8 activities.

9 (c) A corporation shall not pay the amount of the tax computed on the basis of its net
10 income under subsection (a), but shall annually pay to the state a tax equal to ten cents (\$.10) for
11 each one hundred dollars (\$100) of gross income for the taxable year or a tax of one hundred dollars
12 (\$100), whichever tax shall be the greater, if for the taxable year the corporation is either a "personal
13 holding company" registered under the federal Investment Company Act of 1940, 15 U.S.C. § 80a-
14 1 et seq., "regulated investment company," or a "real estate investment trust" as defined in the
15 federal income tax law applicable to the taxable year. "Gross income" means gross income as
16 defined in the federal income tax law applicable to the taxable year, plus:

17 (1) Any interest not included in the federal gross income; minus

18 (2) Interest on obligations of the United States or its possessions, and other interest exempt
19 from taxation by this state; and minus

20 (3) Fifty percent (50%) of the excess of capital gains over capital losses realized during the
21 taxable year.

22 (d)(1) A small business corporation having an election in effect under subchapter S, 26
23 U.S.C. § 1361 et seq., shall not be subject to the Rhode Island income tax on corporations, except
24 that the corporation shall be subject to the provisions of subsection (a), to the extent of the income
25 that is subjected to federal tax under subchapter S. Effective for tax years beginning on or after
26 January 1, 2015, a small business corporation having an election in effect under subchapter S, 26
27 U.S.C. § 1361 et seq., shall be subject to the minimum tax under § 44-11-2(e).

28 (2) The shareholders of the corporation who are residents of Rhode Island shall include in
29 their income their proportionate share of the corporation's federal taxable income.

30 (3) ~~Deleted by P.L. 2004, ch. 595, art. 29, § 1.6~~

31 (4) ~~Deleted by P.L. 2004, ch. 595, art. 29, § 1.6~~

32 (e) Minimum tax. The tax imposed upon any corporation under this section, including a
33 small business corporation having an election in effect under subchapter S, 26 U.S.C. § 1361 et
34 seq., shall not be less than four hundred fifty dollars (\$450). For tax years beginning on or after

1 January 1, 2017, the tax imposed shall not be less than four hundred dollars (\$400).

2 (f) Upon receipt by the division of taxation of a copy of a certificate of revocation from the
3 secretary of state, the division of taxation shall not impose the minimum tax required by subsection
4 (e) of this section for the tax year in which the copy of the certificate was received until the tax year
5 in which the certificate of revocation is withdrawn as reported to the tax division by the secretary
6 of state.

7 SECTION 5. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- RHODE
ISLAND BUSINESS CORPORATION ACT

1 This act would suspend the imposition of the minimum tax upon corporations, nonprofit
2 corporations, and limited liability companies in tax years in which the corporate charter, certificate
3 of organization or certificate of registration is revoked by the secretary of state until the tax year in
4 which corporations or limited liability companies are reinstated in good standing.

5 This act would take effect upon passage.

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