

2014 -- S 2473

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LC004748  
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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 TAXATION - TAX CREDITS FOR CONTRIBUTIONS TO SCHOLARSHIP ORGANIZATIONS

Introduced By: Senators Walaska, McCaffrey, and Felag

Date Introduced: February 27, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-62-3 and 44-62-5 of the General Laws in Chapter 44-62  
2 entitled "Tax Credits for Contributions to Scholarship Organizations" are hereby amended to read  
3 as follows:

4 **44-62-3. Application for the tax credit program.** -- (a) Prior to the contribution, a  
5 business entity shall apply in writing to the division of taxation. The application shall contain  
6 such information and certification as the tax administrator deems necessary for the proper  
7 administration of this chapter. A business entity shall be approved if it meets the criteria of this  
8 chapter; the dollar amount of the applied for tax credit is no greater than ~~one hundred thousand~~  
9 ~~dollars (\$100,000)~~ two hundred thousand dollars (\$200,000) in any tax year, and the scholarship  
10 organization which is to receive the contribution has qualified under section 44-62-2.

11 (b) Approvals for contributions under this section shall be made available by the division  
12 of taxation on a first-come-first-serve basis. The total aggregate amount of all tax credits  
13 approved shall not exceed ~~one million five hundred thousand dollars (\$1,500,000)~~ two million  
14 dollars (\$2,000,000) in a fiscal year.

15 (c) The division of taxation shall notify the business entity in writing within thirty (30)  
16 days of the receipt of application of the division's approval or rejection of the application.

17 (d) Unless the contribution is part of a two-year plan, the actual cash contribution by the  
18 business entity to a qualified scholarship organization must be made no later than one hundred

1 twenty (120) days following the approval of its application. If the contribution is part of a two-  
2 year plan, the first year's contribution follows the general rule and the second year's contribution  
3 must be made in the subsequent calendar year by the same date.

4 (e) The contributions must be those charitable contributions made in cash as set forth in  
5 the Internal Revenue Code.

6 **44-62-5. Limitations.** -- (a) The credit shall not exceed ~~one hundred thousand dollars~~  
7 ~~(\$100,000)~~ two hundred thousand dollars (\$200,000) annually per business entity.

8 (b) The tax credit must be used in the tax year the contribution was made. Any amounts  
9 of unused tax credit may not be carried forward. The tax credit is not refundable, assignable or  
10 transferable. The tax credit may not reduce the tax below the state minimum tax.

11 (c) The credit allowed under this chapter is only allowed against the tax of that  
12 corporation included in a consolidated return that qualifies for the credit and not against the tax of  
13 other corporations that may join in the filing of a consolidated tax return.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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ORGANIZATIONS

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1           This act would increase the dollar amount of the tax credit that a single business entity  
2 could obtain for contributions to scholarship organizations from one hundred thousand dollars  
3 (\$100,000) to two hundred thousand dollars (\$200,000) in any tax year. The act would also  
4 increase the total aggregate amount of tax credits that could be approved by the division of  
5 taxation in a fiscal year from one million five hundred thousand dollars (\$1,500,000) to two  
6 million dollars (\$2,000,000).

7           This act would take effect upon passage.

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