

2014 -- S 2079

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO TAXATION - PERSONAL INCOME TAX

Introduced By: Senators Pearson, Picard, Satchell, Conley, and Kettle

Date Introduced: January 21, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is
2 hereby amended by adding thereto the following section:

3 **44-30-28. Stay invested in RI tax credit.** – (a) This section shall be known and may be
4 cited as the "Stay Invested in RI tax credit."

5 (b) Graduates of accredited institutions of higher education and who receive an
6 associate's degree, a bachelor of science or arts degree, or a master's degree and who remain
7 residents of and employed in Rhode Island, shall be eligible for a tax credit against their personal
8 income tax, based upon the amount of their student loan balance, for a period of no longer than
9 ten (10) years after their first graduation from an accredited institution and so long as the person
10 remains a legal resident of and employed in Rhode Island. Said credit shall be calculated as
11 follows:

12 (1) For each year after the person graduates as set forth in subsection (b), a person shall
13 be eligible to claim a tax credit against his or her personal income tax in an amount of up to ten
14 percent (10%) of that person's undergraduate or graduate student loan balance, up to a maximum
15 amount of one thousand dollars (\$1,000) for an associate's degree holder, five thousand dollars
16 (\$5,000) for a bachelor's degree holder, and six thousand dollars (\$6,000) for a graduate degree
17 holder, in any single tax year.

18 (2) The tax credit provided for by this section shall be calculated using the ending
19 balance on the principal of the person's loan as of the last day of the tax year for which a person is

1 claiming the credit. Provided, the balance amount used in this calculation shall not exceed the
2 original loan amount plus any capitalized interest less credits previously claimed under this
3 section.

4 (3) Provided further, a party claiming the tax credit provided for under this section shall
5 need to be current on his or her student loan repayment obligations in order to obtain the credit.

6 (c) The division of taxation shall prepare forms to permit a person to claim the tax credit
7 provided for herein. The division of taxation may also promulgate rules and regulations necessary
8 to implement the provisions of this section.

9 (d) As used herein, the term "student loan" shall mean a loan from an eligible lender. An
10 eligible lender, subject to further particular or more restrictive definition by regulation of the
11 division of taxation, means any governmental or private agency, corporation, organization, or
12 institution designated as an "eligible lender" by Federal statute, regulation, or administrative
13 ruling for the purposes of the guaranteed student loan program.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO TAXATION - PERSONAL INCOME TAX

- 1 This act would establish the Stay Invested in RI Tax Credit. It would authorize a tax
- 2 credit against Rhode Island personal income tax for graduates who remain a resident of and work
- 3 in Rhode Island for up to ten (10) years after graduation from an institution of higher education.
- 4 The credit would be calculated based upon the principal balance of the person's student loans.

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