

2013 -- S 0734

=====
LC02050
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

—————
A N A C T

RELATING TO TAXATION -- RHODE ISLAND ECONOMIC DEVELOPMENT TAX
CREDIT ACCOUNTABILITY ACT OF 2013

Introduced By: Senators DaPonte, Goodwin, Ruggerio, Paiva Weed, and Lynch

Date Introduced: March 13, 2013

Referred To: Senate 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 48.2

4 "RHODE ISLAND ECONOMIC DEVELOPMENT TAX CREDIT ACCOUNTABILITY ACT
5 OF 2013"

6 **44-48.2-1. Short title. --** This chapter shall be known and may be cited as the "Economic
7 Development Tax Credit Accountability Act of 2013."

8 **44-48.2-2. Legislative findings. --** The general assembly finds and declares that:

9 (1) The state of Rhode Island relies on a number of tax incentives, credits, exemptions
10 and deductions, to encourage businesses to locate, hire, expand, invest, and remain in the state;

11 (2) These various tax credits and incentives are intended as a tool for economic
12 development, promoting jobs and business growth in Rhode Island;

13 (3) A comprehensive analysis and review of these various economic development tax
14 incentives would better inform policy makers of the extent to which the incentives are meeting
15 their intended purposes and delivering a strong return for the state of Rhode Island.

16 **44-48.2-3. Economic development tax credit defined. --** As used in this section, the
17 term "economic development tax credit" shall mean any tax credit, deduction, exemption,
18 exclusion, preferential tax rate, tax abatement, and tax deferral, administered by the economic

1 development corporation for the purpose of recruitment or retention of businesses in the state of
2 Rhode Island.

3 **44-48.2-4. Economic development tax credit accountability report.** -- (a) On or before
4 January 1, 2014, and every three (3) years thereafter, the chief of the office of revenue analysis, in
5 consultation with the director of the economic development corporation, and the director of the
6 department of labor and training, shall prepare a report with regard to all economic development
7 tax credit programs. The report shall include, but not be limited to:

8 (1) A baseline assessment of the economic development tax credit programs enacted to
9 encourage business growth in the state, including the number of aggregate jobs associated with
10 taxpayers eligible for such tax credit programs and the aggregate annual revenue that such
11 taxpayers generate for the state through the direct taxes applied to them and through their support
12 of the state's economy through employment and other activities;

13 (2) A listing, by program, of the amount of economic development tax credits approved
14 by the state during the preceding calendar year;

15 (3) A summary and evaluation of all business tax credit programs administered by the
16 economic development corporation. Such summary and evaluation shall include, but need not be
17 limited to, for each tax credit program:

18 (i) An assessment of the intended statutory and programmatic goals of the tax credit;

19 (ii) The number of taxpayers granted tax credits under the program during the previous
20 twelve (12) month period;

21 (iii) The value of the tax credits granted, listed by the North American Industrial
22 Classification System Code associated with the taxpayers receiving such credits;

23 (iv) The value of the tax credits actually claimed and the value of the tax credits carried
24 forward, listed by the North American Industrial Classification System Code associated with the
25 taxpayers claiming or carrying forward the credits;

26 (v) An assessment and five (5) year projection of the potential impact on the state's
27 revenue stream from carry forwards allowed under such tax credit program;

28 (vi) An analysis of the economic impact of the tax credit program and whether the
29 statutory and programmatic goals are being met, with obstacles to such goals identified, if
30 possible;

31 (vii) The type and value of tax credits assigned and a summary by North American
32 Industrial Classification System Codes of taxpayers to which such credits are assigned;

33 (viii) A cost-benefit analysis of the revenue foregone by allowing a tax credit, as
34 compared to the economic impact of such credit;

1 (ix) The cost to the state to administer the tax credit program, and a comparison between
2 such cost and the net revenue generated to the state by each such program;

3 (x) The average and aggregate administrative and compliance cost, to taxpayers, to
4 comply with the requirements of the tax credit program; and

5 (xi) A recommendation as to whether the tax credit program should be continued,
6 modified or repealed, the basis for such recommendation and the expected impact of such
7 recommendation on the state's economy;

8 (4) The methodology and assumptions used in carrying out the assessments, projections
9 and analyses required pursuant to subdivisions (1), and (3) of this subsection.

10 (b) The chief of the office of revenue analysis shall submit the report required pursuant to
11 this section to the governor and the chairs of the senate and house finance committees.

12 (c) All departments, offices, boards, and agencies of the state shall cooperate with the
13 chief of the office of revenue analysis and shall provide to the office of revenue analysis any
14 records, information (documentary and otherwise), data, and data analysis as may be as necessary
15 to complete the report required pursuant to this section.

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

=====
LC02050
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO TAXATION -- RHODE ISLAND ECONOMIC DEVELOPMENT TAX
CREDIT ACCOUNTABILITY ACT OF 2013

- 1 This act would create the Rhode Island Economic Development Tax Credit
- 2 Accountability Act of 2013 to provide an assessment of the state's tax credit programs.
- 3 This act would take effect upon passage.

=====
LC02050
=====