

2015 -- S 0651

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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 - BUSINESS CORPORATION TAX

Introduced By: Senators Goldin, Goodwin, Ruggerio, DaPonte, and Miller

Date Introduced: March 11, 2015

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-11 of the General Laws entitled "Business Corporation Tax" is
2 hereby amended by adding thereto the following section:

3 **44-11-29.2. Notice to tax administrator of sale of controlling interest - Tax due. -- (a)**

4 The sale or transfer of a controlling interest in any entity for valuable consideration, which
5 possesses, directly or indirectly, an interest in real property in this state, shall be fraudulent and
6 void as against the state unless the entity shall, within five (5) days after the sale or transfer,
7 notify the tax administrator of the sale or transfer and of the price, terms and conditions of the
8 sale or transfer, and of the character and location of the assets of the entity. Whenever an entity
9 shall make such a sale or transfer, there is imposed on the sale or transfer, payable by the entity
10 selling or transferring such controlling interest, a tax at the rate set forth in § 44-25-1(a) on the
11 interest in real property possessed, directly or indirectly, by such entity. Whenever an entity shall
12 make such a sale or transfer, the tax imposed by this section shall become due and payable at the
13 time when the tax administrator is notified, or, if he or she is not notified, at the time when he or
14 she should have been notified.

15 (b) A taxable sale or transfer of a controlling interest may occur in one transaction or in a
16 series of transactions. Transactions which occur within two (2) years of each other are presumed,
17 unless shown to the contrary, to be a series of transactions subject to the tax.

18 (c) A taxable sale or transfer of a controlling interest may be made by one seller or
19 transferor, or may be made by a group of sellers or transferors acting in concert. Sellers or

1 transferors who are related to each other by blood or marriage are presumed, unless shown to the
2 contrary, to be acting in concert.

3 (d) The tax administrator shall contribute to the distressed community relief program the
4 sum as set forth in § 44-25-1(c) to be distributed pursuant to § 45-13-12 and to the housing
5 resources commission restricted receipts account the sum as set forth in § 44-25-1(c). Funds will
6 be administered by the department of administration, office of housing and community
7 development, through the housing resources commission. The state shall retain sixty cents (\$.60)
8 for state use. The balance of the tax shall be remitted to the municipality in which said real estate
9 is located. The tax shall be administered and collected under the provisions of this chapter.

10 (e) For the purposes of this section the term "controlling interest" means:

11 (1) In the case of a corporation, fifty percent (50%) or more of the total combined voting
12 power of all classes of stock of such corporation; or

13 (2) In the case of a partnership, association, trust or other entity, fifty percent (50%) or
14 more of the capital, profits or beneficial interest in such partnership, association, trust, or other
15 entity.

16 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 provide that the tax administrator be notified of the sale or transfer of a
2 controlling interest in any entity which owns real property in the state, and also imposes a transfer
3 tax on the seller of such controlling interest.

4 This act would take effect upon passage.

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