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LC03746  
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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2004**

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A N A C T

RELATING TO TAXATION – BUSINESS CORPORATION TAX

Introduced By: Representative Steven M. Costantino

Date Introduced: June 23, 2004

Referred To: House Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Chapter 44-11 of the General Laws entitled "Business Corporation Tax" is  
2 hereby amended by adding thereto the following sections:

3           **44-11-43. Passive investment treatment.** – (a) Notwithstanding any amendments or  
4 revisions to, or the repeal of, section 44-11-1(1)(vii) of the general laws, or any other law, or new  
5 legislative action that shall serve to repeal or limit the benefits conferred therein, the provisions of  
6 that statute as in effect on the date of passage of this section shall continue to be applicable until  
7 December 31, 2014 for a "qualifying business" that meets the requirements set forth herein.

8           (b) A "qualifying business" for the purposes of this chapter shall mean a business which  
9 meets the terms and conditions imposed by the board of directors of the Rhode Island economic  
10 development corporation and is designated as such upon a finding of fact that:

11           (1) The business has committed to relocate from outside the state to a Rhode Island  
12 location no less than an annual tax year average of two hundred and fifty (250) full-time  
13 employees with a combined payroll of no less than ten million dollars (\$10,000,000) annually  
14 within twenty-four (24) months following such designation; For the purposes of this section "full-  
15 time employee" means any employee of the qualified business who works a minimum of thirty  
16 (30) hours per week within the state;

17           (2) The business would not relocate such jobs to the state but for such a designation of a  
18 qualifying business; and

19           (3) The annual salary of each employee counted in section 44-11-43(1) (b) shall be no

1 less than twenty-five thousand dollars (\$25,000) per year, plus benefits typical to the industry.

2 (c) The division of taxation shall require annual reports from a qualified business, which  
3 shall include, but not be limited to, the number of individuals employed by the company within  
4 the state, the job descriptions, and the annual salaries. The division of taxation shall verify these  
5 annual reports and certify that they are correct. The certification shall be sent to the board of  
6 directors of the economic development corporation, president of the senate, speaker of the house,  
7 the chairperson of the senate finance committee, the chairperson of the house finance committee,  
8 the senate fiscal advisor, and the house fiscal advisor. If the division of taxation finds that the  
9 qualified business no longer meets the criteria set forth in section 44-11-43(b)(1) or (3), and if,  
10 sixty (60) days after receipt of written notice from the division of taxation describing such finding  
11 in detail, the business has reasonably cured the noticed violations, then such business will  
12 continue to receive the benefits offered under the provisions of subsection 44-11-43(f) as if such  
13 violation had not occurred, otherwise that business shall no longer be considered a qualified  
14 business and shall no longer be entitled to any further benefits under any agreement made under  
15 the provisions of subsection 44-11-43(f) and such provisions shall become null and void.

16 (d) The economic development corporation shall certify no more than one company  
17 before July 31, 2004 pursuant to this section.

18 (e) The economic development corporation shall provide no further certifications after  
19 July 31, 2004 without specific authorization by a joint resolution of the general assembly.

20 (f) The economic development corporation shall be authorized to enter into such  
21 agreements as it may deem necessary or prudent in order to memorialize and effect the intent of  
22 the provisions of this section. The terms of such agreements shall not extend beyond December  
23 31, 2014.

24 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 extend the business corporation tax benefits for certain qualifying
- 2 businesses relocating from out of state, provided the businesses fit certain criteria.
- 3           This act would take effect upon passage.

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