

1 **ARTICLE 9 AS AMENDED**

2 RELATING TO TAXATION

3 SECTION 1. Section 44-61-1.1 of the General Laws in Chapter 44-61 entitled "Relating
4 To Depreciation of Assets and Net Operating Loss Deduction" is hereby amended to read as
5 follows:

6 **44-61-1.1. Expensing in lieu of depreciation of assets.** -- (a) For purposes of expensing
7 of assets under chapters 11, 14 and 30 of this title, the expense deduction shall not exceed the sum
8 provided for ~~twenty five thousand dollars (\$25,000) in any taxable year. The additional expensing~~
9 ~~of assets for federal tax purposes~~ under section 179 of the Internal Revenue Code, 26 U.S.C.
10 section 179 ~~provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003 or any~~
11 ~~subsequent federal enactment shall not be allowed for Rhode Island tax purposes.~~ In the year that
12 those assets are placed in service expensing of assets ~~and in all subsequent years, expenses and~~
13 ~~depreciation~~ for Rhode Island tax purposes shall be allowed in the same manner as is provided for
14 under section 179 of the internal revenue code 26 U.S.C. section 179 ~~on those assets as it would~~
15 ~~have been computed prior to the enactment of the Jobs and Growth Tax Relief Reconciliation Act~~
16 ~~of 2003.~~ Any remaining tax basis of the asset purchased shall be depreciated as provided for
17 under the internal revenue service code sections 167 and 168, excluding section 168(k).

18 (b) The gain resulting from any subsequent disposition of these assets shall be computed
19 using a basis consistent with the Rhode Island expenses and depreciation allowed under
20 subsection (a) of this section.

21 (c) There is hereby established a depreciation of assets transfer fund for the purpose of
22 reserving sufficient funding for the expensing of assets in accordance with subsection (a). The
23 general assembly may appropriate such amounts to the fund deemed necessary for said purpose.

24 SECTION 2. Chapter 44-55 of the General Laws entitled "Tax Incentives for Employers"
25 is hereby amended by adding thereto the following section:

26 **44-55-8. Adding back the domestic production activities deduction.** -- All
27 corporations doing business in the state of Rhode Island shall add back into their taxable income
28 any amount deducted under the federal "domestic production deduction" also known as section
29 199 of the federal Internal Revenue Code. State tax forms shall be changed if needed in order to
30 comply with this section.

1 SECTION 3. Chapter 44-18 of the General Laws entitled "Sales and Use Taxes -
2 Liability and Computation" is hereby amended by adding thereto the following section:

3 **44-18-15.2. "Remote seller" and "remote sale" defined -- Collection of sales and use**
4 **tax by remote seller. -- As used in this article:**

5 (1) "Remote seller" means a person that makes remote sales in this state.

6 (2) "Remote sale" means a sale into this state for which the seller would not legally be
7 required to pay, collect, or remit state or local sales and use taxes unless provided by federal law.

8 (c) Upon passage of any federal law authorizing states to require remote sellers to collect
9 and remit sales and use taxes, this state will require a remote seller making remote sales in the
10 state to pay, collect, and remit sales and use taxes at the rate imposed under section 44-18-18, and
11 in accordance with the provisions of this article, chapters 44-18.1 and 44-19, and applicable
12 federal law.

13 **44-18-18. Sales tax imposed. --** A tax is imposed upon sales at retail in this state
14 including charges for rentals of living quarters in hotels as defined in section 42-63.1-2, rooming
15 houses, or tourist camps, at the rate of six percent (6%) of the gross receipts of the retailer from
16 the sales or rental charges; provided, that the tax imposed on charges for the rentals applies only
17 to the first period of not exceeding thirty (30) consecutive calendar days of each rental; provided,
18 further, that for the period commencing July 1, 1990, the tax rate is seven percent (7%). The tax is
19 paid to the tax administrator by the retailer at the time and in the manner provided. Excluded from
20 this tax are those living quarters in hotels, rooming houses, or tourist camps for which the
21 occupant has a written lease for the living quarters which lease covers a rental period of twelve
22 (12) months or more. In recognition of the work being performed by the Streamlined Sales and
23 Use Tax Governing Board, upon passage any federal law which authorizes states to require
24 ~~requires~~ remote sellers to collect and remit sales and use taxes, ~~effective the first (1st) day of the~~
25 ~~first (1st) state fiscal quarter following the change,~~ the rate imposed under section 44-18-18 shall
26 be reduced from seven percent (7%) to six and one-half percent (6.5%). The six and one-half
27 percent (6.5%) rate shall take effect on the date that the state requires remote sellers to collect and
28 remit sale and use taxes.

29 **44-18-18.1. Local meals and beverage tax. --** (a) There is hereby levied and imposed,
30 upon every purchaser of a meal and/or beverage, in addition to all other taxes and fees now
31 imposed by law, a local meals and beverage tax upon each and every meal and/or beverage sold
32 within the state of Rhode Island in or from an eating and/or drinking establishment, whether
33 prepared in the eating and/or drinking establishment or not and whether consumed at the premises
34 or not, at a rate of one percent of the gross receipts. The tax shall be paid to the tax administrator

1 by the retailer at the time and in the manner provided.

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

5 (c) When used in this section, the following words have the following meanings:

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

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

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

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

31 In recognition of the work being performed by the Streamlined Sales and Use Tax
32 Governing Board, upon passage of any federal law which authorizes states to require ~~requires~~
33 remote sellers to collect and remit sales and use taxes, ~~effective the first (1st) day of the first (1st)~~
34 ~~state fiscal quarter following the change,~~ the rate imposed under section 44-18-18.1 shall be

1 [increased from one percent \(1%\) to one and one-half percent \(1.5%\).](#) [The one and one-half](#)
2 [percent \(1.5%\) rate shall take effect on the date that the state requires remote sellers to collect and](#)
3 [remit sales and use taxes.](#)

4 **44-18-20. Use tax imposed.** -- (a) An excise tax is imposed on the storage, use, or other
5 consumption in this state of tangible personal property, prewritten computer software delivered
6 electronically or by load and leave or services as defined in section 44-18-7.3; including a motor
7 vehicle, a boat, an airplane, or a trailer, purchased from any retailer at the rate of six percent (6%)
8 of the sale price of the property.

9 (b) An excise tax is imposed on the storage, use, or other consumption in this state of a
10 motor vehicle, a boat, an airplane, or a trailer purchased from other than a licensed motor vehicle
11 dealer or other than a retailer of boats, airplanes, or trailers respectively, at the rate of six percent
12 (6%) of the sale price of the motor vehicle, boat, airplane, or trailer.

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

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

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

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

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

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

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

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

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

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

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

19 (g) (1) "Casual sale" includes a sale of tangible personal property not held or used by a
20 seller in the course of activities for which the seller is required to hold a seller's permit or permits
21 or would be required to hold a seller's permit or permits if the activities were conducted in this
22 state; provided, that the sale is not one of a series of sales sufficient in number, scope, and
23 character (more than five (5) in any twelve (12) month period) to constitute an activity for which
24 the seller is required to hold a seller's permit or would be required to hold a seller's permit if the
25 activity were conducted in this state.

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

33 (h) The use tax imposed under this section for the period commencing July 1, 1990 is at
34 the rate of seven percent (7%). In recognition of the work being performed by the Streamlined

1 Sales and Use Tax Governing Board, upon passage of any federal law which authorizes states to
2 require ~~requires~~ remote sellers to collect and remit sales and use taxes, effective the first (1st) day
3 of the first (1st) state fiscal quarter following the change, the rate imposed under section 44-18-18
4 shall be reduced from seven percent (7.0%) to six and one-half percent (6.5%). The six and one-
5 half percent (6.5%) rate shall take effect on the date that the state requires remote sellers to collect
6 and remit sales and use taxes.

7 **44-18-30. Gross receipts exempt from sales and use taxes.** -- There are exempted from
8 the taxes imposed by this chapter the following gross receipts:

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

13 (2) Newspapers.

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

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

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

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

26 (4) Containers.

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

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

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

34 (C) Returnable containers when sold with the contents in connection with a retail sale of

1 the contents or when resold for refilling.

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

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

18 (ii) In the case of contracts entered into with the federal government, its agencies or
19 instrumentalities, this state or any other state of the United States of America, its agencies, any
20 city, town, district, or other political subdivision of the states, hospitals not operated for profit,
21 educational institutions not operated for profit, churches, orphanages, and other institutions or
22 organizations operated exclusively for religious or charitable purposes, the contractor may
23 purchase such materials and supplies (materials and/or supplies are defined as those which are
24 essential to the project) that are to be utilized in the construction of the projects being performed
25 under the contracts without payment of the tax.

26 (iii) The contractor shall not charge any sales or use tax to any exempt agency,
27 institution, or organization but shall in that instance provide his or her suppliers with certificates
28 in the form as determined by the division of taxation showing the reason for exemption; and the
29 contractor's records must substantiate the claim for exemption by showing the disposition of all
30 property so purchased. If any property is then used for a nonexempt purpose, the contractor must
31 pay the tax on the property used.

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

1 (7) Purchase for manufacturing purposes.

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

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

11 (iii) "Consumed" includes mere obsolescence.

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

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

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

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

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

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

34 (i) Sold by a seller whose primary NAICS classification is manufacturing in sector 311,

1 except sub-sector 3118 (bakeries);

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

3 (iii) Bakery items, including bread, rolls, buns, biscuits, bagels, croissants, pastries,
4 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas; and

5 is not sold with utensils provided by the seller, including plates, knives, forks, spoons,
6 glasses, cups, napkins, or straws.

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

9 (i) "Drugs" as defined in section 44-18-7.1(h)(i), sold on prescriptions, medical oxygen,
10 and insulin whether or not sold on prescription. For purposes of this exemption drugs shall not
11 include over-the-counter drugs and grooming and hygiene products as defined in section 44-18-
12 7.1(h)(iii).

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

19 (11) Prosthetic devices and mobility enhancing equipment. - From the sale and from the
20 storage, use, or other consumption in this state, of prosthetic devices as defined in section 44-18-
21 7.1(t), sold on prescription, including but not limited to, artificial limbs, dentures, spectacles and
22 eyeglasses, and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on
23 prescription and mobility enhancing equipment as defined in section 44-18-7.1(p) including
24 wheelchairs, crutches and canes.

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

28 (13) Motor vehicles sold to nonresidents.

29 (i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide
30 nonresident of this state who does not register the motor vehicle in this state, whether the sale or
31 delivery of the motor vehicle is made in this state or at the place of residence of the nonresident.
32 A motor vehicle sold to a bona fide nonresident whose state of residence does not allow a like
33 exemption to its nonresidents is not exempt from the tax imposed under section 44-18-20. In that
34 event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate

1 that would be imposed in his or her state of residence not to exceed the rate that would have been
2 imposed under section 44-18-20. Notwithstanding any other provisions of law, a licensed motor
3 vehicle dealer shall add and collect the tax required under this subdivision and remit the tax to the
4 tax administrator under the provisions of chapters 18 and 19 of this title. When a Rhode Island
5 licensed motor vehicle dealer is required to add and collect the sales and use tax on the sale of a
6 motor vehicle to a bona fide nonresident as provided in this section, the dealer in computing the
7 tax takes into consideration the law of the state of the nonresident as it relates to the trade-in of
8 motor vehicles.

9 (ii) The tax administrator, in addition to the provisions of sections 44-19-27 and 44-19-
10 28, may require any licensed motor vehicle dealer to keep records of sales to bona fide
11 nonresidents as the tax administrator deems reasonably necessary to substantiate the exemption
12 provided in this subdivision, including the affidavit of a licensed motor vehicle dealer that the
13 purchaser of the motor vehicle was the holder of, and had in his or her possession a valid out of
14 state motor vehicle registration or a valid out of state driver's license.

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

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

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

33 (16) Camps. - From the rental charged for living quarters, or sleeping or housekeeping
34 accommodations at camps or retreat houses operated by religious, charitable, educational, or

1 other organizations and associations mentioned in subdivision (5), or by privately owned and
2 operated summer camps for children.

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

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

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

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

22 (ii) For the purpose of this subsection the term "special adaptations" includes, but is not
23 limited to: wheelchair lifts; wheelchair carriers; wheelchair ramps; wheelchair securements; hand
24 controls; steering devices; extensions, relocations, and crossovers of operator controls; power-
25 assisted controls; raised tops or dropped floors; raised entry doors; or alternative signaling
26 devices to auditory signals.

27 (iii) From the sale of: (a) special adaptations, (b) the component parts of the special
28 adaptations, for a "wheelchair accessible taxicab" as defined in section 39-14-1 and/or a
29 "wheelchair accessible public motor vehicle" as defined in section 39-14.1-1.

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

34 (20) Heating fuels. - From the sale and from the storage, use, or other consumption in

1 this state of every type of fuel used in the heating of homes and residential premises.

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

4 (22) Manufacturing machinery and equipment.

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

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

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

32 (iv) Where a portion of a group of portable or mobile machinery is used in connection
33 with the actual manufacture, conversion, or processing of computer software or tangible personal
34 property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under

1 this subdivision even though the machinery in that group is used interchangeably and not
2 otherwise identifiable as to use.

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

11 (24) Precious metal bullion.

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

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

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

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

26 (26) Commercial fishing vessels. - From the sale and from the storage, use, or other
27 consumption in this state of vessels and other water craft which are in excess of five (5) net tons
28 and which are used exclusively for "commercial fishing", as defined in this subdivision, and from
29 the repair, alteration, or conversion of those vessels and other watercraft, and from the sale of
30 property purchased for the use of those vessels and other watercraft including provisions,
31 supplies, and material for the maintenance and/or repair of the vessels and other watercraft and
32 the boats nets, cables, tackle, and other fishing equipment appurtenant to or used in connection
33 with the commercial fishing of the vessels and other watercraft. "Commercial fishing" means the
34 taking or the attempting to take any fish, shellfish, crustacea, or bait species with the intent of

1 disposing of them for profit or by sale, barter, trade, or in commercial channels. The term does
2 not include subsistence fishing, i.e., the taking for personal use and not for sale or barter; or sport
3 fishing; but shall include vessels and other watercraft with a Rhode Island party and charter boat
4 license issued by the department of environmental management pursuant to section 20-2-27.1
5 which meet the following criteria: (i) the operator must have a current U.S.C.G. license to carry
6 passengers for hire; (ii) U.S.C.G. vessel documentation in the coast wide fishery trade; (iii)
7 U.S.C.G. vessel documentation as to proof of Rhode Island home port status or a Rhode Island
8 boat registration to prove Rhode Island home port status; (iv) the vessel must be used as a
9 commercial passenger carrying fishing vessel to carry passengers for fishing. The vessel must be
10 able to demonstrate that at least fifty percent (50%) of its annual gross income derives from
11 charters or provides documentation of a minimum of one hundred (100) charter trips annually; (v)
12 the vessel must have a valid Rhode Island party and charter boat license. The tax administrator
13 shall implement the provisions of this subdivision by promulgating rules and regulations relating
14 thereto.

15 (27) Clothing and footwear. - From the sales of articles of clothing, including footwear,
16 intended to be worn or carried on or about the human body for sales prior to October 1, 2012.
17 Effective October 1, 2012, the exemption will apply to the sales of articles of clothing, including
18 footwear, intended to be worn or carried on or about the human body up to two hundred and fifty
19 dollars (\$250) of the sales price per item. For the purposes of this section, "clothing or footwear"
20 does not include clothing accessories or equipment or special clothing or footwear primarily
21 designed for athletic activity or protective use as these terms are defined in section 44-18-7.1(f).
22 In recognition of the work being performed by the Streamlined Sales and Use Tax Governing
23 Board, upon [passage of](#) any federal law which [authorizes states to require](#) ~~requires~~ remote sellers
24 to collect and remit [sales and use](#) taxes, ~~effective the first (1st) day of the first (1st) state fiscal~~
25 ~~quarter following the change,~~ this [unlimited](#) exemption will apply as it did prior to October 1,
26 2012. [The unlimited exemption on sales of clothing and footwear shall take effect on the date that](#)
27 [the state requires remote sellers to collect and remit sales and use taxes.](#)

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

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

1 (30) Boats.

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

7 (ii) The tax administrator, in addition to the provisions of sections 44-19-17 and 44-19-
8 28, may require the seller of the boat or vessel to keep records of the sales to bona fide
9 nonresidents as the tax administrator deems reasonably necessary to substantiate the exemption
10 provided in this subdivision, including the affidavit of the seller that the buyer represented
11 himself or herself to be a bona fide nonresident of this state and of the buyer that he or she is a
12 nonresident of this state.

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

18 (32) Farm equipment. - From the sale and from the storage or use of machinery and
19 equipment used directly for commercial farming and agricultural production; including, but not
20 limited to, tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,
21 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,
22 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and
23 other farming equipment, including replacement parts, appurtenant to or used in connection with
24 commercial farming and tools and supplies used in the repair and maintenance of farming
25 equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or
26 the production within this state of agricultural products, including, but not limited to, field or
27 orchard crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or
28 production provides at least two thousand five hundred dollars (\$2,500) in annual gross sales to
29 the operator, whether an individual, a group, a partnership, or a corporation for exemptions issued
30 prior to July 1, 2002; for exemptions issued or renewed after July 1, 2002, there shall be two (2)
31 levels. Level I shall be based on proof of annual gross sales from commercial farming of at least
32 twenty-five hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption
33 provided in this subdivision except for motor vehicles with an excise tax value of five thousand
34 dollars (\$5,000) or greater; Level II shall be based on proof of annual gross sales from

1 commercial farming of at least ten thousand dollars (\$10,000) or greater and shall be valid for
2 purchases subject to the exemption provided in this subdivision including motor vehicles with an
3 excise tax value of five thousand dollars (\$5,000) or greater. For the initial issuance of the
4 exemptions, proof of the requisite amount of annual gross sales from commercial farming shall be
5 required for the prior year; for any renewal of an exemption granted in accordance with this
6 subdivision at either Level I or Level II, proof of gross annual sales from commercial farming at
7 the requisite amount shall be required for each of the prior two (2) years. Certificates of
8 exemption issued or renewed after July 1, 2002, shall clearly indicate the level of the exemption
9 and be valid for four (4) years after the date of issue. This exemption applies even if the same
10 equipment is used for ancillary uses, or is temporarily used for a non-farming or a non-
11 agricultural purpose, but shall not apply to motor vehicles acquired after July 1, 2002, unless the
12 vehicle is a farm vehicle as defined pursuant to section 31-1-8 and is eligible for registration
13 displaying farm plates as provided for in section 31-3-31.

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

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

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

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

28 (37) Tangible personal property and supplies used in on-site hazardous waste recycling,
29 reuse, or treatment. - From the sale, storage, use, or other consumption in this state of tangible
30 personal property or supplies used or consumed in the operation of equipment, the exclusive
31 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as
32 defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes", as
33 defined in section 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely
34 by the same taxpayer and where the personal property is located at, in, or adjacent to a generating

1 facility of the taxpayer in Rhode Island. The taxpayer shall procure an order from the director of
2 the department of environmental management certifying that the equipment and/or supplies as
3 used, or consumed, qualify for the exemption under this subdivision. If any information relating
4 to secret processes or methods of manufacture, production, or treatment is disclosed to the
5 department of environmental management only to procure an order, and is a "trade secret" as
6 defined in section 28-21-10(b), it is not open to public inspection or publicly disclosed unless
7 disclosure is required under chapter 21 of title 28 or chapter 24.4 of title 23.

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

13 (39) Food items paid for by food stamps. - From the sale and from the storage, use, or
14 other consumption in this state of eligible food items payment for which is properly made to the
15 retailer in the form of U.S. government food stamps issued in accordance with the Food Stamp
16 Act of 1977, 7 U.S.C. section 2011 et seq.

17 (40) Transportation charges. - From the sale or hiring of motor carriers as defined in
18 section 39-12-2(1) to haul goods, when the contract or hiring cost is charged by a motor freight
19 tariff filed with the Rhode Island public utilities commission on the number of miles driven or by
20 the number of hours spent on the job.

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

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

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

33 (44) Farm structure construction materials. - Lumber, hardware and other materials used
34 in the new construction of farm structures, including production facilities such as, but not limited

1 to, farrowing sheds, free stall and stanchion barns, milking parlors, silos, poultry barns, laying
2 houses, fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing
3 rooms, machinery storage, seasonal farm worker housing, certified farm markets, bunker and
4 trench silos, feed storage sheds, and any other structures used in connection with commercial
5 farming.

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

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

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

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

28 (49) Banks and Regulated investment companies interstate toll-free calls. -
29 Notwithstanding the provisions of this chapter, the tax imposed by this chapter does not apply to
30 the furnishing of interstate and international, toll-free terminating telecommunication service that
31 is used directly and exclusively by or for the benefit of an eligible company as defined in this
32 subdivision; provided, that an eligible company employs on average during the calendar year no
33 less than five hundred (500) "full-time equivalent employees", as that term is defined in section
34 42-64.5-2. For purposes of this section, an "eligible company" means a "regulated investment

1 company" as that term is defined in the Internal Revenue Code of 1986, 26 U.S.C. section 1 et
2 seq., or a corporation to the extent the service is provided, directly or indirectly, to or on behalf of
3 a regulated investment company, an employee benefit plan, a retirement plan or a pension plan or
4 a state chartered bank.

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

8 (51) Manufacturing business reconstruction materials.

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

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

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

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

21 (52) Tangible personal property and supplies used in the processing or preparation of
22 floral products and floral arrangements. - From the sale, storage, use, or other consumption in this
23 state of tangible personal property or supplies purchased by florists, garden centers, or other like
24 producers or vendors of flowers, plants, floral products, and natural and artificial floral
25 arrangements which are ultimately sold with flowers, plants, floral products, and natural and
26 artificial floral arrangements or are otherwise used in the decoration, fabrication, creation,
27 processing, or preparation of flowers, plants, floral products, or natural and artificial floral
28 arrangements, including descriptive labels, stickers, and cards affixed to the flower, plant, floral
29 product or arrangement, artificial flowers, spray materials, floral paint and tint, plant shine, flower
30 food, insecticide and fertilizers.

31 (53) Horse food products. - From the sale and from the storage, use, or other
32 consumption in this state of horse food products purchased by a person engaged in the business of
33 the boarding of horses.

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

1 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to
2 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle
3 in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this
4 state or at the place of residence of the nonresident; provided, that a non-motorized recreational
5 vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption
6 to its nonresidents is not exempt from the tax imposed under section 44-18-20; provided, further,
7 that in that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal
8 to the rate that would be imposed in his or her state of residence not to exceed the rate that would
9 have been imposed under section 44-18-20. Notwithstanding any other provisions of law, a
10 licensed non-motorized recreational vehicle dealer shall add and collect the tax required under
11 this subdivision and remit the tax to the tax administrator under the provisions of chapters 18 and
12 19 of this title. Provided, that when a Rhode Island licensed non-motorized recreational vehicle
13 dealer is required to add and collect the sales and use tax on the sale of a non-motorized
14 recreational vehicle to a bona fide nonresident as provided in this section, the dealer in computing
15 the tax takes into consideration the law of the state of the nonresident as it relates to the trade-in
16 of motor vehicles.

17 (ii) The tax administrator, in addition to the provisions of sections 44-19-27 and 44-19-
18 28, may require any licensed non-motorized recreational vehicle dealer to keep records of sales to
19 bona fide nonresidents as the tax administrator deems reasonably necessary to substantiate the
20 exemption provided in this subdivision, including the affidavit of a licensed non-motorized
21 recreational vehicle dealer that the purchaser of the non-motorized recreational vehicle was the
22 holder of, and had in his or her possession a valid out-of-state non-motorized recreational vehicle
23 registration or a valid out-of-state driver's license.

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

28 (iv) "Non-motorized recreational vehicle" means any portable dwelling designed and
29 constructed to be used as a temporary dwelling for travel, camping, recreational, and vacation use
30 which is eligible to be registered for highway use, including, but not limited to, "pick-up coaches"
31 or "pick-up campers," "travel trailers," and "tent trailers" as those terms are defined in chapter 1
32 of title 31.

33 (55) Sprinkler and fire alarm systems in existing buildings. - From the sale in this state of
34 sprinkler and fire alarm systems, emergency lighting and alarm systems, and from the sale of the

1 materials necessary and attendant to the installation of those systems, that are required in
2 buildings and occupancies existing therein in July 2003, in order to comply with any additional
3 requirements for such buildings arising directly from the enactment of the Comprehensive Fire
4 Safety Act of 2003, and that are not required by any other provision of law or ordinance or
5 regulation adopted pursuant to that Act. The exemption provided in this subdivision shall expire
6 on December 31, 2008.

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

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

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

30 (59) Dietary Supplements. - From the sale and from the storage, use or other
31 consumption of dietary supplements as defined in section 44-18-7.1(l)(v), sold on prescriptions.

32 (60) Blood. - From the sale and from the storage, use or other consumption of human
33 blood.

34 (61) Agricultural products for human consumption. - From the sale and from the storage,

1 use or other consumption of livestock and poultry of the kinds of products of which ordinarily
2 constitute food for human consumption and of livestock of the kind the products of which
3 ordinarily constitute fibers for human use.

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

6 (63) Feed for certain animals used in commercial farming. - From the sale of feed for
7 animals as described in subsection 44-18-30(61).

8 (64) Alcoholic beverages. - From the sale and storage, use, or other consumption in this
9 state by a Class A licensee of alcoholic beverages, as defined in section 44-18-7.1, excluding beer
10 and malt beverages from December 1, 2013 through March 31, 2015; provided, further,
11 notwithstanding section 6-13-1 or any other general or public law to the contrary, alcoholic
12 beverages, as defined in section 44-18-7.1, shall not be subject to minimum markup from
13 December 1, 2013 through March 31, 2015.

14 SECTION 4. Section 23-17-38.1 of the General Laws in Chapter 23-17 entitled
15 "Licensing of Health Care Facilities" is hereby amended to read as follows:

16 **23-17-38.1. Hospitals – Licensing fee.** -- ~~(a) There is imposed a hospital licensing fee at~~
17 ~~the rate of five and forty three hundredths percent (5.43%) upon the net patient services revenue~~
18 ~~of every hospital for the hospital's first fiscal year ending on or after January 1, 2010. This~~
19 ~~licensing fee shall be administered and collected by the tax administrator, division of taxation~~
20 ~~within the department of administration, and all the administration, collection and other~~
21 ~~provisions of chapters 50 and 51 of title 44 shall apply. Every hospital shall pay the licensing fee~~
22 ~~to the tax administrator on or before July 16, 2012 and payments shall be made by electronic~~
23 ~~transfer of monies to the general treasurer and deposited to the general fund in accordance with §~~
24 ~~44-50-11 [repealed]. Every hospital shall, on or before June 18, 2012, make a return to the tax~~
25 ~~administrator containing the correct computation of net patient services revenue for the hospital~~
26 ~~fiscal year ending September 30, 2010, and the licensing fee due upon that amount. All returns~~
27 ~~shall be signed by the hospital's authorized representative, subject to the pains and penalties of~~
28 ~~perjury.~~

29 ~~(b)~~(a) There is ~~also~~ imposed a hospital licensing fee at the rate of five and thirty-five
30 hundredths percent (5.35%) upon the net patient services revenue of every hospital for the
31 hospital's first fiscal year ending on or after January 1, 2011, except that the license fee for all
32 hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent
33 (37%). The discount for Washington County hospitals is subject to approval by the Secretary of
34 the US Department of Health and Human Services of a state plan amendment submitted by the

1 Executive Office of Health and Human Services for the purpose of pursuing a waiver of the
2 uniformity requirement for the hospital license fee. This licensing fee shall be administered and
3 collected by the tax administrator, division of taxation within the department of revenue, and all
4 the administration, collection and other provisions of 51 of title 44 shall apply. Every hospital
5 shall pay the licensing fee to the tax administrator on or before July 15, 2013 and payments shall
6 be made by electronic transfer of monies to the general treasurer and deposited to the general
7 fund. Every hospital shall, on or before June 17, 2013, make a return to the tax administrator
8 containing the correct computation of net patient services revenue for the hospital fiscal year
9 ending September 30, 2011, and the licensing fee due upon that amount. All returns shall be
10 signed by the hospital's authorized representative, subject to the pains and penalties of perjury.

11 (b) There is also imposed a hospital licensing fee at the rate of five and two hundred
12 forty-six thousandths percent (5.246%) upon the net patient services revenue of every hospital for
13 the hospital's first fiscal year ending on or after January 1, 2012, except that the license fee for all
14 hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent
15 (37%). The discount for Washington County hospitals is subject to approval by the Secretary of
16 the US Department of Health and Human Services of a state plan amendment submitted by the
17 Executive Office of Health and Human Services for the purpose of pursuing a waiver of the
18 uniformity requirement for the hospital license fee. This licensing fee shall be administered and
19 collected by the tax administrator, division of taxation within the department of revenue, and all
20 the administration, collection and other provisions of 51 of title 44 shall apply. Every hospital
21 shall pay the licensing fee to the tax administrator on or before July 14, 2014 and payments shall
22 be made by electronic transfer of monies to the general treasurer and deposited to the general
23 fund. Every hospital shall, on or before June 16, 2014, make a return to the tax administrator
24 containing the correct computation of net patient services revenue for the hospital fiscal year
25 ending September 30, 2012, and the licensing fee due upon that amount. All returns shall be
26 signed by the hospital's authorized representative, subject to the pains and penalties of perjury.

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

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

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

34 (3) "Net patient services revenue" means the charges related to patient care services less

1 (i) charges attributable to charity care, (ii) bad debt expenses, and (iii) contractual allowances.

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

6 (e) The licensing fee imposed by this section shall apply to hospitals as defined herein
7 which are duly licensed on July 1, ~~2012~~ 2013, and shall be in addition to the inspection fee
8 imposed by § 23-17-38 and to any licensing fees previously imposed in accordance with § 23-17-
9 38.1.

10 SECTION 5. Chapter 44-1 of the General Laws entitled "State Tax Officials" is hereby
11 amended by adding thereto the following section:

12 **44-1-35. Outside Collection Agencies.** -- The tax administrator may retain by written
13 contract collection agencies licensed under Rhode Island law, or licensed under the laws of
14 another state or the District of Columbia, for the purpose of collecting from sources outside the
15 state of Rhode Island taxes, interest and/or penalties assessed by the tax administrator.

16 SECTION 6. Title 44 of the General Laws entitled "Taxation" is hereby amended by
17 adding thereto the following chapter:

18 CHAPTER 68

19 TAX PREPARERS ACT OF 2013

20 **44-68-1. Short title.** -- This chapter shall be known as the "Tax Preparers Act".

21 **44-68-2. Definitions.** -- (a) "Tax return preparer" means an individual who prepares a
22 substantial portion of any return for compensation. Tax return preparers include individuals
23 required to register with the Internal Revenue Service as a tax return preparer and who have a
24 Preparer Tax Identification Number (PTIN). For the purpose of this chapter the following
25 individuals shall not be considered tax return preparers:

26 (1) Volunteer tax return preparers; or

27 (2) Employees of a tax return preparer and employees of a commercial tax return
28 preparation business who provide only clerical, administration or other similar services.

29 (b) "Preparer Tax Identification Number" means the number issued by the Internal
30 Revenue Service (IRS) to paid preparers to use on all the returns they prepare.

31 (c) "Return" shall mean any tax report, return, claim for refund or attachment to any
32 report, return and/or claim for return filed with the tax administrator pursuant to the tax laws of
33 this state.

34 **44-68-3. Duties and Responsibilities.** -- (a) A tax return preparer who prepares any

1 return that is submitted to the tax administrator must comply with all state laws and all applicable
2 regulations promulgated by the tax administrator.

3 (b) A tax return preparer must sign and include his/her Preparer Tax Identification
4 Number on all returns prepared and filed with the Division of Taxation.

5 **44-68-4. Civil Penalties. --** (a) Failure To Be Diligent in Determining Eligibility for or
6 Amount of Earned Income Credit. Upon a determination by the tax administrator that a tax return
7 preparer prepared a return(s) and failed to comply with due diligence requirements imposed by
8 regulations issued by the tax administrator with respect to determining eligibility for, or the
9 amount of, the credit allowable by section 44-30-2.6(c)(2)(N), the tax return preparer shall pay a
10 penalty of five hundred dollars (\$500) for each such return and/or claim.

11 (b) Failure To Be Diligent in Determining Eligibility for Property Tax Relief Credit.
12 Upon a determination by the tax administrator that a tax return preparer prepared a return(s) and
13 failed to comply with due diligence requirements imposed by regulations issued by the tax
14 administrator with respect to determining eligibility for, or the amount of, the property tax relief
15 credit allowable by section 44-33-1 et seq., the tax return preparer shall pay a penalty of five
16 hundred dollars (\$500) for each such return.

17 (c) Tax Return Preparer Civil Penalties. Upon a determination by the tax administrator
18 that a tax return preparer willfully prepared, assisted in preparing, or caused the preparation of a
19 return(s) filed with the division of taxation with intent to wrongfully obtain a property tax relief
20 credit or with the intent to evade or reduce a tax obligation, the tax return preparer shall be liable
21 for a penalty of one thousand dollars (\$1,000), or five hundred (\$500) for each return so filed
22 during any calendar year, whichever is greater.

23 (d) The tax administrator may suspend or revoke the privilege of a tax return preparer to
24 prepare and/or file returns with the division of taxation upon a determination that the tax return
25 preparer has failed to comply with or violated any provision of this section, any regulations issued
26 by the tax administrator, or with any provision of any other laws relative to the preparation of tax
27 returns. Any tax return preparer receiving a notice of intent to suspend or revoke the privilege to
28 file tax returns with the division of taxation may request a hearing on the notice of intent to
29 suspend or revoke; provided that said request for a hearing must be made within thirty (30) days
30 of such notice to suspend or revoke. If, after hearing, the tax return preparer is aggrieved by a
31 decision of the tax administrator (or his or her designated hearing officer), the tax return preparer
32 may, within thirty (30) days after notice of the decision is sent to the tax return preparer by
33 certified or registered mail, directed to their last known address, petition the sixth division of the
34 district court pursuant to chapter 8 of title 8, setting forth the reasons why the decision is alleged

1 to be erroneous and praying for relief therefrom.

2 **44-68-5. Criminal Penalties.** -- Any tax return preparer who has previously been
3 assessed a penalty by the tax administrator under section 44-68-4(c) who is found by a court of
4 competent jurisdiction to have thereafter willfully prepared, assisted in preparing, or caused a
5 preparation of another false tax return or claim for refund which was filed with the division of
6 taxation with the intent to wrongfully obtain a property relief credit or the intent to wrongfully
7 evade or reduce a tax obligation shall be guilty of a felony and, on conviction, shall be subject to
8 a fine not exceeding fifty-thousand dollars (\$50,000) or imprisonment not exceeding five (5)
9 years or both.

10 **44-68-6. Regulations.** -- The tax administrator shall promulgate rules and regulations in
11 order to implement the provisions of this chapter.

12 **44-68-7. Severability.** -- If any provision of this chapter or the application of this chapter
13 to any tax return preparer is held invalid, the remainder of this chapter and the application of the
14 provisions to other tax return preparers or circumstances shall not be affected.

15 SECTION 7. Section 28-21-16 of the General Laws entitled "Hazardous Substances
16 Right to Know Act - Funding" is hereby amended to read as follows:

17 **28-21-16. Funding -- Contracts for services -- Exemption for copiers -- Appeals.** --

18 (a) The director of labor and training shall determine which employers are subject to the
19 provisions of this chapter. ~~and shall assess and collect an annual assessment of forty two dollars~~
20 ~~(\$42.00) which shall be levied against all those employers, which result in the funding for the~~
21 ~~implementation of this chapter. The employer shall be obligated to pay the assessment.~~ No
22 employer shall be exempt from the provisions of this chapter unless and until a request for
23 exemption is filed and approval is granted; provided that public and private libraries shall be
24 ~~exempted~~ exempt from this requirement. ~~The funds shall be deposited as general revenue.~~

25 (b) The director of labor and training may contract with qualified agencies and/or parties
26 for technical services performed in conjunction with this chapter.

27 (c) The director of labor and training shall exempt from this chapter all employers whose
28 contact with the designated substances is entirely limited to copier machine powders or liquids
29 where the exposure is incidental to the business operation.

30 (d) Any employer who contests the determination of the director may appeal the
31 determination under the provisions set forth in sections 28-20-19 and 28-20-20.

32 SECTION 8. Section 3-10-1 of the General Laws in Chapter 3-10 entitled "Taxation of
33 Beverages" is hereby amended to read as follows:

34 **3-10-1. Manufacturing tax rates -- Exemption of religious uses.** -- (a) There shall be

1 assessed and levied by the tax administrator on all beverages manufactured, rectified, blended, or
2 reduced for sale in this state a tax of ~~three dollars (\$3.00)~~ three dollars and thirty cents (\$3.30) on
3 every thirty-one (31) gallons, and a tax at a like rate for any other quantity or fractional part. On
4 any beverage manufactured, rectified, blended, or reduced for sale in this state consisting in
5 whole or in part of wine, whiskey, rum, gin, brandy spirits, ethyl alcohol, or other strong liquors
6 (as distinguished from beer or other brewery products) the tax to be assessed and levied is as
7 follows:

8 (1) Still wines (whether fortified or not), ~~sixty cents (\$.60)~~ one dollar and forty cents
9 (\$1.40) per gallon;

10 (2) Still wines (whether fortified or not) made entirely from fruit grown in this state,
11 thirty cents (\$.30) per gallon;

12 (3) Sparkling wines (whether fortified or not), seventy five cents (\$.75) per gallon;

13 (4) Whiskey, rum, gin, brandy spirits, cordials, and other beverages consisting in whole
14 or in part of alcohol which is the product of distillation, ~~three dollars and seventy five cents~~
15 ~~(\$3.75)~~ five dollars and forty cents (\$5.40) per gallon, except that whiskey, rum, gin, brandy
16 spirits, cordials, and other beverages consisting in whole or in part of alcohol which is the product
17 of distillation but which contains alcohol measuring thirty (30) proof or less, one dollar and ten
18 cents (\$1.10) per gallon;

19 (5) Ethyl alcohol to be used for beverage purposes, seven dollars and fifty cents (\$7.50)
20 per gallon; and

21 (6) Ethyl alcohol to be used for nonbeverage purposes, eight cents (\$.08) per gallon.

22 (b) Sacramental wines are not subject to any tax if sold directly to a member of the
23 clergy for use by the purchaser, or his or her congregation for sacramental or other religious
24 purposes.

25 (c) A brewer who brews beer in this state which is actively and directly owned,
26 managed, and operated by an authorized legal entity which has owned, managed, and operated a
27 brewery in this state for at least twelve (12) consecutive months, shall receive a tax exemption on
28 the first one hundred thousand (100,000) barrels of beer that it produces and distributes in this
29 state in any calendar year. A barrel of beer is thirty one (31) gallons.

30 SECTION 9. Section 3-10-5 of the General Laws in Chapter 3-10 entitled "Taxation of
31 Beverages" is hereby amended to read as follows:

32 **3-10-5. Information supplemental to returns -- Audit of books.** -- (a) The tax
33 administrator may at any time request further information from any person or from the officers
34 and employees of any corporation which he or she may deem necessary to verify, explain or

1 correct any return made in pursuance of the provisions of this chapter, and for the like purpose the
2 administrator or his or her authorized agent may examine the books of account of that person or
3 corporation during business hours.

4 (b) Each [Class A](#) licensee authorized to sell intoxicating beverages at wholesale or retail
5 in this state shall file an annual report on or before February 1 with the division of taxation in the
6 form required by the tax administrator. Such report shall included, but not limited to, total sales of
7 alcoholic beverages, sales tax and excise tax collections on such sales for immediately preceding
8 calendar year. Annually, on or before May 1, the tax administrator shall prepare and submit to the
9 chairs of house and senate finance committees a report reflecting data from the annuals reports
10 submitted by said licensee to the division of taxation. The tax administrator's report shall compile
11 total sales of alcoholic beverages, sales tax and excise tax collections by county.

12 SECTION 10. Section 42-61.2-7 of the General Laws in Chapter 42-61.2 entitled "Video
13 Lottery Terminal" is hereby amended to read as follows:

14 **42-61.2-7. Division of revenue. [Effective June 30, 2011.] --** (a) Notwithstanding the
15 provisions of section 42-61-15, the allocation of net terminal income derived from video lottery
16 games is as follows:

17 (1) For deposit in the general fund and to the state lottery division fund for
18 administrative purposes: Net terminal income not otherwise disbursed in accordance with
19 subdivisions (a)(2) -- (a)(6) herein;

20 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one
21 percent (0.19%) up to a maximum of twenty million dollars (\$20,000,000) shall be equally
22 allocated to the distressed communities as defined in section 45-13-12 provided that no eligible
23 community shall receive more than twenty-five percent (25%) of that community's currently
24 enacted municipal budget as its share under this specific subsection. Distributions made under
25 this specific subsection are supplemental to all other distributions made under any portion of
26 general laws section 45-13-12. For the fiscal year ending June 30, 2008 distributions by
27 community shall be identical to the distributions made in the fiscal year ending June 30, 2007 and
28 shall be made from general appropriations. For the fiscal year ending June 30, 2009, the total
29 state distribution shall be the same total amount distributed in the fiscal year ending June 30,
30 2008 and shall be made from general appropriations. For the fiscal year ending June 30, 2010, the
31 total state distribution shall be the same total amount distributed in the fiscal year ending June 30,
32 2009 and shall be made from general appropriations, provided however that \$784,458 of the total
33 appropriation shall be distributed equally to each qualifying distressed community. For each of
34 the fiscal years ending June 30, 2011, June 30, 2012, and June 30, 2013 seven hundred eighty-

1 four thousand four hundred fifty-eight dollars (\$784,458) of the total appropriation shall be
2 distributed equally to each qualifying distressed community.

3 (ii) Five one hundredths of one percent (0.05%) up to a maximum of five million dollars
4 (\$5,000,000) shall be appropriated to property tax relief to fully fund the provisions of section 44-
5 33-2.1. The maximum credit defined in subdivision 44-33-9(2) shall increase to the maximum
6 amount to the nearest five dollar (\$5.00) increment within the allocation until a maximum credit
7 of five hundred dollars (\$500) is obtained. In no event shall the exemption in any fiscal year be
8 less than the prior fiscal year.

9 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund section 44-34.1-
10 1, entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum
11 amount to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no event
12 shall the exemption in any fiscal year be less than the prior fiscal year.

13 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
14 (0.10%) to a maximum of ten million dollars (\$10,000,000) for supplemental distribution to
15 communities not included in paragraph (a)(1)(i) above distributed proportionately on the basis of
16 general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008
17 distributions by community shall be identical to the distributions made in the fiscal year ending
18 June 30, 2007 and shall be made from general appropriations. For the fiscal year ending June 30,
19 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010 and thereafter,
20 funding shall be determined by appropriation.

21 (2) To the licensed video lottery retailer:

22 (a) (i) Prior to the effective date of the NGJA Master Contract, Newport Jai Ali twenty-
23 six percent (26%) minus three hundred eighty four thousand nine hundred ninety-six dollars
24 (\$384,996);

25 (ii) On and after the effective date of the NGJA Master Contract, to the licensed video
26 lottery retailer who is a party to the NGJA Master Contract, all sums due and payable under said
27 Master Contract minus three hundred eighty four thousand nine hundred ninety-six dollars
28 (\$384,996).

29 (iii) ~~Effective July 1, 2013, provided that the referendum measure authorized by Section~~
30 ~~1 of Chapters 24 and 25 of the Public Laws of 2012 is approved statewide and in the City of~~
31 ~~Newport and provided further that Newport Grand commences and continues to offer table~~
32 ~~games, the rate of net terminal income payable to Newport Grand, LLC under the Newport Grand~~
33 ~~Master Contract shall increase by one and one half percentage (1.5%) points. [Effective July 1,](#)~~
34 ~~[2013 the rate of net terminal income payable to Newport Grand, LLC under the Newport Grand](#)~~

1 Master Contract shall increase by two and one quarter percent (2.25%) points. The increase
2 herein shall sunset and expire on June 30, 2015 and the rate in effect as of June 30, 2013 shall be
3 reinstated.

4 (b) (i) Prior to the effective date of the UTGR Master Contract, to the present licensed
5 video lottery retailer at Lincoln Park which is not a party to the UTGR Master Contract, twenty-
6 eight and eighty-five one hundredths percent (28.85%) minus seven hundred sixty-seven
7 thousand six hundred eighty-seven dollars (\$767,687);

8 (ii) On and after the effective date of the UTGR Master Contract, to the licensed video
9 lottery retailer who is a party to the UTGR Master Contract, all sums due and payable under said
10 Master Contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars
11 (\$767,687).

12 (3) (i) To the technology providers who are not a party to the GTECH Master Contract
13 as set forth and referenced in Public Law 2003, Chapter 32, seven percent (7%) of the net
14 terminal income of the provider's terminals; in addition thereto, technology providers who
15 provide premium or licensed proprietary content or those games that have unique characteristics
16 such as 3D graphics, unique math/game play features or merchandising elements to video lottery
17 terminals may receive incremental compensation, either in the form of a daily fee or as an
18 increased percentage, if all of the following criteria are met:

19 (A) A licensed video lottery retailer has requested the placement of premium or licensed
20 proprietary content at its licensed video lottery facility;

21 (B) The division of lottery has determined in its sole discretion that the request is likely
22 to increase net terminal income or is otherwise important to preserve or enhance the
23 competitiveness of the licensed video lottery retailer;

24 (C) After approval of the request by the division of lottery, the total number of premium
25 or licensed propriety content video lottery terminals does not exceed ten percent (10%) of the
26 total number of video lottery terminals authorized at the respective licensed video lottery retailer;
27 and

28 (D) All incremental costs are shared between the division and the respective licensed
29 video lottery retailer based upon their proportionate allocation of net terminal income. The
30 division of lottery is hereby authorized to amend agreements with the licensed video lottery
31 retailers, or the technology providers, as applicable, to effect the intent herein.

32 (ii) To contractors who are a party to the Master Contract as set forth and referenced in
33 Public Law 2003, Chapter 32, all sums due and payable under said Master Contract;

34 (iii) Notwithstanding paragraphs (i) and (ii) above, there shall be subtracted

1 proportionately from the payments to technology providers the sum of six hundred twenty-eight
2 thousand seven hundred thirty-seven dollars (\$628,737);

3 (4) (A) To the city of Newport one and one hundredth percent (1.01%) of net terminal
4 income of authorized machines at Newport Grand, except that:

5 (i) Effective November 9, 2009 until June 30, 2013, the allocation shall be one and two
6 tenths percent (1.2%) of net terminal income of authorized machines at Newport Grand for each
7 week the facility operates video lottery games on a twenty-four (24) hour basis for all eligible
8 hours authorized, and

9 (ii) Effective July 1, 2013, provided that the referendum measure authorized by Section 1
10 of Chapters 24 and 25 of the Public Laws of 2012 is approved statewide and in the City of
11 Newport, the allocation shall be one and forty-five hundredths percent (1.45%) of net terminal
12 income of authorized video lottery terminals at Newport Grand; and

13 (B) To the town of Lincoln one and twenty-six hundredths percent (1.26%) of net
14 terminal income of authorized machines at Twin River except that,

15 (i) Effective November 9, 2009 until June 30, 2013, the allocation shall be one and forty-
16 five hundredths percent (1.45%) of net terminal income of authorized machines at Twin River for
17 each week video lottery games are offered on a twenty-four (24) hour basis for all eligible hours
18 authorized, and

19 (ii) Effective July 1, 2013, provided that the referendum measure authorized by Article
20 25, Chapter 151, Section 4 of the Public Laws of 2011 is approved statewide and in the Town of
21 Lincoln, the allocation shall be one and forty-five hundredths percent (1.45%) of net terminal
22 income of authorized video lottery terminals at Twin River; and

23 (5) To the Narragansett Indian Tribe, seventeen hundredths of one percent (0.17%) of net
24 terminal income of authorized machines at Lincoln Park up to a maximum of ten million dollars
25 (\$10,000,000) per year, which shall be paid to the Narragansett Indian Tribe for the account of a
26 Tribal Development Fund to be used for the purpose of encouraging and promoting: home
27 ownership and improvement, elderly housing, adult vocational training; health and social
28 services; childcare; natural resource protection; and economic development consistent with state
29 law. Provided, however, such distribution shall terminate upon the opening of any gaming facility
30 in which the Narragansett Indians are entitled to any payments or other incentives; and provided
31 further, any monies distributed hereunder shall not be used for, or spent on previously contracted
32 debts; and

33 (6) Unclaimed prizes and credits shall remit to the general fund of the state; and

34 (7) Payments into the state's general fund specified in subdivisions (a)(1) and (a)(6) shall

1 be made on an estimated monthly basis. Payment shall be made on the tenth day following the
2 close of the month except for the last month when payment shall be on the last business day.

3 (b) Notwithstanding the above, the amounts payable by the Division to UTGR related to
4 the Marketing Program shall be paid on a frequency agreed by the Division, but no less
5 frequently than annually.

6 (c) Notwithstanding anything in this chapter 61.2 of this title 42 to the contrary, the
7 Director is authorized to fund the Marketing Program as described above in regard to the First
8 Amendment to the UTGR Master Contract.

9 (d) Notwithstanding the above, the amounts payable by the Division to Newport Grand
10 related to the Marketing Program shall be paid on a frequency agreed by the Division, but no less
11 frequently than annually.

12 (e) Notwithstanding anything in this chapter 61.2 of this title 42 to the contrary, the
13 Director is authorized to fund the Marketing Program as described above in regard to the First
14 Amendment to the Newport Grand Master Contract.

15 (f) Notwithstanding the provisions of section 42-61-15, the allocation of Net Table Game
16 Revenue derived from Table Games at Twin River is as follows:

17 (1) For deposit into the state lottery fund for administrative purposes and then the
18 balance remaining into the general fund:

19 (i) Sixteen percent (16%) of Net Table Game Revenue, except as provided in subsection
20 (f)(1)(ii);

21 (ii) An additional two percent (2%) of Net Table Game Revenue generated at Twin
22 River shall be allocated starting from the commencement of Table Game activities by such Table
23 Game Retailer, and ending, with respect to such Table Game Retailer, on the first date that such
24 Table Game Retailer's net terminal income for a full State fiscal year is less than such Table
25 Game Retailer's net terminal income for the prior State fiscal year, at which point this additional
26 allocation to the State shall no longer apply to such Table Game Retailer.

27 (2) To UTGR, Net Table Game Revenue not otherwise disbursed pursuant to above
28 subsection (f)(1); provided, however, on the first date that such Table Game Retailer's net
29 terminal income for a full State fiscal year is less than such Table Game Retailer's net terminal
30 income for the prior State fiscal year, as set forth in subsection (f)(1)(ii) above, one percent (1%)
31 of this Net Table Game Revenue shall be allocated to the town of Lincoln for four (4) consecutive
32 State fiscal years.

33 (g) Notwithstanding the provisions of section 42-61-15, the allocation of Net Table
34 Game Revenue derived from Table Games at Newport Grand is as follows:

1 (1) For deposit into the state lottery fund for administrative purposes and then the
2 balance remaining into the general fund: eighteen percent (18%) of Net Table Game Revenue.

3 (2) To Newport Grand LLC, Net Table Game Revenue not otherwise disbursed pursuant
4 to above subsection (g)(1) provided, however, on the first date that such Table Game Retailer's
5 net terminal income for a full State fiscal year is less than such Table Game Retailer's net
6 terminal income for the prior State fiscal year, one percent (1%) of this Net Table Game Revenue
7 shall be allocated to the city of Newport for four (4) consecutive State fiscal years.

8 SECTION 11. Section 44-23-5 of the General Laws in Chapter 44-23 entitled "Estate and
9 Transfer Taxes - Enforcement and Collection" is hereby amended to read as follows:

10 **44-23-5. Appraisal of estate.** – (a) If any statement filed in accordance with the
11 provisions of this chapter is considered to be an erroneous or incomplete statement of the
12 property, real, tangible personal, intangible personal, or of any part of the property, of the
13 decedent, the tax administrator shall give notice to the executor, administrator, heir-at-law,
14 beneficiary, or trustee filing the statement, to appear before the tax administrator for the purpose
15 of examination of and concerning the statement, and concerning all matters appertaining to the
16 estate and the value of the estate of the decedent; and if the executor, administrator, heir-at-law,
17 beneficiary, or trustee fails to appear after due notice, or if after appearance and examination of
18 the executor, administrator, heir-at-law, beneficiary, or trustee the tax administrator still considers
19 the statement to be an erroneous or incomplete statement, or if the executor, administrator, heir-
20 at-law, beneficiary, or trustee refuses or neglects to answer the questions propounded in reference
21 to the statement, the tax administrator may appraise the estate. The tax administrator shall give
22 notice by mail to the executor, administrator, heir-at-law, beneficiary, or trustee and to all persons
23 known to have a claim or interest in the estate or property to be appraised, of the time and place
24 of the appraisal, and the tax administrator or his or her authorized agent shall at that time and
25 place appraise the estate or property at its full and fair cash value as prescribed in this section; and
26 for that purpose the tax administrator is authorized to issue subpoenas and to compel the
27 attendance of witnesses and to take the evidence of the witnesses under oath if necessary,
28 concerning the estate or property and the value of the estate, and the witnesses shall receive the
29 same fees as those now paid to witnesses subpoenaed to attend the superior court. From the
30 appraisal and other proof relating to the estate or property, the tax administrator determines the
31 full and fair cash value of the estate or property upon which all taxes imposed by chapter 22 of
32 this title are computed and the amount of taxes to which it is liable. If no appraisal is made as
33 provided in this section, the tax administrator may determine the value of the property upon
34 which all the taxes are computed and the amount of taxes to which it is liable.

1 [\(b\) Notwithstanding the provisions of subsection 44-23-5\(a\), all farmland, as such term is](#)
2 [defined in section 44-27-2, included as part of an estate for purposes of this section and utilized](#)
3 [by the executor, administrator, heir-at-law, beneficiary or trustee as farmland, shall be appraised](#)
4 [at its use value according to applicable federal and state law and not at its full and fair cash value.](#)

5 SECTION 12. Section 8-18-2 of the General Laws in Chapter 8-18 entitled "State and
6 Municipal Court Compact" is hereby amended to read as follows:

7 **8-18-2. Universal summons. --** All state agencies and municipalities which have law
8 enforcement powers shall be issued and authorized a form for summons and complaint to be used
9 for all violations specified in chapters 27, ~~and~~ 41.1 [and 41.2](#) of title 31 and no other summons
10 shall be substituted except as provided by section 31-12-12. All fines, assessments, fees, and
11 other financial charge or any other responsibility not changed by the following shall be deemed
12 enforceable even when the summons is issued by a municipality and adjudicated by a municipal
13 court, or issued by state agencies or a municipality without a court and adjudicated by the traffic
14 tribunal. All summonses once issued must be recorded by the traffic tribunal prior to a hearing,
15 arraignment, or trial. If the summons is answered by payment without personal appearance
16 pursuant to section 31-41.1-2, it shall be recorded by the traffic tribunal upon return from the
17 financial institution.

18 SECTION 13. Sections 31-41.2-4 and 31-41.2-5 of the General Laws in Chapter 31-41.2
19 entitled "Automated Traffic Violation Monitoring Systems" are hereby amended to read as
20 follows:

21 **31-41.2-4. Procedure -- Notice. --** (a) Except as expressly provided in this chapter, all
22 prosecutions based on evidence produced by an automated traffic violation detection system shall
23 follow the procedures established in chapter 41.1 of this title, chapter 8-18 of these general laws,
24 [except the provision providing for payments to the state in sections 8-18-4 and 8-18-6](#), and the
25 rules promulgated by the chief magistrate of the traffic tribunal for the hearing of civil traffic
26 violations. ~~Citations~~ [A summons](#) may be issued by an officer solely based on evidence obtained
27 by use of an automated traffic violation detection system. All ~~citations~~ [summons](#) issued based on
28 evidence obtained from an automated traffic violation detection system shall be issued within
29 fourteen (14) days of the violation.

30 [\(b\) Notwithstanding any rule, regulation, or other provision of the general or public laws](#)
31 [to the contrary, no city or town shall be required to make payments to the state in implementing](#)
32 [any provision of this chapter until July 1, 2013.](#)

33 ~~(b)~~(c) It shall be sufficient to commence a prosecution based on evidence obtained from
34 an automated traffic violation detection system that a copy of the ~~citation~~ [summons](#) and

1 supporting documentation be mailed to the address of the registered owner kept on file by the
2 registry of motor vehicles pursuant to section 31-3-34 of these general laws. For purposes of this
3 section, the date of issuance shall be the date of mailing.

4 ~~(e)~~(d) The officer issuing the ~~citation~~ [summons](#) shall certify under penalties of perjury
5 that the evidence obtained from the automated traffic violation detection system was sufficient to
6 demonstrate a violation of the motor vehicle code. Such certification shall be sufficient in all
7 prosecutions pursuant to this chapter to justify the entry of a default judgment upon sufficient
8 proof of actual notice in all cases where the ~~citation~~ [summons](#) is not answered within the time
9 period permitted.

10 ~~(d)~~(e) The ~~citation~~ [summons](#) shall ~~contain all the information provided for on~~ the
11 uniform summons as referred to in section 31-41.1-1 of the general laws and the rules of
12 procedure promulgated by the chief magistrate of the traffic tribunal subject to the approval of the
13 supreme court pursuant to section 8-6-2.

14 ~~(e)~~(f) In addition to the ~~information in the uniform~~ summons, the following information
15 shall be attached to the ~~citation~~ [summons](#):

16 (1) Copies of two (2) or more photographs, or microphotographs, or other recorded
17 images taken as proof of the violation; and

18 (2) A signed statement by a trained law enforcement officer that, based on inspection of
19 recorded images, the motor vehicle was being operated in violation of section 31-13-4 of this
20 subtitle; and

21 (3) A statement that recorded images are evidence of a violation of this chapter; and

22 (4) A statement that the person who receives a summons under this chapter may either
23 pay the civil penalty in accordance with the provisions of section 31-41.1-3, or elect to stand trial
24 for the alleged violation.

25 **31-41.2-5. Hearings.** -- Evidence from an automated traffic violation detection system
26 shall be considered substantive evidence in the prosecution of all civil traffic violations. Evidence
27 from an automated traffic violation detection system approved by the director of transportation
28 shall be admitted without further authentication and such evidence may be deemed sufficient to
29 sustain a civil traffic violation. In addition to any other defenses as set forth herein, any and all
30 defenses cognizable at law shall be available to the individual who receives the ~~citation~~ [summons](#)
31 commencing a prosecution under this chapter.

32 SECTION 14. Section 44-62-3 of the General Laws in Chapter 44-62 entitled "Tax
33 Credits for Contributions to Scholarship Organizations" is hereby amended to read as follows:

34 **44-62-3. Application for the tax credit program.** -- (a) Prior to the contribution, a

1 business entity shall apply in writing to the division of taxation. The application shall contain
2 such information and certification as the tax administrator deems necessary for the proper
3 administration of this chapter. A business entity shall be approved if it meets the criteria of this
4 chapter; the dollar amount of the applied for tax credit is no greater than one hundred thousand
5 dollars (\$100,000) in any tax year, and the scholarship organization which is to receive the
6 contribution has qualified under section 44-62-2.

7 (b) Approvals for contributions under this section shall be made available by the division
8 of taxation on a first-come-first-serve basis. The total aggregate amount of all tax credits
9 approved shall not exceed ~~one million dollars (\$1,000,000)~~ one million five hundred thousand
10 dollars (\$1,500,000) in a fiscal year.

11 (c) The division of taxation shall notify the business entity in writing within thirty (30)
12 days of the receipt of application of the division's approval or rejection of the application.

13 (d) Unless the contribution is part of a two-year plan, the actual cash contribution by the
14 business entity to a qualified scholarship organization must be made no later than one hundred
15 twenty (120) days following the approval of its application. If the contribution is part of a two-
16 year plan, the first year's contribution follows the general rule and the second year's contribution
17 must be made in the subsequent calendar year by the same date.

18 (e) The contributions must be those charitable contributions made in cash as set forth in
19 the Internal Revenue Code.

20 SECTION 15. Section 44-18-30B. of the General Laws in Chapter 44-18 entitled "Sales
21 and Use Taxes - Liability and Computation" is hereby amended to read as follows:

22 **44-18-30B. Exemption from sales tax for sales by writers, composers, artists --**

23 **Findings.** -- (a) The general assembly makes the following findings of facts:

24 ~~(1) The downtown area of the city of Providence has been characterized by blighted~~
25 ~~areas, and dilapidated and abandoned structures;~~

26 ~~(2) As a result, the downtown area has been designated an economic development zone~~
27 ~~in order to stop the deterioration and stimulate economic activity;~~

28 ~~(3) The capitol center area of the city of Providence has become an attractive location,~~
29 ~~especially with the construction of the Providence Place Mall;~~

30 ~~(4) In order to promote, revitalize and redevelop the "Old Downtown" area of the city of~~
31 ~~Providence it is necessary to provide tax exemptions to this area as it has been designated as an~~
32 ~~economic development zone;~~

33 ~~(5) In order to promote, revitalize, and redevelop the "Downtown or other industrial or~~
34 ~~manufacturing buildings" located in the City of Pawtucket, it is necessary to provide tax~~

1 ~~exemptions to this area as it has been designated as an economic development zone;~~

2 ~~(6) The development of an active artistic community, including "artists in residence", in~~
3 ~~this area would promote economic development, revitalization, tourism, employment~~
4 ~~opportunities, and encourage business development by providing alternative commercial~~
5 ~~enterprises while in Providence creating a link between the Old Downtown and the Capital Center~~
6 ~~Area;~~

7 ~~(7) There is a separate artistic community in the town of Westerly which is important to~~
8 ~~preserve, promote, and revitalize, and which is distinct from that in the city of Providence;~~

9 ~~(8) There is a separate artistic community in the city of Woonsocket which is important~~
10 ~~to promote and revitalize and which is distinct from that in the cities of Providence and Pawtucket~~
11 ~~and the town of Westerly;~~

12 ~~(9) There is a separate artistic community in the city of Warwick which is important to~~
13 ~~preserve, promote, and revitalize and which is distinct from that in the cities of Providence,~~
14 ~~Pawtucket, Woonsocket and the town of Westerly;~~

15 ~~(10) There are separate artistic communities in the city of Newport and in the town of~~
16 ~~Tiverton which are important to promote and revitalize and which are distinct from those in the~~
17 ~~cities of Providence, Pawtucket, Warwick and Woonsocket and the towns of Westerly and Little~~
18 ~~Compton;~~

19 ~~(11) There is a separate artistic community in the town of Warren which is important to~~
20 ~~promote and revitalize and which is distinct from that in the cities of Providence, Pawtucket,~~
21 ~~Newport, Warwick and Woonsocket and the towns of Westerly and Tiverton.~~

22 (1) The arts and culture are a significant asset for Rhode Island, one which generates
23 revenue through increased tourism and economic activity, creates jobs and economic
24 opportunities, revitalizes communities adding to quality of life and property values, and fosters
25 creativity, innovation, and entrepreneurship.

26 (2) Since 1998 the establishment of arts districts where "one-of-a-kind limited
27 production" works of art may be sold exempt from state sales tax has resulted in an increased
28 presence for the arts in designated cities and towns, with benefits to those communities and to the
29 state.

30 (3) Since the establishment of arts districts, many communities have sought legislation to
31 expand the program to their city or town.

32 (4) There is value in expanding the arts district program statewide, providing incentives
33 for the sale and purchase of art. This is a unique opportunity for Rhode Island to shape history,
34 and gain an advantage over other states, by becoming the first and only state in the country to

1 [declare a statewide sales tax exemption on art. This will strengthen Rhode Island's identity as an](#)
2 [arts-friendly destination and "State of the Arts".](#)

3 (b) (1) This section only applies to sales by writers, composers and artists residing in and
4 conducting a business within [the state of Rhode Island.](#) ~~a section of the defined economic~~
5 ~~development zone in the cities of Providence or Pawtucket, or the defined economic development~~
6 ~~zone in the town of Westerly or the defined economic zone in the city of Woonsocket, or the~~
7 ~~defined economic zone in the city of Warwick, or in those areas within the city of Newport, and~~
8 ~~the town of Little Compton, which are zoned "general business," "waterfront business," or~~
9 ~~"limited business" or have been designated by the city of Newport as part of the arts district, or in~~
10 ~~those areas of the town of Warren which are zoned "waterfront district," "special district,"~~
11 ~~"village business district," "manufacturing district," "business district" or "Warren historic~~
12 ~~district," or in those areas of the town of Tiverton which are zoned "business commercial,"~~
13 ~~"business waterfront" or "village commercial."~~ For the purposes of this section, a "work" means
14 an original and creative work, whether written, composed or executed for "one-of-a-kind limited"
15 production and which falls into one of the following categories:

- 16 (i) A book or other writing;
- 17 (ii) A play or the performance of said play;
- 18 (iii) A musical composition or the performance of said composition;
- 19 (iv) A painting, [print, photograph](#) or other like picture;
- 20 (v) A sculpture;
- 21 (vi) Traditional and fine crafts;
- 22 (vii) The creation of a film or the acting within the film;
- 23 (viii) The creation of a dance or the performance of the dance.

24 (2) For the purposes of this section, a "work" includes any product generated as a result
25 of any of the above categories.

26 (3) For the purposes of this section, a "work" does not apply to any piece or performance
27 created or executed for industry oriented, [commercial](#) or related production.

28 (c) (1) This section applies to sales by any individual:

29 (i) Who is a resident of and has a principal place of business situated in the [state of](#)
30 [Rhode Island.](#) ~~section of the economic development zone designated as the arts and entertainment~~
31 ~~district in the downtown area of the city of Providence or in the city of Pawtucket, or the defined~~
32 ~~economic development zone in the town of Westerly or the defined economic zone in the city of~~
33 ~~Woonsocket, or the defined economic zone in the city of Warwick, or who is a resident of and has~~
34 ~~a principal place of business situated in those areas within the city of Newport or the town of~~

1 ~~Little Compton, which are zoned "general business," "waterfront business," or "limited business,"~~
2 ~~or have been designated by the city of Newport as part of the arts district, or who is a resident of~~
3 ~~and has a principal place of business situated in those areas within the town of Warren which are~~
4 ~~zoned "waterfront district," "special district," "village business district," "manufacturing district,"~~
5 ~~"business district" or "Warren historic district," or who is a resident or has a principal place of~~
6 ~~business situated in those areas within the town of Tiverton which are zoned "business~~
7 ~~commercial," "business waterfront" or "village commercial." For the purposes of this section, the~~
8 ~~Providence arts and entertainment district in Providence is defined as the area bounded by Pine~~
9 ~~Street to the southeast, Dorrance Street to the northeast, Sabin Street to the northwest and Empire~~
10 ~~Street to the southwest. Said Providence arts and entertainment district also includes the area~~
11 ~~beginning at the point of intersection of Acorn Street and Harris Avenue, then turning east onto~~
12 ~~Atwells Avenue to Service Road 7, then turning southerly onto Service Road 7 to Westminster~~
13 ~~Street, then turning westerly onto Westminster Street, continuing until Bridgham, then turning~~
14 ~~south onto Bridgham to Cranston Street, then turning southwesterly onto Cranston Street, then~~
15 ~~continuing to Messer Street, then turning north onto Messer Street to Westminster Street, turning~~
16 ~~west onto Westminster Street to US Hwy 6 off ramp, then heading west on US Hwy 6 to Sheridan~~
17 ~~Street, then heading northeast on Sheridan Street to Aleppo Street, then turning southeast along~~
18 ~~Aleppo Street to Pelham Street, then heading northeast on Pelham Street to Manton Avenue, then~~
19 ~~continuing southeast on Manton Avenue until Delaine Street, then heading northeast on Delaine~~
20 ~~Street until Appleton Street, then continuing northwesterly on Appleton Street until Bowdoin~~
21 ~~Street, then heading north on Bowdoin Street until Barstow Street, then heading east on Barstow~~
22 ~~until Valley Street, then heading northeast on Valley Street to Hemlock Street, then turning~~
23 ~~southeast on Hemlock Street until Promenade Street, then heading east on Promenade Street to~~
24 ~~Acorn Street, then heading south on Acorn Street to the intersection of Acorn Street and Harris~~
25 ~~Avenue. The named streets are included in the Providence district, and in Pawtucket is defined as~~
26 ~~the area beginning at the point of intersection of Dexter Street and the Central Falls line, then east~~
27 ~~along the Central Falls line to the Blackstone River, then north along the city boundary on the~~
28 ~~Blackstone River to the Cumberland line, then west along the Pawtucket city boundary line to I-~~
29 ~~95, then south along I-95 to Pine Street, then north on Pine Street to AMTRAK Right of Way,~~
30 ~~then northwest along the AMTRAK Right of Way to Dexter Street, then north on Dexter Street to~~
31 ~~the Central Falls line. The named streets are included in the district. The Westerly arts and~~
32 ~~entertainment district is defined as assessor's plat 56, lots 1 through 24, lot 48, lots 50 through 62,~~
33 ~~and lots 71 through 82, and assessors plat 66, lots 22 through 26, and lots 29 through 36 the~~
34 ~~Woonsocket arts and entertainment district is defined as the area beginning at a point of land on~~

1 ~~the southwest bank of the Blackstone River abutting the bridge for the Providence & Worcester~~
2 ~~Railroad and proceeding northerly to a point at the intersection of Worrall Street, Clinton Street~~
3 ~~and Harry S. Truman Drive, then proceeding northwesterly along Worrall Street to its intersection~~
4 ~~with Social Street, then turning westerly on Social Street proceeding to its intersection with Main~~
5 ~~Street, Blackstone Street and North Main Street, then turning northwesterly and proceeding along~~
6 ~~Blackstone Street to its intersection with River Street, then turning northerly and proceeding~~
7 ~~along River Street to its intersection with the north/east bank of Blackstone River, then following~~
8 ~~the riverbank southerly to the bridge at Bernon Street and turning easterly crossing the Blackstone~~
9 ~~River via Bernon Street and proceeding to its intersection with Front Street, then turning~~
10 ~~northeasterly on Front Street and proceeding to its intersection with Hamlet Avenue, and to~~
11 ~~include the former courthouse on the southerly side of Front Street at its intersection with Hamlet~~
12 ~~Avenue, then turning easterly on Hamlet Avenue and proceeding to its intersection with Manville~~
13 ~~Road, then turning southeasterly on Manville Road and proceeding to its intersection with~~
14 ~~Davison Avenue, then turning northeasterly on Davison Avenue and proceeding to a point on the~~
15 ~~south/west bank of the Blackstone River, then turning northerly, following the southerly~~
16 ~~riverbank to the point of beginning. The abovementioned streets are included in the district. The~~
17 ~~Warwick arts district is defined as that area known as Pontiac Village, beginning on Route 5 at~~
18 ~~the Warwick/Cranston municipal boundary, then south to the intersection of Route 5 and the~~
19 ~~Pawtuxet River, then following the Pawtuxet River in an easterly and northerly direction to the~~
20 ~~municipal boundary in the vicinity of Knight Street, then from the intersection of Knight Street~~
21 ~~and the municipal boundary westerly along the Warwick/Cranston municipal boundary to the~~
22 ~~intersection of Route 5 and Greenwich Avenue. The above named streets are included in the~~
23 ~~district.~~

24 (ii) Who is determined by the tax administrator [in consultation with the Rhode Island](#)
25 [council on the arts](#), after consideration of any evidence he or she deems necessary or which is
26 submitted to him or her by the individual, to have written, composed, or executed, either solely or
27 jointly, a work or works which would fall into one of the categories listed in subsection (b)(1).

28 (2) This section also applies to sales by any other gallery located in the [state of Rhode](#)
29 [Island](#). ~~arts and entertainment district described in subsection (c)(1)(i) as well as any other arts~~
30 ~~and entertainment district designated by the general assembly, as well as to sales by any other~~
31 ~~gallery located in those areas within the city of Newport, or the town of Little Compton, which~~
32 ~~are zoned "general business," "waterfront business," or "limited business" or have been~~
33 ~~designated by the city of Newport as part of the arts district, as well as to sales by any other~~
34 ~~gallery located in those areas within the town of Warren which are zoned "waterfront district,"~~

1 ~~"special district," "village business district," "manufacturing district," "business district" or~~
2 ~~"Warren historic district," as well as to sales by any other gallery located in those areas within the~~
3 ~~town of Tiverton which are zoned "business commercial," "business waterfront" or "village~~
4 ~~commercial."~~

5 (3) The tax administrator shall not make a determination unless:

6 (i) The individual(s) concerned duly make(s) an application to the tax administrator for
7 the sales tax exemption which applies to the works defined in this section; and

8 (ii) The individual has complied and continues to comply with any and all requests made
9 by the tax administrator.

10 (d) Any individual to whom this section applies and who makes an application to the tax
11 administrator is entitled to a sales tax exemption for the sale of a work or works sold from the
12 individual's business located in the ~~economic development zone~~ State of Rhode Island which
13 would, apart from this section, be subject to the tax rate imposed by the state of Rhode Island.

14 (e) When an individual makes a request for the exemption, the tax administrator is
15 entitled to all books, documents, or other evidence relating to the publication, production or
16 creation of the works that may be deemed necessary by the tax administrator for the purposes of
17 the exemption. The time period in which to provide this information is in the sole discretion of
18 the tax administrator and specified in the notice.

19 (f) In addition to the information required in subsection (e), the tax administrator may
20 require the individual(s) to submit an annual certified accounting of the numbers of works sold,
21 the type of work sold, and the date of the sale. Failure to file this report may, in the sole discretion
22 of the tax administrator, terminate the individual's eligibility for the exemption.

23 (g) Any person storing, using, or otherwise consuming in this state any work or works
24 which is deemed to be exempt from the sales tax pursuant to this section is not liable for the use
25 tax on the work or works.

26 (h) Notwithstanding the provisions of this section, any individual to whom this section
27 may apply shall comply with all the administration, collection, and other provisions of chapters
28 18 and 19 of this title.

29 (4) The Rhode Island council on the arts will oversee the transition to a statewide arts
30 district program and work with the state tourism agencies, local chambers of commerce, and
31 advertising/marketing agencies to promote this program, and will coordinate its efforts with the
32 city and town governments. The Rhode Island council on the arts may request and shall receive
33 from any department, division, board, bureau, commission, or agency of the state any data,
34 assistance, and resources, including additional personnel, that will enable it to properly carry out

1 this program.

2 (5) The tax administrator, in cooperation with the Rhode Island council on the arts, will
3 gather data to assess the overall impact of the statewide arts district program, and issue an annual
4 report, including, but not be limited to, the impact of the tax exemption on employment, tourism,
5 sales and spending within the arts sector and adjacent businesses, and any other factors that
6 describe the impact of the program.

7 SECTION 16. Section 1 of this article shall take effect on January 1, 2014, and shall
8 apply to all assets placed in service on or after January 1, 2014. Section 2 of this article shall take
9 effect upon passage and shall apply to tax years beginning on or after January 1, 2014. Section 4
10 of this article shall take effect July 1, 2013. Section 8 of this article shall take effect on July 1,
11 2013 and shall expire on March 31, 2015. Section 15 of this article shall take effect on December
12 1, 2013 ~~and shall expire on March 31, 2015~~. The remainder of this article shall take effect upon
13 passage.