

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T
RELATING TO TAXATION

Introduced By: Senators Ciccone, DaPonte, DiPalma, Seveney, and Lombardi

Date Introduced: February 15, 2017

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-1-7 of the General Laws in Chapter 44-1 entitled "State Tax
2 Officials" is hereby amended to read as follows:

3 **44-1-7. Interest on delinquent payments.**

4 (a) Whenever the full amount of any state tax or any portion or deficiency, as finally
5 determined by the tax administrator, has not been paid on the date when it is due and payable,
6 whether the time has been extended or not, there shall be added as part of the tax or portion or
7 deficiency interest at the rate as determined in accordance with subsection (b) of this section,
8 notwithstanding any general or specific statute to the contrary.

9 (b) Each January 1 the tax administrator shall compute the rate of interest to be in effect
10 for that calendar year by adding two percent (2%) to the prime rate, which was in effect on
11 October 1 of the preceding year. In no event shall the rate of interest exceed twenty-one percent
12 (21%) per annum nor be less than eighteen percent (18%) per annum. Effective July 1, 2017, in
13 no event shall the rate of interest exceed fifteen percent (15%) per annum, nor be less than ten
14 percent (10%) per annum.

15 (c) "Prime rate" as used in subsection (b) of this section means the predominant prime
16 rate quoted by commercial banks to large businesses as determined by the board of governors of
17 the Federal Reserve System.

18 (d) Persons owing delinquent taxes and obtaining an approved payment agreement with
19 the tax administrator or their designee prior to December 31, 2017, shall be eligible for a reduced

1 rate of interest of five percent (5%) per annum. Any person defaulting on an approved payment
2 agreement shall not be eligible for a reduced rate of interest under this section.

3 (e) Persons owing delinquent taxes and obtaining an approved payment agreement with
4 the tax administrator or their designee after December 31, 2017, shall be eligible for a reduced
5 rate of interest of seven percent (7%) per annum. Any person defaulting on an approved payment
6 agreement shall not be eligible for a reduced rate of interest under this section.

7 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 reduce the interest rate on delinquent tax payments from between twenty-
2 one percent (21%) and not less than eighteen percent (18%) to between fifteen percent (15%) and
3 not less than ten percent (10%) and would provide for a reduced interest rate for persons on
4 approved payment plans.

5 This act would take effect upon passage.

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