

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

AN ACT

RELATING TO TAXATION - TAX CREDITS FOR CONTRIBUTIONS TO SCHOLARSHIP ORGANIZATIONS

**Introduced By:** Senators Morgan, DiPalma, Raptakis, Gee, and Cote

**Date Introduced:** March 20, 2018

**Referred To:** Senate Finance

*It is enacted by the General Assembly as follows:*

1 SECTION 1. Sections 44-62-3 and 44-62-6 of the General Laws in Chapter 44-62  
2 entitled "Tax Credits for Contributions to Scholarship Organizations" are hereby amended to read  
3 as follows:

4 **44-62-3. Application for the tax credit program.**

5 (a) Prior to the contribution, a business entity shall apply in writing to the division of  
6 taxation. The application shall contain such information and certification as the tax administrator  
7 deems necessary for the proper administration of this chapter. A business entity shall be approved  
8 if it meets the criteria of this chapter; the dollar amount of the applied for tax credit is no greater  
9 than one hundred thousand dollars (\$100,000) in any tax year, and the scholarship organization  
10 that is to receive the contribution has qualified under § 44-62-2.

11 (b) Approvals for contributions under this section shall be made available by the division  
12 of taxation on a first-come-first-serve basis consistent with § 44-62-3(f). The total aggregate  
13 amount of all tax credits approved shall not exceed one million five hundred thousand dollars  
14 (\$1,500,000) in a fiscal year; provided that the total aggregate amount of all tax credits approved  
15 shall not exceed five million dollars (\$5,000,000) in fiscal year 2019 and shall thereafter increase

16 by fifteen percent (15%) following any fiscal year in which applications by eligible business  
17 entities exceed approved contributions by ten percent (10%).

18 (c) The division of taxation shall notify the business entity in writing within thirty (30)

1 days of the receipt of application of the division's approval or rejection of the application.

2 (d) Unless the contribution is part of a two-year plan, the actual cash contribution by the  
3 business entity to a qualified scholarship organization must be made no later than one hundred  
4 twenty (120) days following the approval of its application. If the contribution is part of a two-  
5 year plan, the first year's contribution follows the general rule and the second year's contribution  
6 must be made in the subsequent calendar year by the same date.

7 (e) The contributions must be those charitable contributions made in cash as set forth in  
8 the Internal Revenue Code.

9 (f) Approvals shall be made available first to applications for the continued participation  
10 of eligible students already attending qualified schools through the scholarship program described  
11 in this section, provided that the division of taxation may treat any contribution amount from a  
12 single business entity to support additional scholarships as a separate application.

13 **44-62-6. Definitions.**

14 The following words and phrases used in this chapter shall have the meanings given to  
15 them in this section unless the context clearly indicates otherwise:

16 (1) "Business entity" means an entity authorized to do business in this state and subject to  
17 taxes imposed under chapters 44-11, 44-13, 44-14, 44-15 and 44-17 of the general laws. Business  
18 entities also include Subchapter S Corporations, Limited Liability Partnerships, and Limited  
19 Liability Corporations.

20 (2) "Division of taxation" means the Rhode Island division of taxation.

21 (3) "Eligible business entity" means any business entity whose application to make a  
22 contribution to the program created by this section would be approved if said approval would not  
23 exceed the limit described in § 44-62-3(b).

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

**EXPLANATION**  
**BY THE LEGISLATIVE COUNCIL**  
**OF**  
**A N A C T**  
**RELATING TO TAXATION - TAX CREDITS FOR CONTRIBUTIONS TO SCHOLARSHIP**  
**ORGANIZATIONS**

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1           This act would increase the total aggregate amount of tax credits approved for a business  
2           entity meeting the requisite criteria to an aggregate amount of all tax credits not exceeding five  
3           million dollars (\$5,000,000) in fiscal year 2019. This act would also include a new definition for  
4           an "eligible business entity".

5           This act would take effect upon passage.

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