

THE CITY OF PROVIDENCE  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 230

EFFECTIVE ~~Approved~~ May 16, 2004

**WHEREAS**, a Scholarship Tax Credit Bill has been introduced in the Rhode Island State Senate designated as S-2268, with corresponding legislation introduced in the House of Representatives designated as H-7822; and

**WHEREAS**, said legislation would provide State tax credits to individuals and businesses for donations made to qualified, non-profit tuition scholarship organizations; and

**WHEREAS**, these tuition scholarship organizations would then be able to distribute those funds in the form of tuition assistance grants to low and moderate income students as delineated in the legislation.

**NOW, THEREFORE, BE IT RESOLVED** that the Providence City Council urges the members of the Rhode Island General Assembly to pass Senate Bill 2004-S-2268 and House Bill 2004-H-7822 authorizing tax credits for individuals and businesses donating to qualified, non-profit scholarship organizations.

**BE IT FURTHER RESOLVED**, that the City Clerk is instructed to send a copy of this Resolution to the Governor, Lieutenant Governor, The Speaker of the House of Representatives, The President of the Senate and each Senator and Representative from the City of Providence.

IN CITY COUNCIL  
MAY 16 2004  
READ AND PASSED  
*[Signature]*  
PRES.  
*[Signature]*  
CLERK *(cl)*

Effective without the  
Mayor's Signature:  
*[Signature]*  
Michael R. Clement  
City Clerk

IN CITY COUNCIL  
APR 15 2007  
FIRST READING  
REFERRED TO COMMITTEE ON  
STATE LEGISLATION

Michael J. Cosentino CLERK  
*es*

THE COMMITTEE ON  
STATE LEGISLATION  
Recommends Approval

Craig Butcher CLERK  
April 21, 2007

Councilman Butcher

CLERK  
COURT REPORTER

2004 -- H 7822

=====  
LC01800  
=====**STATE OF RHODE ISLAND**

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2004

—————  
**A N A C T**  
**RELATING TO TAXATION****Introduced By:** Representatives Crowley, Giannini, Malik, Corvese, and Menard**Date Introduced:** February 12, 2004**Referred To:** House Finance

It is enacted by the General Assembly as follows:

- 1-1 SECTION 1. Chapter 44-3 of the General Laws entitled "Property Subject to Taxation" is  
1-2 hereby amended by adding thereto the following section:
- 1-3 **44-3-56. Educational expense exemption -- Deduction from state computed tax. --**  
1-4 **(a) There shall be deducted from the state tax after the same shall have been computed as**  
1-5 **provided by law, the following: a credit equal to twenty percent (20%) of the first one hundred**  
1-6 **fifty dollars (\$150) which the taxpayer has paid for qualifying educational expenses for each**  
1-7 **dependent in grades kindergarten through twelve (12) attending an approved nonprofit public,**  
1-8 **private or religious elementary or secondary school, or home school program, in Rhode Island.**
- 1-9 **(b) As used herein, "qualifying educational expenses" means nonreligious textbooks, lab**  
1-10 **fees and other instructional materials and equipment for use in approved elementary and**  
1-11 **secondary schools and home school programs in teaching only those subjects legally and**  
1-12 **commonly taught during public, private, religious and home school days in this state; and**  
1-13 **tutoring, educational field trips, home computer technology for educational use, uninsured mental**  
1-14 **health counseling recommended by school personnel, or transportation, which directly relate to**  
1-15 **the education of the dependents at elementary and secondary schools.**
- 1-16 **(c) Whenever the education tax credit exceeds a taxpayer's tax liability and the**

- 1-17 taxpayer's gross annual income qualifies his/her dependent(s) to participate in the federal  
1-18 free/reduced school breakfast/lunch program, the credit shall be reimbursable to said taxpayer to  
1-19 the extent that the credit exceeds the tax liability.

2-1 SECTION 2. This act shall take effect upon passage.

=====  
LC01800  
=====

**EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF**

**A N A C T  
RELATING TO TAXATION**

\*\*\*

- 3-1 This act would provide for a tax credit which equals twenty percent (20%) of the first one  
3-2 hundred fifty dollars (\$150) spent on qualifying educational expenses for any student in a  
3-3 qualified institution including home care. It would also provide that certain low income families  
3-4 would have the tax credit regardless of tax liability.

3-5 This act would take effect upon passage.

=====  
LC01800  
=====

2004 -- S 2268

=====  
LC00774  
=====**STATE OF RHODE ISLAND**

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2004

—————  
**A N A C T**  
**RELATING TO TAXATION****Introduced By:** Senators Ruggiero, Badeau, McCaffrey, Algieri, and DaPonte**Date Introduced:** February 05, 2004**Referred To:** Senate Finance

It is enacted by the General Assembly as follows:

- 1-1 SECTION 1. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is  
1-2 hereby amended by adding thereto the following sections:
- 1-3 **44-30-99. Tax credit for contributions to a scholarship organization.** – (a) In order to  
1-4 enhance the educational opportunities available to all students in this state, a tax credit shall be  
1-5 allowed, to be computed as provided in this chapter, against taxes otherwise due under provisions  
1-6 of chapter 30 of this title in the amount of a voluntary cash contribution made by a taxpayer  
1-7 during the taxable year to a scholarship organization, but not exceeding:
- 1-8 (1) Two hundred dollars (\$200) in any taxable year for a single individual or head of  
1-9 household.
- 1-10 (2) Two hundred fifty dollars (\$250) in any taxable year for a married couple filing a  
1-11 joint return. A husband and wife who file separate returns for a taxable year in which they could  
1-12 have filed a joint return may each claim only one-half (1/2) of the tax credit that would have been  
1-13 allowed for a joint return.
- 1-14 (b) If the allowable tax credit exceeds the taxes otherwise due under this title on the  
1-15 claimants income, or if there are no taxes due under this title, the taxpayer may carry the amount  
1-16 of the claim not used to offset the taxes under this title forward for not more than five (5)

1-17 consecutive taxable years' income tax liability.

1-18 (c) A donation to a scholarship organization, for which the donor receives a tax credit  
1-19 under this provision, may not be designated to any specific school or student by the donor.

2-1 (d) The credit allowed by this section is in lieu of any deduction pursuant to section 170  
2-2 of the internal revenue code and taken for state purposes.

2-3 **44-30-99.1. Definitions. – The following words and phrases used in this chapter shall**  
2-4 **have the meanings given to them in this section unless the context clearly indicates otherwise:**

2-5 (1) "Scholarship organization" means a charitable organization in this state that is exempt  
2-6 from federal taxation under section 501 (c)(3) of the internal revenue code, and that allocates at  
2-7 least ninety percent (90%) of its annual revenue through a scholarship program for tuition  
2-8 assistance grants to eligible students to allow them to attend any qualified school of their parents'  
2-9 choice represented by the scholarship organization.

2-10 (2) "Scholarship program" means a program to provide tuition assistance grants to  
2-11 eligible students to attend a nonpublic school located in this state. A scholarship program must  
2-12 include an application and review process for the purpose of making these grants only to eligible  
2-13 students. The award of scholarships to eligible students shall be made without limiting  
2-14 availability to only students of one school.

2-15 (3) "Qualified school" means a nonpublic elementary or secondary school that is located  
2-16 in this state and that satisfies the requirements prescribed by law for nonpublic schools in this  
2-17 state.

2-18 (4) "Eligible student" means a school-age student who is registered in a qualified school  
2-19 and is a member of a household with a total annual household income of not more than two  
2-20 hundred fifty percent (250%) of the federal poverty guidelines as published in the federal register  
2-21 by the United States department of health and human services.

2-22 (5) "School-age student" means a child at the earliest admission age to a qualified  
2-23 school's kindergarten program or, when no kindergarten program is provided, the school's earliest  
2-24 admission age for beginners, until the end of the school year, the student attains twenty-one (21)  
2-25 years of age or graduation from high school whichever occurs first.

2-26 (6) "Household" means one or more persons occupying a dwelling unit and living as a  
2-27 single nonprofit housekeeping unit. Household does not mean bona fide lessees, tenants, or  
2-28 roomers and borders on contract.

2-29 (7) "Household income" means all income received by all persons of a household in a  
2-30 calendar year while members of the household.

2-31 (8) "Income" means the sum of federal adjusted gross income as defined in the internal  
2-32 revenue code of the United States, 26 U.S.C. section 1 et seq., and all nontaxable income  
2-33 including, but not limited to, the amount of capital gains excluded from adjusted gross income,  
2-34 alimony, support money, nontaxable strike benefits, cash public assistance and relief (not  
3-1 including relief granted under this chapter), the gross amount of any pension or annuity  
3-2 (including Railroad Retirement Act (see 45 U.S.C. section 231 et seq.) benefits, all payments  
3-3 received under the federal Social Security Act, 42 U.S.C. section 301 et seq., state unemployment  
3-4 insurance laws, and veterans' disability pensions (see 38 U.S.C. section 301 et seq.), nontaxable  
3-5 interest received from the federal government or any of its instrumentalities, workers'  
3-6 compensation, and the gross amount of "loss of time" insurance. It does not include gifts from  
3-7 nongovernmental sources, or surplus foods or other relief in kind supplied by a public or private  
3-8 agency.

3-9 SECTION 2. Title 44 of the General Laws entitled "Taxation" is hereby amended by  
3-10 adding thereto the following chapter:

3-11

## CHAPTER 62

3-12

### TAX CREDITS FOR CONTRIBUTIONS TO SCHOLARSHIP ORGANIZATIONS

3-13 **44-62-1. Tax credit for contributions to a scholarship organization.** – (a) In order to  
3-14 enhance the educational opportunities available to all students in this state, a business entity is  
3-15 allowed a tax credit, to be computed as provided in this chapter, equal to seventy-five percent  
3-16 (75%) of the total voluntary cash contribution made by the business entity against taxes otherwise  
3-17 due under provisions of chapters 11, 12, 13, 14, 15 or 17 of this title to a scholarship organization.  
3-18 This credit shall be applied in the taxable year in which the contribution is made upon the  
3-19 provision of proof by the business entity of the contribution. Such credit shall not exceed one  
3-20 hundred thousand dollars (\$100,000) annually per business entity.

3-21 (b) This credit shall equal ninety percent (90%) of the total voluntary contribution made  
3-22 by a business entity to a scholarship organization in the taxable year in which the contribution is  
3-23 made upon the written commitment of the business entity to provide the scholarship organization

3-24 with the same amount of contribution for two (2) consecutive tax years. The business entity must  
3-25 provide in writing a commitment to this extended contribution to the scholarship organization and  
3-26 the division of taxation at the time of application.

3-27 (c) In the event a business entity's tax liability falls below the contribution amount in the  
3-28 second year of a two (2) year commitment, but the second year's contribution is eighty percent  
3-29 (80%) or greater than the first year's contribution, the business entity shall receive a credit for  
3-30 both the first and second year contributions equal to ninety percent (90%) of each year's  
3-31 contribution. If the amount of the second year contribution is less than eighty percent (80%) of  
3-32 the first year contribution, then the credit for both the first and second year contributions shall be  
3-33 equal to seventy-five percent (75%) of each year's contribution.

3-34 **44-62-2. Limitations.** – (a) Amount. The total aggregate amount of all tax credits  
4-1 approved shall not exceed two million dollars (\$2,000,000) in a fiscal year.

4-2 (b) Activities. No tax credit shall be approved for activities that are a part of a business  
4-3 entity's normal course of business.

4-4 (c) Tax liability. A tax credit granted for any one taxable year may not exceed the tax  
4-5 liability of a business firm.

4-6 (d) Use. A tax credit not used in the taxable year the contribution was made may not be  
4-7 carried forward or carried back and is not refundable or transferable.

4-8 (e) Nontaxable income. A scholarship received by an eligible student shall not be  
4-9 considered to be taxable income.

4-10 (f) Designation. A donation to a scholarship organization, for which the donor receives a  
4-11 tax credit under this provision, may not be designated to any specific school or student by the  
4-12 donor.

4-13 **44-62-3. Lists.** – (a) The division of taxation shall annually publish a list of all  
4-14 scholarship organizations receiving contributions from business entities granted a tax credit under  
4-15 this chapter to the general assembly.

4-16 (b) The division of taxation shall annually publish a list of each scholarship organization  
4-17 qualified under this section by June 30 of each year.

4-18 (c) These lists shall also be posted and updated, as necessary, on the publicly accessible  
4-19 world wide web site of the division of taxation.

4-20 **44-62-4. Qualification of scholarship organization.** – (a) A scholarship organization

4-21 must certify annually to the division of taxation that the organization is eligible to participate in  
4-22 the program in accordance with criteria as defined under subsections 44-62-6(g) and (h).

4-23 (b) The division of taxation shall notify the scholarship organization in writing that the  
4-24 organization meets the requirements of this article for that fiscal year no later than sixty (60) days  
4-25 after the organization has submitted the information required under section 44-62-4(a).

4-26 **44-62-5. Application for tax credit.** – (a) A business entity shall apply in writing to the  
4-27 division of taxation for a tax credit under section 44-62-1. A business entity shall be approved to  
4-28 receive a tax credit under this chapter if it meets the criteria as defined in section 44-62-6(a), the  
4-29 dollar amount of the applied for tax credit is no greater than one hundred thousand dollars  
4-30 (\$100,000) in any tax year, and the scholarship organization that receives the contribution has  
4-31 been qualified by the division of taxation under section 44-62-4(a).

4-32 (b) Tax credits under this article shall be made available by the division of taxation on a  
4-33 first-come-first-serve basis within the limitations established under section 44-62-2. The  
4-34 division of taxation shall notify the business entity in writing within thirty (30) days of the receipt  
5-1 of application of the division's approval or rejection of the application.

5-2 (c) A contribution by a business entity to a scholarship organization shall be made no  
5-3 later than one hundred twenty (120) days following the approval of an application under section  
5-4 44-62-4(b).

5-5 **44-62-6. Definitions.** – The following words and phrases used in this chapter shall have  
5-6 the meanings given to them in this section unless the context clearly indicates otherwise:

5-7 (1) "Business entity" means an entity authorized to do business in this state and subject to  
5-8 taxes imposed under chapters 44-11, 44-12, 44-13, 44-14, 44-15 and 44-17 of the general laws.

5-9 (2) "Division of taxation" means the Rhode Island division of taxation.

5-10 (3) "Eligible student" means a school-age student who is registered in a qualified school  
5-11 and is a member of a household with an annual household income of not more than two hundred  
5-12 fifty percent (250%) of the federal poverty guidelines as published in the federal register by the  
5-13 United States department of health and human services.

5-14 (4) "Household" means one or more persons occupying a dwelling unit and living as a  
5-15 single nonprofit housekeeping unit. Household does not mean bona fide lessees, tenants, or  
5-16 roomers and borders on contract.

5-17 (5) "Household income" means all income received by all persons of a household in a

5-18 calendar year while members of the household.

5-19 (6) "Income" means the sum of federal adjusted gross income as defined in the internal  
5-20 revenue code of the United States, 26 U.S.C. section 1 et seq., and all nontaxable income  
5-21 including, but not limited to, the amount of capital gains excluded from adjusted gross income,  
5-22 alimony, support money, nontaxable strike benefits, cash public assistance and relief (not  
5-23 including relief granted under this chapter), the gross amount of any pension or annuity  
5-24 (including Railroad Retirement Act (see 45 U.S.C. section 231 et seq.) benefits, all payments  
5-25 received under the federal Social Security Act, 42 U.S.C. section 301 et seq., state unemployment  
5-26 insurance laws, and veterans' disability pensions (see 38 U.S.C. section 301 et seq.), nontaxable  
5-27 interest received from the federal government or any of its instrumentalities, workers'  
5-28 compensation, and the gross amount of "loss of time" insurance. It does not include gifts from  
5-29 nongovernmental sources, or surplus foods or other relief in kind supplied by a public or private  
5-30 agency.

5-31 (7) "Scholarship organization" means a charitable organization in this state that is exempt  
5-32 from federal taxation under section 501 (c)(3) of the internal revenue code, and that allocates at  
5-33 least ninety percent (90%) of its annual revenue through a scholarship program for tuition  
5-34 assistance grants to eligible students to allow them to attend any qualified school of their parents'  
6-1 choice represented by the scholarship organization.

6-2 (8) "Scholarship program" means a program to provide tuition assistance grants to  
6-3 eligible students to attend a nonpublic school located in this state. A scholarship program must  
6-4 include an application and review process for the purpose of making these grants only to eligible  
6-5 students. The award of scholarships to eligible students shall be made without limiting  
6-6 availability to only students of one school.

6-7 (9) "Qualified school" means a nonpublic elementary or secondary school that is located  
6-8 in this state and that satisfies the requirements prescribed by law for nonpublic schools in this  
6-9 state.

6-10 (10) "School-age student" means a child at the earliest admission age to a qualified  
6-11 school's kindergarten program or, when no kindergarten program is provided, the school's earliest  
6-12 admission age for beginners, until the end of the school year, the student attains twenty-one (21)  
6-13 years of age or graduation from high school whichever occurs first.

6-14 SECTION 3. This act shall take effect on January 1, 2005.

=====  
LC00774  
=====

**EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF**

**A N A C T  
RELATING TO TAXATION**

\*\*\*

- 7-1 This act would establish tax credits for contributions to scholarship organizations.
- 7-2 This act would take effect on January 1, 2005.

=====  
LC00774  
=====

**Claire Bestwick**

---

**From:** Thomas Glavin  
**Sent:** Thursday, April 08, 2004 9:36 AM  
**To:** Claire Bestwick  
**Cc:** Anna Stetson  
**Subject:** Council Resolution - Butler

Good Morning Ladies,  
I'm attaching a Resolution (by Request) on behalf of Councilman Butler for the 4/15/04 meeting.  
Please let me know if you require additional information.  
Thanks,  
Tom

4/8/2004