

2016 -- H 7980

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO TAXATION -- RHODE ISLAND LIVABLE HOME TAX CREDIT ACT

Introduced By: Representatives Craven, Coughlin, Nunes, and Naughton

Date Introduced: March 23, 2016

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "TAXATION" is hereby amended by  
2 adding thereto the following chapter:

3 CHAPTER 70

4 RHODE ISLAND LIVABLE HOME TAX CREDIT ACT

5 **44-70-1. Short title.** -- This chapter shall be known and may be cited as the "Rhode  
6 Island Livable Home Tax Credit Act."

7 **44-70-2. Definitions.** -- For the purpose of this chapter:

8 (1) "Corporation" means Rhode Island housing and mortgage finance corporation.

9 (2) "Director" means the executive director of that corporation.

10 **44-70-3. Tax credits.** -- For taxable years beginning on and after January 1, 2017, any  
11 taxpayer who purchases a new residence or retrofits or hires someone to retrofit an existing  
12 residence, provided that such new residence or the retrofitting of such existing residence is  
13 designed to improve accessibility, provide universal visitability, and meets the eligibility  
14 requirements established by guidelines developed by the corporation, shall be allowed a credit  
15 against the tax imposed pursuant to §44-30-1 of an amount equal to five thousand dollars  
16 (\$5,000) for such new residence, or fifty percent (50%) of the total amount spent for the  
17 retrofitting of such existing residence, not to exceed five thousand dollars (\$5,000). The credit  
18 shall be allowed for the taxable year in which the residence has been purchased or construction,  
19 retrofitting, or renovation of the residence or residential structure or unit has been completed.

1 Such a credit shall require application by the taxpayer as provided in §44-70-4.

2 **44-70-4. Applications.** -- Eligible taxpayers shall apply for the credit by making  
3 application to the corporation, which shall issue a certification for an approved application to the  
4 taxpayer. The taxpayer shall attach the certification to the applicable income tax return. The total  
5 amount of tax credits granted under this section for any fiscal year shall not exceed five hundred  
6 thousand dollars (\$500,000). In each year, the corporation shall allocate two hundred fifty  
7 thousand dollars (\$250,000) in tax credits for the purchase or construction of new residences and  
8 two hundred fifty thousand dollars (\$250,000) in tax credits for the retrofitting or renovation of  
9 existing residences or residential structures or units. If the amount of tax credits approved in a  
10 fiscal year for the purchase or construction of new residences is less than two hundred fifty  
11 thousand dollars (\$250,000), the director of the corporation shall allocate the remaining balance  
12 of such tax credits for the retrofitting or renovation of existing residences or residential structures  
13 or units. If the amount of tax credits approved in a fiscal year for the retrofitting or renovation of  
14 existing residences or residential structures or units is less than two hundred fifty thousand dollars  
15 (\$250,000), the director shall allocate the remaining balance of such tax credits for the purchase  
16 or construction of new residences. In the event applications for the tax credit exceed the amount  
17 allocated by the director for the fiscal year, the corporation shall issue the tax credits pro rata  
18 based upon the amount of tax credit approved for each taxpayer and the amount of tax credits  
19 allocated by the director.

20 **44-70-5. Limitations.** -- (a) No credit shall be allowed under this chapter for the  
21 purchase, construction, retrofitting, or renovation of residential rental property.

22 (b) In no case shall the director issue any tax credit relating to transactions or dealings  
23 between affiliated entities. In no case shall the director issue any tax credit more than once to the  
24 same or different persons relating to the same retrofitting, renovation, or construction project.

25 (c) In no case shall the amount of credit taken by a taxpayer pursuant to this chapter  
26 exceed the taxpayer's income tax liability for the taxable year. If the amount of credit allowed for  
27 the taxable year in which the residence has been purchased or construction, retrofitting, or  
28 renovation of the residence or residential structure or unit has been completed exceeds the  
29 taxpayer's income tax liability imposed for such taxable year, then the amount that exceeds the  
30 tax liability may be carried over for credit against the income taxes of such taxpayer in the next  
31 seven (7) taxable years or until the total amount of the tax credit issued has been taken, whichever  
32 is sooner. Credits granted to a partnership, limited liability company, or electing small business  
33 corporation (S corporation) shall be allocated to the individual partners, members, or  
34 shareholders, respectively, in proportion to their ownership or interest in such business entities.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO TAXATION -- RHODE ISLAND LIVABLE HOME TAX CREDIT ACT

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1           This act would establish a "Rhode Island Livable Home Tax Credit," granting tax credits  
2 to taxpayers who purchase a new residence or retrofit an existing residence. The Rhode Island  
3 Housing and Mortgage Finance Corporation would issue a certification for an approved  
4 application to eligible taxpayers who apply for the credit.

5           This act would take effect upon passage.

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