

2010 -- H 7032

LC00257

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO TAXATION – PERSONAL INCOME TAX -- FLAT TAX

Introduced By: Representative Helio Melo

Date Introduced: January 07, 2010

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-30-2.10 of the General Laws in Chapter 44-30 entitled "Personal
2 Income Tax" is hereby repealed.

3 ~~44-30-2.10. Alternative flat tax rate. -- (a) For tax years beginning on or after January~~
4 ~~1, 2006, a taxpayer may elect to compute his or her Rhode Island personal income tax liability as~~
5 ~~provided in this section. If no election is made, the taxpayer's personal income tax liability shall~~
6 ~~be computed as otherwise provided in this chapter.~~

7 ~~-(b) For purposes of this section, "alternative Rhode Island taxable income" shall mean~~
8 ~~federal adjusted gross income as determined for federal income tax purposes as modified by~~
9 ~~sections 44-30-12 and 44-30-32 for residents and nonresidents, respectively. No other state or~~
10 ~~federal deductions or adjustments to income shall be available to the taxpayer.~~

11 ~~-(c) For purposes of this section, the "alternative tax rate" shall be eight percent (8.0%)~~
12 ~~for the tax year 2006; seven and one half percent (7.5%) for tax year 2007; seven percent (7%)~~
13 ~~for tax year 2008; six and one half percent (6.5%) for tax year 2009; six percent (6%) for tax year~~
14 ~~2010; and five and one half percent (5.5%) for tax years 2011 and thereafter;~~

15 ~~-(d) The alternative personal income tax shall be determined by multiplying the taxpayer's~~
16 ~~alternative Rhode Island taxable income by the alternative tax rate, less the following credits:~~

17 ~~-(1) Credit for income taxes paid to other states as provided for in section 44-30-18;~~

18 ~~-(2) Credit for Rhode Island personal income tax withheld as provided in section 44-30-~~

19 ~~74;~~

1 ~~(3) Credit for Rhode Island payments of estimated tax as provided in section 44-30-56(e)~~
2 ~~and RI Reg. Sec. PIT 90-17;~~
3 ~~(4) Credit for Rhode Island overpayment of taxes as provided in section 44-30-86(a); and~~
4 ~~(5) Credit for Rhode Island amount remitted by a limited liability company on behalf of~~
5 ~~a nonresident member as provided in section 7-16-73(4).~~
6 ~~No other state or federal tax credits shall be available to the taxpayer in computing the~~
7 ~~alternative personal income tax liability.~~
8 ~~(e) The provisions of this section may apply regardless of the taxpayer's filing status.~~
9 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 repeal the alternative flat tax rate for personal income taxpayers.
- 2 This act would take effect upon passage.

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