

2019 -- S 0426

LC001845

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO TAXATION - BUSINESS CORPORATION TAX

Introduced By: Senators Archambault, Sosnowski, Rogers, Coyne, and Conley

Date Introduced: February 27, 2019

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 **44-11-46. Tax credit for dairy farmers.**

4 (a) There shall be established a dairy farm tax credit program under which a business  
5 corporation that is licensed as a dairy farm with the department of health may be allowed a  
6 refundable income tax credit based on the amount of milk produced and sold. The credit may be  
7 claimed against the taxes due pursuant to this chapter. The credit shall be established to offset the  
8 cyclical downturns in milk prices paid to dairy farmers and shall be based on the United States  
9 Federal Milk Marketing Order for the applicable market such that if the United States Federal  
10 Milk Marketing order price drops below a trigger price anytime during the taxable year the  
11 business corporation may receive the tax credit.

12 (b) The director of the department of environmental management, in consultation with  
13 the tax administrator shall adopt regulations for the implementation, administration and  
14 enforcement of this section, including the establishment of the trigger price, which shall take into  
15 account the operating costs of milk production including, but not limited to, hired labor and some  
16 portion of the value of unpaid labor, and the amount of the tax credit which shall be based upon  
17 volume of milk production. The regulations shall provide that when the department of  
18 environmental management determines that an error has been made in calculating the trigger  
19 price or in reporting or collecting data used in the calculation of the trigger price or the tax credit,

1 the director shall recalculate, with or without amendments, the trigger price or tax credit.  
2 (c) If the total cumulative value of the credit allowed under this section exceeds the  
3 taxpayer's liability, the tax administrator shall treat such excess as an overpayment and shall pay  
4 the taxpayer one hundred percent (100%) of the amount of such excess, without interest. The  
5 director of the department of environmental management shall certify to the division of taxation  
6 whether a dairy farm claiming credits under this section has met eligibility requirements provided  
7 in this section and the amount of the credit to which any such eligible applicant is entitled.

8 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 establish a tax credit program or a business corporation that is a licensed
- 2 dairy farm allowing for a refundable tax credit based on the amount of milk produced and sold.
- 3 This act would take effect upon passage.

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