

2011 -- S 0575

LC01637

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO TAXATION – SMALL BUSINESS TAX CREDIT

Introduced By: Senators Sheehan, Perry, Lynch, Felag, and DiPalma

Date Introduced: March 10, 2011

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 43.2

4 SMALL BUSINESS TAX CREDIT

5 **44-43.2-1. Application.** – For the purposes of this chapter, a “small business” means any
6 corporation, partnership, sole proprietorship, or other business entity qualifying as “small” under
7 the standards contained in title 13, code of federal regulations, section 121.

8 **44-43.2-2. Credit against tax imposed.** – Every small business formed under the laws of
9 the State of Rhode Island and operating within the State of Rhode Island shall be entitled to claim
10 as a credit against the tax imposed by chapter 11-17 and 30 of this title any amount paid to the
11 U.S. small business administration (SBA) as a guaranty fee pursuant to the obtaining of SBA
12 guaranteed financing. This credit will be available to the small business up to sixty (60) months
13 after the payment of the guaranty fee; provided, however, where a minimum tax is provided
14 under this title, the credit shall not reduce the tax below the minimum tax and shall be claimable
15 only by the small business which is the primary obligor in the financing transaction and which
16 actually paid the guaranty fee.

17 SECTION 2. This act would take effect upon passage and would be applicable to tax
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1 years beginning on or after January 1, 2011.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION – SMALL BUSINESS TAX CREDIT

1 This act would allow small businesses to claim a tax credit for amounts paid to the U.S.
2 small business administration as a guaranty fee when offering SBA guaranteed financing.

3 This act would take effect upon passage and would be applicable to tax years beginning
4 on or after January 1, 2011.

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