

2017 -- H 5375

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO TAXATION - JOBS INCENTIVE PROGRAM

Introduced By: Representatives Morin, Casey, Johnston, Carson, and Messier

Date Introduced: February 03, 2017

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-48.3-4 and 44-48.3-6 of the General Laws in Chapter 44-48.3
2 entitled "Rhode Island New Qualified Jobs Incentive Act 2015" are hereby amended to read as
3 follows:

4 **44-48.3-4. Rhode Island qualified jobs incentive program.**

5 (a) The Rhode Island qualified jobs incentive program is hereby established as a program
6 under the jurisdiction of and shall be administered by the commerce corporation. The program
7 may provide tax credits to eligible businesses for an eligibility period not to exceed ten (10)
8 years.

9 (b) An eligible business under the program shall be entitled to a credit against taxes
10 imposed pursuant to chapters 11, 13, 14, 17 or 30 of title 44 as further provided under this
11 chapter.

12 (c) The minimum number of new full-time jobs required to be eligible for a tax credit
13 under this program shall be as follows:

14 (1) For a business in a targeted industry that employs not more than one hundred (100)
15 full-time employees on the date of application to the commerce corporation, the creation of at
16 least ~~ten (10)~~ five (5) new full-time jobs in this state;

17 (2) For a business in a targeted industry that employs more than one hundred (100) full-
18 time employees on the date of application to the commerce corporation, either the creation of new
19 full-time jobs in this state in an amount not less than ~~ten percent (10%)~~ five percent (5%) of the

1 business's existing number of full-time employees or the creation of at least ~~one hundred (100)~~
2 fifty (50) new full-time jobs in this state;

3 (3) For a business in a non-targeted industry that employs not more than two hundred
4 (200) full-time employees on the date of application to the commerce corporation, the creation of
5 at least ~~twenty (20)~~ ten (10) new full-time jobs in this state; or

6 (4) For a business in a non-targeted industry that employs more than two hundred (200)
7 full-time employees on the date of application to the commerce corporation, either the creation of
8 new full-time jobs in this state in an amount not less than ~~ten percent (10%)~~ five percent (5%) of
9 the business's existing number of full-time employees or the creation of at least ~~one hundred~~
10 ~~(100)~~ fifty (50) new full-time jobs in this state.

11 (d) When a business applies for an incentive under this chapter, in order to assist the
12 commerce corporation in determining whether the business is eligible for the incentives under
13 this chapter, the business's chief executive officer, or equivalent officer, shall attest under oath:

14 (1) That any projected creation of new full-time jobs would not occur, or would not occur
15 in the state of Rhode Island, but for the provision of tax credits under the program;

16 (2) The business will create new full-time jobs in an amount equal to or greater than the
17 applicable number set forth in subsection (c) of this section;

18 (3) That the business's chief executive officer, or equivalent officer, has reviewed the
19 information submitted to the commerce corporation and that the representations contained therein
20 are accurate and complete.

21 (e) The commerce corporation shall establish, by regulation, the documentation an
22 applicant shall be required to provide under this subsection. Such documentation may include
23 documentation showing that the applicant could reasonably locate the new positions outside of
24 this state, or that the applicant is considering locating the positions outside of this state, or that it
25 would not be financially feasible for the applicant to create the positions without the tax credits
26 provided in this chapter.

27 (f) In the event that this attestation by the business's chief executive officer, or equivalent
28 officer, required under subsection (d) of this section is found to be willfully false, the commerce
29 corporation may revoke any award of tax credits in their entirety, which revocation shall be in
30 addition to any other criminal or civil penalties that the business and/or the officer may be subject
31 to under applicable law. Additionally, the commerce corporation may revoke any award of tax
32 credits in its entirety if the eligible business is convicted of bribery, fraud, theft, embezzlement,
33 misappropriation, and/or extortion involving the state, any state agency or political subdivision of
34 the state.

1 **44-48.3-6. Total amount of tax credit for eligible business.**

2 (a) The base amount of the tax credit for an eligible business for each new full-time job
3 shall be up to two thousand five hundred dollars (\$2,500) annually.

4 (b) The total tax credit amount shall be calculated and credited to the business annually
5 for each year of the eligibility period after the commerce corporation, in consultation with the
6 division of taxation, has verified that the jobs covered by the tax credit have generated sufficient
7 personal income taxes to comply with subsection (e) of this section.

8 (c) In addition to the base amount of the tax credit, the amount of the tax credit to be
9 awarded for each new full-time job may be increased, pursuant to the provisions of subsection (d)
10 of this section, if the business meets any of the following criteria or such other additional criteria
11 determined by the commerce corporation from time to time in response to evolving economic or
12 market conditions:

- 13 (1) For a business located within a hope community;
- 14 (2) For a targeted industry;
- 15 (3) For a business located within a transit oriented development area; and
- 16 (4) For an out-of-state business that relocates a business unit or units or creates a
17 significant number of new full-time jobs during the commitment period.

18 (d) ~~For any application made to the commerce corporation from 2015 through 2018, the~~
19 ~~tax credit for an eligible business for each new full-time job shall not exceed seven thousand five~~
20 ~~hundred dollars (\$7,500) annually.~~

21 (e) Notwithstanding the provisions of subsections (a) through ~~(d)~~(c) of this section, for
22 each application approved by the commerce corporation, the amount of tax credits available to be
23 obtained by the business annually shall not exceed the reasonable W-2 withholding received by
24 the state for each new full-time job created by a business for applications received by the
25 commerce corporation in 2015 through 2018.

26 (f) The commerce corporation shall establish regulations regarding the conditions under
27 which a business may submit more than one application for tax credits over time. The commerce
28 corporation may place limits on repeat applications.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO TAXATION - JOBS INCENTIVE PROGRAM

1 This act would reduce the number of jobs to be created for eligibility for the jobs
2 incentive program or percentage of existing employees for businesses that employ not less than
3 one hundred (100) employees, or five percent (5%) of existing employees for businesses that
4 employ no less than two hundred (200) employees and fifty (50) or five percent (5%) of existing
5 employees for businesses that employ more than two hundred (200) employees. This act would
6 also eliminate the mandatory seven thousand five hundred dollar (\$7,500) cap on tax credits.

7 This act would take effect upon passage.

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