

2022 -- S 2757

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

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A N A C T

RELATING TO TAXATION - PERSONAL INCOME TAX

Introduced By: Senators Miller, DiMario, Lawson, Valverde, and DiPalma

Date Introduced: March 24, 2022

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 44-30-101 of the General Laws in Chapter 44-30 entitled "Personal  
2 Income Tax" is hereby amended to read as follows:

3           **44-30-101. Requirements concerning qualifying health insurance coverage.**

4           (a) Definitions. For purposes of this section:

5           (1) "Applicable individual" has the same meaning as set forth in 26 U.S.C. § 5000A(d).

6           (2) "Minimum essential coverage" has the same meaning as set forth in 26 U.S. C. §  
7 5000A(f).

8           (3) "Shared responsibility payment penalty" means the penalty imposed pursuant to  
9 subsection (c) of this section.

10          (4) "Taxpayer" means any resident individual, as defined in § 44-30-5.

11          (b) Requirement to maintain minimum essential coverage. Every applicable individual  
12 must maintain minimum essential coverage for each month beginning after December 31, 2019.

13          (c) Shared responsibility payment penalty imposed for failing to maintain minimum  
14 essential coverage. As of January 1, 2020, every applicable individual required to file a personal  
15 income tax return pursuant to § 44-30-51, shall indicate on the return, in a manner to be prescribed  
16 by the tax administrator, whether and for what period of time during the relevant tax year the  
17 individual and his or her spouse and dependents who are applicable individuals were covered by  
18 minimum essential coverage. If a return submitted pursuant to this subsection fails to indicate that  
19 coverage was in force or indicates that any applicable individuals did not have coverage in force, a

1 shared responsibility payment penalty shall hereby be assessed as a tax on the return.

2 (d) Shared responsibility payment penalty calculation. Except as provided in subsection  
3 (e), the shared responsibility payment penalty imposed shall be equal to a taxpayer's federal shared  
4 responsibility payment for the taxable year under section 5000A of the Internal Revenue Code of  
5 1986, as amended, and as in effect on the 15th day of December 2017.

6 (e) Exceptions.

7 (1) Penalty cap. The amount of the shared responsibility payment penalty imposed under  
8 this section shall be determined, if applicable, using the statewide average premium for bronze-  
9 level plans offered through the Rhode Island health benefits exchange rather than the national  
10 average premium for bronze-level plans.

11 (2) Hardship exemption determinations. Determinations as to hardship exemptions shall be  
12 made by the exchange under § 42-157-11.

13 (3) Religious conscience exemption determinations. Determinations as to religious  
14 conscience exemptions shall be made by the exchange under § 42-157-11.

15 (4) Taxpayers with gross income below state filing threshold. No penalty shall be imposed  
16 under this section with respect to any applicable individual for any month during a calendar year if  
17 the taxpayer's household income for the taxable year as described in section 1412(b)(1)(B) of the  
18 Patient Protection and Affordable Care Act is less than the amount of gross income requiring the  
19 taxpayer to file a return as set forth in § 44-30-51.

20 (5) Out of state residents. No penalty shall be imposed by this section with respect to any  
21 applicable individual for any month during which the individual is a bona fide resident of another  
22 state.

23 (f) Health insurance market integrity fund. The tax administrator is authorized to withhold  
24 from any state tax refund due to the taxpayer an amount equal to the calculated shared responsibility  
25 payment penalty and shall place those amounts in the health insurance market integrity fund created  
26 pursuant to § 42-157.1-5.

27 (g) Deficiency. If, upon examination of a taxpayer's return, the tax administrator  
28 determines there is a deficiency because any refund due to the taxpayer is insufficient to satisfy the  
29 shared responsibility penalty or because there was no refund due, the tax administrator may notify  
30 the taxpayer of the deficiency in accordance with § 44-30-81 and interest shall accrue on the  
31 deficiency as set forth in § 44-30-84. All monies collected on the deficiency shall be placed in the  
32 health insurance market integrity fund created pursuant to § 42-157.1-5.

33 (h) Application of federal law. The shared responsibility payment penalty shall be assessed  
34 and collected as set forth in this chapter and, where applicable, consistent with regulations

1 promulgated by the federal government, the exchange, and/or the tax administrator. Any federal  
2 regulation implementing section 5000A of the Internal Revenue Code of 1986, as amended, and in  
3 effect on the 15th day of December 2017, shall apply as though incorporated into the Rhode Island  
4 code of regulations. Federal guidance interpreting these federal regulations shall similarly apply.  
5 Except as provided in subsections (j) and (k) of this section, all references to federal law shall be  
6 construed as references to federal law as in effect on December 15, 2017, including applicable  
7 regulations and administrative guidance that were in effect as of that date.

8 (i) Unavailability of federal premium tax credits. For any taxable year in which federal  
9 premium tax credits available pursuant to 26 U.S.C. section 36B become unavailable due to the  
10 federal government repealing that section or failing to fund the premium tax credits, the shared  
11 responsibility payment penalty under this section shall not be enforced.

12 (j) Imposition of federal shared responsibility payment. For any taxable year in which a  
13 federal penalty under section 5000A of the Internal Revenue Code of 1986 is imposed on a taxpayer  
14 in an amount comparable to the shared responsibility payment penalty assessed under this section,  
15 the state penalty shall not be enforced.

16 (k) Agency coordination. Where applicable, the tax administrator shall implement this  
17 section in consultation with the office of the health insurance commissioner, the office of  
18 management and budget, the executive office of health and human services, and the Rhode Island  
19 health benefits exchange.

20 (l) Data Sharing.

21 (1) Opt-In. Every applicable individual who indicates on a return that minimum essential  
22 coverage required by subsection (b) of this section was not in force shall also indicate on the return,  
23 in a manner prescribed by the tax administrator, whether the applicable individual consents to be  
24 contacted directly by the Rhode Island health benefits exchange about enrollment in health  
25 coverage.

26 (2) Information to be disclosed. The tax administrator, upon written request from the Rhode  
27 Island health benefits exchange, shall disclose the following information to officers, employees,  
28 and contractors of the Rhode Island health benefits exchange, with respect to any applicable  
29 individual who has consented to be contacted directly pursuant to subsection (1) of this section, for  
30 the applicable year:

31 (i) The name, age, mailing address, income and penalty amount due, if any, for the  
32 consenting individual; and

33 (ii) If applicable, the information for the consenting individual's spouse and dependents  
34 for the applicable year.

1           (iii) For purposes of this subsection, the term "applicable year" means the most recent  
2 taxable year for which information is generally available in the Rhode Island department of  
3 revenue's taxpayer data information systems, or, if there is no return filed for the individual for the  
4 most recent taxable year, then the most recent taxable year in which the individual has filed a tax  
5 return.

6           (iv) Restriction on use of disclosed information. Return information disclosed under this  
7 subsection may be used only for the purposes authorized by this subsection and § 42-157-13.

8           (v) Privacy and security. The Rhode Island health benefits exchange and the tax  
9 administrator shall develop a detailed set of data privacy and data security safeguards to govern the  
10 conveyance of data between their agencies pursuant to the provisions of this subsection. With  
11 respect to information disclosed by the tax administrator to the Rhode Island health benefits  
12 exchange pursuant to this subsection, the Rhode Island health benefits exchange, its officers,  
13 employees, and contractors, shall be subject to § 44-30-95(c).

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

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1           This act would provide that every individual who fails to maintain the minimum essential  
2 health care coverage for an applicable tax year shall indicate on their tax return whether the  
3 individual desires to be contacted by the Rhode Island health benefits exchange about enrollment  
4 in health coverage. If the taxpayer consents then the information would be disclosed to the health  
5 benefits exchange upon written request.

6           This act would take effect upon passage.

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