It is enacted by the General Assembly as follows:

SECTION 1. Section 44-13-13 of the General Laws in Chapter 44-13 entitled "Public Service Corporation Tax" is hereby amended to read as follows:


The lines, cables, conduits, ducts, pipes, machines and machinery, equipment, and other tangible personal property within this state of telegraph, cable, and telecommunications corporations and express corporations, used exclusively in the carrying on of the business of the corporation shall be exempt from local taxation; provided, that nothing in this section shall be construed to exempt any "community antenna television system company" (CATV) from local taxation; and provided, that the tangible personal property of companies exempted from local taxation by the provisions of this section shall be subject to taxation in the following manner:

(1) Definitions. Whenever used in this section and in §§ 44-13-13.1 and 44-13-13.2, unless the context otherwise requires:

(i) "Average assessment ratio" means the total assessed valuation as certified on tax rolls for the reference year divided by the full market value of the valuation as computed by the Rhode Island department of revenue in accordance with § 16-7-21;

(ii) "Average property tax rate" means the statewide total property levy divided by the statewide total assessed valuation as certified on tax rolls for the most recent tax year;

(iii) "Company" means any telegraph, cable, telecommunications, or express company doing business within the state of Rhode Island;
(iv) "Department" means the department of revenue;
(v) "Population" shall mean the population as determined by the most recent census;
(vi) "Reference year" means the calendar year two (2) years prior to the calendar year
preceding that in which the tax payment provided for by this section is levied;
(vii) "Value of tangible personal property" of companies means the net book value of
tangible personal property of each company doing business in this state as computed by the
department of revenue. "Net book value" means the original cost less accumulated depreciation;
provided, that no tangible personal property shall be depreciated more than seventy-five percent
(75%) of its original cost; and provided, further, that the accumulated depreciation reduction shall
take into account physical deterioration, functional obsolescence, and economic obsolescence
determined in accordance with generally accepted property tax valuation principles.

(2) On or before March 1 of each year, each company shall declare to the department, on
forms provided by the department, the value of its tangible personal property in the state of
Rhode Island on the preceding December 31.

(3) On or before April 1, 1982 and each April 1 thereafter of each year, the division of
property valuation shall certify to the tax administrator the average property tax rate, the average
assessment ratio, and the value of tangible personal property of each company.

(4) The tax administrator shall apply the average assessment ratio and the average tax rate
to the value of tangible personal property of each company and, by April 15 of each year, shall
notify the companies of the amount of tax due. For each filing relating to tangible personal
property as of December 31, 2008 and thereafter the tax rate applied by the tax administrator shall
be not less than the rate applied in the prior year.

(5) The tax shall be due and payable within sixty (60) days of the mailing of the notice by
the tax administrator. If the entire tax is not paid to the tax administrator when due, there shall be
added to the unpaid portion of the tax, and made a part of the tax, interest at the rate provided for
in § 44-1-7 from the date the tax was due until the date of the payment. The amount of any tax,
including interest, imposed by this section shall be a debt due from the company to the state, shall
be recoverable at law in the same manner as other debts, and shall, until collected, constitute a
lien upon all the company's property located in this state.

(6) The proceeds from the tax shall be allocated in the following manner:

(i) Payment of reasonable administrative expenses incurred by the department of revenue,
not to exceed three quarters of one percent (.75%), the payment to be identified as general
revenue and appropriated directly to the department;

(ii) The remainder of the proceeds shall be deposited in a restricted revenue account and
shall be apportioned to the cities and towns within this state on the basis of the ratio of the city or
town population to the population of the state as a whole. Estimated revenues shall be distributed
to cities and towns by July 30 and may be recorded as a receivable by each city and town for the
prior fiscal year.

SECTION 2. This act shall take effect upon passage.
EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- PUBLIC SERVICE CORPORATION TAX

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This act would provide that a reduction for accumulated depreciation in connection with the calculation of the net book value of a company's tangible personal property, would take into account physical deterioration and functional and economic obsolescence determined in accordance with generally accepted property tax valuation principles.

This act would take effect upon passage.