

2015 -- S 0122 SUBSTITUTE A

LC000296/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- STAY INVESTED IN RI
WAVEMAKER FELLOWSHIP

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. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 64.26

4 STAY INVESTED IN RI WAVEMAKER FELLOWSHIP

5 **42-64.26-1. Short title. --** This chapter shall be known as the "Stay Invested in RI
6 Wavemaker Fellowship."

7 **42-64.26-2. Legislative findings. --** The general assembly finds and declares:

8 (1) A well-educated citizenry is critical to this state's ability to compete in the national
9 and global economies.

10 (2) Higher education both benefits individual students and is a public good benefitting the
11 state as a whole.

12 (3) Excessive student loan debt is impeding economic growth in this state. Faced with
13 excessive repayment burdens, many individuals are unable to start businesses, invest or buy
14 homes, and may be forced to leave the state in search of higher paying jobs elsewhere.

15 (4) Relieving student loan debt would give these individuals greater control over their
16 earnings, would increase entrepreneurship and demand for goods and services, and would enable
17 employers in this state to recruit and retain graduates in the fields of science, technology,
18 engineering and mathematics.

1 (5) The Stay Invested in RI Wavemaker Fellowship is designed to achieve the following
2 goals:

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

5 (ii) Bring more and higher-paying jobs to this state by increasing the skill level of this
6 state's workforce;

7 (iii) Offer educational opportunity and retraining to individuals impacted by job loss,
8 workplace injury, disability or other hardship;

9 (iv) Keep young people in the state through incentives for educational opportunity and
10 creation of more high-paying jobs;

11 (v) Encourage an entrepreneurial economy in Rhode Island; and

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

13 **42-64.26-3. Definitions.** -- As used in this chapter:

14 (1) "Eligible graduate" means an individual who meets the eligibility requirements under
15 this chapter.

16 (2) "Applicant" means an eligible graduate who applies for a tax credit for education loan
17 repayment expenses under this chapter.

18 (3) "Award" means a tax credit awarded by the commerce corporation to an applicant as
19 provided under this chapter.

20 (4) "Taxpayer" means an applicant who receives a tax credit under this chapter.

21 (5) "Commerce corporation" means the Rhode Island commerce corporation established
22 pursuant to chapter 64 of title 42.

23 (6) "Eligible expenses" or "education loan repayment expenses" means annual higher
24 education loan repayment expenses, including, without limitation, principal, interest and fees, as
25 may be applicable, incurred by an eligible graduate and which the eligible graduate is obligated to
26 repay for attendance at a post-secondary institution of higher learning.

27 (7) "Eligibility period" means a term of up to four (4) consecutive service periods
28 beginning with the date that an eligible graduate receives initial notice of award under this
29 chapter and expiring at the conclusion of the fourth service period after such date specified.

30 (8) "Eligibility requirements" means the following qualifications or criteria required for
31 an applicant to claim an award under this chapter:

32 (i) That the applicant shall have graduated from an accredited two (2) year, four (4) year
33 or graduate post-secondary institution of higher learning with an associate's, bachelor's, graduate,
34 or post-graduate degree and at which the applicant incurred education loan repayment expenses;

1 (ii) That the applicant shall be a full-time employee with a Rhode Island-based employer
2 located in this state throughout the eligibility period, whose employment is for work in one or
3 more of the following covered fields: life, natural or environmental sciences; computer,
4 information or software technology; advanced mathematics or finance; engineering; industrial
5 design or other commercially related design field; or medicine or medical device technology.

6 (9) "Full-time employee" means a person who is employed by a business for
7 consideration for a minimum of at least thirty-five (35) hours per week, or who renders any other
8 standard of service generally accepted by custom or practice as full-time employment, or who is
9 employed by a professional employer organization pursuant to an employee leasing agreement
10 between the business and the professional employer organization for a minimum of thirty-five
11 (35) hours per week, or who renders any other standard of service generally accepted by custom
12 or practice as full-time employment, and whose wages are subject to withholding.

13 (10) "Service period" means a twelve (12) month period beginning on the date that an
14 eligible graduate receives initial notice of award under this chapter.

15 (11) "Student loan" means a loan to an individual by a public authority or private lender
16 to assist the individual to pay for tuition, books, and living expenses in order to attend a post-
17 secondary institution of higher learning.

18 (12) "Rhode Island-based employer" means (i) an employer having a principal place of
19 business or at least fifty-one percent (51%) of its employees located in this state; or (ii) an
20 employer registered to conduct business in this state that reported Rhode Island tax liability in the
21 previous tax year.

22 (13) "Fund" refers to the "Stay Invested in RI Wavemaker Fellowship Fund" established
23 pursuant to § 42-64.26-4.

24 **42-64.26-4. Establishment of fund; Purposes; Composition. --** (a) There is hereby
25 established the "Stay Invested in RI Wavemaker Fellowship Fund" (the "fund") to be
26 administered by the commerce corporation as set forth in this chapter.

27 (b) The purpose of the fund is to expand employment opportunities in the state and to
28 retain talented individuals in the state by providing tax credits in relation to education loan
29 repayment expenses to applicants who meet the eligibility requirements under this chapter.

30 (c) The fund shall consist of:

31 (1) Money appropriated in the state budget to the fund;

32 (2) Money made available to the fund through federal programs or private contributions;

33 and

34 (3) Any other money made available to the fund.

1 (d) The fund shall be used to pay for the redemption of tax credits or reimbursement to
2 the state for tax credits applied against a taxpayer's tax liability. The fund shall be exempt from
3 attachment, levy or any other process at law or in equity. The director of the department of
4 revenue shall make a requisition to the commerce corporation for funding during any fiscal year
5 as may be necessary to pay for the redemption of tax credits presented for redemption or to
6 reimburse the state for tax credits applied against a taxpayer's tax liability. The commerce
7 corporation shall pay from the fund such amounts as requested by the director of the department
8 of revenue necessary for redemption or reimbursement in relation to tax credits granted under this
9 chapter.

10 **42-64.26-5. Administration.** -- (a) Application.-- An eligible graduate claiming an award
11 under this chapter shall submit to the commerce corporation an application in the manner that the
12 commerce corporation shall prescribe.

13 (b) Upon receipt of a proper application from an applicant who meets all of the eligibility
14 requirements, the commerce corporation shall select applicants on a competitive basis to receive
15 credits for up to a maximum amount for each service period of one thousand dollars (\$1,000) for
16 an associate's degree holder, four thousand dollars (\$4,000) for a bachelor's degree holder, and six
17 thousand dollars (\$6,000) for a graduate or post-graduate degree holder, but not to exceed the
18 education loan repayment expenses incurred by such taxpayer during each service period
19 completed, for up to four (4) consecutive service periods provided that the taxpayer continues to
20 meet the eligibility requirements throughout the eligibility period. The commerce corporation
21 shall delegate the selection of the applicants that are to receive awards to a fellowship committee
22 to be convened by the commerce corporation and promulgate the selection procedures the
23 fellowship committee will use, which procedures shall require that the committee's consideration
24 of applications be conducted on a name-blind and employer-blind basis and that the applications
25 and other supporting documents received or reviewed by the fellowship committee shall be
26 redacted of the applicant's name, street address, and other personally-identifying information as
27 well as the applicant's employer's name, street address, and other employer-identifying
28 information. The commerce corporation shall determine the composition of the fellowship
29 committee and the selection procedures it will use in consultation with the state's chambers of
30 commerce.

31 (c) The credits awarded under this chapter shall not exceed one hundred percent (100%)
32 of the education loan repayment expenses incurred by such taxpayer during each service period
33 completed for up to four (4) consecutive service periods. Tax credits shall be issued annually to
34 the taxpayer upon proof that (i) the taxpayer has actually incurred and paid such education loan

1 repayment expenses; (ii) the taxpayer continues to meet the eligibility requirements throughout
2 the service period; (iii) The award shall not exceed the original loan amount plus any capitalized
3 interest less award previously claimed under this section; and (iv) that the taxpayer claiming an
4 award is current on his or her student loan repayment obligations.

5 (d) The commerce corporation shall not commit to overall awards in excess of the
6 amount contained in the fund.

7 (e) The commerce corporation shall reserve seventy percent (70%) of the awards issued
8 in a calendar year to applicants who are permanent residents of the state of Rhode Island or who
9 attended an institution of higher education located in Rhode Island when they incurred the
10 education loan expenses to be repaid.

11 (f) In administering award, the commerce corporation shall:

12 (1) Require suitable proof that an applicant meets the eligibility requirements for award
13 under this chapter;

14 (2) Determine the contents of applications and other materials to be submitted in support
15 of an application for award under this chapter; and

16 (3) Collect reports and other information during the eligibility period for each award to
17 verify that a taxpayer continues to meet the eligibility requirements for an award.

18 **42-64.26-6. Reporting.** -- (a) The commerce corporation shall require taxpayers to
19 submit annual reports, in such form and on such dates as the commerce corporation shall require,
20 in order to confirm that the taxpayer continues to meet all of the eligibility requirements of this
21 chapter and as a prerequisite to funding any award of tax credits under this chapter.

22 (b) Notwithstanding any other provision of law, no taxpayer shall receive an award
23 without first consenting to the public disclosure of the receipt of any award given under this
24 chapter. The commerce corporation shall annually publish a list of taxpayers receiving awards
25 under this program, their post-secondary institution of higher learning, and their employer on the
26 commerce corporation website and in such other locations as it deems appropriate.

27 **42-64.26-7. Remedies.** -- (a) If an eligible graduate receiving an award under this chapter
28 violates any provision of this chapter or ceases to meet the eligibility requirements of this chapter,
29 the commerce corporation may, on reasonable notice:

30 (1) Withhold further award until the taxpayer complies with the eligibility or other
31 requirements of the award; or

32 (2) Terminate the award.

33 **42-64.26-8. Carry forward and redemption of tax credits.** -- (a) If the amount of the
34 tax credit allowed under this chapter exceeds the taxpayer's total tax liability for the year in which

1 the credit is allowed, the amount of such credit that exceeds the taxpayer's tax liability may be
2 carried forward and applied against the taxes imposed for the succeeding four (4) years, or until
3 the full credit is used, whichever occurs first.

4 (b) The tax credit allowed under this chapter may be used as a credit against personal
5 income taxes imposed under chapter 30 of title 44.

6 (c) The division of taxation shall at the request of a taxpayer redeem such credits in
7 whole or in part for one hundred percent (100%) of the value of the tax credit.

8 (d) Any amounts paid to a taxpayer for the redemption of tax credits allowed pursuant to
9 this section shall be exempt from taxation under title 44 of the General Laws.

10 **42-64.26-9. Implementation guidelines, rules, regulations.** -- (a) The commerce
11 corporation may adopt implementation guidelines, rules, and regulations pursuant to § 42-35-3 as
12 are necessary for the implementation of this chapter.

13 (b) The commerce corporation shall adopt guidelines to assure integrity and eliminate
14 potential conflicts of interest in the issuing of awards.

15 (c) The division of taxation may adopt implementation guidelines, directives, criteria, and
16 rules and regulations pursuant to section 42-35-3 of the General Laws, as are necessary for the
17 implementation of the division's responsibilities under this chapter.

18 **42-64.26-10. Promotion by state agencies.** -- (a) The commerce corporation and any
19 other agencies engaging in education-related outreach shall integrate promotion of the program
20 into existing educational opportunity outreach efforts to the extent possible in a manner consistent
21 with the scope of the program and its centrality to the state's efforts to raise educational
22 attainment, including, without limitation, promoting the program to Rhode Island permanent
23 residents who enroll in accredited Rhode Island colleges or universities and receive financial aid
24 in the form of student loans.

25 **42-64.26-11. Program integrity.** -- Program integrity being of paramount importance,
26 the commerce corporation shall establish procedures to ensure ongoing compliance with the terms
27 and conditions of the program established herein and to safeguard the expenditure of public
28 funds.

29 **42-64.26-12. Sunset.** -- No incentives or credits shall be authorized pursuant to this
30 chapter after December 31, 2018.

31 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 STATE AFFAIRS AND GOVERNMENT -- STAY INVESTED IN RI
WAVEMAKER FELLOWSHIP

1 This act would establish the "Stay Invested in RI Wavemaker Fellowship Fund" which
2 would be a fund supported by contributions from state, federal, and private sources. The fund
3 would pay for the redemption of tax credits that would be applied against a taxpayer's tax
4 liability. The credits would be awarded by the commerce corporation on a competitive basis to
5 college, graduate and post-graduate degree holders who are working within certain high-demand
6 professions in Rhode Island. The act also provides no incentives or credits would be authorized
7 after December 31, 2018.

8 This act would take effect upon passage.

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