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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO TAXATION

Introduced By: Senators Pearson, Satchell, Kettle, Picard, and Jabour

Date Introduced: January 22, 2015

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is
2 hereby amended by adding thereto the following section:

3 **44-30-28. Stay Invested in RI Tax Credit.** – (a) This section shall be known and may be
4 cited as the "Stay Invested in RI Tax Credit Program" and is designed to achieve the following
5 goals:

6 (1) Promote economic opportunity for people in this state by ensuring access to the
7 training and higher education that higher-paying jobs require;

8 (2) Bring more and higher-paying jobs to this state by increasing the skill level of this
9 state's workforce;

10 (3) Offer educational opportunity and retraining to individuals impacted by job loss,
11 workplace injury, disability or other hardship;

12 (4) Keep young people in this state through incentives for educational opportunity and
13 creation of more high-paying jobs;

14 (5) Encourage an entrepreneurial economy in Rhode Island; and

15 (6) Accomplish all of the goals in this chapter with as little bureaucracy as possible.

16 (b) Calculation of Graduate Tax Credit. Graduates of accredited institutions of higher
17 education who receive an associate's degree, a bachelor of science or arts degree, or a master's
18 degree and who remain or become residents of and employed in Rhode Island, shall be eligible
19 for a tax credit against their personal income tax, based upon the amount of their student loan

1 balance, for a period of no longer than ten (10) years after their graduation from the accredited
2 institution at which the eligible student loan(s) were accrued, and so long as the person remains a
3 legal resident of and employed in Rhode Island. Said credit shall be calculated as follows:

4 (1) For each year after the person graduates as set forth in subsection (b) of this section, a
5 person shall be eligible to claim a tax credit against his or her personal income tax in an amount
6 equal to the payments made in a given tax year, including principal and interest, by the graduate
7 toward undergraduate or graduate student loan debt, up to a maximum amount for single tax year
8 of one thousand dollars (\$1,000) for an associate's degree holder, five thousand dollars (\$5,000)
9 for a bachelor's degree holder, and six thousand dollars (\$6,000) for a graduate degree holder. In
10 the event the Rhode Island graduation tax credit allowed under this section exceeds the amount of
11 Rhode Island income tax, the excess amount shall be fully refundable.

12 (2) Provided, the balance amount used in this calculation shall not exceed the original
13 loan amount plus any capitalized interest less credits previously claimed under this section.

14 (3) Provided further, a party claiming the tax credit provided for under this section shall
15 need to be current on his or her student loan repayment obligations in order to obtain the credit.

16 (4) For a graduate relocating to Rhode Island during a tax year, the tax credit shall be pro-
17 rated based on the portion of the tax year the graduate resides and is employed in Rhode Island.

18 (5) An individual must maintain records relating to loan payments claimed under the
19 educational opportunity tax credit for seven (7) years after those payments are claimed.

20 (c) Administration. The following requirements shall be met through the administration
21 of the program:

22 (1) The division of taxation shall prepare forms to permit a person to claim the tax credit
23 provided for herein. The division of taxation may also promulgate rules and regulations necessary
24 to implement the provisions of this section.

25 (2) The board of education, the higher education assistance authority established pursuant
26 to chapter 57 of title 16, the Rhode Island commerce corporation, and any other agency engaging
27 in education-related outreach shall integrate promotion of the program into existing educational
28 opportunity outreach efforts to the extent possible in a manner consistent with the scope of the
29 program and its centrality to the state's efforts to raise educational attainment.

30 (3) The board of education, in consultation with the state tax administrator, shall make
31 information about the program available on the board's publicly accessible website.

32 (4) Any accredited Rhode Island community college, college or university shall, at a
33 minimum, provide information about the program in financial aid award materials, entrance
34 interviews, exit interviews, materials listing financial aid resources and, as appropriate, any

1 promotional materials provided by state agencies, to the extent such contacts with students are
2 already part of the accredited Rhode Island community college, college or university's
3 procedures.

4 (5) An individual may take advantage of any forbearance or deferment provisions in the
5 relevant loan agreements without forfeiting the right to claim the educational opportunity tax
6 credit when the individual resumes repayment.

7 (d) As used herein, the term "student loan" shall mean a loan from an eligible lender. An
8 eligible lender, subject to further particular or more restrictive definition by regulation of the
9 division of taxation, means any governmental or private agency, corporation, organization, or
10 institution designated as an "eligible lender" by Federal statute, regulation, or administrative
11 ruling for the purposes of the guaranteed student loan program.

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 create the Stay Invested in RI Tax Credit authorizing a tax credit against
2 state personal income tax for up to ten (10) years after graduation from an institution of higher
3 education, for graduates who reside and work in Rhode Island.

4 This act would take effect upon passage.

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