

2015 -- H 5734

=====  
LC001687  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

-----  
A N A C T

RELATING TO TAXATION -- RENEWABLE ENERGY TAX CREDIT

Introduced By: Representatives Ruggiero, Handy, McKiernan, Marshall, and O`Grady

Date Introduced: February 26, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. The renewable energy sector continues to be one of the fastest growing  
2 sectors in the Rhode Island economy, with solar electricity becoming a less expensive form of  
3 energy and the cleanest.

4           The regional greenhouse gas initiative act of 2007, chapter 82 of title 23, sets a target for  
5 reduction of greenhouse gases in Rhode Island with small scale renewable energy projects being  
6 part of the short-term and long-term goals of reducing greenhouse gas emissions.

7           The renewable energy tax credit for Rhode Island homeowners encourages investment in  
8 solar, photovoltaic, solar hot water, and geothermal projects. This will create jobs for the building  
9 trades and small business renewable energy firms while generating revenue for the state of Rhode  
10 Island in sales, payroll, and income tax revenue.

11           According to the Rhode Island office of energy, since 2006 when the renewable energy  
12 tax credit was available to homeowners, the average cost to the state was one hundred fifty  
13 thousand dollars (\$150,000) a year with an average of one million one hundred thousand dollars  
14 (\$1.1) million dollars in economic output to the state with a yearly average of fifty-seven (57)  
15 installations.

16           SECTION 2. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal  
17 Income Tax" is hereby amended to read as follows:

18           **44-30-2.6. Rhode Island taxable income -- Rate of tax.** -- (a) "Rhode Island taxable  
19 income" means federal taxable income as determined under the Internal Revenue Code, 26 U.S.C.

1 § 1 et seq., not including the increase in the basic standard deduction amount for married couples  
2 filing joint returns as provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003 and  
3 the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), and as modified by  
4 the modifications in § 44-30-12.

5 (b) Notwithstanding the provisions of §§ 44-30-1 and 44-30-2, for tax years beginning on  
6 or after January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island  
7 taxable income of residents and nonresidents, including estates and trusts, at the rate of twenty-  
8 five and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year  
9 2002 and thereafter of the federal income tax rates, including capital gains rates and any other  
10 special rates for other types of income, except as provided in § 44-30-2.7, which were in effect  
11 immediately prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of  
12 2001 (EGTRRA); provided, rate schedules shall be adjusted for inflation by the tax administrator  
13 beginning in taxable year 2002 and thereafter in the manner prescribed for adjustment by the  
14 commissioner of Internal Revenue in 26 U.S.C. § 1(f). However, for tax years beginning on or  
15 after January 1, 2006, a taxpayer may elect to use the alternative flat tax rate provided in § 44-30-  
16 2.10 to calculate his or her personal income tax liability.

17 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative  
18 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode  
19 Island alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by  
20 multiplying the federal tentative minimum tax without allowing for the increased exemptions  
21 under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal  
22 form 6251 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%)  
23 for tax year 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing  
24 the product to the Rhode Island tax as computed otherwise under this section. The excess shall be  
25 the taxpayer's Rhode Island alternative minimum tax.

26 (1) For tax years beginning on or after January 1, 2005 and thereafter the exemption  
27 amount for alternative minimum tax, for Rhode Island purposes, shall be adjusted for inflation by  
28 the tax administrator in the manner prescribed for adjustment by the commissioner of Internal  
29 Revenue in 26 U.S.C. § 1(f).

30 (2) For the period January 1, 2007 through December 31, 2007, and thereafter, Rhode  
31 Island taxable income shall be determined by deducting from federal adjusted gross income as  
32 defined in 26 U.S.C. § 62 as modified by the modifications in § 44-30-12 the Rhode Island  
33 itemized deduction amount and the Rhode Island exemption amount as determined in this section.

34 (A) Tax imposed.

1 (1) There is hereby imposed on the taxable income of married individuals filing joint  
2 returns and surviving spouses a tax determined in accordance with the following table:

3 If taxable income is:	The tax is:
4 Not over \$53,150	3.75% of taxable income
5 Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the excess over \$53,150
6 Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the excess over \$128,500
7 Over \$195,850 but not over \$349,700	\$12,487.25 plus 9.00% of the excess over \$195,850
8 Over \$349,700	\$26,333.75 plus 9.90% of the excess over \$349,700

9 (2) There is hereby imposed on the taxable income of every head of household a tax  
10 determined in accordance with the following table:

11 If taxable income is:	The tax is:
12 Not over \$42,650	3.75% of taxable income
13 Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the excess over \$42,650
14 Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the excess over \$110,100
15 Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the excess over \$178,350
16 Over \$349,700	\$27,031.75 plus 9.90% of the excess over \$349,700

17 (3) There is hereby imposed on the taxable income of unmarried individuals (other than  
18 surviving spouses and heads of households) a tax determined in accordance with the following  
19 table:

20 If taxable income is:	The tax is:
21 Not over \$31,850	3.75% of taxable income
22 Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the excess over \$31,850
23 Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the excess over \$77,100
24 Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the excess over \$160,850
25 Over \$349,700	\$27,849.00 plus 9.90% of the excess over \$349,700

26 (4) There is hereby imposed on the taxable income of married individuals filing separate  
27 returns and bankruptcy estates a tax determined in accordance with the following table:

28 If taxable income is:	The tax is:
29 Not over \$26,575	3.75% of taxable income
30 Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the excess over \$26,575
31 Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the excess over \$64,250
32 Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the excess over \$97,925
33 Over \$174,850	\$13,166.88 plus 9.90% of the excess over \$174,850

34 (5) There is hereby imposed a taxable income of an estate or trust a tax determined in

1 accordance with the following table:

2 If taxable income is:	The tax is:
3 Not over \$2,150	3.75% of taxable income
4 Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess over \$2,150
5 Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the excess over \$5,000
6 Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the excess over \$7,650
7 Over \$10,450	\$737.50 plus 9.90% of the excess over \$10,450

8 (6) Adjustments for inflation. The dollars amount contained in paragraph (A) shall be  
9 increased by an amount equal to:

- 10 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;
- 11 (b) The cost-of-living adjustment determined under section (J) with a base year of 1993;
- 12 (c) The cost-of-living adjustment referred to in subparagraph (a) and (b) used in making  
13 adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall  
14 be determined under section (J) by substituting "1994" for "1993."

15 (B) Maximum capital gains rates

16 (1) In general If a taxpayer has a net capital gain for tax years ending prior to January 1,  
17 2010, the tax imposed by this section for such taxable year shall not exceed the sum of:

- 18 (a) 2.5 % of the net capital gain as reported for federal income tax purposes under section  
19 26 U.S.C. 1(h)(1)(a) and 26 U.S.C. 1(h)(1)(b).
- 20 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.  
21 1(h)(1)(c).
- 22 (c) 6.25% of the net capital gain as reported for federal income tax purposes under 26  
23 U.S.C. 1(h)(1)(d).
- 24 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.  
25 1(h)(1)(e).

26 (2) For tax years beginning on or after January 1, 2010 the tax imposed on net capital  
27 gain shall be determined under subdivision 44-30-2.6(c)(2)(A).

28 (C) Itemized deductions.

29 (1) In general

30 For the purposes of section (2) "itemized deductions" means the amount of federal  
31 itemized deductions as modified by the modifications in § 44-30-12.

32 (2) Individuals who do not itemize their deductions In the case of an individual who does  
33 not elect to itemize his deductions for the taxable year, they may elect to take a standard  
34 deduction.

1 (3) Basic standard deduction. The Rhode Island standard deduction shall be allowed in  
2 accordance with the following table:

3 Filing status	Amount
4 Single	\$5,350
5 Married filing jointly or qualifying widow(er)	\$8,900
6 Married filing separately	\$4,450
7 Head of Household	\$7,850

8 (4) Additional standard deduction for the aged and blind. An additional standard  
9 deduction shall be allowed for individuals age sixty-five (65) or older or blind in the amount of  
10 \$1,300 for individuals who are not married and \$1,050 for individuals who are married.

11 (5) Limitation on basic standard deduction in the case of certain dependents. In the case  
12 of an individual to whom a deduction under section (E) is allowable to another taxpayer, the basic  
13 standard deduction applicable to such individual shall not exceed the greater of:

14 (a) \$850;

15 (b) The sum of \$300 and such individual's earned income;

16 (6) Certain individuals not eligible for standard deduction. In the case of:

17 (a) A married individual filing a separate return where either spouse itemizes deductions;

18 (b) Nonresident alien individual;

19 (c) An estate or trust;

20 The standard deduction shall be zero.

21 (7) Adjustments for inflation. Each dollars amount contained in paragraphs (3), (4) and  
22 (5) shall be increased by an amount equal to:

23 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988,  
24 multiplied by

25 (b) The cost-of-living adjustment determined under section (J) with a base year of 1988.

26 (D) Overall limitation on itemized deductions

27 (1) General rule.

28 In the case of an individual whose adjusted gross income as modified by § 44-30-12  
29 exceeds the applicable amount, the amount of the itemized deductions otherwise allowable for the  
30 taxable year shall be reduced by the lesser of:

31 (a) Three percent (3%) of the excess of adjusted gross income as modified by § 44-30-12  
32 over the applicable amount; or

33 (b) Eighty percent (80%) of the amount of the itemized deductions otherwise allowable  
34 for such taxable year.

1 (2) Applicable amount.

2 (a) In general.

3 For purposes of this section, the term "applicable amount" means \$156,400 (\$78,200 in  
4 the case of a separate return by a married individual)

5 (b) Adjustments for inflation. Each dollar amount contained in paragraph (a) shall be  
6 increased by an amount equal to:

7 (i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by

8 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

9 (3) Phase-out of Limitation.

10 (a) In general.

11 In the case of taxable year beginning after December 31, 2005, and before January 1,  
12 2010, the reduction under section (1) shall be equal to the applicable fraction of the amount which  
13 would be the amount of such reduction.

14 (b) Applicable fraction. For purposes of paragraph (a), the applicable fraction shall be  
15 determined in accordance with the following table:

16 For taxable years beginning in calendar year	The applicable fraction is
17 2006 and 2007	2/3
18 2008 and 2009	1/3

19 (E) Exemption amount

20 (1) In general.

21 Except as otherwise provided in this subsection, the term "exemption amount" mean  
22 \$3,400.

23 (2) Exemption amount disallowed in case of certain dependents.

24 In the case of an individual with respect to whom a deduction under this section is  
25 allowable to another taxpayer for the same taxable year, the exemption amount applicable to such  
26 individual for such individual's taxable year shall be zero.

27 (3) Adjustments for inflation.

28 The dollar amount contained in paragraph (1) shall be increased by an amount equal to:

29 (a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by

30 (b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

31 (4) Limitation.

32 (a) In general.

33 In the case of any taxpayer whose adjusted gross income as modified for the taxable year  
34 exceeds the threshold amount shall be reduced by the applicable percentage.

1 (b) Applicable percentage. In the case of any taxpayer whose adjusted gross income for  
 2 the taxable year exceeds the threshold amount, the exemption amount shall be reduced by two (2)  
 3 percentage points for each \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross  
 4 income for the taxable year exceeds the threshold amount. In the case of a married individual  
 5 filing a separate return, the preceding sentence shall be applied by substituting "\$1,250" for  
 6 "\$2,500." In no event shall the applicable percentage exceed one hundred percent (100%).

7 (c) Threshold Amount. For the purposes of this paragraph, the term "threshold amount"  
 8 shall be determined with the following table:

9 Filing status	Amount
10 Single	\$156,400
11 Married filing jointly of qualifying widow(er)	\$234,600
12 Married filing separately	\$117,300
13 Head of Household	\$195,500

14 (d) Adjustments for inflation.

15 Each dollars amount contain in paragraph (b) shall be increased by an amount equal to:

- 16 (i) Such dollar amount contained in paragraph (b) in the year 1991, multiplied by
- 17 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

18 (5) Phase-out of Limitation.

19 (a) In general.

20 In the case of taxable years beginning after December 31, 2005, and before January 1,  
 21 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which  
 22 would be the amount of such reduction.

23 (b) Applicable fraction. For the purposes of paragraph (a), the applicable fraction shall  
 24 be determined in accordance with the following table:

25 For taxable years beginning in calendar year	The applicable fraction is
26 2006 and 2007	2/3
27 2008 and 2009	1/3

28 (F) Alternative minimum tax

29 (1) General rule. - There is hereby imposed (in addition to any other tax imposed by this  
 30 subtitle) a tax equal to the excess (if any) of:

- 31 (a) The tentative minimum tax for the taxable year, over
- 32 (b) The regular tax for the taxable year.

33 (2) The tentative minimum tax for the taxable year is the sum of:

- 34 (a) 6.5 percent of so much of the taxable excess as does not exceed \$175,000, plus

1 (b) 7.0 percent of so much of the taxable excess above \$175,000.

2 (3) The amount determined under the preceding sentence shall be reduced by the  
3 alternative minimum tax foreign tax credit for the taxable year.

4 (4) Taxable excess. - For the purposes of this subsection the term "taxable excess" means  
5 so much of the federal alternative minimum taxable income as modified by the modifications in §  
6 44-30-12 as exceeds the exemption amount.

7 (5) In the case of a married individual filing a separate return, subparagraph (2) shall be  
8 applied by substituting "\$87,500" for \$175,000 each place it appears.

9 (6) Exemption amount. For purposes of this section "exemption amount" means:

10 Filing status	Amount
11 Single	\$39,150
12 Married filing jointly or qualifying widow(er)	\$53,700
13 Married filing separately	\$26,850
14 Head of Household	\$39,150
15 Estate or trust	\$24,650

16 (7) Treatment of unearned income of minor children

17 (a) In general.

18 In the case of a minor child, the exemption amount for purposes of section (6) shall not  
19 exceed the sum of:

20 (i) Such child's earned income, plus

21 (ii) \$6,000.

22 (8) Adjustments for inflation.

23 The dollar amount contained in paragraphs (6) and (7) shall be increased by an amount  
24 equal to:

25 (a) Such dollar amount contained in paragraphs (6) and (7) in the year 2004, multiplied  
26 by

27 (b) The cost-of-living adjustment determined under section (J) with a base year of 2004.

28 (9) Phase-out.

29 (a) In general.

30 The exemption amount of any taxpayer shall be reduced (but not below zero) by an  
31 amount equal to twenty-five percent (25%) of the amount by which alternative minimum taxable  
32 income of the taxpayer exceeds the threshold amount.

33 (b) Threshold amount. For purposes of this paragraph, the term "threshold amount" shall  
34 be determined with the following table:

1	Filing status	Amount
2	Single	\$123,250
3	Married filing jointly or qualifying widow(er)	\$164,350
4	Married filing separately	\$82,175
5	Head of Household	\$123,250
6	Estate or Trust	\$82,150

7 (c) Adjustments for inflation

8 Each dollar amount contained in paragraph (9) shall be increased by an amount equal to:

9 (i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by

10 (ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.

11 (G) Other Rhode Island taxes

12 (1) General rule. - There is hereby imposed (in addition to any other tax imposed by this  
13 subtitle) a tax equal to twenty-five percent (25%) of:

14 (a) The Federal income tax on lump-sum distributions.

15 (b) The Federal income tax on parents' election to report child's interest and dividends.

16 (c) The recapture of Federal tax credits that were previously claimed on Rhode Island  
17 return.

18 (H) Tax for children under 18 with investment income

19 (1) General rule. - There is hereby imposed a tax equal to twenty-five percent (25%) of:

20 (a) The Federal tax for children under the age of 18 with investment income.

21 (I) Averaging of farm income

22 (1) General rule. - At the election of an individual engaged in a farming business or  
23 fishing business, the tax imposed in section 2 shall be equal to twenty-five percent (25%) of:

24 (a) The Federal averaging of farm income as determined in IRC section 1301.

25 (J) Cost-of-living adjustment

26 (1) In general.

27 The cost-of-living adjustment for any calendar year is the percentage (if any) by which:

28 (a) The CPI for the preceding calendar year exceeds

29 (b) The CPI for the base year.

30 (2) CPI for any calendar year. For purposes of paragraph (1), the CPI for any calendar  
31 year is the average of the Consumer Price Index as of the close of the twelve (12) month period  
32 ending on August 31 of such calendar year.

33 (3) Consumer Price Index

34 For purposes of paragraph (2), the term "consumer price index" means the last consumer

1 price index for all urban consumers published by the department of labor. For purposes of the  
2 preceding sentence, the revision of the consumer price index which is most consistent with the  
3 consumer price index for calendar year 1986 shall be used.

4 (4) Rounding.

5 (a) In general.

6 If any increase determined under paragraph (1) is not a multiple of \$50, such increase  
7 shall be rounded to the next lowest multiple of \$50.

8 (b) In the case of a married individual filing a separate return, subparagraph (a) shall be  
9 applied by substituting "\$25" for \$50 each place it appears.

10 (K) Credits against tax. - For tax years beginning on or after January 1, 2001, a taxpayer  
11 entitled to any of the following federal credits enacted prior to January 1, 1996 shall be entitled to  
12 a credit against the Rhode Island tax imposed under this section:

13 (1) [Deleted by P.L. 2007, ch. 73, art. 7, § 5].

14 (2) Child and dependent care credit;

15 (3) General business credits;

16 (4) Credit for elderly or the disabled;

17 (5) Credit for prior year minimum tax;

18 (6) Mortgage interest credit;

19 (7) Empowerment zone employment credit;

20 (8) Qualified electric vehicle credit.

21 (L) Credit against tax for adoption. - For tax years beginning on or after January 1, 2006,  
22 a taxpayer entitled to the federal adoption credit shall be entitled to a credit against the Rhode  
23 Island tax imposed under this section if the adopted child was under the care, custody, or  
24 supervision of the Rhode Island department of children, youth and families prior to the adoption.

25 (M) The credit shall be twenty-five percent (25%) of the aforementioned federal credits  
26 provided there shall be no deduction based on any federal credits enacted after January 1, 1996,  
27 including the rate reduction credit provided by the federal Economic Growth and Tax  
28 Reconciliation Act of 2001 (EGTRRA). In no event shall the tax imposed under this section be  
29 reduced to less than zero. A taxpayer required to recapture any of the above credits for federal tax  
30 purposes shall determine the Rhode Island amount to be recaptured in the same manner as  
31 prescribed in this subsection.

32 (N) Rhode Island earned income credit

33 (1) In general.

34 A taxpayer entitled to a federal earned income credit shall be allowed a Rhode Island

1 earned income credit equal to ten percent (10%) of the federal earned income credit. Such credit  
2 shall not exceed the amount of the Rhode Island income tax.

3 (2) Refundable portion. In the event the Rhode Island earned income credit allowed  
4 under section (J) exceeds the amount of Rhode Island income tax, a refundable earned income  
5 credit shall be allowed.

6 (a) For purposes of paragraph (2) refundable earned income credit means one hundred  
7 percent (100%) of the amount by which the Rhode Island earned income credit exceeds the  
8 Rhode Island income tax.

9 (O) The tax administrator shall recalculate and submit necessary revisions to paragraphs  
10 (A) through (J) to the general assembly no later than February 1, 2010 and every three (3) years  
11 thereafter for inclusion in the statute.

12 (3) For the period January 1, 2011 through December 31, 2011, and thereafter, "Rhode  
13 Island taxable income" means federal adjusted gross income as determined under the Internal  
14 Revenue Code, 26 U.S.C. 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-  
15 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to  
16 subparagraph 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant of  
17 subparagraph 44-30-2.6(c)(3)(C).

18 (A) Tax imposed.

19 (I) There is hereby imposed on the taxable income of married individuals filing joint  
20 returns, qualifying widow(er), every head of household, unmarried individuals, married  
21 individuals filing separate returns and bankruptcy estates, a tax determined in accordance with the  
22 following table:

RI Taxable Income		RI Income Tax		
Over	But not Over	Pay	+ % On Excess	On The Amount Over
\$0 -	\$55,000	\$0	+ 3.75%	\$0
55,000 -	125,000	2,063	+ 4.75%	55,000
125,000 -		5,388	+ 5.99%	125,000

28 (II) There is hereby imposed on the taxable income of an estate or trust a tax determined  
29 in accordance with the following table:

RI Taxable Income		RI Income Tax		
Over	But not Over	Pay	+ % On Excess	On The Amount Over
\$0 -	\$2,230	\$0	+ 3.75%	\$0
2,230 -	7,022	84	+ 4.75%	2,230
7,022 -		312	+ 5.99%	7,022

1 (B) Deductions:

2 (I) Rhode Island Basic Standard Deduction. Only the Rhode Island standard deduction  
3 shall be allowed in accordance with the following table:

4 Filing status:	Amount
5 Single	\$7,500
6 Married filing jointly or qualifying widow(er)	\$15,000
7 Married filing separately	\$7,500
8 Head of Household	\$11,250

9 (II) Nonresident alien individuals, estates and trusts are not eligible for standard  
10 deductions.

11 (III) In the case of any taxpayer whose adjusted gross income, as modified for Rhode  
12 Island purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five  
13 thousand dollars (\$175,000), the standard deduction amount shall be reduced by the applicable  
14 percentage. The term "applicable percentage" means twenty (20) percentage points for each five  
15 thousand dollars (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for  
16 the taxable year exceeds one hundred seventy-five thousand dollars (\$175,000).

17 (C) Exemption Amount:

18 (I) The term "exemption amount" means three thousand five hundred dollars (\$3,500)  
19 multiplied by the number of exemptions allowed for the taxable year for federal income tax  
20 purposes.

21 (II) Exemption amount disallowed in case of certain dependents. In the case of an  
22 individual with respect to whom a deduction under this section is allowable to another taxpayer  
23 for the same taxable year, the exemption amount applicable to such individual for such  
24 individual's taxable year shall be zero.

25 (D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode  
26 Island purposes pursuant to § 33-30-12, for the taxable year exceeds one hundred seventy- five  
27 thousand dollars (\$175,000), the exemption amount shall be reduced by the applicable  
28 percentage. The term "applicable percentage" means twenty (20) percentage points for each five  
29 thousand dollars (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for  
30 the taxable year exceeds one hundred seventy-five thousand dollars (\$175,000).

31 (E) Adjustment for inflation. - The dollar amount contained in subparagraphs 44-30-  
32 2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount  
33 equal to:

34 (I) Such dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-

1 2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) adjusted for inflation using a base tax year of 2000,  
2 multiplied by;

3 (II) The cost-of-living adjustment with a base year of 2000.

4 (III) For the purposes of this section the cost-of-living adjustment for any calendar year is  
5 the percentage (if any) by which the consumer price index for the preceding calendar year  
6 exceeds the consumer price index for the base year. The consumer price index for any calendar  
7 year is the average of the consumer price index as of the close of the twelve (12) month period  
8 ending on August 31, of such calendar year.

9 (IV) For the purpose of this section the term "consumer price index" means the last  
10 consumer price index for all urban consumers published by the department of labor. For the  
11 purpose of this section the revision of the consumer price index which is most consistent with the  
12 consumer price index for calendar year 1986 shall be used.

13 (V) If any increase determined under this section is not a multiple of fifty dollars  
14 (\$50.00), such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the  
15 case of a married individual filing separate return, if any increase determined under this section is  
16 not a multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower  
17 multiple of twenty-five dollars (\$25.00).

18 (E) Credits against tax.

19 (I) Notwithstanding any other provisions of Rhode Island Law, for tax years beginning on  
20 or after January 1, 2011, the only credits allowed against a tax imposed under this chapter shall be  
21 as follows:

22 (a) Rhode Island Earned Income Credit: Credit shall be allowed for earned income credit  
23 pursuant to subparagraph 44-30-2.6(c)(2)(N).

24 (b) Property Tax Relief Credit: Credit shall be allowed for property tax relief as provided  
25 in § 44-33-1 et seq.

26 (c) Lead Paint Credit: Credit shall be allowed for residential lead abatement income tax  
27 credit as provided in § 44-30.3-1 et seq.

28 (d) Credit for income taxes of other states. - Credit shall be allowed for income tax paid  
29 to other states pursuant to § 44-30-74.

30 (e) Historic Structures Tax Credit: Credit shall be allowed for historic structures tax  
31 credit as provided in § 44-33.2-1 et seq.

32 (f) Motion Picture Productions Tax Credit: Credit shall be allowed for motion picture  
33 production tax credit as provided in § 44-31.2-1 et seq.

34 (g) Child and Dependent Care: Credit shall be allowed for twenty-five percent (25%) of

1 the federal child and dependent care credit allowable for the taxable year for federal purposes;  
2 provided, however, such credit shall not exceed the Rhode Island tax liability.

3 (h) Tax credits for contributions to Scholarship Organizations: Credit shall be allowed for  
4 contributions to scholarship organizations as provided in § 44-62 et seq.

5 (i) Credit for tax withheld. - Wages upon which tax is required to be withheld shall be  
6 taxable as if no withholding were required, but any amount of Rhode Island personal income tax  
7 actually deducted and withheld in any calendar year shall be deemed to have been paid to the tax  
8 administrator on behalf of the person from whom withheld, and the person shall be credited with  
9 having paid that amount of tax for the taxable year beginning in that calendar year. For a taxable  
10 year of less than twelve (12) months, the credit shall be made under regulations of the tax  
11 administrator.

12 (j) Residential renewable energy system tax credit. – Credit shall be allowed for  
13 residential renewable energy systems as provided for pursuant to chapter 57 of title 44, the  
14 "residential renewable energy system tax credit".

15 (2) Except as provided in section 1 above, no other state and federal tax credit shall be  
16 available to the taxpayers in computing tax liability under this chapter.

17 SECTION 3. This act shall take effect upon passage and shall apply to installations  
18 commenced after July 1, 2015.

=====  
LC001687  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION -- RENEWABLE ENERGY TAX CREDIT

\*\*\*

- 1           This act would reinstate the residential renewable energy system tax credit.
- 2           This act would take effect upon passage and would apply to installations commenced
- 3 after July 1, 2015.

=====  
LC001687  
=====