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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO TAXATION -- SALES TAX REPEAL ACT OF 2013

Introduced By: Senators Picard, Bates, Raptakis, Walaska, and Ottiano

Date Introduced: February 13, 2013

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-18-18, 44-18-18.1, 44-18-19 and 44-18-20 of the General Laws
2 in Chapter 44-18 entitled "Sales and Use Taxes - Liability and Computation" are hereby amended
3 to read as follows:

4 **44-18-18. Sales tax imposed.** -- (a) A tax is imposed upon sales at retail in this state
5 including charges for rentals of living quarters in hotels as defined in section 42-63.1-2, rooming
6 houses, or tourist camps, at the rate of six percent (6%) of the gross receipts of the retailer from
7 the sales or rental charges; provided, that the tax imposed on charges for the rentals applies only
8 to the first period of not exceeding thirty (30) consecutive calendar days of each rental; provided,
9 further, that for the period commencing July 1, 1990, the tax rate is seven percent (7%); provided,
10 further, that for the period commencing October 1, 2013, the tax rate is zero percent (0.0%). The
11 tax is paid to the tax administrator by the retailer at the time and in the manner provided.
12 Excluded from this tax are those living quarters in hotels, rooming houses, or tourist camps for
13 which the occupant has a written lease for the living quarters which lease covers a rental period of
14 twelve (12) months or more. ~~In recognition of the work being performed by the Streamlined Sales
15 and Use Tax Governing Board, upon any federal law which requires remote sellers to collect and
16 remit taxes, effective the first (1st) day of the first (1st) state fiscal quarter following the change,
17 the rate imposed under section 44-18-18 shall be six and one half percent (6.5%).~~

18 (b) Effective October 1, 2013, the tax imposed in subsection 44-48-18(a) is eliminated
19 and, notwithstanding the provisions of any general or public law to the contrary, all requirements

1 [to collect or remit tax, secure permits or file reports or returns related thereto are removed.](#)
2 [Further, all regulations relating to the collection of sales tax and enforcement of collections shall](#)
3 [sunset on that date and be of no force or effect on a going forward basis.](#)

4 **44-18-18.1. Local meals and beverage tax.** -- (a) There is hereby levied and imposed,
5 upon every purchaser of a meal and/or beverage, in addition to all other taxes and fees now
6 imposed by law, a local meals and beverage tax upon each and every meal and/or beverage sold
7 within the state of Rhode Island in or from an eating and/or drinking establishment, whether
8 prepared in the eating and/or drinking establishment or not and whether consumed at the premises
9 or not, at a rate of one percent of the gross receipts; [provided, that for the period commencing](#)
10 [October 1, 2013, the local meals and beverage tax is eliminated.](#) The tax shall be paid to the tax
11 administrator by the retailer at the time and in the manner provided.

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

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

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

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

32 (3) "Meal" means any prepared food or beverage offered or held out for sale by an eating
33 and/or drinking establishment for the purpose of being consumed by any person to satisfy the
34 appetite and which is ready for immediate consumption. All such food and beverage, unless

1 otherwise specifically exempted or excluded herein shall be included, whether intended to be
2 consumed on the seller's premises or elsewhere, whether designated as breakfast, lunch, snack,
3 dinner, supper or by some other name, and without regard to the manner, time or place of service.

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

7 ~~In recognition of the work being performed by the Streamlined Sales and Use Tax~~
8 ~~Governing Board, upon any federal law which requires remote sellers to collect and remit taxes,~~
9 ~~effective the first (1st) day of the first (1st) state fiscal quarter following the change, the rate~~
10 ~~imposed under section 44-18-18.1 shall be one and one-half percent (1.5%).~~

11 **44-18-19. Collection of sales tax by retailer.** -- The retailer shall add the tax imposed by
12 this chapter to the sale price or charge, and when added the tax constitutes a part of the price or
13 charge, is a debt from the consumer or user to the retailer, and is recoverable at law in the same
14 manner as other debts; provided, that the amount of tax that the retailer collects from the
15 consumer or user is as follows:

16	Amount of Sale	Amount of Tax
17	\$0.01 to \$.08 inclusive	No Tax
18	.09 to .24 inclusive	.01
19	.25 to .41 inclusive	.02
20	.42 to .58 inclusive	.03
21	.59 to .74 inclusive	.04
22	.75 to .91 inclusive	.05
23	.92 to 1.08 inclusive	.06

24 and where the amount of the sale is more than one dollar and eight cents (\$1.08) the amount of
25 the tax is computed at the rate of six percent (6%); provided, that the amount of tax that the
26 retailer collects from the consumer or user for the period commencing July 1, 1990 is as follows:

27	Amount of Sale	Amount of Tax
28	\$ 0.01 to \$.07 inclusive	No Tax
29	.08 to .21 inclusive	.01
30	.22 to .35 inclusive	.02
31	.36 to .49 inclusive	.03
32	.50 to .64 inclusive	.04
33	.65 to .78 inclusive	.05
34	.79 to .92 inclusive	.06

1 .93 to 1.07 inclusive .07

2 and where the amount of the sale is more than one dollar and seven cents (\$1.07) the
3 amount of the tax is computed at the rate of seven percent (7%); provided, that commencing
4 October 1, 2013, the retailer shall not collect the tax imposed by this chapter nor add it to the sale
5 price or charge.

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

11 (b) An excise tax is imposed on the storage, use, or other consumption in this state of a
12 motor vehicle, a boat, an airplane, or a trailer purchased from other than a licensed motor vehicle
13 dealer or other than a retailer of boats, airplanes, or trailers respectively, at the rate of six percent
14 (6%) of the sale price of the motor vehicle, boat, airplane, or trailer.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (h) The use tax imposed under this section for the period commencing July 1, 1990 is at
2 the rate of seven percent (7%); provided, however, that for the period commencing October 1,
3 2013, the tax rate is zero percent (0.0%). ~~In recognition of the work being performed by the~~
4 ~~Streamlined Sales and Use Tax Governing Board, upon any federal law which requires remote~~
5 ~~sellers to collect and remit taxes, effective the first (1st) day of the first (1st) state fiscal quarter~~
6 ~~following the change, the rate imposed under section 44-18-18 shall be six and one half percent~~
7 ~~(6.5%).~~

8 SECTION 2. Sections 44-18-30.B and 44-18-30.C of the General Laws in Chapter 44-18
9 entitled "Sales and Use Taxes - Liability and Computation" are hereby repealed.

10 ~~**44-18-30.B. Exemption from sales tax for sales by writers, composers, artists --**~~

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

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

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

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

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

21 ~~(5) In order to promote, revitalize, and redevelop the "Downtown or other industrial or~~
22 ~~manufacturing buildings" located in the City of Pawtucket, it is necessary to provide tax~~
23 ~~exemptions to this area as it has been designated as an economic development zone;~~

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

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

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

34 ~~(9) There is a separate artistic community in the city of Warwick which is important to~~

1 ~~preserve, promote, and revitalize and which is distinct from that in the cities of Providence,~~
2 ~~Pawtucket, Woonsocket and the town of Westerly;~~

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

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

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

23 ~~(i) A book or other writing;~~

24 ~~(ii) A play or the performance of said play;~~

25 ~~(iii) A musical composition or the performance of said composition;~~

26 ~~(iv) A painting or other like picture;~~

27 ~~(v) A sculpture;~~

28 ~~(vi) Traditional and fine crafts;~~

29 ~~(vii) The creation of a film or the acting within the film;~~

30 ~~(viii) The creation of a dance or the performance of the dance.~~

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

33 ~~(3) For the purposes of this section, a "work" does not apply to any piece or performance~~
34 ~~created or executed for industry oriented or related production.~~

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

2 ~~(i) Who is a resident of and has a principal place of business situated in the section of the~~

3 ~~economic development zone designated as the arts and entertainment district in the downtown~~

4 ~~area of the city of Providence or in the city of Pawtucket, or the defined economic development~~

5 ~~zone in the town of Westerly or the defined economic zone in the city of Woonsocket, or the~~

6 ~~defined economic zone in the city of Warwick, or who is a resident of and has a principal place of~~

7 ~~business situated in those areas within the city of Newport or the town of Little Compton, which~~

8 ~~are zoned "general business," "waterfront business," or "limited business," or have been~~

9 ~~designated by the city of Newport as part of the arts district, or who is a resident of and has a~~

10 ~~principal place of business situated in those areas within the town of Warren which are zoned~~

11 ~~"waterfront district," "special district," "village business district," "manufacturing district,"~~

12 ~~"business district" or "Warren historic district," or who is a resident or has a principal place of~~

13 ~~business situated in those areas within the town of Tiverton which are zoned "business~~

14 ~~commercial," "business waterfront" or "village commercial." For the purposes of this section, the~~

15 ~~Providence arts and entertainment district in Providence is defined as the area bounded by Pine~~

16 ~~Street to the southeast, Dorrance Street to the northeast, Sabin Street to the northwest and Empire~~

17 ~~Street to the southwest. Said Providence arts and entertainment district also includes the area~~

18 ~~beginning at the point of intersection of Acorn Street and Harris Avenue, then turning east onto~~

19 ~~Atwells Avenue to Service Road 7, then turning southerly onto Service Road 7 to Westminster~~

20 ~~Street, then turning westerly onto Westminster Street, continuing until Bridgham, then turning~~

21 ~~south onto Bridgham to Cranston Street, then turning southwesterly onto Cranston Street, then~~

22 ~~continuing to Messer Street, then turning north onto Messer Street to Westminster Street, turning~~

23 ~~west onto Westminster Street to US Hwy 6 off ramp, then heading west on US Hwy 6 to Sheridan~~

24 ~~Street, then heading northeast on Sheridan Street to Aleppo Street, then turning southeast along~~

25 ~~Aleppo Street to Pelham Street, then heading northeast on Pelham Street to Manton Avenue, then~~

26 ~~continuing southeast on Manton Avenue until Delaine Street, then heading northeast on Delaine~~

27 ~~Street until Appleton Street, then continuing northwesterly on Appleton Street until Bowdoin~~

28 ~~Street, then heading north on Bowdoin Street until Barstow Street, then heading east on Barstow~~

29 ~~until Valley Street, then heading northeast on Valley Street to Hemlock Street, then turning~~

30 ~~southeast on Hemlock Street until Promenade Street, then heading east on Promenade Street to~~

31 ~~Acorn Street, then heading south on Acorn Street to the intersection of Acorn Street and Harris~~

32 ~~Avenue. The named streets are included in the Providence district; and in Pawtucket is defined as~~

33 ~~the area beginning at the point of intersection of Dexter Street and the Central Falls line, then east~~

34 ~~along the Central Falls line to the Blackstone River, then north along the city boundary on the~~

1 ~~Blackstone River to the Cumberland line, then west along the Pawtucket city boundary line to I-~~
2 ~~95, then south along I 95 to Pine Street, then north on Pine Street to AMTRAK Right of Way,~~
3 ~~then northwest along the AMTRAK Right of Way to Dexter Street, then north on Dexter Street to~~
4 ~~the Central Falls line. The named streets are included in the district. The Westerly arts and~~
5 ~~entertainment district is defined as assessor's plat 56, lots 1 through 24, lot 48, lots 50 through 62,~~
6 ~~and lots 71 through 82, and assessors plat 66, lots 22 through 26, and lots 29 through 36 the~~
7 ~~Woonsocket arts and entertainment district is defined as the area beginning at a point of land on~~
8 ~~the southwest bank of the Blackstone River abutting the bridge for the Providence & Worcester~~
9 ~~Railroad and proceeding northerly to a point at the intersection of Worrall Street, Clinton Street~~
10 ~~and Harry S. Truman Drive, then proceeding northwesterly along Worrall Street to its intersection~~
11 ~~with Social Street, then turning westerly on Social Street proceeding to its intersection with Main~~
12 ~~Street, Blackstone Street and North Main Street, then turning northwesterly and proceeding along~~
13 ~~Blackstone Street to its intersection with River Street, then turning northerly and proceeding~~
14 ~~along River Street to its intersection with the north/east bank of Blackstone River, then following~~
15 ~~the riverbank southerly to the bridge at Bernon Street and turning easterly crossing the Blackstone~~
16 ~~River via Bernon Street and proceeding to its intersection with Front Street, then turning~~
17 ~~northeasterly on Front Street and proceeding to its intersection with Hamlet Avenue, and to~~
18 ~~include the former courthouse on the southerly side of Front Street at its intersection with Hamlet~~
19 ~~Avenue, then turning easterly on Hamlet Avenue and proceeding to its intersection with Manville~~
20 ~~Road, then turning southeasterly on Manville Road and proceeding to its intersection with~~
21 ~~Davison Avenue, then turning northeasterly on Davison Avenue and proceeding to a point on the~~
22 ~~south/west bank of the Blackstone River, then turning northerly, following the southerly~~
23 ~~riverbank to the point of beginning. The abovementioned streets are included in the district. The~~
24 ~~Warwick arts district is defined as that area known as Pontiac Village, beginning on Route 5 at~~
25 ~~the Warwick/Cranston municipal boundary, then south to the intersection of Route 5 and the~~
26 ~~Pawtuxet River, then following the Pawtuxet River in an easterly and northerly direction to the~~
27 ~~municipal boundary in the vicinity of Knight Street, then from the intersection of Knight Street~~
28 ~~and the municipal boundary westerly along the Warwick/Cranston municipal boundary to the~~
29 ~~intersection of Route 5 and Greenwich Avenue. The above named streets are included in the~~
30 ~~district.~~

31 ~~(ii) Who is determined by the tax administrator, after consideration of any evidence he or~~
32 ~~she deems necessary or which is submitted to him or her by the individual, to have written,~~
33 ~~composed, or executed, either solely or jointly, a work or works which would fall into one of the~~
34 ~~categories listed in subsection (b)(1).~~

1 ~~(2) This section also applies to sales by any other gallery located in the arts and~~
2 ~~entertainment district described in subsection (c)(1)(i) as well as any other arts and entertainment~~
3 ~~district designated by the general assembly, as well as to sales by any other gallery located in~~
4 ~~those areas within the city of Newport, or the town of Little Compton, which are zoned "general~~
5 ~~business," "waterfront business," or "limited business" or have been designated by the city of~~
6 ~~Newport as part of the arts district, as well as to sales by any other gallery located in those areas~~
7 ~~within the town of Warren which are zoned "waterfront district," "special district," "village~~
8 ~~business district," "manufacturing district," "business district" or "Warren historic district," as~~
9 ~~well as to sales by any other gallery located in those areas within the town of Tiverton which are~~
10 ~~zoned "business commercial," "business waterfront" or "village commercial."~~

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

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

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

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

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

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

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

32 ~~(h) Notwithstanding the provisions of this section, any individual to whom this section~~
33 ~~may apply shall comply with all the administration, collection, and other provisions of chapters~~
34 ~~18 and 19 of this title.~~

1 ~~**44-18-30.C. Exemption from or stabilization of sales and use taxes for municipal**~~
2 ~~**economic development zones -- West Warwick.**~~ (a) Findings. The general assembly makes
3 the following findings of fact:

4 ~~(1) Various sections of several towns in the state, including, but not limited to, the town~~
5 ~~of West Warwick, are deteriorated, blighted areas which have created very difficult challenges to~~
6 ~~economic development;~~

7 ~~(2) Several areas of the state are in a distressed financial condition as defined by section~~
8 ~~45-13-12(b) and cannot finance economic development projects on its own without the~~
9 ~~participation of private enterprise;~~

10 ~~(3) The general assembly has found that it is nearly impossible for private enterprise~~
11 ~~alone to meet these challenges;~~

12 ~~(4) In certain sections of financially distressed communities, the serious challenges of~~
13 ~~economic development and/or redevelopment have not been met by private enterprise alone and~~
14 ~~the impact is being felt throughout the community;~~

15 ~~(5) Legislation enacted to encourage redevelopment of the deteriorated, blighted areas~~
16 ~~through the formation of local redevelopment agencies has had very limited success;~~

17 ~~(6) Various states, such as New Jersey, Pennsylvania and Michigan have had a great deal~~
18 ~~of success in generating economic development by exercising the authority to exempt and/or~~
19 ~~stabilize taxes;~~

20 ~~(7) The state of Rhode Island has generated economic growth by redirecting and/or~~
21 ~~exempting certain commercial and retail activity from the imposition of sales, use and income~~
22 ~~taxes with recent examples being the Providence Place Mall, the Arts Districts in the cities of~~
23 ~~Providence, Pawtucket and Westerly, and financial services and aquaculture industries;~~

24 ~~(8) Most recently, municipalities in our state have had great success in attracting large~~
25 ~~commercial development, including financial services, manufacturing, and major energy~~
26 ~~facilities, due in large part to the authority to exempt and/or stabilize property, tangible and/or~~
27 ~~inventory taxes;~~

28 ~~(9) Attracting large non-residential developments or encouraging expansion of existing~~
29 ~~commercial entities can be extremely important to municipalities, where the quality of public~~
30 ~~education is largely dependent on the local tax base, thereby expanding the commercial tax base~~
31 ~~and reducing reliance upon the residential tax base;~~

32 ~~(10) The ability to attract this development and increase the non-residential tax base, in~~
33 ~~turn, improves municipalities' ability to finance school systems, municipal services and~~
34 ~~infrastructure, thereby improving the quality of life;~~

1 ~~(11) In addition to increasing the local non-residential tax base, this development creates~~
2 ~~construction jobs, permanent jobs, and spurs additional investment by private enterprises; and~~

3 ~~(12) Providing authority to offer tax exemptions from, or to stabilize, the imposition of~~
4 ~~sales and use taxes will attract and assist in expanding, revitalizing and redeveloping the tax base~~
5 ~~in our municipalities, thereby providing long-term economic benefits and development.~~

6 ~~(b) Exemption or stabilization of sales and use taxes imposed on sales from businesses~~
7 ~~located in a municipal economic development zone.~~

8 ~~(1) In order to attract new construction and development in a municipal economic~~
9 ~~development zone (MED) as provided in this section, upon the designation of such a zone as set~~
10 ~~forth in subsection (c) of this section, all businesses engaging in qualifying sales and located in~~
11 ~~new construction in a MED zone (a MED zone business) shall be exempt from the requirement to~~
12 ~~charge and collect fifty percent (50%) of the current sales and use tax pursuant to sections 44-18-~~
13 ~~18 and 44-18-20 for a period of ten (10) years. Sales and use taxes collected in a MED zone shall~~
14 ~~be returned to the same MED zone in accordance with the provisions of this section. The ten (10)~~
15 ~~year exemption period for all MED zone businesses shall begin to run from the latest to occur of:~~
16 ~~(i) the date that is three (3) years from the effective date of the January session 2003 amendments~~
17 ~~[July 17, 2003] or (ii) the date that is two (2) years from the date upon which the city or town~~
18 ~~council designates the MED zone for its municipality; or (iii) the date the first MED zone~~
19 ~~business obtains a certification of exemption as set forth in subdivision (c)(6) of this section.~~

20 ~~(2) For purposes of this section, "qualifying sales" for a MED zone business shall not~~
21 ~~include gambling activities, or the retail sales of motor vehicles, furniture, home furnishings~~
22 ~~including mattresses and oriental rugs, tobacco products, or packaged alcoholic beverages.~~

23 ~~(3) "Qualifying sales" shall be sales at which the point of sale is located within the same~~
24 ~~MED zone and point of delivery is located within the same MED zone.~~

25 ~~(c) Creation of the municipal economic development zone.~~

26 ~~(1) The city or town council of a financially distressed community may designate in~~
27 ~~accordance with the provisions of this section one MED zone in the municipality, provided that~~
28 ~~the municipality is:~~

29 ~~(i) A financially distressed community as defined by section 45-13-12(b), using the~~
30 ~~criteria set forth in section 45-13-12(b)(1) through (4);~~

31 ~~(ii) Has a population less than fifty thousand (50,000) persons; and~~

32 ~~(iii) The MED zone shall be a parcel of or contiguous parcels of land consisting in total~~
33 ~~of not less than ten (10) acres, but not more than thirty (30) acres in the area served by adequate~~
34 ~~utilities and transportation facilities.~~

1 ~~(2) The city or town council of any financially distressed city or town, as set forth in~~
2 ~~subdivision (1) of this subsection, in creating a MED zone, shall have the power and authority of~~
3 ~~a redevelopment agency, as provided in chapter 32 of title 45, to undertake the redevelopment of~~
4 ~~a MED zone.~~

5 ~~(3) The city or town council, in designating a MED zone, shall after public notice,~~
6 ~~hearing and vote as provided by section 45-32-4, comply with the plan requirements of section~~
7 ~~45-32-8 and shall be responsible for carrying on the plan. The city or town council in~~
8 ~~implementing the MED zone plan shall have the power of eminent domain as set forth in section~~
9 ~~45-32-24, and the provisions of sections 45-32-25 — 45-32-41 shall apply to all such~~
10 ~~condemnations.~~

11 ~~(4) All sales and use taxes collected within a MED zone shall be reimbursed to the~~
12 ~~municipality in which the MED zone is located, and may be expended by the municipality to~~
13 ~~implement the capital improvement component of the MED zone plan for MED zone property or~~
14 ~~for property located within one mile of the MED zone or for such other capital improvements as~~
15 ~~the municipality may determine are required to mitigate MED zone impacts.~~

16 ~~(5) West Warwick. — The following area or portions of them of the town of West~~
17 ~~Warwick may be designated as the town's municipal economic development zone by the town~~
18 ~~council of the town of West Warwick after public notice, hearing and vote as provided in section~~
19 ~~45-32-4:~~

20 ~~The area bounded generally by the East Coast Bike Path in the east, Archambault and~~
21 ~~Gardner Avenue in the north, Payan Street to Curson Street, Curson Street to McNiff, McNiff to~~
22 ~~Barnes Street, Barnes Street to Nowicki Street to East Street, East Street to Blanchard Street,~~
23 ~~Blanchard Street to West Street in the west, West Street to Washington Street, Washington Street~~
24 ~~to Nolan Street, Nolan Street to the East Coast Bike Path in the south, all as more particularly~~
25 ~~described on the West Warwick municipal economic development zone map on file with the town~~
26 ~~clerk.~~

27 ~~(6) The tax administrator shall issue a certification of exemption to the MED zone~~
28 ~~business at the time the business applies for its permit to make sales at retail and provides the tax~~
29 ~~administrator with a MED zone business certificate issued by the town clerk stating that the~~
30 ~~business is located in new construction in the MED zone. The duration of the certificate shall be~~
31 ~~determined in accordance with subdivision (b)(1) of this section.~~

32 ~~(7) No business shall be permitted to become a MED zone business or to receive a~~
33 ~~certificate of exemption pursuant to subdivision (6) of this subsection by relocating from any area~~
34 ~~within the state of Rhode Island but outside the MED zone to new construction within the MED~~

1 ~~zone, unless the relocation results in the creation of new permanent employment positions that~~
2 ~~increase the total employment of the business by not less than fifty percent (50%) of its average~~
3 ~~total employment for the two (2) year period immediately preceding the year in which it applies~~
4 ~~for its certificate of exemption. Any business that expands its operations by adding a new location~~
5 ~~within the MED zone and then ceases to operate any of its locations within the state of Rhode~~
6 ~~Island that existed prior to the establishment of the MED zone location shall immediately have its~~
7 ~~certificate of exemption for the MED zone location revoked.~~

8 SECTION 3. Section 44-19-1 of the General Laws in Chapter 44-19 entitled "Sales and
9 Use Taxes - Enforcement and Collection" is hereby amended to read as follows:

10 **44-19-1. Annual permit required -- Retail business subject to sales tax -- Promotion**
11 **of shows -- Revocation of show permit. --** (a) (1) Every person desiring to engage in or conduct
12 within this state a business of making sales at retail, or engage in a business of renting living
13 quarters in any hotel, rooming house, or tourist camp, the gross receipts from which sales or
14 rental charges are required to be included in the measure of the tax imposed under chapter 18 of
15 this title, shall file with the tax administrator an application for a permit for each place of
16 business. The application shall be in a form, include information, and bear any signatures that the
17 tax administrator may require. At the time of making an application, the applicant shall pay to the
18 tax administrator a permit fee of ten dollars (\$10.00) for each permit. Every permit issued under
19 this chapter expires on June 30 of each year.

20 (2) Every permit holder shall annually, on or before February 1 of each year, renew its
21 permit by filing an application for renewal along with a ten dollar (\$10.00) renewal fee. The
22 renewal permit is valid for the period July 1 of that calendar year through June 30 of the
23 subsequent calendar year unless otherwise canceled, suspended or revoked. All fees received
24 under this section are allocated to the tax administrator for enforcement and collection of all
25 taxes.

26 (b) Every promoter of a show shall, at least ten (10) days prior to the opening of each
27 show, file with the tax administrator a notice stating the location and dates of the show, in a form
28 prescribed by the tax administrator.

29 (2) The tax administrator shall, within five (5) days after the receipt of that notice, issue
30 to the promoter, without charge, a permit to operate the show, unless the provisions of
31 subdivision (5) of this subsection have been applied to the promoter. No promoter may operate a
32 show without obtaining the permit. The permit shall be prominently displayed at the main
33 entrance of the show.

34 (3) Any promoter who is a retailer shall comply with all of the provisions of this chapter

1 and chapter 18 relating to retailers, in addition to all of the provisions of this chapter relating to
2 promoters.

3 (4) A promoter may not permit any person to display or sell tangible personal property,
4 services, or food and drink at a show unless that person is registered under subsection (a) of this
5 section and displays his or her permit in accordance with the provisions of subsection (a) of this
6 section.

7 (5) Any promoter who permits any person to display or sell tangible personal property,
8 services, or food and drink at a show who is not registered, or does not display a permit, or fails
9 to keep a record or file a monthly report of the name, address and permit number of every person
10 whom the promoter permitted to sell or display tangible personal property, services, or food and
11 drink at a show, is subject to revocation of all existing permits issued pursuant to this section to
12 operate a show, and to the denial of a permit to operate any show for a period of not more than
13 two (2) years, in addition to the provisions of section 44-19-31.

14 (c) Notwithstanding the forgoing, the provisions of this section and of chapter 44-19 in its
15 entirety shall be of no force or effect as applied to any period during which the rate of tax
16 imposed under section 44-18-18 is zero (0). However, if a permit fee has been paid by a taxpayer
17 pursuant to subdivision (a)(2) above, the subsequent reduction of the tax rate to zero (0) or other
18 repeal of the tax during the period for which the permit applies shall not result in a rebate or
19 credit for the amount of any pro rata portion of the permit fee paid by a taxpayer.

20 SECTION 4. This act shall take effect on October 1, 2013.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- SALES TAX REPEAL ACT OF 2013

- 1 This act would repeal the Rhode Island sales tax.
- 2 This act would take effect on October 1, 2013.

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