

2012 -- H 7723

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO TAXATION - TAX PREFERENCES

Introduced By: Representatives Tanzi, Valencia, Savage, Ehrhardt, and Walsh

Date Introduced: February 16, 2012

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "TAXATION" is hereby amended by  
2 adding thereto the following chapter:

3 CHAPTER 68

4 TAX PREFERENCES

5 **44-68-1. Declaration of intent.** – Whereas, existing law imposes various taxes and  
6 allows specific credits, deductions, exclusions, and exemptions in computing those taxes; and

7 Whereas, there is neither systematic nor comprehensive review of these credits,  
8 deductions, exclusion, and exemptions; and

9 Whereas, it is the intent of the general assembly to develop an efficient tax infrastructure  
10 utilizing tax credits which encourage investments; now, therefore

11 The general assembly determines that it is in the best interest of the citizens of the state to  
12 provide for a periodic review of these credits, deductions, exclusion, and exemptions.

13 **44-68-2 Findings.**– The general assembly finds and declares:

14 (1) That government at all levels enacts tax preferences to promote equity among  
15 taxpayers and enhance economic growth in a way that is inexpensive to administer and provides  
16 direct benefits to taxpayers.

17 (2) That national and state public finance experts recommend that tax preferences be  
18 evaluated alongside direct spending programs, as both are public initiatives meant to accomplish  
19 specified goals.

1           (3) That revenue losses attributable to tax preferences constitute a significant amount of  
2 states spending, exceeding over one billion, five hundred million dollars (\$1,500,000,000)  
3 annually.

4           (4) The general assembly should apply the same level of review and performance  
5 measure that it applies to spending programs to tax preference programs, including tax credits.

6           **44-68-3 Tax preference review.-** The house finance committee shall review, over a  
7 period of time deemed appropriate by the committee but no later than five (5) years after the  
8 effective date of this chapter, the effectiveness and efficiency of all tax preference programs,  
9 including, without limitation, tax credits, as such programs are detailed and published by the  
10 department of revenue. The committee's review shall include, without limitation, the following:

11 (1) The specific goals, purposes and objectives that the tax preferences will achieve; (2) The  
12 detailed performance indicators to measure whether the tax preferences meet their respective  
13 goals, purposes and objectives; and (3) Applicable data to determine whether the tax preferences  
14 are meeting, failing to meet or exceeding their specific goals, purposes and objectives. The  
15 committee may request and shall receive from any instrumentality of the state, any other  
16 governmental advisory body or commission or others, such information and assistance as it  
17 deems necessary for its review and may, in its discretion, hear the proper person representing any  
18 department or agency with respect to any tax preference relating to its review; provided, that  
19 nothing contained in this section shall be construed to limit the right of the committee to hold  
20 public hearings, or to summon any person for examination for the purpose of obtaining  
21 information necessary for a full and proper consideration of the foregoing.

22           The committee may make recommendations to the general assembly, state agencies,  
23 private industry or any other entity, and shall report to the general assembly on its findings and  
24 recommendations at times it determines appropriate.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION - TAX PREFERENCES

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- 1           This act would require the house finance committee to review the effectiveness and
- 2 efficiency of all tax preference programs, including, without limitation, tax credits.
- 3           This act would take effect upon passage.

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