ARTICLE 24

RELATING TO TAXATION AND REVENUES

SECTION 1. Section 23-17-38.1 of the General Laws in Chapter 23-17 entitled “Licensing of Health Care Facilities” is hereby amended to read as follows:

23-17-38.1. Hospitals – Licensing fee. -- (a) There is imposed a hospital licensing fee at the rate of five and four hundred sixty-five thousandths percent (5.465%) upon the net patient services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2009. This licensing fee shall be administered and collected by the tax administrator, division of taxation within the department of administration, and all the administration, collection and other provisions of chapters 50 and 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator on or before July 18, 2011 and payments shall be made by electronic transfer of monies to the general treasurer and deposited to the general fund in accordance with § 44-50-11 [repealed]. Every hospital shall, on or before June 20, 2011, make a return to the tax administrator containing the correct computation of net patient services revenue for the hospital fiscal year ending September 30, 2009, and the licensing fee due upon that amount. All returns shall be signed by the hospital's authorized representative, subject to the pains and penalties of perjury.

(b) There is also imposed a hospital licensing fee at the rate of five and forty-three hundredths percent (5.43%) upon the net patient services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2010. This licensing fee shall be administered and collected by the tax administrator, division of taxation within the department of administration, and all the administration, collection and other provisions of chapters 50 and 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator on or before July 16, 2012 and payments shall be made by electronic transfer of monies to the general treasurer and deposited to the general fund in accordance with section 44-50-11 [repealed]. Every hospital shall, on or before June 18, 2012, make a return to the tax administrator containing the correct computation of net patient services revenue for the hospital fiscal year ending September 30, 2010, and the licensing fee due upon that amount. All returns shall be signed by the hospital's
authorized representative, subject to the pains and penalties of perjury.

(b) There is also imposed a hospital licensing fee at the rate of five and forty-three hundredths percent (5.43%) upon the net patient services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2010. This licensing fee shall be administered and collected by the tax administrator, division of taxation within the department of revenue, and all the administration, collection and other provisions of 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator on or before July 15, 2013 and payments shall be made by electronic transfer of monies to the general treasurer and deposited to the general fund. Every hospital shall, on or before June 17, 2013, make a return to the tax administrator containing the correct computation of net patient services revenue for the hospital fiscal year ending September 30, 2010, and the licensing fee due upon that amount. All returns shall be signed by the hospital's authorized representative, subject to the pains and penalties of perjury.

(c) For purposes of this section the following words and phrases have the following meanings:

(1) "Hospital" means a person or governmental unit duly licensed in accordance with this chapter to establish, maintain, and operate a hospital, except a hospital whose primary service and primary bed inventory are psychiatric.

(2) "Gross patient services revenue" means the gross revenue related to patient care services.

(3) "Net patient services revenue" means the charges related to patient care services less (i) charges attributable to charity care, (ii) bad debt expenses, and (iii) contractual allowances.

(d) The tax administrator shall make and promulgate any rules, regulations, and procedures not inconsistent with state law and fiscal procedures that he or she deems necessary for the proper administration of this section and to carry out the provisions, policy and purposes of this section.

(e) The licensing fee imposed by this section shall apply to hospitals as defined herein which are duly licensed on July 1, 2011, and shall be in addition to the inspection fee imposed by § 23-17-38 and to any licensing fees previously imposed in accordance with § 23-17-38.1.

SECTION 2. Sections 42-63.1-2 and 42-63.1-13 of the General Laws in Chapter 42-63.1 entitled "Tourism and Development" are hereby amended to read as follows:

42-63.1-2. Definitions. -- For the purposes of this chapter:

(1) "Consideration" means the monetary charge for the use of space devoted to transient lodging accommodations.
(2) “Corporation” means the Rhode Island economic development corporation.

(3) “District” means the regional tourism districts set forth in § 42-63.1-5.

(4) “Hotel” means any facility offering a minimum of three (3) one (1) rooms for which
the public may, for a consideration, obtain transient lodging accommodations. The term "hotel"
shall include bed and breakfast (or B&B), hotels, motels, tourist homes, tourist camps, lodging
houses, and inns. The term “hotel” shall also include houses, condominiums or other dwelling
units which are rented out for a total of fifteen (15) days or more per year, and The term
“hotel” shall not exclude include schools, hospitals, sanitariums, nursing homes, and chronic care
centers.

(5) “Occupancy” means a person, firm or corporation's use of space ordinarily used for
transient lodging accommodations not to exceed thirty (30) days. Excluded from "occupancy” is
the use of space for which the occupant has a written lease for the space, which lease covers a
rental period of twelve (12) months or more.


42-63.1-13. Annual report. -- Each entity which administers a regional tourism district
pursuant to § 42-63.1-5 shall submit to the state budget office, the state tax administrator, the
chairperson of the house finance committee, and the chairperson of the senate finance committee
by the first day of March February and the first day of September August of each year, a
complete and detailed report, for the prior six (6) month period ending thirty (30) days prior to the
reporting date, setting forth: (1) the district's operations and accomplishments; and (2) the
district's receipts and expenditures of funds received pursuant to § 42-63.1-3. If these reports are
not submitted by the required due dates, the tax administrator is authorized to withhold the
transfer of funds due the respective district pursuant to § 46-63.1-3, until such time that the
district complies with this requirement.

SECTION 3. Section 42-64-20 of the General Laws in Chapter 42-64 entitled
“Exemption from Taxation” is hereby amended to read as follows:

42-64-20. Exemption from taxation. -- (a) The exercise of the powers granted by this
chapter will be in all respects for the benefit of the people of this state, the increase of their
commerce, welfare, and prosperity and for the improvement of their health and living conditions
and will constitute the performance of an essential governmental function and the corporation
shall not be required to pay any taxes or assessments upon or in respect of any project or of any
property or moneys of the Rhode Island economic development corporation, levied by any
municipality or political subdivision of the state; provided, that the corporation shall make
payments in lieu of real property taxes and assessments to municipalities and political
subdivisions with respect to projects of the corporation located in the municipalities and political subdivisions during those times that the corporation derives revenue from the lease or operation of the projects. Payments in lieu of taxes shall be in amounts agreed upon by the corporation and the affected municipalities and political subdivisions. Failing the agreement, the amounts of payments in lieu of taxes shall be determined by the corporation using a formula that shall reasonably ensure that the amounts approximate the average amount of real property taxes due throughout the state with respect to facilities of a similar nature and size. Any municipality or political subdivision is empowered to accept at its option an amount of payments in lieu of taxes less than that determined by the corporation. If, pursuant to § 42-64-13(f), the corporation shall have agreed with a municipality or political subdivision that it shall not provide all of the specified services, the payments in lieu of taxes shall be reduced by the cost incurred by the corporation or any other person in providing the services not provided by the municipality or political subdivision.

(b) The corporation shall not be required to pay state taxes of any kind, and the corporation, its projects, property, and moneys and, except for estate, inheritance, and gift taxes, any bonds or notes issued under the provisions of this chapter and the income (including gain from sale or exchange) from these shall at all times be free from taxation of every kind by the state and by the municipalities and all political subdivisions of the state. The corporation shall not be required to pay any transfer tax of any kind on account of instruments recorded by it or on its behalf.

(c) For purposes of the exemption from taxes and assessments upon or in respect of any project under subsections (a) or (b) of this section, the corporation shall not be required to hold legal title to any real or personal property, including any fixtures, furnishings or equipment which are acquired and used in the construction and development of the project, but the legal title may be held in the name of a lessee (including sublessees) from the corporation. This property, which shall not include any goods or inventory used in the project after completion of construction, shall be exempt from taxation to the same extent as if legal title of the property were in the name of the corporation; provided that the board of directors of the corporation adopts a resolution confirming use of the tax exemption for the project by the lessee. Such resolution shall not take effect until thirty (30) days from passage. The resolution shall include findings that: (1) the project is a project of the corporation under § 42-64-3(20), and (2) it is in the interest of the corporation and of the project that legal title be held by the lessee from the corporation. In adopting the resolution, the board of directors may consider any factors it deems relevant to the interests of the corporation or the project including, for example, but without limitation, reduction in potential
liability or costs to the corporation or designation of the project as a “Project of Critical Economic Concern” pursuant to Chapter 117 of this title. Projects approved by the corporation pursuant to this section shall be referred to as “Rhode Island Sales Tax Exemption for Jobs Credit (RISE for Jobs Credit)” projects.

(d) For purposes of the exemption from taxes and assessments for any project of the corporation held by a lessee of the corporation under subsection (c) of this section, any such project shall be subject to the following additional requirements:

(1) The total sales tax exemption benefit to the lessee will be implemented through a reimbursement process as determined by the division of taxation rather than an up-front purchase exemption;

(2) The sales tax benefits granted pursuant to RIGL 42-64-20(c) shall only apply to projects approved prior to July 1, 2011: (i) only apply to materials used in the construction, reconstruction or rehabilitation of the project and to the acquisition of furniture, fixtures and equipment, except automobiles, trucks or other motor vehicles, or materials that otherwise are depreciable and have a useful life of one year or more, for the project for a period not to exceed six (6) months after receipt of a certificate of occupancy for any given phase of the project for which sales tax benefits are utilized; and (ii) not exceed an amount equal to the income tax revenue received by the state from the new full-time jobs with benefits excluding project construction jobs, generated by the project within a period of three (3) years from after the receipt of a certificate of occupancy for any given phase of the project. "Full-time jobs with benefits" means jobs that require working a minimum of thirty (30) hours per week within the state, with a median wage that exceeds by five percent (5%) the median annual wage for the preceding year for full-time jobs in Rhode Island, as certified by the department of labor and training with a benefit package that is typical of companies within the lessee’s industry, which, at minimum, shall include health insurance coverage. The sales tax benefits granted pursuant to Rhode Island general laws subsection 42-64-20(c) shall not be effective for projects approved on or after July 1, 2011. The corporation shall set a term for each RISE for Jobs Credit project, which shall not exceed five (5) years.

(3) The corporation shall transmit the analysis required by RIGL 42-64-10(a)(2) to the house and senate fiscal committee chairs, the department of labor and training and the division of taxation promptly upon completion. Annually thereafter, the department of labor and training shall certify to the house and senate fiscal committee chairs, the house and senate fiscal advisors, the corporation and the division of taxation the actual number of new full-time jobs with benefits created by the project, in addition to construction jobs, and whether such new jobs are on target to...
meet or exceed the estimated number of new jobs identified in the analysis above. This certification shall no longer be required when the total amount of new income tax revenue received by the state exceeds the amount of the sales tax exemption benefit granted above.

(4) The department of labor and training shall certify to the house and senate fiscal committee chairs and the division of taxation that jobs created by the project are "new jobs" in the state of Rhode Island, meaning that the employees of the project are in addition to, and without a reduction of, those employees of the lessee currently employed in Rhode Island, are not relocated from another facility of the lessee's in Rhode Island or are employees assumed by the lessee as the result of a merger or acquisition of a company already located in Rhode Island. Additionally, the corporation, with the assistance of the lessee, the department of labor and training, the department of human services and the division of taxation shall provide annually an analysis of whether any of the employees of the project qualify for RiTe Care or RiTe Share benefits and the impact such benefits or assistance may have on the state budget.

(5) Notwithstanding any other provision of law, the division of taxation, the department of labor and training and the department of human services are authorized to present, review and discuss lessee specific tax or employment information or data with the corporation, the house and senate fiscal committee chairs, and/or the house and senate fiscal advisors for the purpose of verification and compliance with this resolution; and

(6) The corporation and the project lessee shall agree that, if at any time prior to the state recouping the amount of the sales tax exemption through new income tax collections from the project, not including construction job income taxes, the lessee will be unable to continue the project, or otherwise defaults on its obligations to the corporation, the lessee shall be liable to the state for all the sales tax benefits granted to the project plus interest, as determined in RIGL 44-1-7, calculated from the date the lessee received the sales tax benefits.

(7) Notwithstanding anything to the contrary in this section 42-64-20, no project comprised of retail, including without limitation retail banking, shall be eligible for the RISE for Jobs Credit program or eligible for any sales tax exemption benefit described in this section 42-64-20.

SECTION 4. Title 44 of the General Laws entitled “TAXATION” is hereby amended by adding thereto the following chapter:

CHAPTER 44-6.4

2012 RHODE ISLAND TAX AMNESTY ACT

44-6.4-1. Short title. -- This chapter shall be known as the “2012 Rhode Island Tax Amnesty Act".
44-6.4-2. Definitions. -- As used in this chapter, the following terms have the meaning ascribed to them in this section, except when the context clearly indicates a different meaning:

(1) “Taxable period” means any period for which a tax return is required by law to be filed with the tax administrator;

(2) “Taxpayer” means any person, corporation, or other entity subject to any tax imposed by any law of the state of Rhode Island and payable to the state of Rhode Island and collected by the tax administrator.

44-6.4-3. Establishment of tax amnesty. -- (a) The tax administrator shall establish a tax amnesty program for all taxpayers owing any tax imposed by reason of or pursuant to authorization by any law of the state of Rhode Island and collected by the tax administrator. Amnesty tax return forms shall be prepared by the tax administrator and shall provide that the taxpayer clearly specify the tax due and the taxable period for which amnesty is being sought by the taxpayer.

(b) The amnesty program shall be conducted for a seventy-five (75) day period ending on November 15, 2012. The amnesty program shall provide that, upon written application by a taxpayer and payment by the taxpayer of all taxes and interest due from the taxpayer to the state of Rhode Island for any taxable period ending on or prior to December 31, 2011, the tax administrator shall not seek to collect any penalties which may be applicable and shall not seek the civil or criminal prosecution of any taxpayer for the taxable period for which amnesty has been granted. Amnesty shall be granted only to those taxpayers applying for amnesty during the amnesty period who have paid the tax and interest due upon filing the amnesty tax return, or who have entered into an installment payment agreement for reasons of financial hardship and upon terms and conditions set by the tax administrator. In the case of the failure of a taxpayer to pay any installment due under the agreement, such an agreement shall cease to be effective and the balance of the amounts required to be paid thereunder shall be due immediately. Amnesty shall be granted for only the taxable period specified in the application and only if all amnesty conditions are satisfied by the taxpayer.

(c) The provisions of this section shall include a taxable period for which a bill or notice of deficiency determination has been sent to the taxpayer and a taxable period in which an audit has been completed but has not yet been billed.

(d) Amnesty shall not be granted to taxpayers who are under any criminal investigation or are a party to any civil or criminal proceeding, pending in any court of the United States or the state of Rhode Island, for fraud in relation to any state tax imposed by the law of the state and collected by the tax administrator.
44-6.4-4. Interest under tax amnesty. -- Notwithstanding any provision of law to the contrary, interest on any taxes paid for periods covered under the amnesty provisions of this chapter shall be computed at the rate imposed under section 44-1-7, reduced by twenty five percent (25%).

44-6.4-5. Appropriation. -- There is hereby appropriated, out of any money in the treasury not otherwise appropriated for the 2013 fiscal year, the sum of three hundred thousand dollars ($300,000) to the division of taxation to carry out the purposes of this chapter. The state controller is hereby authorized and directed to draw his or her orders upon the general treasurer for the payment of the sum or so much thereof as may be required from time to time and upon receipt by him of properly authenticated vouchers.

44-6.4-6. Implementation. -- Notwithstanding any provision of law to the contrary, the tax administrator may do all things necessary in order to provide for the timely implementation of this chapter, including, but not limited to, procurement of printing and other services and expenditure of appropriated funds as provided for in section 44-6.4-5.

44-6.4-7. Disposition of monies. -- (a) Except as provided in subsection (b) within, all monies collected pursuant to any tax imposed by the state of Rhode Island under the provisions of this chapter shall be accounted for separately and paid into the general fund.

(b) Monies collected for the establishment of the TDI Reserve Fund (section 28-39-7), the Employment Security Fund (section 28-42-18), the Employment Security Interest Fund (section 28-42-75), the Job Development Fund (section 28-42-83), and the Employment Security Reemployment Fund (section 28-42-87) shall be deposited in said respective funds.

44-6.4-8. Analysis of amnesty program by tax administrator. -- The tax administrator shall provide an analysis of the amnesty program to the chairpersons of the house finance committee and senate finance committee, with copies to the members of the revenue estimating conference, by January 1, 2013. The report shall include an analysis of revenues received by tax source, distinguishing between the tax collected and interest collected for each source. In addition, the report shall further identify the amounts that are new revenues from those already included in the general revenue receivable taxes, defined under generally accepted accounting principles and the state's audited financial statements.

44-6.4-9. Rules and regulations. -- The tax administrator may promulgate such rules and regulations as are necessary to implement the provisions of this chapter.

follows:

44-18-7. Sales defined. -- "Sales" means and includes:

(1) Any transfer of title or possession, exchange, barter, lease, or rental, conditional or otherwise, in any manner or by any means of tangible personal property for a consideration. "Transfer of possession", "lease", or "rental" includes transactions found by the tax administrator to be in lieu of a transfer of title, exchange, or barter.

(2) The producing, fabricating, processing, printing, or imprinted of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the producing, fabricating, processing, printing, or imprinting.

(3) The furnishing and distributing of tangible personal property for a consideration by social, athletic, and similar clubs and fraternal organizations to their members or others.

(4) The furnishing, preparing, or serving for consideration of food, meals, or drinks, including any cover, minimum, entertainment, or other charge in connection therewith.

(5) A transaction whereby the possession of tangible personal property is transferred, but the seller retains the title as security for the payment of the price.

(6) Any withdrawal, except a withdrawal pursuant to a transaction in foreign or interstate commerce, of tangible personal property from the place where it is located for delivery to a point in this state for the purpose of the transfer of title or possession, exchange, barter, lease, or rental, conditional or otherwise, in any manner or by any means whatsoever, of the property for a consideration.

(7) A transfer for a consideration of the title or possession of tangible personal property, which has been produced, fabricated, or printed to the special order of the customer, or any publication.

(8) The furnishing and distributing of electricity, natural gas, artificial gas, steam, refrigeration, and water.

(9) The furnishing for consideration of intrastate, interstate and international telecommunications service sourced in this state in accordance with subsections 44-18.1(15) and (16) and all ancillary services, any maintenance services of telecommunication equipment other than as provided for in subdivision 44-18-12(b)(ii). For the purposes of chapters 18 and 19 of this title only, telecommunication service does not include service rendered using a prepaid telephone calling arrangement.

(ii) Notwithstanding the provisions of paragraph (i) of this subdivision, in accordance with the Mobile Telecommunications Sourcing Act (4 U.S.C. §§ 116 – 126), subject to the specific exemptions described in 4 U.S.C. § 116(c), and the exemptions provided in §§ 44-18-8
and 44-18-12, mobile telecommunications services that are deemed to be provided by the
customer's home service provider are subject to tax under this chapter if the customer's place of
primary use is in this state regardless of where the mobile telecommunications services originate,
terminate or pass through. Mobile telecommunications services provided to a customer, the
charges for which are billed by or for the customer's home service provider, shall be deemed to be
provided by the customer's home service provider.

(10) The furnishing of service for transmission of messages by telegraph, cable, or radio
and the furnishing of community antenna television, subscription television, and cable television
services.

(11) The rental of living quarters in any hotel, rooming house, or tourist camp.

(12) The transfer for consideration of prepaid telephone calling arrangements and the
recharge of prepaid telephone calling arrangements sourced to this state in accordance with §§
calling service and prepaid wireless calling service.

(13) The furnishing of package tour and scenic and sightseeing transportation services as
set forth in the 2007 North American Industrial Classification System codes 561520 and 487
provided that such services are conducted in the state, in whole or in part. Said services include
all activities engaged in for other persons for a fee, retainer, commission, or other monetary
charge, which activities involve the performance of a service as distinguished from selling
property.

(14) The sale, storage, use or other consumption of over-the-counter drugs as defined in
paragraph 44-18-7.1(h)(ii).

(15) The sale, storage, use or other consumption of prewritten computer software
delivered electronically or by load and leave as defined in paragraph 44-18-7.1(v).

(16) The sale, storage, use or other consumption of medical marijuana as defined in §21-
28.6-3.

(17) The furnishing of services in this state as defined in section 44-18-7.3.

44-18-8. Retail sale or sale at retail defined. -- A "retail sale" or "sale at retail" means
any sale, lease or rentals of tangible personal property, prewritten computer software delivered
electronically or by load and leave, and/or package tour and scenic and sightseeing transportation
services, or services as defined in section 44-18-7.3 for any purpose other than resale, sublease or
subrent in the regular course of business. The sale of tangible personal property to be used for
purposes of rental in the regular course of business is considered to be a sale for resale. In regard
to telecommunications service as defined in § 44-18-7(9), retail sale does not include the
purchase of telecommunications service by a telecommunications provider from another
telecommunication provider for resale to the ultimate consumer; provided, that the purchaser
submits to the seller a certificate attesting to the applicability of this exclusion, upon receipt of
which the seller is relieved of any tax liability for the sale.

44-18-12. Sale price” defined. -- (a) “Sales price” applies to the measure subject to sales
tax and means the total amount of consideration, including cash, credit, property, and services, for
which personal property or services are sold, leased, or rented, valued in money, whether received
in money or otherwise, without any deduction for the following:

(i) The seller's cost of the property sold;

(ii) The cost of materials used, labor or service cost, interest, losses, all costs of
transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;

(iii) Charges by the seller for any services necessary to complete the sale, other than
delivery and installation charges;

(iv) Delivery charges, as defined in § 44-18-7.1(i);

(v) Credit for any trade-in, as determined by state law;

(vi) The amount charged for package tour and scenic and sightseeing transportation
services; or

(vii) The amount charged for services, as defined in section 44-18-7.3.

(b) "Sales price" shall not include:

(i) Discounts, including cash, term, or coupons that are not reimbursed by a third party
that are allowed by a seller and taken by a purchaser on a sale;

(ii) The amount charged for labor or services, except for package tours and scenic and
sightseeing transportation services, rendered in installing or applying the property sold when the
charge is separately stated by the retailer to the purchaser; provided that in transactions subject to
the provisions of this chapter the retailer shall separately state such charge when requested by the
purchaser and, further, the failure to separately state such charge when requested may be
restrained in the same manner as other unlawful acts or practices prescribed in chapter 13.1 of
title 6.

(iii) Interest, financing, and carrying charges from credit extended on the sale of personal
property or services, if the amount is separately stated on the invoice, bill of sale or similar
document given to the purchaser; and

(iv) Any taxes legally imposed directly on the consumer that are separately stated on the
invoice, bill of sale or similar document given to the purchaser.

(v) Manufacturer rebates allowed on the sale of motor vehicles.
(c) "Sales price" shall include consideration received by the seller from third parties if:

(i) The seller actually receives consideration from a party other than the purchaser and the consideration is directly related to a price reduction or discount on the sale;

(ii) The seller has an obligation to pass the price reduction or discount through to the purchaser;

(iii) The amount of the consideration attributable to the sale is fixed and determinable by the seller at the time of the sale of the item to the purchaser; and

(iv) One of the following criteria is met:

(A) The purchaser presents a coupon, certificate or other documentation to the seller to claim a price reduction or discount where the coupon, certificate or documentation is authorized, distributed or granted by a third party with the understanding that the third party will reimburse any seller to whom the coupon, certificate or documentation is presented;

(B) The purchaser identifies himself or herself to the seller as a member of a group or organization entitled to a price reduction or discount (a "preferred customer" card that is available to any patron does not constitute membership in such a group), or

(C) The price reduction or discount is identified as a third party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate or other documentation presented by the purchaser.

44-18-15. "Retailer" defined.-- (a) "Retailer" includes:

(1) Every person engaged in the business of making sales at retail, including prewritten computer software delivered electronically or by load and leave, and/or sales of package tour and scenic and sightseeing transportation services, sales of services as defined in section 44-18-7.3, including and sales at auction of tangible personal property owned by the person or others.

(2) Every person making sales of tangible personal property, including prewritten computer software delivered electronically or by load and leave, and/or sales of package tour and scenic and sightseeing transportation services, or sales of services as defined in section 44-18-7.3, through an independent contractor or other representative, if the retailer enters into an agreement with a resident of this state, under which the resident, for a commission or other consideration, directly or indirectly refers potential customers, whether by a link on an Internet website or otherwise, to the retailer, provided the cumulative gross receipts from sales by the retailer to customers in the state who are referred to the retailer by all residents with this type of an agreement with the retailer, is in excess of five thousand dollars ($5,000) during the preceding four (4) quarterly periods ending on the last day of March, June, September and December. Such retailer shall be presumed to be soliciting business through such independent contractor or other
representative, which presumption may be rebutted by proof that the resident with whom the retailer has an agreement did not engage in any solicitation in the state on behalf of the retailer that would satisfy the nexus requirement of the United States Constitution during such four (4) quarterly periods.

(3) Every person engaged in the business of making sales for storage, use, or other consumption, of: (i) tangible personal property, (ii) or the business of making sales at auction of tangible personal property, owned by the person or others for storage, use, or other consumption, (iii) prewritten computer software delivered electronically or by load and leave, and/or (iv) package tour and scenic and sightseeing transportation services, and (v) services as defined in section 44-18-7.3, owned by the person or others for storage, use, or other consumption.

(4) A person conducting a horse race meeting with respect to horses, which are claimed during the meeting.

(5) Every person engaged in the business of renting any living quarters in any hotel as defined in section 42-63.1-2, rooming house, or tourist camp.

(6) Every person maintaining a business within or outside of this state who engages in the regular or systematic solicitation of sales of tangible personal property, prewritten computer software delivered electronically or by load and leave, and/or package tour and scenic and sightseeing transportation services, in this state by means of:

(i) Advertising in newspapers, magazines, and other periodicals published in this state, sold over the counter in this state or sold by subscription to residents of this state, billboards located in this state, airborne advertising messages produced or transported in the airspace above this state, display cards and posters on common carriers or any other means of public conveyance incorporated or operated primarily in this state, brochures, catalogs, circulars, coupons, pamphlets, samples, and similar advertising material mailed to, or distributed within this state to residents of this state;

(ii) Telephone;

(iii) Computer assisted shopping networks; and

(iv) Television, radio or any other electronic media, which is intended to be broadcast to consumers located in this state.

(b) When the tax administrator determines that it is necessary for the proper administration of chapters 18 and 19 of this title to regard any salespersons, representatives, truckers, peddlers, or canvassers as the agents of the dealers, distributors, supervisors, employers, or persons under whom they operate or from whom they obtain the tangible personal property sold by them, irrespective of whether they are making sales on their own behalf or on behalf of
the dealers, distributors, supervisors, or employers, the tax administrator may so regard them and
may regard the dealers, distributors, supervisors, or employers as retailers for purposes of
chapters 18 and 19 of this title.

44-18-18. Sales tax imposed. -- A tax is imposed upon sales at retail in this state
including charges for rentals of living quarters in hotels as defined in section 42-63.1-2, rooming
houses, or tourist camps, at the rate of six percent (6%) of the gross receipts of the retailer from
the sales or rental charges; provided, that the tax imposed on charges for the rentals applies only
to the first period of not exceeding thirty (30) consecutive calendar days of each rental; provided,
further, that for the period commencing July 1, 1990, the tax rate is seven percent (7%). The tax
is paid to the tax administrator by the retailer at the time and in the manner provided. Excluded
from this tax are those living quarters in hotels, rooming houses, or tourist camps for which the
occupant has a written lease for the living quarters which lease covers a rental period of twelve
(12) months or more. In recognition of the work being performed by the Streamlined Sales and
Use Tax Governing Board, upon any federal law which requires remote sellers to collect and
remit taxes, effective the first (1st) day of the first (1st) state fiscal quarter following the change,
the rate imposed under § 44-18-18 shall be six and one-half percent (6.5%).

44-18-18.1. Local meals and beverage tax. -- (a) There is hereby levied and imposed,
upon every purchaser of a meal and/or beverage, in addition to all other taxes and fees now
imposed by law, a local meals and beverage tax upon each and every meal and/or beverage sold
within the state of Rhode Island in or from an eating and/or drinking establishment, whether
prepared in the eating and/or drinking establishment or not and whether consumed at the premises
or not, at a rate of one percent of the gross receipts. Notwithstanding, for the period commencing
July 1, 2012, the rate is three percent (3.0%) of gross receipts. The tax shall be paid to the tax
administrator by the retailer at the time and in the manner provided.

(b) All sums received by the division of taxation for sales prior to July 1, 2012 under this
section as taxes, penalties or forfeitures, interest, costs of suit and fines shall be distributed at
least quarterly, credited and paid by the state treasurer to the city or town where the meals and
beverages are delivered.

(c) For sales on or after July 1, 2012, one percent (1.0%) of the total three percent (3.0%)
of the gross receipts paid under subsection 44-18-18.1(a), received by the division of taxation as
taxes, penalties or forfeitures, interest, costs of suit and fines, shall be distributed at least
quarterly, credited and paid by the state treasurer to the city or town where the meals and
beverages are delivered. The remaining two percent (2.0%) of the total three percent (3.0%) of
the gross receipts paid under subsection 44-18-18.1(a) as taxes, penalties or forfeitures, interest,
When used in this section, the following words have the following meanings:

1. "Beverage" means all nonalcoholic beverages, as well as alcoholic beverages, beer, lager beer, ale, porter, wine, similar fermented malt or vinous liquor.

2. "Eating and/or drinking establishments" mean and include restaurants, bars, taverns, lounges, cafeterias, lunch counters, drive-ins, roadside ice cream and refreshment stands, fish and chip places, fried chicken places, pizzerias, food and drink concessions, or similar facilities in amusement parks, bowling alleys, clubs, caterers, drive-in theatres, industrial plants, race tracks, shore resorts or other locations, lunch carts, mobile canteens and other similar vehicles, and other like places of business which furnish or provide facilities for immediate consumption of food at tables, chairs or counters or from trays, plates, cups or other tableware or in parking facilities provided primarily for the use of patrons in consuming products purchased at the location. Ordinarily, eating establishments do not mean and include food stores and supermarkets. Eating establishments do not mean "vending machines," a self-contained automatic device that dispenses for sale foods, beverages, or confection products. Retailers selling prepared foods in bulk either in customer-furnished containers or in the seller's containers, for example "Soup and Sauce" establishments, are deemed to be selling prepared foods ordinarily for immediate consumption and, as such, are considered eating establishments.

3. "Meal" means any prepared food or beverage offered or held out for sale by an eating and/or drinking establishment for the purpose of being consumed by any person to satisfy the appetite and which is ready for immediate consumption. All such food and beverage, unless otherwise specifically exempted or excluded herein shall be included, whether intended to be consumed on the seller's premises or elsewhere, whether designated as breakfast, lunch, snack, dinner, supper or by some other name, and without regard to the manner, time or place of service.

This local meals and beverage tax shall be administered and collected by the division of taxation and unless provided to the contrary in this chapter, all of the administration, collection, and other provisions of chapters 18 and 19 of this article apply.

An excise tax is imposed on the storage, use, or other consumption in this state of tangible personal property, as prewritten computer software delivered electronically or by load and leave, and/or package tour and scenic and sightseeing transportation services, as defined section 44-18-7.3; including a motor vehicle, a boat, an airplane, or a trailer, purchased from any retailer at the rate of six percent (6%) of the sale price of the property.
motor vehicle, a boat, an airplane, or a trailer purchased from other than a licensed motor vehicle
dealer or other than a retailer of boats, airplanes, or trailers respectively, at the rate of six percent
(6%) of the sale price of the motor vehicle, boat, airplane, or trailer.

c) The word "trailer" as used in this section and in § 44-18-21 means and includes those
defined in § 31-1-5(a) – (e) and also includes boat trailers, camping trailers, house trailers, and
mobile homes.

d) Notwithstanding the provisions contained in this section and in § 44-18-21 relating to
the imposition of a use tax and liability for this tax on certain casual sales, no tax is payable in
any casual sale:

(1) When the transferee or purchaser is the spouse, mother, father, brother, sister, or child
of the transferor or seller;

(2) When the transfer or sale is made in connection with the organization, reorganization,
dissolution, or partial liquidation of a business entity; provided:

(i) The last taxable sale, transfer, or use of the article being transferred or sold was
subjected to a tax imposed by this chapter;

(ii) The transferee is the business entity referred to or is a stockholder, owner, member, or
partner; and

(iii) Any gain or loss to the transferor is not recognized for income tax purposes under the
provisions of the federal income tax law and treasury regulations and rulings issued thereunder;

(3) When the sale or transfer is of a trailer, other than a camping trailer, of the type
ordinarily used for residential purposes and commonly known as a house trailer or as a mobile
home; or

(4) When the transferee or purchaser is exempt under the provisions of § 44-18-30 or
other general law of this state or special act of the general assembly of this state.

e) The term "casual" means a sale made by a person other than a retailer; provided, that
in the case of a sale of a motor vehicle, the term means a sale made by a person other than a
licensed motor vehicle dealer or an auctioneer at an auction sale. In no case is the tax imposed
under the provisions of subsections (a) and (b) of this section on the storage, use, or other
consumption in this state of a used motor vehicle less than the product obtained by multiplying
the amount of the retail dollar value at the time of purchase of the motor vehicle by the applicable
tax rate; provided, that where the amount of the sale price exceeds the amount of the retail dollar
value, the tax is based on the sale price. The tax administrator shall use as his or her guide the
retail dollar value as shown in the current issue of any nationally recognized used vehicle guide
for appraisal purposes in this state. On request within thirty (30) days by the taxpayer after
payment of the tax, if the tax administrator determines that the retail dollar value as stated in this
subsection is inequitable or unreasonable, he or she shall, after affording the taxpayer reasonable
opportunity to be heard, re-determine the tax.

(f) Every person making more than five (5) retail sales of tangible personal property or
prewritten computer software delivered electronically or by load and leave, and/or package tour
and scenic and sightseeing transportation services, or services as defined in section 44-18-7.3
during any twelve (12) month period, including sales made in the capacity of assignee for the
benefit of creditors or receiver or trustee in bankruptcy, is considered a retailer within the
provisions of this chapter.

(g) "Casual sale" includes a sale of tangible personal property not held or used by a seller
in the course of activities for which the seller is required to hold a seller's permit or permits or
would be required to hold a seller's permit or permits if the activities were conducted in this state;
provided, that the sale is not one of a series of sales sufficient in number, scope, and character
(more than five (5) in any twelve (12) month period) to constitute an activity for which the seller
is required to hold a seller's permit or would be required to hold a seller's permit if the activity
were conducted in this state.

(2) Casual sales also include sales made at bazaars, fairs, picnics, or similar events by
nonprofit organizations, which are organized for charitable, educational, civic, religious, social,
recreational, fraternal, or literary purposes during two (2) events not to exceed a total of six (6)
days duration each calendar year. Each event requires the issuance of a permit by the division of
taxation. Where sales are made at events by a vendor, which holds a sales tax permit and is not a
nonprofit organization, the sales are in the regular course of business and are not exempt as casual
sales.

(h) The use tax imposed under this section for the period commencing July 1, 1990 is at
the rate of seven percent (7%). In recognition of the work being performed by the Streamlined
Sales and Use Tax Governing Board, upon any federal law which requires remote sellers to
collect and remit taxes, effective the first (1st) day of the first (1st) state fiscal quarter following
the change, the rate imposed under § 44-18-18 shall be six and one-half percent (6.5%).

44-18-21. Liability for use tax. -- (a) Every person storing, using, or consuming in this
state tangible personal property, including a motor vehicle, boat, airplane, or trailer, purchased
from a retailer, and a motor vehicle, boat, airplane, or trailer, purchased from other than a
licensed motor vehicle dealer or other than a retailer of boats, airplanes, or trailers respectively; or
storing, using or consuming specified prewritten computer software delivered electronically or by
load and leave, and/or package tour and scenic and sightseeing transportation services, or services
as defined in section 44-18-7.3 is liable for the use tax. The person's liability is not extinguished until the tax has been paid to this state, except that a receipt from a retailer engaging in business in this state or from a retailer who is authorized by the tax administrator to collect the tax under rules and regulations that he or she may prescribe, given to the purchaser pursuant to the provisions of § 44-18-22, is sufficient to relieve the purchaser from further liability for the tax to which the receipt refers.

(b) Each person before obtaining an original or transferral registration for any article or commodity in this state, which article or commodity is required to be licensed or registered in the state, shall furnish satisfactory evidence to the tax administrator that any tax due under this chapter with reference to the article or commodity has been paid, and for the purpose of effecting compliance, the tax administrator, in addition to any other powers granted to him or her, may invoke the provisions of § 31-3-4 in the case of a motor vehicle. The tax administrator, when he or she deems it to be for the convenience of the general public, may authorize any agency of the state concerned with the licensing or registering of these articles or commodities to collect the use tax on any articles or commodities which the purchaser is required by this chapter to pay before receiving an original or transferral registration. The general assembly shall annually appropriate a sum that it deems necessary to carry out the purposes of this section. Notwithstanding the provisions of §§ 44-18-19, 44-18-22, and 44-18-24, the sales or use tax on any motor vehicle and/or recreational vehicle requiring registration by the administrator of the division of motor vehicles shall not be added by the retailer to the sale price or charge but shall be paid directly by the purchaser to the tax administrator, or his or her authorized deputy or agent as provided in this section.

(c) In cases involving total loss or destruction of a motor vehicle occurring within one hundred twenty (120) days from the date of purchase and upon which the purchaser has paid the use tax, the amount of the tax constitutes an overpayment. The amount of the overpayment may be credited against the amount of use tax on any subsequent vehicle which the owner acquires to replace the lost or destroyed vehicle or may be refunded, in whole or in part.

44-18-22. Collection of use tax by retailer. -- Every retailer engaging in business in this state and making sales of tangible personal property or prewritten computer software delivered electronically or by load and leave, for storage, use, or other consumption in this state, and/or providing package tour and scenic and sightseeing transportation services, or services as defined in section 44-18-7.3, for storage, use, or other consumption in this state, not exempted under this chapter shall, at the time of making the sales, or if the storage, use, or other consumption of the tangible personal property, prewritten computer software delivered electronically or by load and
leave, and/or providing package tour and scenic and sightseeing transportation services, or services as defined in section 44-18-7.3, is not then taxable under this chapter, at the time the storage, use, or other consumption becomes taxable, collect the tax from the purchaser and give to the purchaser a receipt in the manner and form prescribed by the tax administrator.

44-18-23. "Engaging in business" defined. -- As used in §§ 44-18-21 and 44-18-22 the term "engaging in business in this state" means the selling or delivering in this state, or any activity in this state related to the selling or delivering in this state of tangible personal property, or prewritten computer software delivered electronically or by load and leave for storage, use, or other consumption in this state, as well as providing package tour and scenic and sightseeing transportation services, or services as defined in section 44-18-7.3 in this state. This term includes, but is not limited to, the following acts or methods of transacting business:

(1) Maintaining, occupying, or using in this state permanently or temporarily, directly or indirectly or through a subsidiary, representative, or agent by whatever name called and whether or not qualified to do business in this state, any office, place of distribution, sales or sample room or place, warehouse or storage place, or other place of business;

(2) Having any subsidiary, representative, agent, salesperson, canvasser, or solicitor permanently or temporarily, and whether or not the subsidiary, representative, or agent is qualified to do business in this state, operate in this state for the purpose of selling, delivering, or the taking of orders for any tangible personal property, or prewritten computer software delivered electronically or by load and leave, and/or package tour and scenic and sightseeing transportation services, or services as defined in section 44-18-7.3;

(3) The regular or systematic solicitation of sales of tangible personal property, or prewritten computer software delivered electronically or by load and leave, and/or package tour and scenic and sightseeing transportation services, or services as defined in section 44-18-7.3, in this state by means of:

(i) Advertising in newspapers, magazines, and other periodicals published in this state, sold over the counter in this state or sold by subscription to residents of this state, billboards located in this state, airborne advertising messages produced or transported in the air space above this state, display cards and posters on common carriers or any other means of public conveyance incorporated or operating primarily in this state, brochures, catalogs, circulars, coupons, pamphlets, samples, and similar advertising material mailed to, or distributed within this state to residents of this state;

(ii) Telephone;

(iii) Computer-assisted shopping networks; and
(iv) Television, radio or any other electronic media, which is intended to be broadcast to
consumers located in this state.

**44-18-25. Presumption that sale is for storage, use, or consumption – Resale certificate.** - It is presumed that all gross receipts are subject to the sales tax, and that the use of all tangible personal property, or prewritten computer software delivered electronically or by load and leave, and/or package tour and scenic and sightseeing transportation services, or services as defined in § 44-18-7.3, are subject to the use tax, and that all tangible personal property, or prewritten computer software delivered electronically or by load and leave, and/or package tour and scenic and sightseeing transportation services, or services as defined in section 44-18-7.3, sold or in processing or intended for delivery or delivered in this state is sold or delivered for storage, use, or other consumption in this state, until the contrary is established to the satisfaction of the tax administrator. The burden of proving the contrary is upon the person who makes the sale and the purchaser, unless the person who makes the sale takes from the purchaser a certificate to the effect that the purchase was for resale. The certificate shall contain any information and be in the form that the tax administrator may require.

**44-18-30. Gross receipts exempt from sales and use taxes.** - There are exempted from the taxes imposed by this chapter the following gross receipts:

1. **(1) Sales and uses beyond constitutional power of state.** From the sale and from the storage, use, or other consumption in this state of tangible personal property the gross receipts from the sale of which, or the storage, use, or other consumption of which, this state is prohibited from taxing under the Constitution of the United States or under the constitution of this state.

2. **(2) Newspapers.**

   (i) From the sale and from the storage, use, or other consumption in this state of any newspaper.

   (ii) "Newspaper" means an unbound publication printed on newsprint, which contains news, editorial comment, opinions, features, advertising matter, and other matters of public interest.

   (iii) "Newspaper" does not include a magazine, handbill, circular, flyer, sales catalog, or similar item unless the item is printed for and distributed as a part of a newspaper.

3. **(3) School meals.** From the sale and from the storage, use, or other consumption in this state of meals served by public, private, or parochial schools, school districts, colleges, universities, student organizations, and parent teacher associations to the students or teachers of a school, college, or university whether the meals are served by the educational institutions or by a food service or management entity under contract to the educational institutions.
(4) **Containers.**

(i) From the sale and from the storage, use, or other consumption in this state of:

(A) Non-returnable containers, including boxes, paper bags, and wrapping materials which are biodegradable and all bags and wrapping materials utilized in the medical and healing arts, when sold without the contents to persons who place the contents in the container and sell the contents with the container.

(B) Containers when sold with the contents if the sale price of the contents is not required to be included in the measure of the taxes imposed by this chapter.

(C) Returnable containers when sold with the contents in connection with a retail sale of the contents or when resold for refilling.

(ii) As used in this subdivision, the term "returnable containers" means containers of a kind customarily returned by the buyer of the contents for reuse. All other containers are "non-returnable containers."

(5) **Charitable, educational, and religious organizations.** From the sale to as in defined in this section, and from the storage, use, and other consumption in this state or any other state of the United States of America of tangible personal property by hospitals not operated for a profit, "educational institutions" as defined in subdivision (18) not operated for a profit, churches, orphanages, and other institutions or organizations operated exclusively for religious or charitable purposes, interest free loan associations not operated for profit, nonprofit organized sporting leagues and associations and bands for boys and girls under the age of nineteen (19) years, the following vocational student organizations that are state chapters of national vocational students organizations: Distributive Education Clubs of America, (DECA); Future Business Leaders of America, phi beta lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers of America/Home Economics Related Occupations (FHA/HERD); and Vocational Industrial Clubs of America (VICA), organized nonprofit golden age and senior citizens clubs for men and women, and parent teacher associations.

(ii) In the case of contracts entered into with the federal government, its agencies or instrumentalities, this state or any other state of the United States of America, its agencies, any city, town, district, or other political subdivision of the states, hospitals not operated for profit, educational institutions not operated for profit, churches, orphanages, and other institutions or organizations operated exclusively for religious or charitable purposes, the contractor may purchase such materials and supplies (materials and/or supplies are defined as those which are essential to the project) that are to be utilized in the construction of the projects being performed under the contracts without payment of the tax.
(iii) The contractor shall not charge any sales or use tax to any exempt agency, institution, or organization but shall in that instance provide his or her suppliers with certificates in the form as determined by the division of taxation showing the reason for exemption; and the contractor's records must substantiate the claim for exemption by showing the disposition of all property so purchased. If any property is then used for a nonexempt purpose, the contractor must pay the tax on the property used.

(6) **Gasoline.** From the sale and from the storage, use, or other consumption in this state of: (i) gasoline and other products taxed under chapter 36 of title 31, and (ii) fuels used for the propulsion of airplanes.

(7) **Purchase for manufacturing purposes.**

(i) From the sale and from the storage, use, or other consumption in this state of computer software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, and water, when the property or service is purchased for the purpose of being manufactured into a finished product for resale, and becomes an ingredient, component, or integral part of the manufactured, compounded, processed, assembled, or prepared product, or if the property or service is consumed in the process of manufacturing for resale computer software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

(ii) "Consumed" means destroyed, used up, or worn out to the degree or extent that the property cannot be repaired, reconditioned, or rendered fit for further manufacturing use.

(iii) "Consumed" includes mere obsolescence.

(iv) "Manufacturing" means and includes manufacturing, compounding, processing, assembling, preparing, or producing.

(v) "Process of manufacturing" means and includes all production operations performed in the producing or processing room, shop, or plant, insofar as the operations are a part of and connected with the manufacturing for resale of tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, or water and all production operations performed insofar as the operations are a part of and connected with the manufacturing for resale of computer software.

(vi) "Process of manufacturing" does not mean or include administration operations such as general office operations, accounting, collection, sales promotion, nor does it mean or include distribution operations which occur subsequent to production operations, such as handling, storing, selling, and transporting the manufactured products, even though the administration and distribution operations are performed by or in connection with a manufacturing business.

(8) **State and political subdivisions.** From the sale to, and from the storage, use, or other consumption by, this state, any city, town, district, or other political subdivision of this state.
Every redevelopment agency created pursuant to chapter 31 of title 45 is deemed to be a subdivision of the municipality where it is located.

(9) Food and food ingredients. From the sale and storage, use, or other consumption in this state of food and food ingredients as defined in § 44-18-7.1(l).

For the purposes of this exemption “food and food ingredients” shall not include candy, soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending machines or prepared food (as those terms are defined in § 44-18-7.1, unless the prepared food is:

(i) Sold by a seller whose primary NAICS classification is manufacturing in sector 311, except sub-sector 3118 (bakeries);

(ii) Sold in an unheated state by weight or volume as a single item;

(iii) Bakery items, including bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas; and is not sold with utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws.

(10) Medicines, drugs and durable medical equipment. From the sale and from the storage, use, or other consumption in this state, of;

(i) "Drugs" as defined in § 44-18-7.1(h)(i), sold on prescriptions, medical oxygen, and insulin whether or not sold on prescription. For purposes of this exemption, drugs shall not include over the counter drugs, and grooming and hygiene products as defined in § 44-18-7.1(h)(iii).

(ii) Durable medical equipment as defined in section 44-18-7.1(k) for home use only, including, but not limited to, syringe infusers, ambulatory drug delivery pumps, hospital beds, convalescent chairs, and chair lifts. Supplies used in connection with syringe infusers and ambulatory drug delivery pumps which are sold on prescription to individuals to be used by them to dispense or administer prescription drugs, and related ancillary dressings and supplies used to dispense or administer prescription drugs shall also be exempt from tax.

(11) Prosthetic devices and mobility enhancing equipment. From the sale and from the storage, use, or other consumption in this state, of prosthetic devices as defined in § 44-18-7.1(t), sold on prescription, including but not limited to, artificial limbs, dentures, spectacles and eyeglasses, and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on prescription and mobility enhancing equipment as defined in § 44-18-7.1(p) including wheelchairs, crutches and canes.

(12) Coffins, caskets, and burial garments. From the sale and from the storage, use, or other consumption in this state of coffins or caskets, and shrouds or other burial garments which
are ordinarily sold by a funeral director as part of the business of funeral directing.

(13) Motor vehicles sold to nonresidents.

(i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide nonresident of this state who does not register the motor vehicle in this state, whether the sale or delivery of the motor vehicle is made in this state or at the place of residence of the nonresident. A motor vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption to its nonresidents is not exempt from the tax imposed under § 44-18-20. In that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate that would be imposed in his or her state of residence not to exceed the rate that would have been imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed motor vehicle dealer shall add and collect the tax required under this subdivision and remit the tax to the tax administrator under the provisions of chapters 18 and 19 of this title. When a Rhode Island licensed motor vehicle dealer is required to add and collect the sales and use tax on the sale of a motor vehicle to a bona fide nonresident as provided in this section, the dealer in computing the tax takes into consideration the law of the state of the nonresident as it relates to the trade-in of motor vehicles.

(ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may require any licensed motor vehicle dealer to keep records of sales to bona fide nonresidents as the tax administrator deems reasonably necessary to substantiate the exemption provided in this subdivision, including the affidavit of a licensed motor vehicle dealer that the purchaser of the motor vehicle was the holder of, and had in his or her possession a valid out of state motor vehicle registration or a valid out of state driver's license.

(iii) Any nonresident who registers a motor vehicle in this state within ninety (90) days of the date of its sale to him or her is deemed to have purchased the motor vehicle for use, storage, or other consumption in this state, and is subject to, and liable for the use tax imposed under the provisions of § 44-18-20.

(14) Sales in public buildings by blind people. From the sale and from the storage, use, or other consumption in all public buildings in this state of all products or wares by any person licensed under § 40-9-11.1.

(15) Air and water pollution control facilities. From the sale, storage, use, or other consumption in this state of tangible personal property or supplies acquired for incorporation into or used and consumed in the operation of a facility, the primary purpose of which is to aid in the control of the pollution or contamination of the waters or air of the state, as defined in chapter 12 of title 46 and chapter 25 of title 23, respectively, and which has been certified as approved for
that purpose by the director of environmental management. The director of environmental management may certify to a portion of the tangible personal property or supplies acquired for incorporation into those facilities or used and consumed in the operation of those facilities to the extent that that portion has as its primary purpose the control of the pollution or contamination of the waters or air of this state. As used in this subdivision, “facility” means any land, facility, device, building, machinery, or equipment.

(16) **Camps.** From the rental charged for living quarters, or sleeping or housekeeping accommodations at camps or retreat houses operated by religious, charitable, educational, or other organizations and associations mentioned in subdivision (5), or by privately owned and operated summer camps for children.

(17) **Certain institutions.** From the rental charged for living or sleeping quarters in an institution licensed by the state for the hospitalization, custodial, or nursing care of human beings.

(18) **Educational institutions.** From the rental charged by any educational institution for living quarters, or sleeping or housekeeping accommodations or other rooms or accommodations to any student or teacher necessitated by attendance at an educational institution. “Educational institution” as used in this section means an institution of learning not operated for profit which is empowered to confer diplomas, educational, literary, or academic degrees, which has a regular faculty, curriculum, and organized body of pupils or students in attendance throughout the usual school year, which keeps and furnishes to students and others records required and accepted for entrance to schools of secondary, collegiate, or graduate rank, no part of the net earnings of which inures to the benefit of any individual.

(19) **Motor vehicle and adaptive equipment for persons with disabilities.**

(i) From the sale of: (A) special adaptations, (B) the component parts of the special adaptations, or (C) a specially adapted motor vehicle; provided, that the owner furnishes to the tax administrator an affidavit of a licensed physician to the effect that the specially adapted motor vehicle is necessary to transport a family member with a disability or where the vehicle has been specially adapted to meet the specific needs of the person with a disability. This exemption applies to not more than one motor vehicle owned and registered for personal, noncommercial use.

(ii) For the purpose of this subsection the term “special adaptations” includes, but is not limited to: wheelchair lifts; wheelchair carriers; wheelchair ramps; wheelchair securements; hand controls; steering devices; extensions, relocations, and crossovers of operator controls; power-assisted controls; raised tops or dropped floors; raised entry doors; or alternative signaling devices to auditory signals.
(iii) From the sale of: (a) special adaptations, (b) the component parts of the special adaptations, for a "wheelchair accessible taxicab" as defined in § 39-14-1 and/or a "wheelchair accessible public motor vehicle" as defined in § 39-14-1-1.

(iv) For the purpose of this subdivision the exemption for a "specially adapted motor vehicle" means a use tax credit not to exceed the amount of use tax that would otherwise be due on the motor vehicle, exclusive of any adaptations. The use tax credit is equal to the cost of the special adaptations, including installation.

(20) Heating fuels. From the sale and from the storage, use, or other consumption in this state of every type of fuel used in the heating of homes and residential premises.

(21) Electricity and gas. From the sale and from the storage, use, or other consumption in this state of electricity and gas furnished for domestic use by occupants of residential premises.

(22) Manufacturing machinery and equipment.

(i) From the sale and from the storage, use, or other consumption in this state of tools, dies, and molds, and machinery and equipment (including replacement parts), and related items to the extent used in an industrial plant in connection with the actual manufacture, conversion, or processing of tangible personal property, or to the extent used in connection with the actual manufacture, conversion or processing of computer software as that term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification manual prepared by the technical committee on industrial classification, office of statistical standards, executive office of the president, United States bureau of the budget, as revised from time to time, to be sold, or that machinery and equipment used in the furnishing of power to an industrial manufacturing plant. For the purposes of this subdivision, "industrial plant" means a factory at a fixed location primarily engaged in the manufacture, conversion, or processing of tangible personal property to be sold in the regular course of business;

(ii) Machinery and equipment and related items are not deemed to be used in connection with the actual manufacture, conversion, or processing of tangible personal property, or in connection with the actual manufacture, conversion or processing of computer software as that term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification manual prepared by the technical committee on industrial classification, office of statistical standards, executive office of the president, United States bureau of the budget, as revised from time to time, to be sold to the extent the property is used in administration or distribution operations;

(iii) Machinery and equipment and related items used in connection with the actual manufacture, conversion, or processing of any computer software or any tangible personal
property which is not to be sold and which would be exempt under subdivision (7) or this subdivision if purchased from a vendor or machinery and equipment and related items used during any manufacturing, converting or processing function is exempt under this subdivision even if that operation, function, or purpose is not an integral or essential part of a continuous production flow or manufacturing process;

(iv) Where a portion of a group of portable or mobile machinery is used in connection with the actual manufacture, conversion, or processing of computer software or tangible personal property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under this subdivision even though the machinery in that group is used interchangeably and not otherwise identifiable as to use.

(23) Trade-in value of motor vehicles. From the sale and from the storage, use, or other consumption in this state of so much of the purchase price paid for a new or used automobile as is allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller, or of the proceeds applicable only to the automobile as are received from the manufacturer of automobiles for the repurchase of the automobile whether the repurchase was voluntary or not towards the purchase of a new or used automobile by the buyer. For the purpose of this subdivision, the word "automobile" means a private passenger automobile not used for hire and does not refer to any other type of motor vehicle.

(24) Precious metal bullion. (i) From the sale and from the storage, use, or other consumption in this state of precious metal bullion, substantially equivalent to a transaction in securities or commodities.

(ii) For purposes of this subdivision, "precious metal bullion" means any elementary precious metal which has been put through a process of smelting or refining, including, but not limited to, gold, silver, platinum, rhodium, and chromium, and which is in a state or condition that its value depends upon its content and not upon its form.

(iii) The term does not include fabricated precious metal which has been processed or manufactured for some one or more specific and customary industrial, professional, or artistic uses.

(25) Commercial vessels. From sales made to a commercial ship, barge, or other vessel of fifty (50) tons burden or over, primarily engaged in interstate or foreign commerce, and from the repair, alteration, or conversion of the vessels, and from the sale of property purchased for the use of the vessels including provisions, supplies, and material for the maintenance and/or repair of the vessels.

(26) Commercial fishing vessels. From the sale and from the storage, use, or other
consumption in this state of vessels and other water craft which are in excess of five (5) net tons and which are used exclusively for "commercial fishing", as defined in this subdivision, and from the repair, alteration, or conversion of those vessels and other watercraft, and from the sale of property purchased for the use of those vessels and other watercraft including provisions, supplies, and material for the maintenance and/or repair of the vessels and other watercraft and the boats, nets, cables, tackle, and other fishing equipment appurtenant to or used in connection with the commercial fishing of the vessels and other watercraft. "Commercial fishing" means the taking or the attempting to take any fish, shellfish, crustacea, or bait species with the intent of disposing of them for profit or by sale, barter, trade, or in commercial channels. The term does not include subsistence fishing, i.e., the taking for personal use and not for sale or barter; or sport fishing; but shall include vessels and other watercraft with a Rhode Island party and charter boat license issued by the department of environmental management pursuant to § 20-2-27.1 which meet the following criteria: (i) the operator must have a current U.S.C.G. license to carry passengers for hire; (ii) U.S.C.G. vessel documentation in the coast wide fishery trade; (iii) U.S.C.G. vessel documentation as to proof of Rhode Island home port status or a Rhode Island boat registration to prove Rhode Island home port status; (iv) the vessel must be used as a commercial passenger carrying fishing vessel to carry passengers for fishing. The vessel must be able to demonstrate that at least fifty percent (50%) of its annual gross income derives from charters or provides documentation of a minimum of one hundred (100) charter trips annually; (v) the vessel must have a valid Rhode Island party and charter boat license. The tax administrator shall implement the provisions of this subdivision by promulgating rules and regulations relating thereto.

(27) Clothing and footwear. From the sales of articles of clothing, including footwear, intended to be worn or carried on or about the human body for sales prior to July 1, 2012.

Effective July 1, 2012, the exemption will apply to the sales of articles of clothing, including footwear, intended to be worn or carried on or about the human body up to one hundred seventy-five dollars ($175.00) of the sales price per item. For the purposes of this section, "clothing or footwear" does not include clothing accessories or equipment or special clothing or footwear primarily designed for athletic activity or protective use as these terms are defined in § 44-18-7.1(f). In recognition of the work being performed by the Streamlined Sales and Use Tax Governing Board, upon any federal law which requires remote sellers to collect and remit taxes, effective the first (1st) day of the first (1st) state fiscal quarter following the change, this exemption will apply as it did prior to July 1, 2012.

(28) Water for residential use. From the sale and from the storage, use, or other
consumption in this state of water furnished for domestic use by occupants of residential premises.

(29) Bibles. [Unconstitutional; see Ahlburn v. Clark, 728 A.2d 449 (R.I. 1999); see Notes to Decisions.] From the sale and from the storage, use, or other consumption in the state of any canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited to, the Old Testament and the New Testament versions.

(30) Boats.

(i) From the sale of a boat or vessel to a bona fide nonresident of this state who does not register the boat or vessel in this state, or document the boat or vessel with the United States government at a home port within the state, whether the sale or delivery of the boat or vessel is made in this state or elsewhere; provided, that the nonresident transports the boat within thirty (30) days after delivery by the seller outside the state for use thereafter solely outside the state.

(ii) The tax administrator, in addition to the provisions of §§ 44-19-17 and 44-19-28, may require the seller of the boat or vessel to keep records of the sales to bona fide nonresidents as the tax administrator deems reasonably necessary to substantiate the exemption provided in this subdivision, including the affidavit of the seller that the buyer represented himself or herself to be a bona fide nonresident of this state and of the buyer that he or she is a nonresident of this state.

(31) Youth activities equipment. From the sale, storage, use, or other consumption in this state of items for not more than twenty dollars ($20.00) each by nonprofit Rhode Island eleemosynary organizations, for the purposes of youth activities which the organization is formed to sponsor and support; and by accredited elementary and secondary schools for the purposes of the schools or of organized activities of the enrolled students.

(32) Farm equipment. From the sale and from the storage or use of machinery and equipment used directly for commercial farming and agricultural production; including, but not limited to, tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors, balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment, greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and other farming equipment, including replacement parts, appurtenant to or used in connection with commercial farming and tools and supplies used in the repair and maintenance of farming equipment. “Commercial farming” means the keeping or boarding of five (5) or more horses or the production within this state of agricultural products, including, but not limited to, field or orchard crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or production provides at least two thousand five hundred dollars ($2,500) in annual gross sales to the operator, whether an individual, a group, a partnership, or a corporation for exemptions issued.
prior to July 1, 2002; for exemptions issued or renewed after July 1, 2002, there shall be two (2)
levels. Level I shall be based on proof of annual gross sales from commercial farming of at least
twenty-five hundred dollars ($2,500) and shall be valid for purchases subject to the exemption
provided in this subdivision except for motor vehicles with an excise tax value of five thousand
dollars ($5,000) or greater; Level II shall be based on proof of annual gross sales from
commercial farming of at least ten thousand dollars ($10,000) or greater and shall be valid for
purchases subject to the exemption provided in this subdivision including motor vehicles with an
excise tax value of five thousand dollars ($5,000) or greater. For the initial issuance of the
exemptions, proof of the requisite amount of annual gross sales from commercial farming shall be
required for the prior year; for any renewal of an exemption granted in accordance with this
subdivision at either Level I or Level II, proof of gross annual sales from commercial farming at
the requisite amount shall be required for each of the prior two (2) years. Certificates of
exemption issued or renewed after July 1, 2002, shall clearly indicate the level of the exemption
and be valid for four (4) years after the date of issue. This exemption applies even if the same
equipment is used for ancillary uses, or is temporarily used for a non-farming or a non-
agricultural purpose, but shall not apply to motor vehicles acquired after July 1, 2002, unless the
vehicle is a farm vehicle as defined pursuant to § 31-1-8 and is eligible for registration displaying
farm plates as provided for in § 31-3-31.

    (33) Compressed air. From the sale and from the storage, use, or other consumption in
the state of compressed air.

    (34) Flags. From the sale and from the storage, consumption, or other use in this state of
United States, Rhode Island or POW-MIA flags.

    (35) Motor vehicle and adaptive equipment to certain veterans. From the sale of a motor
vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or
the loss of use of a leg, foot, hand, or arm, or any veteran who is a double amputee, whether
service connected or not. The motor vehicle must be purchased by and especially equipped for
use by the qualifying veteran. Certificate of exemption or refunds of taxes paid is granted under
rules or regulations that the tax administrator may prescribe.

    (36) Textbooks. From the sale and from the storage, use, or other consumption in this
state of textbooks by an "educational institution" as defined in subdivision (18) of this section and
as well as any educational institution within the purview of § 16-63-9(4) and used textbooks by
any purveyor.

    (37) Tangible personal property and supplies used in on-site hazardous waste recycling,
reuse, or treatment. From the sale, storage, use, or other consumption in this state of tangible
personal property or supplies used or consumed in the operation of equipment, the exclusive
function of which is the recycling, reuse, or recovery of materials (other than precious metals, as
defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes", as
defined in § 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely by the
same taxpayer and where the personal property is located at, in, or adjacent to a generating
facility of the taxpayer in Rhode Island. The taxpayer shall procure an order from the director of
the department of environmental management certifying that the equipment and/or supplies as
used, or consumed, qualify for the exemption under this subdivision. If any information relating
to secret processes or methods of manufacture, production, or treatment is disclosed to the
department of environmental management only to procure an order, and is a "trade secret" as
defined in § 28-21-10(b), it is not open to public inspection or publicly disclosed unless
disclosure is required under chapter 21 of title 28 or chapter 24.4 of title 23.

(38) Promotional and product literature of boat manufacturers. From the sale and from
the storage, use, or other consumption of promotional and product literature of boat
manufacturers shipped to points outside of Rhode Island which either: (i) accompany the product
which is sold, (ii) are shipped in bulk to out of state dealers for use in the sale of the product, or
(iii) are mailed to customers at no charge.

(39) Food items paid for by food stamps. From the sale and from the storage, use, or
other consumption in this state of eligible food items payment for which is properly made to the
retailer in the form of U.S. government food stamps issued in accordance with the Food Stamp

(40) Transportation charges. From the sale or hiring of motor carriers as defined in § 39-
12-2(l) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed
with the Rhode Island public utilities commission on the number of miles driven or by the
number of hours spent on the job.

(41) Trade-in value of boats. From the sale and from the storage, use, or other
consumption in this state of so much of the purchase price paid for a new or used boat as is
allocated for a trade-in allowance on the boat of the buyer given in trade to the seller or of the
proceeds applicable only to the boat as are received from an insurance claim as a result of a stolen
or damaged boat, towards the purchase of a new or used boat by the buyer.

(42) Equipment used for research and development. From the sale and from the storage,
use, or other consumption of equipment to the extent used for research and development purposes
by a qualifying firm. For the purposes of this subdivision, "qualifying firm" means a business for
which the use of research and development equipment is an integral part of its operation, and
“equipment” means scientific equipment, computers, software, and related items.

(43) **Coins.** From the sale and from the other consumption in this state of coins having numismatic or investment value.

(44) **Farm structure construction materials.** Lumber, hardware and other materials used in the new construction of farm structures, including production facilities such as, but not limited to, farrowing sheds, free stall and stanchion barns, milking parlors, silos, poultry barns, laying houses, fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing rooms, machinery storage, seasonal farm worker housing, certified farm markets, bunker and trench silos, feed storage sheds, and any other structures used in connection with commercial farming.

(45) **Telecommunications carrier access service.** Carrier access service or telecommunications service when purchased by a telecommunications company from another telecommunications company to facilitate the provision of telecommunications service.

(46) **Boats or vessels brought into the state exclusively for winter storage, maintenance, repair or sale.** Notwithstanding the provisions of §§ 44-18-10, 44-18-11, 44-18-20, the tax imposed by § 44-18-20 is not applicable for the period commencing on the first day of October in any year to and including the 30th day of April next succeeding with respect to the use of any boat or vessel within this state exclusively for purposes of: (i) delivery of the vessel to a facility in this state for storage, including dry storage and storage in water by means of apparatus preventing ice damage to the hull, maintenance, or repair; (ii) the actual process of storage, maintenance, or repair of the boat or vessel; or (iii) storage for the purpose of selling the boat or vessel.

(47) **Jewelry display product.** From the sale and from the storage, use, or other consumption in this state of tangible personal property used to display any jewelry product; provided, that title to the jewelry display product is transferred by the jewelry manufacturer or seller and that the jewelry display product is shipped out of state for use solely outside the state and is not returned to the jewelry manufacturer or seller.

(48) **Boats or vessels generally.** Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-18-20 and 44-18-18 shall not apply with respect to the sale and to the storage, use, or other consumption in this state of any new or used boat. The exemption provided for in this subdivision does not apply after October 1, 1993, unless prior to October 1, 1993, the federal ten percent (10%) surcharge on luxury boats is repealed.

(49) **Banks and Regulated investment companies interstate toll-free calls.** Notwithstanding the provisions of this chapter, the tax imposed by this chapter does not apply to the furnishing of interstate and international, toll-free terminating telecommunication service that...
is used directly and exclusively by or for the benefit of an eligible company as defined in this subdivision; provided, that an eligible company employs on average during the calendar year no less than five hundred (500) "full-time equivalent employees", as that term is defined in § 42-64.5-2. For purposes of this section, an "eligible company" means a "regulated investment company" as that term is defined in the Internal Revenue Code of 1986, 26 U.S.C. § 1 et seq., or a corporation to the extent the service is provided, directly or indirectly, to or on behalf of a regulated investment company, an employee benefit plan, a retirement plan or a pension plan or a state chartered bank.

(50) Mobile and manufactured homes generally. From the sale and from the storage, use, or other consumption in this state of mobile and/or manufactured homes as defined and subject to taxation pursuant to the provisions of chapter 44 of title 31.

(51) Manufacturing business reconstruction materials.

(i) From the sale and from the storage, use or other consumption in this state of lumber, hardware, and other building materials used in the reconstruction of a manufacturing business facility which suffers a disaster, as defined in this subdivision, in this state. "Disaster" means any occurrence, natural or otherwise, which results in the destruction of sixty percent (60%) or more of an operating manufacturing business facility within this state. "Disaster" does not include any damage resulting from the willful act of the owner of the manufacturing business facility.

(ii) Manufacturing business facility includes, but is not limited to, the structures housing the production and administrative facilities.

(iii) In the event a manufacturer has more than one manufacturing site in this state, the sixty percent (60%) provision applies to the damages suffered at that one site.

(iv) To the extent that the costs of the reconstruction materials are reimbursed by insurance, this exemption does not apply.

(52) Tangible personal property and supplies used in the processing or preparation of floral products and floral arrangements. From the sale, storage, use, or other consumption in this state of tangible personal property or supplies purchased by florists, garden centers, or other like producers or vendors of flowers, plants, floral products, and natural and artificial floral arrangements which are ultimately sold with flowers, plants, floral products, and natural and artificial floral arrangements or are otherwise used in the decoration, fabrication, creation, processing, or preparation of flowers, plants, floral products, or natural and artificial floral arrangements, including descriptive labels, stickers, and cards affixed to the flower, plant, floral product or arrangement, artificial flowers, spray materials, floral paint and tint, plant shine, flower food, insecticide and fertilizers.
(53) Horse food products. From the sale and from the storage, use, or other consumption in this state of horse food products purchased by a person engaged in the business of the boarding of horses.

(54) Non-motorized recreational vehicles sold to nonresidents.

(i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to a bona fide nonresident of this state who does not register the non-motorized recreational vehicle in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this state or at the place of residence of the nonresident; provided, that a non-motorized recreational vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption to its nonresidents is not exempt from the tax imposed under § 44-18-20; provided, further, that in that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate that would be imposed in his or her state of residence not to exceed the rate that would have been imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed non-motorized recreational vehicle dealer shall add and collect the tax required under this subdivision and remit the tax to the tax administrator under the provisions of chapters 18 and 19 of this title. Provided, that when a Rhode Island licensed non-motorized recreational vehicle dealer is required to add and collect the sales and use tax on the sale of a non-motorized recreational vehicle to a bona fide nonresident as provided in this section, the dealer in computing the tax takes into consideration the law of the state of the nonresident as it relates to the trade-in of motor vehicles.

(ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may require any licensed non-motorized recreational vehicle dealer to keep records of sales to bona fide nonresidents as the tax administrator deems reasonably necessary to substantiate the exemption provided in this subdivision, including the affidavit of a licensed non-motorized recreational vehicle dealer that the purchaser of the non-motorized recreational vehicle was the holder of, and had in his or her possession a valid out-of-state non-motorized recreational vehicle registration or a valid out-of-state driver's license.

(iii) Any nonresident who registers a non-motorized recreational vehicle in this state within ninety (90) days of the date of its sale to him or her is deemed to have purchased the non-motorized recreational vehicle for use, storage, or other consumption in this state, and is subject to, and liable for the use tax imposed under the provisions of § 44-18-20.

(iv) "Non-motorized recreational vehicle" means any portable dwelling designed and constructed to be used as a temporary dwelling for travel, camping, recreational, and vacation use which is eligible to be registered for highway use, including, but not limited to, "pick-up coaches" or "pick-up campers," "travel trailers," and "tent trailers" as those terms are defined in chapter 1
Sprinkler and fire alarm systems in existing buildings. From the sale in this state of sprinkler and fire alarm systems, emergency lighting and alarm systems, and from the sale of the materials necessary and attendant to the installation of those systems, that are required in buildings and occupancies existing therein in July 2003, in order to comply with any additional requirements for such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003, and that are not required by any other provision of law or ordinance or regulation adopted pursuant to that Act. The exemption provided in this subdivision shall expire on December 31, 2008.

Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-18-18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other consumption in this state of any new or used aircraft or aircraft parts.

Renewable energy products. Notwithstanding any other provisions of Rhode Island general laws the following products shall also be exempt from sales tax: solar photovoltaic modules or panels, or any module or panel that generates electricity from light; solar thermal collectors, including, but not limited to, those manufactured with flat glass plates, extruded plastic, sheet metal, and/or evacuated tubes; geothermal heat pumps, including both water-to-water and water-to-air type pumps; wind turbines; towers used to mount wind turbines if specified by or sold by a wind turbine manufacturer; DC to AC inverters that interconnect with utility power lines; manufactured mounting racks and ballast pans for solar collector, module or panel installation. Not to include materials that could be fabricated into such racks; monitoring and control equipment, if specified or supplied by a manufacturer of solar thermal, solar photovoltaic, geothermal, or wind energy systems or if required by law or regulation for such systems but not to include pumps, fans or plumbing or electrical fixtures unless shipped from the manufacturer affixed to, or an integral part of, another item specified on this list; and solar storage tanks that are part of a solar domestic hot water system or a solar space heating system. If the tank comes with an external heat exchanger it shall also be tax exempt, but a standard hot water tank is not exempt from state sales tax.

Returned property. The amount charged for property returned by customers upon rescission of the contract of sale when the entire amount exclusive of handling charges paid for the property is refunded in either cash or credit, and where the property is returned within one hundred twenty (120) days from the date of delivery.

Dietary Supplements. From the sale and from the storage, use or other consumption of dietary supplements as defined in § 44-18-7.1(l)(v), sold on prescriptions.
(60) **Blood.** From the sale and from the storage, use or other consumption of human blood.

(61) **Agricultural products for human consumption.** From the sale and from the storage, use or other consumption of livestock and poultry of the kinds of products of which ordinarily constitute food for human consumption and of livestock of the kind the products of which ordinarily constitute fibers for human use.

(62) **Diesel emission control technology.** From the sale and use of diesel retrofit technology that is required by § 31-47.3-4 of the general laws.

SECTION 6. Chapter 44-18 of the General Laws entitled “Sales and Use Taxes – Liability and Computation” is hereby amended by adding thereto the following section:

**44-18-7.3. Services defined.**—(a) “Services” means all activities engaged in for other persons for a fee, retainer, commission, or other monetary charge, which activities involve the performance of a service in this state as distinguished from selling property.

(b) The following businesses and services performed in this state, along with the applicable 2007 North American Industrial Classification System (NAICS) codes, are included in the definition of services:

1. **Taxicab and limousine services including but not limited to:**
   (a) taxicab services including taxi dispatchers (485310); and
   (b) limousine services (485320).

2. **Other road transportation service including but not limited to:**
   (a) charter bus service (485510); and
   (b) all other transit and ground passenger transportation (485999).

3. **Moving, storage and freight services, including but not limited to:**
   (a) general freight services - local (484110);
   (b) household and office goods moving services (484210);
   (c) general warehousing and storage (493110);
   (d) refrigerated warehousing and storage (493120);
   (e) farm product warehousing and storage (493130);
   (f) other warehousing and storage (493190); and
   (g) mini-warehouses and self-storage units (531130).

4. **Pet care services (812910), except veterinary and testing laboratories services.**

5. **Car washes (811192).**

(c) The tax administrator is authorized to promulgate rules and regulations in accordance with the provisions of chapter 42-35 to carry out the provisions, policies, and purposes of this
SECTION 7. Section 44-19-7 of the General Laws in Chapter 44-19 entitled “Sales and Use Taxes – Enforcement and Collection” is hereby amended to read as follows:

44-19-7. Registration of retailers. -- Every retailer selling tangible personal property, or prewritten computer software delivered electronically or by load and leave for storage, use, or other consumption in this state, as well as package tour and scenic and sightseeing transportation services, or services as defined in section 44-18-7.3, in this state, or renting living quarters in any hotel as defined in section 42-63.1-2, rooming house, or tourist camp in this state must register with the tax administrator and give the name and address of all agents operating in this state, the location of all distribution or sales houses or offices, or of any hotel as defined in section 42-63.1-2, rooming house, or tourist camp or other places of business in this state, and other information that the tax administrator may require.

SECTION 8. Sections 44-20-1, 44-20-2, 44-20-3, 44-20-4.1, 44-20-12, 44-20-13, 44-20-13.2, 44-20-33, 44-20-39 and 44-20-45 of the General Laws in Chapter 44-20 entitled “Cigarette Tax” are hereby amended to read as follows:

44-20-1. Definitions. -- Whenever used in this chapter, unless the context requires otherwise:

(1) "Administrator" means the tax administrator;

(2) "Cigarettes" means and includes any cigarettes suitable for smoking in cigarette form, and each sheet of cigarette rolling paper;

(3) "Dealer" means any person whether located within or outside of this state, who sells or distributes cigarettes to a consumer in this state;

(4) "Distributor" means any person:

(A) Whether located within or outside of this state, other than a dealer, who sells or distributes cigarettes within or into this state. Such term shall not include any cigarette manufacturer, export warehouse proprietor, or importer with a valid permit under 26 U.S.C. § 5712, if such person sells or distributes cigarettes in this state only to licensed distributors, or to an export warehouse proprietor or another manufacturer with a valid permit under 26 U.S.C. § 5712;

(B) Selling cigarettes directly to consumers in this state by means of at least twenty-five (25) cigarette vending machines;

(C) Engaged in this state in the business of manufacturing cigarettes or any person engaged in the business of selling cigarettes to dealers, or to other persons, for the purpose of resale only; provided, that seventy-five percent (75%) of all cigarettes sold by that person in this
state are sold to dealers or other persons for resale and selling cigarettes directly to at least forty
(40) dealers or other persons for resale; or

(D) Maintaining one or more regular places of business in this state for that purpose;
provided, that seventy-five percent (75%) of the sold cigarettes are purchased directly from the
manufacturer and selling cigarettes directly to at least forty (40) dealers or other persons for
resale;

(5) "Importer" means any person who imports into the United States, either directly or
indirectly, a finished cigarette for sale or distribution;

(6) "Licensed", when used with reference to a manufacturer, importer, distributor or
dealer, means only those persons who hold a valid and current license issued under § 44-20-2 for
the type of business being engaged in. When the term "licensed" is used before a list of entities,
such as "licensed manufacturer, importer, wholesale dealer, or retailer dealer," such term shall be
deemed to apply to each entity in such list;

(7) "Manufacturer" means any person who manufactures, fabricates, assembles,
processes, or labels a finished cigarette;

(8) "Person" means any individual, including an employee or agent, firm, fiduciary,
partnership, corporation, trust, or association, however formed;

(9) "Place of business" means and includes any place where cigarettes are sold or where
cigarettes are stored or kept for the purpose of sale or consumption, including any vessel, vehicle,
airplane, train, or vending machine;

(10) "Sale" or "sell" includes and applies to gifts, exchanges, and barter;

(11) "Stamp" means the impression, device, stamp, label, or print manufactured, printed,
or made as prescribed by the administrator to be affixed to packages of cigarettes, as evidence of
the payment of the tax provided by this chapter or to indicate that the cigarettes are intended for a
sale or distribution in this state that is exempt from state tax under the provisions of state law; and
also includes impressions made by metering machines authorized to be used under the provisions
of this chapter.

44-20-2. Importer, distributor, and dealer licenses required – Licenses required. --

Each person engaging in the business of selling cigarette and/or any tobacco products in this state,
including any distributor or dealer, shall secure a license from the administrator before engaging
in that business, or continuing to engage in it. A separate application and license is required for
each place of business operated by a distributor or dealer; provided, that an operator of vending
machines for cigarette products is not required to obtain a distributor's license for each machine.
If the applicant for a license does not have a place of business in this state, the license shall be
issued for such applicant's principal place of business, wherever located. A licensee shall notify
the administrator within thirty (30) days in the event that it changes its principal place of
business. A separate license is required for each class of business if the applicant is engaged in
more than one of the activities required to be licensed by this section. No person shall maintain or
operate or cause to be operated a vending machine for cigarette products without procuring a
dealer's license for each machine.

44-20-3. Penalties for unlicensed business. -- Any distributor or dealer who sells, offers
for sale, or possesses with intent to sell, cigarettes and/or any tobacco products without a license
as provided in § 44-20-2, shall be fined in accordance with the provisions of and the penalties
contained in § 11-9-13.15.

44-20-4.1. License availability. -- (a) No license under this chapter may be granted, maintained or renewed if the applicant, or any combination of persons owning directly or
indirectly, in the aggregate, more than ten percent (10%) of the ownership any interests in the
applicant:

(1) Owes five hundred dollars ($500) or more in delinquent cigarette taxes;

(2) Is delinquent in any tax filings for one month or more;

(3) Had a license under this chapter revoked by the administrator within the past two
years;

(4) Has been convicted of a crime relating to cigarettes stolen or counterfeit cigarettes;

(5) Is a cigarette manufacturer or importer that is neither: (i) a participating
manufacturer as defined in subsection II (jj) of the "Master Settlement Agreement" as defined in
§ 23-71-2; nor (ii) in full compliance with chapter 20.2 of this title and § 23-71-3;

(6) Has imported, or caused to be imported, into the United States any cigarette in
violation of 19 U.S.C. § 1681a; or

(7) Has imported, or caused to be imported into the United States, or manufactured for
sale or distribution in the United States any cigarette that does not fully comply with the Federal

(b) No person shall apply for a new license or permit (as defined in § 44-19-1) or renewal
of a license or permit, and no license or permit shall be issued or renewed for any person, unless
all outstanding fines, fees or other charges relating to any license or permit held by that person
have been paid.

(2) No license or permit shall be issued relating to a business at any specific location until
all prior licenses or permits relating to that location have been officially terminated and all fines,
fees or charges relating to the prior licenses have been paid or otherwise resolved or the
administrator has found that the person applying for the new license or permit is not acting as an agent for the prior licensee or permit holder who is subject to any such related fines, fees or charges that are still due. Evidence of such agency status includes, but is not limited to, a direct familial relationship and/or an employment, contractual or other formal financial or business relationship with the prior licensee or permit holder.

(3) No person shall apply for a new license or permit pertaining to a specific location in order to evade payment of any fines, fees or other charges relating to a prior license or permit for that location.

(4) No new license or permit shall be issued for a business at a specific location for which a license or permit already has been issued unless there is a bona fide, good faith change in ownership of the business at that location.

(5) No license or permit shall be issued, renewed or maintained for any person, including the owners of the business being licensed or having applied and received a permit, that has been convicted of violating any criminal law relating to tobacco products, the payment of taxes or fraud or has been ordered to pay civil fines of more than twenty-five thousand dollars ($25,000) dollars for violations of any civil law relating to tobacco products, the payment of taxes or fraud.

44-20-12. Tax imposed on cigarettes sold. -- A tax is imposed on all cigarettes sold or held for sale in the state. The payment of the tax to be evidenced by stamps, which may be affixed only by licensed distributors to the packages containing such cigarettes. Any cigarettes on which the proper amount of tax provided for in this chapter has been paid, payment being evidenced by the stamp, is not subject to a further tax under this chapter. The tax is at the rate of one hundred seventy-three (173) one hundred seventy five (175) mills for each cigarette.

44-20-13. Tax imposed on unstamped cigarettes. -- A tax is imposed at the rate of one hundred seventy-three (173) one hundred seventy five (175) mills for each cigarette upon the storage or use within this state of any cigarettes not stamped in accordance with the provisions of this chapter in the possession of any consumer within this state.

44-20-13.2. Tax imposed on smokeless tobacco, cigars, and pipe tobacco products. --
(a) A tax is imposed on all smokeless tobacco, cigars, and pipe tobacco products sold or held for sale in the state by any person, the payment of the tax to be accomplished according to a mechanism established by the administrator, division of taxation, department of administration. Any tobacco product on which the proper amount of tax provided for in this chapter has been paid, payment being evidenced by a stamp, is not subject to a further tax under this chapter. The tax imposed by this section shall be as follows:

(1) At the rate of eighty percent (80%) of the wholesale cost of cigars, pipe tobacco
products and smokeless tobacco other than snuff.

(2) Notwithstanding the eighty percent (80%) rate in subsection (a) above, in the case of cigars, the tax shall not exceed **fifty cents ($0.50) one dollar ($1.00)** for each cigar.

(3) At the rate of one dollar ($1.00) per ounce of snuff, and a proportionate tax at the like rate on all fractional parts of an ounce thereof. Such tax shall be computed based on the net weight as listed by the manufacturer, provided, however, that any product listed by the manufacturer as having a net weight of less than 1.2 ounces shall be taxed as if the product has a net weight of 1.2 ounces.

(b) Any dealer having in his or her possession any tobacco, cigars, and pipe tobacco products with respect to the storage or use of which a tax is imposed by this section shall, within five (5) days after coming into possession of the tobacco, cigars, and pipe tobacco in this state, file a return with the tax administrator in a form prescribed by the tax administrator. The return shall be accompanied by a payment of the amount of the tax shown on the form to be due. Records required under this section shall be preserved on the premises described in the relevant license in such a manner as to ensure permanency and accessibility for inspection at reasonable hours by authorized personnel of the administrator.

(c) The proceeds collected are paid into the general fund.

44-20-33. Sale of unstamped cigarettes prohibited.-- No distributor shall sell, and no other person shall sell, offer for sale, display for sale, or possess with intent to sell any cigarettes, the packages or boxes containing which do not bear stamps evidencing the payment of the tax imposed by this chapter.

44-20-39. Forgery and counterfeiting – Tampering with meters – Reuse of stamps or containers. -- Any person who fraudulently makes or utters or forges or counterfeits any stamp, disc, license, or marker, prescribed by the tax administrator under the provisions of this chapter, or who causes or procure this to be done, or who willfully utters, publishes, passes or renders as true, any false, altered, forged, or counterfeited stamp, license, disc, or marker, or who knowingly possesses more than twenty (20) packs of cigarettes containing any false, altered, forged, or counterfeited stamp, license, disc, or marker, or who tampers with or causes to be tampered with any metering machine authorized to be used under the provisions of this chapter, or who removes or prepares any stamp with intent to use, or cause that stamp to be used, after it has already been used, or who buys, sells, offers for sale, or gives away any washed or removed or restored stamp to any person, or who has in his or her possession any washed or restored or removed or altered stamp which was removed from the article to which it was affixed, or who reuses or refills with cigarettes any package, box, or container required to be stamped under this chapter from which.
cigarettes have been removed, is deemed guilty of a felony, and, upon conviction, shall be fined ten thousand dollars ($10,000), or be imprisoned for not more than ten (10) years, or both.

44-20-45. Importation of cigarettes with intent to evade tax. -- Any person, firm, corporation, club, or association of persons not having a license as provided in this chapter, who orders any cigarettes for another or pools orders for cigarettes from any persons or connives with others for pooling orders, or receives in this state any shipment of unstamped cigarettes on which the tax imposed by this chapter has not been paid, for the purpose and intention of violating the provisions of this chapter or to avoid payment of the tax imposed in this chapter, is guilty of a felony and shall be fined ten thousand dollars ($10,000) or five (5) times the retail value of the cigarettes involved, whichever is greater, or imprisoned not more than five (5) years, or both.

SECTION 9. Chapter 44-20 of the General Laws entitled “Cigarette Tax” is hereby amended by adding thereto the following section:

44-20-12.4. Floor stock tax on cigarettes and stamps. -- (a) Whenever used in this section, unless the context requires otherwise:

(1) “Cigarette” means and includes any cigarette as defined in section 44-20-1(2);

(2) “Person” means and includes each individual, firm, fiduciary, partnership, corporation, trust, or association, however formed.

(b) Each person engaging in the business of selling cigarettes at retail in this state shall pay a tax or excise to the state for the privilege of engaging in that business during any part of the calendar year 2012. In calendar year 2012, the tax shall be measured by the number of cigarettes held by the person in this state at 12:01 a.m. on July 1, 2012 and is computed at the rate of two (2.0) mills for each cigarette on July 1, 2012.

(c) Each distributor licensed to do business in this state pursuant to this chapter shall pay a tax or excise to the state for the privilege of engaging in business during any part of the calendar year 2012. The tax is measured by the number of stamps, whether affixed or to be affixed to packages of cigarettes, as required by section 44-20-28. In calendar year 2012 the tax is measured by the number of stamps, as defined in section 44-20-1(10), whether affixed or to be affixed, held by the distributor at 12:01 a.m. on July 1, 2012, and is computed at the rate of two (2.0) mills per cigarette in the package to which the stamps are affixed or to be affixed.

(d) Each person subject to the payment of the tax imposed by this section shall, on or before July 10, 2012, file a return with the tax administrator on forms furnished by him or her, under oath or certified under the penalties of perjury, showing the amount of cigarettes or stamps in that person's possession in this state at 12:01 a.m. on July 1, 2012, and the amount of tax due, and shall at the time of filing the return pay the tax to the tax administrator. Failure to obtain
forms shall not be an excuse for the failure to make a return containing the information required
by the tax administrator.

(e) The tax administrator may promulgate rules and regulations, not inconsistent with
law, with regard to the assessment and collection of the tax imposed by this section.

SECTION 10. Section 44-20.2-1 of the General Laws in Chapter 44-20.2 entitled "Little
Cigar Tax" are hereby amended to read as follows:

44-20.2-1. Definitions. -- Whenever used in this chapter, unless the context requires
otherwise:

(1) "Administrator" means the tax administrator;

(2) "Dealer" means any person whether located within or outside of this state, who sells
or distributes little cigars to a consumer in this state;

(3) "Distributor" means any person:

(i) Whether located within or outside of this state, other than a dealer, who sells or
distributes little cigars within or into this state. Such term shall not include any little cigar
manufacturer, export warehouse proprietor, or importer with a valid permit under 26 U.S.C. §
5712, if such person sells or distributes little cigars in this state only to licensed distributors, or to
an export warehouse proprietor or another manufacturer with a valid permit under 26 U.S.C. §
5712;

(ii) Selling little cigars directly to consumers in this state by means of at least twenty-five
(25) little cigar vending machines.

(4) "Importer" means any person who imports into the United States, either directly or
indirectly, a finished little cigar for sale or distribution;

(5) "Licensed" when used with reference to a manufacturer, importer, distributor or
dealer, means only those persons who hold a valid and current license issued under § 44-20-2 for
the type of business being engaged in. When the term "licensed" is used before a list of entities,
such as "licensed manufacturer, importer, wholesale dealer, or retailer dealer," such term shall be
deemed to apply to each entity in such list;

(6) "Little cigars" means and includes any roll, made wholly or in part of tobacco,
irrespective of size or shape and irrespective of whether the tobacco is flavored, adulterated or
mixed with any other ingredient, where such roll has a wrapper or cover made of tobacco
wrapped in leaf tobacco or any substance containing tobacco paper or any other material, except
where such wrapper is wholly or in greater part made of tobacco and where such roll has an
integrated filter and such roll weighs over three (3) four (4) pounds per thousand (1,000);

(7) "Manufacturer" means any person who manufactures, fabricates, assembles,
processes, or labels a finished little cigar;

(8) "Person" means any individual, firm, fiduciary, partnership, corporation, trust, or association, however formed;

(9) "Place of business" means and includes any place where little cigars are sold or where little cigars are stored or kept for the purpose of sale or consumption, including any vessel, vehicle, airplane, train, or vending machine;

(10) "Sale" or "Sell" includes and applies to gifts, exchanges, and barter;

(11) "Snuff" means any finely cut, ground, or powdered tobacco that is not intended to be smoked;

(12) "Stamp" means the impression, device, stamp, label, or print manufactured, printed, or made as prescribed by the administrator to be affixed to packages of little cigars, as evidence of the payment of the tax provided by this chapter or to indicate that the little cigars are intended for a sale or distribution in this state that is exempt from state tax under the provisions of state law and also includes impressions made by metering machines authorized to be used under the provisions of this chapter.

SECTION 11. Sections 44-31.2-2, 44-31.2-5, and 44-31.2-6 of the General Laws in Chapter 44-31.2 entitled “Motion Picture Production Tax Credit” are hereby amended to read as follows:

44-31.2-2. Definitions. -- For the purposes of this chapter:

(1) "Accountant's certification" as provided in this chapter means a certified audit by a Rhode Island certified public accountant licensed in accordance with section 5-3.1.

(2) "Base investment" means the actual investment made and expended by a state-certified production in the state as production-related costs.

(3) “Documentary Production” means a non-fiction production intended for educational or commercial distribution that may require out of state principal photography.

(4) "Domiciled in Rhode Island" means a corporation incorporated in Rhode Island or a partnership, limited liability company, or other business entity formed under the laws of the state of Rhode Island for the purpose of producing motion pictures as defined in this section, or an individual who is a domiciled resident of the state of Rhode Island as defined in chapter 30 of this title.

(5) “Final Production Budget" means and includes the total pre-production, production and post-production out-of-pocket costs incurred and paid in connection with the making of the motion picture. The final production budget excludes costs associated with the promotion or marketing of the motion picture.
"Motion picture" means a feature-length film, documentary production, video, video games, television series, or commercial made in Rhode Island, in whole or in part, for theatrical or television viewing or as a television pilot or for educational distribution. The term "motion picture" shall not include the production of television coverage of news or athletic events, nor shall it apply to any film, video, television series or commercial or a production for which records are required under section 2257 of title 18, U.S.C., to be maintained with respect to any performer in such production or reporting of books, films, etc. with respect to sexually explicit conduct.

"Motion picture production company" means a corporation, partnership, limited liability company or other business entity engaged in the business of producing one or more motion pictures as defined in this section. Motion picture production company shall not mean or include: (a) any company owned, affiliated, or controlled, in whole or in part by any company or person which is in default: (i) on taxes owed to the state; or (ii) on a loan made by the state; or (iii) a loan guaranteed by the state; nor (iv) any company or person who has even declared bankruptcy under which an obligation of the company or person to pay or repay public funds or monies was discharged as a part of such bankruptcy.

"Primary locations" means the locations within which at least fifty-one percent (51%) of the motion picture principal photography days are filmed; or (2) at least fifty-one percent (51%) of the motion picture’s final production budget is spent and employs at least five (5) individuals during the production in this state; or (3) for documentary productions, the location of at least fifty-one percent (51%) of the total productions days, which shall include pre-production and post-production locations.

"Rhode Island film and television office" means an office within the Rhode Island state council on the arts that has been established in order to promote and encourage the locating of film and television productions within the state of Rhode Island. The office is also referred to within as the “film office”.

"State-certified production” means a motion picture production approved by the Rhode Island film office and produced by a motion picture production company domiciled in Rhode Island, whether or not such company owns or controls the copyright and distribution rights in the motion picture; provided, that such company has either: (a) signed a viable distribution plan; or (b) is producing the motion picture for: (i) a major motion picture distributor; (ii) a major theatrical exhibitor; (iii) television network; or (iv) cable television programmer.

"State certified production cost" means any pre-production, production and post-production cost that a motion picture production company incurs and pays to the extent it occurs
within the state of Rhode Island. Without limiting the generality of the foregoing, "state certified production costs" include: set construction and operation; wardrobes, make-up, accessories, and related services; costs associated with photography and sound synchronization, lighting, and related services and materials; editing and related services, including, but not limited to, film processing, transfers of film to tape or digital format, sound mixing, computer graphics services, special effects services, and animation services, salary, wages, and other compensation, including related benefits, of persons employed, either director or indirectly, in the production of a film including writer, motion picture director, producer (provided the work is performed in the state of Rhode Island); rental of facilities and equipment used in Rhode Island; leasing of vehicles; costs of food and lodging; music, if performed, composed, or recorded by a Rhode Island musician, or released or published by a person domiciled in Rhode Island; travel expenses incurred to bring persons employed, either directly or indirectly, in the production of the motion picture, to Rhode Island (but not expenses of such persons departing from Rhode Island); and legal (but not the expense of a completion bond or insurance and accounting fees and expenses related to the production's activities in Rhode Island); provided such services are provided by Rhode Island licensed attorneys or accountants.

44-31.2-5. Motion picture production company tax credit. -- (a) A motion picture production company shall be allowed a credit to be computed as provided in this chapter against a tax imposed by chapters 11, 14, 17 and 30 of this title. The amount of the credit shall be twenty-five percent (25%) of the state certified production costs incurred directly attributable to activity within the state, provided that the primary locations are within being the state of Rhode Island and the total production budget as defined herein is a minimum of three hundred thousand dollars ($300,000). The credit shall be earned in the taxable year in which production in Rhode Island is completed, as determined by the film office in final certification pursuant to subsection 44-31.2-6(c).

(b) For the purposes of this section: "total production budget" means and includes the motion picture production company's pre-production, production and post-production costs incurred for the production activities of the motion picture production company in Rhode Island in connection with the production of a state-certified production. The budget shall not include costs associated with the promotion or marketing of the film, video or television product.

(c) The credit shall not exceed the total production budget and shall be allowed against the tax for the taxable period in which the credit is earned and can be carried forward for not more than three (3) succeeding tax years.

(d) Credits allowed to a motion picture production company, which is a subchapter S
corporation, partnership, or a limited liability company that is taxed as a partnership, shall be passed through respectively to persons designated as partners, members or owners on a pro rata basis or pursuant to an executed agreement among such persons designated as subchapter S corporation shareholders, partners, or members documenting an alternate distribution method without regard to their sharing of other tax or economic attributes of such entity.

(e) No more than fifteen million dollars ($15,000,000) may be issued for any tax year beginning after December 31, 2007.

44-31.2-6. Certification and administration. -- (a) Initial certification of a production. The applicant shall properly prepare, sign and submit to the film office an application for initial certification of the Rhode Island production. The application shall include such information and data as the film office deems necessary for the proper evaluation and administration of said application, including, but not limited to, any information about the motion picture production company, and a specific Rhode Island motion picture. The film office shall review the completed application and determine whether it meets the requisite criteria and qualifications for the initial certification for the production. If the initial certification is granted, the film office shall issue a notice of initial certification of the motion picture production to the motion picture production company and to the tax administrator. The notice shall state that, after appropriate review, the initial application meets the appropriate criteria for conditional eligibility. The notice of initial certification will provide a unique identification number for the production and is only a statement of conditional eligibility for the production and, as such, does not grant or convey any Rhode Island tax benefits.

(b) Final certification of a production. Upon completion of the Rhode Island production activities, the applicant shall request a certificate of good standing from the Rhode Island division of taxation. The division shall expedite the process for reviewing the issuance of such certificates. Such certificates shall verify to the film office the motion picture production company's compliance with the requirements of subsection 44-31.2-2(5). The applicant shall properly prepare, sign and submit to the film office an application for final certification of the production and which must include the certificate of good standing from the division of taxation. In addition, the application shall contain such information and data as the film office determines is necessary for the proper evaluation and administration, including, but not limited to, any information about the motion picture production company, its investors and information about the production previously granted initial certification. The final application shall also contain a cost report and an “accountant's certification”. The film office and tax administrator may rely without independent investigation, upon the accountant's certification, in the form of an opinion, confirming the
accuracy of the information included in the cost report. Upon review of a duly completed and
filed application, the film office will make a determination pertaining to the final certification of
the production and the resultant credits for § 44-31.2-5. Within ninety (90) days after the division
of taxation's receipt of the motion picture production company final certification and cost report,
the division of taxation shall issue a certification of the amount of credit for which the motion
picture production company qualifies under section 44-31.2-5. To claim the tax credit, the
division of taxation's certification as to the amount of the tax credit shall be attached to all state
tax returns on which the credit is claimed.

(c) Final certification and credits. Upon determination that the motion picture production
company qualifies for final certification and the resultant credits, the film office shall issue a
letter to the production company indicating "certificate of completion of a state certified
production" and shall provide specifically designed certificates for the motion picture production
company credit under § 44-31.2-5. All documents that are issued by the film office pursuant to
this section shall reference the identification number that was issued to the production as part of
its initial certification.

(d) The director of the Rhode Island film and television office, in consultation as needed
with the tax administrator, shall promulgate such rules and regulations as are necessary to carry
out the intent and purposes of this chapter in accordance with the general guidelines provided
herein for the certification of the production and the resultant production credit.

(e) The tax administrator of the division of taxation, in consultation with the director of
the Rhode Island film and television office, shall promulgate such rules and regulations as are
necessary to carry out the intent and purposes of this chapter in accordance with the general
guidelines for the tax credit provided herein.

(f) Any motion picture production company applying for the credit shall be required to
reimburse the division of taxation for any audits required in relation to granting the credit.

SECTION 12. Chapter 44-31.2 of the General Laws entitled “Motion Picture Production
Tax Credit” is hereby amended by adding thereto the following section:

44-31.2-6. Sunset. -- No credits shall be issued on or after July 1, 2019 unless the
production has received initial certification under subsection 44-31.2-6(a) prior to July 1, 2019.

SECTION 13. Section 44-44-2 of the General Laws in Chapter 44-44 entitled "Taxation
of Beverage Containers, Hard-to-Dispose Material and Litter Control Participation" is hereby
amended to read as follows:

44-44-2. Definitions. -- As used in this chapter:

(1) "Beverage" means carbonated soft drinks, soda water, mineral water, bottled water.
and all non alcoholic drinks for human consumption, except milk but including beer and other malt beverages.

(2) "Beverage container" means any seallable bottle, can, jar, or carton which contains a beverage.

(3) "Beverage retailer" means any person who engages in the sale of a beverage container to a consumer within the state of Rhode Island, including any operator of a vending machine.

(4) "Beverage wholesaler" means any person who engages in the sale of beverage containers to beverage retailers in this state, including any brewer, manufacturer, or bottler who engages in those sales.

(5) "Case" means:

   (i) Forty-eight (48) beverage containers sold or offered for sale within this state when each beverage container has a liquid capacity of seven (7) fluid ounces or less;

   (ii) Twenty-four (24) beverage containers sold or offered for sale within this state when each beverage container has a liquid capacity in excess of seven (7) fluid ounces but less than or equal to sixteen and nine tenths (16.9) fluid ounces;

   (iii) Twelve (12) beverage containers sold or offered for sale within this state when each beverage container has a liquid capacity in excess of sixteen and nine tenths (16.9) fluid ounces but less than thirty-three and nine tenths (33.9) fluid ounces; and

   (iv) Six (6) beverage containers sold or offered for sale within this state when each beverage container has a liquid capacity of thirty-three and nine tenths (33.9) fluid ounces or more.

(6) A permit issued in accordance with § 44-44-3.1(1) is called a Class A permit.

(7) A permit issued in accordance with § 44-44-3.1(2) is called a Class B permit.

(8) A permit issued in accordance with § 44-44-3.1(3) is called a Class C permit.

(9) A permit issued in accordance with § 44-44-3.1(4) is called a Class D permit.

(10) A permit issued in accordance with § 44-44-3.1(5) is called a Class E permit.

(11) "Consumer" means any person who purchases a beverage in a beverage container for use or consumption with no intent to resell that filled beverage container.

(12) "Gross receipts" means those receipts reported for each location to the tax administrator included in the measure of tax imposed under chapter 18 of this title, as amended. For those persons having multiple locations' receipts reported to the tax administrator the "gross receipts" to be aggregated shall be determined by each individual sales tax permit number. The term gross receipts shall be computed without deduction for retail sales of items in activities other than those which this state is prohibited from taxing under the constitution of the United States.
(13) "Hard-to-dispose material" is as defined in § 37-15.1-3.

(14) "Hard-to-dispose material retailer" means any person who engages in the retail sale of hard-to-dispose material (as defined in § 37-15.1-3) in this state.

(15) "Hard-to-dispose material wholesaler" means any person, wherever located, who engages in the sale of hard-to-dispose material (as defined in § 37-15.1-3) to customers for sale in this state (including manufacturers, refiners, and distributors and retailers), and to other persons as defined above.

(16) "New vehicle" means any mode of transportation for which a certificate of title is required pursuant to title 31 and for which a certificate of title has not been previously issued in this state or any other state or country.

(17) "Organic solvent" is as defined in § 37-15.1-3.

(18) "Person" means any natural person, corporation, partnership, joint venture, association, proprietorship, firm, or other business entity.

(19) "Prior calendar year" means the period beginning with January 1 and ending with December 31 immediately preceding the permit application due date.

(20) "Qualifying activities" means selling or offering for retail sale food or beverages for immediate consumption and/or packaged for sale on a take out or to go basis regardless of whether or not the items are subsequently actually eaten on or off the vendor's premises.

(21) "Vending machine" means a self-contained automatic device that dispenses for sale foods, beverages, or confection products.

SECTION 14. This article shall take effect as of July 1, 2012.