

2019 -- H 5808

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO TAXATION -- PAWTUCKET/CENTRAL FALLS OPPORTUNITY ZONE
INCOME TAX CREDIT ACT

Introduced By: Representatives Maldonado, Tobon, Alzate, Barros, and Slater

Date Introduced: March 06, 2019

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 PAWTUCKET/CENTRAL FALLS OPPORTUNITY ZONE INCOME TAX CREDIT ACT

5 **44-70-1. Short title.**

6 This chapter shall be known and may be cited as "The Pawtucket/Central Falls
7 Opportunity Zone Income Tax Credit Act."

8 **44-70-2. Definitions.**

9 The following words and phrases used in this chapter shall have the meanings given to
10 them in this chapter unless the context indicates otherwise:

11 (1) "Code" means the federal Internal Revenue Code (the "code") 26 U.S.C. 1 et seq.

12 (2) "Corporation" means the governmental agency and public instrumentality, formerly
13 known as the "Rhode Island port authority and economic development corporation" and/or also
14 formerly known as the "Rhode Island economic development corporation," and now known as the
15 Rhode Island commerce corporation authorized, created, and established pursuant to § 42-64-4,
16 or any subsidiary corporation thereof which is established pursuant to § 42-64-7.1.

17 (3) "Director" means the chief executive officer of the Rhode Island commerce
18 corporation.

1 (4) "Pawtucket/Central Falls qualified opportunity fund" means a qualified opportunity
2 fund, as defined in 26 U.S.C. 1400Z-2(d) of the code, that invests, either directly or through a
3 qualified opportunity zone business, not less than two hundred fifty thousand dollars (\$250,000)
4 in a qualified opportunity zone which is located in the cities of Pawtucket and Central Falls.

5 (5) "Pawtucket/Central Falls qualified opportunity zone business property" means
6 qualified opportunity zone business property as defined in 26 U.S.C. 1400Z-2(d)(2)(D) of the
7 code that is located in a qualified opportunity zone which is located in the cities of Pawtucket and
8 Central Falls.

9 (6) "Placed in service" means the earlier of:

10 (i) The date the owner of the Pawtucket/Central Falls qualified opportunity zone business
11 property receives, for any portion of the Pawtucket/Central Falls qualified opportunity zone
12 business property, a certificate or other authorization for occupancy;

13 (ii) The year in which, under the depreciation practice of the owner of the qualified
14 opportunity zone property, the period for depreciation with respect to the property begins; or

15 (iii) The year in which the qualified opportunity zone business property is placed in a
16 condition or state of readiness and availability for its specifically assigned function.

17 (7) "Qualified opportunity zone" means a qualified opportunity zone as defined in 26
18 U.S.C. 1400ZO-1(a) of the code.

19 (8) "Qualified opportunity zone business" means a qualified opportunity zone business as
20 defined in 26 U.S.C. 1400Z-2(d)(3) of the code.

21 (9) "Rule or regulation" means any directive promulgated by the Rhode Island commerce
22 corporation not inconsistent with the laws of the United States or the state.

23 **44-70-3. Pawtucket/Central Falls opportunity zone tax credit.**

24 (a) A taxpayer shall be allowed a nonrefundable credit, to be computed as provided in
25 this chapter, against the tax imposed by chapters 11, 14, 17 and 30 of this title. The credit shall be
26 claimed for the taxable year in which the Pawtucket/Central Falls qualified opportunity zone
27 business property acquired, constructed, or renovated by a Pawtucket/Central Falls qualified
28 opportunity fund is placed in service, and shall equal ten percent (10%) of the amount of the
29 investment in Pawtucket/Central Falls qualified opportunity zone business property.

30 (b) If the amount of the tax credit exceeds a Pawtucket/Central Falls qualified
31 opportunity fund's total tax liability for the year in which the Pawtucket/Central Falls qualified
32 opportunity zone business property is placed in service, the amount that exceeds the
33 Pawtucket/Central Falls qualified opportunity fund's tax liability may be carried forward for
34 credit against the taxes imposed for the succeeding seven (7) years, or until the full credit is used,

1 whichever occurs first. Credits allowed to a Pawtucket/Central Falls qualified opportunity fund
2 that is a partnership or a limited liability company taxed as a partnership shall be passed through
3 to the persons designated as partners or members respectively pro rata or pursuant to an executed
4 agreement among such persons designated as partners or members documenting an alternate
5 distribution method without regard to their sharing of other tax or economic attributes of such
6 entity.

7 (c)(1) If the Pawtucket/Central Falls qualified opportunity fund or its partners or
8 members have not claimed the tax credits in whole or part, the Pawtucket/Central Falls qualified
9 opportunity fund eligible for the tax credits may assign, transfer or convey the credits, in whole or
10 in part, by sale or otherwise to any individual or entity. The assignee of the tax credits may use
11 acquired credits to offset up to one hundred percent (100%) of the tax liabilities otherwise
12 imposed pursuant to chapter 11, 14, 17 or 30 of this title. The assignee may apply the tax credit
13 against taxes imposed on the assignee until the end of the seventh calendar year after the year in
14 which the Pawtucket/Central Falls qualified opportunity zone business property acquired,
15 constructed, or renovated by the Pawtucket/Central Falls qualified opportunity fund investment is
16 placed in service or until the full credit assigned is used, whichever occurs first. Fiscal year
17 assignees may claim the credit until the expiration of the fiscal year that ends within the seventh
18 year after the year in which the Pawtucket/Central Falls qualified opportunity zone business
19 property acquired, constructed, or renovated by the Pawtucket/Central Falls qualified opportunity
20 fund investment is placed in service. The assignor shall perfect the transfer by notifying the state
21 of Rhode Island division of taxation, in writing, within thirty (30) calendar days following the
22 effective date of the transfer and shall provide any information as may be required by the division
23 of taxation to administer and carry out the provisions of this section.

24 (2) For purposes of this chapter, any assignment or sales proceeds received by a taxpayer
25 for the assignment or sale of the tax credits allowed pursuant to this section shall be exempt from
26 this title. If a tax credit is subsequently revoked or adjusted, the seller's tax calculation for the
27 year of revocation or adjustment shall be increased by the total amount of the sales proceeds,
28 without proration, as a modification under chapter 30 of this title. In the event that the seller is not
29 a natural person, the seller's tax calculation under chapters 11, 14, 17, or 30 of this title, as
30 applicable, for the year of revocation or adjustment, shall be increased by including the total
31 amount of the sales proceeds without proration.

32 **44-70-4. Tax administrator.**

33 The tax administrator and his or her agents, for the purpose of ascertaining the
34 correctness of any credit claimed under the provisions of this chapter, may examine any books,

1 papers, records, or memoranda bearing upon the matters required to be included in the return,
2 report, or other statement, and may require the attendance of the person executing the return,
3 report, or other statement, or of any officer or employee of any taxpayer, or the attendance of any
4 other person, and may examine the person under oath respecting any matter which the tax
5 administrator or his or her agent deems pertinent or material in determining the eligibility for
6 credits claimed. A taxpayer may request information regarding the credit authorized by this
7 chapter from the tax administrator, and the tax administrator shall provide the information in all
8 cases, to the extent not otherwise prohibited by law.

9 **44-70-5. Sales and use tax exemption.**

10 The sales and use taxes imposed by chapters 18 and 19 of title 44 shall not apply to gross
11 receipts from the sale:

12 (1) To contractors of tangible personal property incorporated into the construction of an
13 improvement on or to real property that is a Pawtucket/Central Falls qualified opportunity zone
14 business property, or

15 (2) To a Pawtucket/Central Falls qualified opportunity fund of tangible personal property
16 that is placed in service as a Pawtucket/Central Falls qualified opportunity zone business
17 property.

18 **44-70-6. Rules and regulations -- Enforcement.**

19 The Rhode Island commerce corporation shall have all the powers conferred by chapter
20 64 of title 42 to enforce the rules and regulations promulgated pursuant to this chapter.

21 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 -- PAWTUCKET/CENTRAL FALLS OPPORTUNITY ZONE
INCOME TAX CREDIT ACT

1 This act would provide a tax credit for qualified investments in "opportunity zones", as
2 defined by federal law, and located in Pawtucket or Central Falls. The act would be implemented
3 by rules promulgated by the commerce corporation.

4 This act would take effect upon passage.

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