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S T A T E   O F   R H O D E   I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N   A C T

RELATING TO TAXATION -- RHODE ISLAND LIVABLE HOME TAX CREDIT ACT

Introduced By: Representatives McNamara, Casimiro, Carson, Vella-Wilkinson, and Solomon

Date Introduced: March 01, 2017

Referred To: House Finance

It is enacted by the General Assembly as follows:

SECTION 1. Title 44 of the General Laws entitled "TAXATION" is hereby amended by adding thereto the following chapter:

CHAPTER 70

RHODE ISLAND LIVABLE HOME TAX CREDIT ACT

44-70-1. Short title.

This chapter shall be known and may be cited as the "Rhode Island Livable Home Tax Credit Act."

44-70-2. Definitions.

As used in this chapter:

(1) "Accessibility features" means and includes the following:

(i) Accessible route to a zero-step entrance on firm surface that is no steeper than a 1:12 slope from a driveway or public sidewalk;

(ii) Zero-step entrance;

(iii) Doors with at least thirty-two inches (32") of clear width;

(iv) Hallways and passages with at least thirty-six inches (36") of clear width;

(v) Accessible light switches, electrical outlets and environmental controls;

(vi) Accessible bathroom;

(vii) Accessible and useable kitchen facilities; and

(viii) Retrofitting of an existing unit shall also include permanently installed lifts or elevators. These features are to meet the specifications of an existing standard.

(2) "Existing standards" means and includes adaptability features prescribed by the Rhode Island state building code, the specifications of the American National Standards Institute, the Uniform Federal Accessibility Standards (24 C.F.R. Part 40), or fair housing guidelines.

(3) "New residence" means a unit purchased for use as a residence that has not been previously sold for occupancy as a residence. This includes newly constructed units and residential units created through the adaptive reuse of buildings previously used for nonresidential uses.

(4) "Sensory modifications" means alarms, appliances and controls designed to assist sensory disabled persons that are structurally integrated into the residential unit. Built-in appliances would meet this definition. Accommodations or features that can be removed and reinstalled in another residential unit and so reused at another location are not considered to be sensory modifications for the purposes of this tax credit program. Appliances or alarms that can be reinstalled in another residence would not meet this definition.

(5) "Universal visitability" means:

(i) At least one zero-step entrance approached by an accessible route on a firm surface no steeper than a 1:12 slope proceeding from a driveway or public sidewalk;

(ii) An accessible bathroom, which can be a half bath/powder room, on the same floor as the zero-step entrance; and

(iii) Doors with at least thirty-two inches (32") of clear width and hallways/passage ways of at least thirty-six inches (36") of clear width to the accessible bathroom and eating area.

44-70-3. Tax credits.

(a) For taxable years beginning on and after January 1, 2018, any taxpayer who purchases a new residence as defined in §44-70-2 or retrofits or hires someone to retrofit an existing residence, provided that such new residence or the retrofitting of such existing residence meets the qualification criteria as established in §44-70-4 and meets the eligibility requirements established by guidelines developed by the governor’s commission on disabilities, shall be allowed a credit against the tax imposed pursuant to the provisions of chapter 30 of title 44 ("personal income tax") of fifty percent (50%) of the total amount spent upon meeting the qualification criteria for the new residence or retrofitting of such existing residence, not to exceed five thousand dollars ($5,000). The credit shall be allowed for the taxable year in which the residence has been purchased or construction, retrofitting, or renovation of the residence or residential structure or unit has been completed.

(b) The credit required by this section shall require application by the taxpayer as provided in §44-70-5.

44-70-4. Qualifications for tax credit.

(a) New residence. In order for the purchase or construction of a new residence to qualify for tax credit the new residence must include the three (3) features of universal visitability as defined in §44-70-2 or include at least three (3) accessibility features as defined in §44-70-2 and meet the requirements of an existing standard as defined in §44-70-2.

(b) Retrofitting of an existing unit. In order to qualify for the tax credit retrofitting of an existing residential unit must include at least one accessibility feature as defined in §44-70-2 and meet the requirements of an existing standard as defined in §44-70-2 or provide sensory modifications as defined in §44-70-2.

44-70-5. Applications.

Eligible taxpayers shall apply for the credit by making application to the governor's commission on disabilities, which shall issue a certification for an approved application to the taxpayer. The taxpayer shall attach the certification to the applicable income tax return. The total amount of tax credits granted under this section for any fiscal year shall not exceed two hundred fifty thousand dollars ($250,000). In the event applications for the tax credit exceed the amount allocated by the governor's commission on disabilities for the fiscal year, the governor's commission on disabilities shall issue the tax credits on a pro rata basis, based upon the amount of the tax credit approved for each taxpayer and the amount of tax credits allocated by the governor's commission on disabilities.

44-70-6. Eligibility.

(a) Credit shall be allowed under this chapter for the retrofitting, or renovation of residential rental property provided that the owner agreed to maintained access for ten (10) years. Excluded from the tax credits are entities that are:

(1) Eligible for the federal disabled access credit established under section 44 of the Internal Revenue Code (26 U.S.C. §44) and §44-54-1, disabled access credit for small businesses;

(2) Limited liability companies or foreign limited liability companies, as defined in §7-16-2;

(3) S Corporations established under Subchapter S of Chapter 1 of the Internal Revenue Code (26 U.S.C. §§1361 et seq.);

(4) Cooperative housing corporations, as defined in §7-6.1-4; or

(5) Corporations or foreign corporations, as defined in §7-1.2-106.

(b) Accessibility or visitablity modifications that are funded through local, state or federal programs are not eligible for tax credits.

(c) No credit shall be allowed under this chapter for the purchase or construction of residential rental property.

(d) In no case shall the governor’s commission on disabilities issue any tax credit relating to transactions or dealings between affiliated entities. In no case shall the governor’s commission on disabilities issue any tax credit more than once to the same or different persons relating to the same retrofitting, renovation, or construction project.

(e) In no case shall the amount of credit taken by a taxpayer pursuant to this chapter exceed the taxpayer's income tax liability for the taxable year. If the amount of credit allowed for the taxable year in which the residence has been purchased or construction, retrofitting, or renovation of the residence or residential structure or unit has been completed exceeds the taxpayer's income tax liability imposed for such taxable year, then the amount that exceeds the tax liability may be carried over for credit against the income taxes of such taxpayer in the next seven (7) taxable years or until the total amount of the tax credit issued has been taken, whichever is sooner.

44-70-7. Reporting

By August 15 of each year, the division of taxation shall report:

(1) The number of tax credits issued to qualifying individuals;

(2) The number of applicants who did not qualify;

(3) The total dollar amount of tax credits issued; and

(4) The average amount of the tax credits issued.

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 -- RHODE ISLAND LIVABLE HOME TAX CREDIT ACT

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This act would establish the "Rhode Island Livable Home Tax Credit Act", and would provide for its administration. The act would provide a tax credit against the state’s personal income tax for taxpayers who purchase new residences or retrofit residences which meet or are modified to meet standards that make the residences more accessible for elderly and disabled persons.

This act would take effect upon passage.

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