

**ARTICLE 11 AS AMENDED**

RELATING TO REVENUES

SECTION 1. Sections 42-64.3-3 and 42-64.3-6 of the General Laws in Chapter 42-64.3 entitled "Distressed Areas Economic Revitalization Act" are hereby amended to read as follows:

**42-64.3-3. Definitions.** -- As used in this chapter, the following words and terms shall have the following meanings unless the context shall indicate another or different meaning or intent:

(1) "Council" or "enterprise zone council" means the governmental agency created pursuant to § 42-64.3-3.1.

(2) "Enterprise zone," "economic revitalization zone," or "zone" means an economically distressed United States bureau of the census division or delineation in need of expansion of business and industry, and the creation of jobs, which is designated to be eligible for the benefits of this chapter.

(3) "Governing authority" means the governing body of a state, city or town within which a qualified United States bureau of the census division or delineation lies.

(4) (i) "Qualified business" or "business facility" means any business corporation, sole proprietorship, partnership, or limited partnership or limited liability company which:

(A) After the date of its original application for membership in the enterprise zone program or the date annual membership is renewed creates and hires a minimum of five percent (5%) new or additional enterprise jobs or in the case of a company having twenty (20) employees or less, this requirement shall be that the company create and hire one new or additional enterprise job, in the respective zone during the same certification year; and

(B) Whose total Rhode Island wages including those Rhode Island wages for additional enterprise jobs, exceeds the total Rhode Island wages paid to its employees in the prior calendar year; and

(C) Obtains certificates of good standing from the Rhode Island division of taxation, the corporations division of the Rhode Island secretary of state and the appropriate municipal authority at the time of certification; and

(D) Provides the council with an affidavit stating under oath that the entity seeking certification as a qualified business has not within the preceding twelve (12) months from the date

1 of application for certification changed its legal status for the purpose of gaining favorable  
2 treatment under the provisions of chapter 64.3 of this title; and

3 (E) Meets certain other requirements as set forth by the council; and

4 (F) Has received certification from the council pursuant to the rules and regulations  
5 promulgated by the council [prior to July 1, 2015](#).

6 (ii) In the event that an applicant for certification meets the criteria of subdivisions  
7 (4)(i)(A) and (4)(i)(C) to (F), but fails to meet the requirements of subdivision (4)(i)(B) solely  
8 because the amount of wages paid to the owner or owners of the business has decreased from the  
9 prior calendar year, the Council may, for good cause shown, certify the applicant as a qualified  
10 business. The applicant shall have the burden to show, notwithstanding its failure to meet the  
11 requirements of subdivision (4)(i)(B) above, that the applicant has met the intent of this chapter.  
12 For the purposes of this provision, owner shall mean a person who has at least twenty percent  
13 (20%) of the indicia of ownership of the applicant.

14 (5) "Effective date of certification" means the date upon which the qualified business  
15 meets the tests imposed in subdivisions (4)(i)(A) through (F) above and applies to the calendar  
16 year for which these tests were performed.

17 (6) "Enterprise job employees" means those full-time employees whose business activity  
18 originates and terminates from within the enterprise zone business and facility on a daily basis,  
19 and who are domiciled residents of the state (or who, in the case of employees of a high  
20 performance manufacturer as that term is defined in § 44-31-1(b)(3)(i), pay personal income taxes  
21 to the state) and hired (or transferred, in the case of existing out-of-state employees) and  
22 employed by the qualified business in the enterprise zone after the effective date of certification  
23 or annual recertification in excess of those full-time employees employed by the qualified  
24 business in any Rhode Island enterprise zone in the prior calendar year. An employee who is  
25 hired and terminated in the same certification period does not constitute an enterprise job  
26 employee.

27 (7) "Wages" means wages, tips and other compensation as defined in the Internal  
28 Revenue Code of 1986, 26 U.S.C. § 1 et seq.

29 **42-64.3-6. Business tax credits.** -- A qualified business in an enterprise zone is allowed a  
30 credit against the tax imposed pursuant to chapters 11, 13 (except the taxation of tangible  
31 personal property under § 44-13-13), 14, 17, and 30 of title 44:

32 (1) A credit equal to fifty percent (50%) of the total amount of wages paid to those  
33 enterprise job employees comprising the five percent (5%) new jobs referenced in § 42-64.3-  
34 3(4)(i)(A). The wages subject to the credit shall be reduced by any direct state or federal wage

1 assistance paid to employers for the employee(s) in the taxable year. The maximum credit  
2 allowed per taxable year under the provisions of this subsection shall be two thousand five  
3 hundred dollars (\$2,500), per employee. A taxpayer who takes this business tax credit shall not be  
4 eligible for the resident business owner modification pursuant to § 42-64.3-7.

5 (2) A credit equal to seventy five percent (75%) of the total amount of wages paid to  
6 those enterprise job employees who are domiciliaries of an enterprise zone comprising the five  
7 percent (5%) new jobs referenced in § 42-64.3-3(4)(i)(A). The wages subject to the credit shall be  
8 reduced by any direct state or federal wage assistance in the taxable year. The maximum credit  
9 allowed per taxable year under the provisions of this subdivision shall be five thousand dollars  
10 (\$5,000) per employee. A taxpayer who takes this business tax credit is not eligible for the  
11 resident business owner modification. The council shall promulgate appropriate rules to certify  
12 that the enterprise job employees are domiciliaries of an enterprise zone and shall advise the  
13 qualified business and the tax administrator. A taxpayer taking a credit for employees pursuant to  
14 this subdivision (2) shall not be entitled to a credit pursuant to subdivision (1) of this section for  
15 the employees.

16 (3) Any tax credit as provided in subdivision (1) or (2) of this section shall not reduce the  
17 tax below the minimum tax. Fiscal year taxpayers must claim the tax credit in the year into which  
18 the December 31st of the certification year falls. The credit shall be used to offset tax liability  
19 pursuant to the provisions of either chapters 11, 13, 14, 17, or 30 of title 44, but not more than  
20 one chapter.

21 (4) In the case of a corporation, the credit allowed under this section is only allowed  
22 against the tax of that corporation included in a consolidated return that qualifies for the credit  
23 and not against the tax of other corporations that may join in the filing of a consolidated tax  
24 return.

25 (5) In the case of multiple business owners, the credit provided in subdivision (1) or (2)  
26 of this section is apportioned according to the ownership interests of the qualified business.

27 (6) The tax credits established pursuant to this section may be carried forward for a  
28 period of three (3) years if in each of the three (3) calendar years a business which has qualified  
29 for tax credits under this section: (a) does not reduce the number of its employees from the last  
30 Effective Date of Certification; (b) obtains certificates of good standing from the Rhode Island  
31 division of taxation, the corporations division of the Rhode Island secretary of state and the  
32 appropriate municipal tax collector; (c) provides the council an affidavit stating under oath that  
33 this business has not within the preceding twelve (12) months changed its legal status for the  
34 purpose of gaining favorable treatment under the provisions of chapter 64.3 of this title; and (d)

1 meets any other requirements as may be established by the council in its rules and regulations.

2 (7) No new credits shall be issued on or after July 1, 2015 unless the business has  
3 received certification under this chapter prior to July 1, 2015.

4 SECTION 2. Sections 42-63.1-2, 42-63.1-3, 42-63.1-5 and 42-63.1-12 of the General  
5 Laws in Chapter 42-63.1 entitled "Tourism and Development" are hereby amended to read as  
6 follows:

7 **42-63.1-2. Definitions.** -- For the purposes of this chapter:

8 (1) "Consideration" means the monetary charge for the use of space devoted to transient  
9 lodging accommodations.

10 (2) "Corporation" means the Rhode Island economic development corporation.

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

12 (4) "Hotel" means any facility offering a minimum of ~~three (3) rooms~~ one (1) room for  
13 which the public may, for a consideration, obtain transient lodging accommodations. The term  
14 "hotel" shall include hotels, motels, tourist homes, tourist camps, lodging houses, and inns ~~and~~  
15 ~~shall exclude schools, hospitals, sanitariums, nursing homes and chronic care centers.~~ The term  
16 "hotel" shall also include houses, condominiums or other residential dwelling units, regardless of  
17 the number of rooms, which are used and/or advertised for rent for occupancy. The term "hotel"  
18 shall not include schools, hospitals, sanitariums, nursing homes, and chronic care centers.

19 (5) "Hosting Platform" means any electronic or operating system in which a person or  
20 entity provides a means through which an owner may offer a residential unit for "tourist or  
21 transient" use. This service is usually, though not necessarily, provided through an online or web-  
22 based system which generally allows an owner to advertise the residential unit through a hosted  
23 website and provides a means for a person or entity to arrange tourist or transient use in exchange  
24 for payment, whether the person or entity pays rent directly to the owner or to the hosting  
25 platform. All hosting platforms are required to collect and remit the tax owed under this section.

26 ~~(5)(6)~~ (6) "Occupancy" means a person, firm or corporation's use of space ~~ordinarily used~~ for  
27 transient lodging accommodations not to exceed thirty (30) days. Excluded from "occupancy" is  
28 the use of space for which the occupant has a written lease for the space, which lease covers a  
29 rental period of twelve (12) months or more. Furthermore, any house, condominium or other  
30 residential dwelling rented, for which the occupant has a documented arrangement for the space  
31 covering a rental period of more than thirty (30) consecutive days or for one calendar month is  
32 excluded from the definition of occupancy.

33 ~~(6)(7)~~ (7) "Tax" means the hotel tax imposed by subsection 44-18-36.1(a).

34 (8) "Owner" means any person who owns real property and is the owner of record.

1 Owner shall also include a lessee where the lessee is offering a residential unit for "tourist or  
2 transient" use.

3 (9) "Residential unit" means a room or rooms, including a condominium or a room or a  
4 dwelling unit that forms part of a single, joint or shared tenant arrangement, in any building, or  
5 portion thereof, which is designed, built, rented, leased, let, or hired out to be occupied for non-  
6 commercial use.

7 (10) "Tour operator" means a person that derives a majority of his or her or its revenue by  
8 providing tour operator packages.

9 (11) "Tour operator packages" means travel packages that include the services of a tour  
10 guide and where the itinerary encompasses five (5) or more consecutive days.

11 (12) "Tourist or transient" means any use of a residential unit for occupancy for less than  
12 a thirty (30) consecutive day term of tenancy, or occupancy for less than thirty (30) consecutive  
13 days of a residential unit leased or owned by a business entity, whether on a short-term or long-  
14 terms basis, including any occupancy by employee or guests of a business entity for less than  
15 thirty (30) consecutive days where payment for the residential unit is contracted for or paid by the  
16 business entity.

17 **42-63.1-3. Distribution of tax.** – (a) For returns and tax payments received on or before  
18 December 31, 2015, except ~~Except~~ as provided in § 42-63.1-12, the proceeds of the hotel tax,  
19 excluding such portion of the hotel tax collected from residential units offered for tourist or  
20 transient use through a hosting platform, shall be distributed as follows by the division of taxation  
21 and the city of Newport:

22 (1) Forty-seven percent (47%) of the tax generated by the hotels in the district, except as  
23 otherwise provided in this chapter, shall be given to the regional tourism district wherein the hotel  
24 is located; provided, however, that from the tax generated by the hotels in the city of Warwick,  
25 thirty-one percent (31%) of the tax shall be given to the Warwick regional tourism district  
26 established in § 42-63.1-5(a)(5) and sixteen percent (16%) of the tax shall be given to the Greater  
27 Providence-Warwick Convention and Visitors' Bureau established in § 42-63.1-11; and provided  
28 further, that from the tax generated by the hotels in the city of Providence, sixteen percent (16%)  
29 of that tax shall be given to the Greater Providence-Warwick Convention and Visitors' Bureau  
30 established by § 42-63.1-11, and thirty-one percent (31%) of that tax shall be given to the  
31 Convention Authority of the city of Providence established pursuant to the provisions of chapter  
32 84 of the public laws of January, 1980; provided, however, that the receipts attributable to the  
33 district as defined in § 42-63.1-5(a)(7) shall be deposited as general revenues, and that the  
34 receipts attributable to the district as defined in § 42-63.1-5(a)(8) shall be given to the Rhode

1 [Island commerce corporation as established in Rhode Island General Law Chapter 42-64;](#)

2 (2) Twenty-five percent (25%) of the hotel tax shall be given to the city or town where  
3 the hotel, which generated the tax, is physically located, to be used for whatever purpose the city  
4 or town decides.

5 (3) Twenty-one (21%) of the hotel tax shall be [given to the Rhode Island commerce](#)  
6 [corporation established in chapter 42-64](#), ~~deposited as general revenues~~ and seven percent (7%) to  
7 the Greater Providence-Warwick Convention and Visitors' Bureau.

8 (b) [For returns and tax payments received after December 31, 2015, except as provided in](#)  
9 [§ 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from](#)  
10 [residential units offered for tourist or transient use through a hosting platform, shall be distributed](#)  
11 [as follows by the division of taxation and the city of Newport:](#)

12 (1) [For the tax generated by the hotels in the Aquidneck Island district, as defined in §](#)  
13 [42-63.1-5, forty-two percent \(42%\) of the tax shall be given to the Aquidneck Island district,](#)  
14 [twenty-five \(25%\) of the tax shall be given to the city or town where the hotel, which generated](#)  
15 [the tax, is physically located, five percent \(5%\) of the tax shall be given to the Greater](#)  
16 [Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-](#)  
17 [eight percent \(28%\) of the tax shall be given to the Rhode Island commerce corporation](#)  
18 [established in chapter 42-64.](#)

19 (2) [For the tax generated by the hotels in the Providence district as defined in § 42-63.1-](#)  
20 [5, twenty eight percent \(28%\) of the tax shall be given to the Providence district, twenty-five](#)  
21 [percent \(25%\) of the tax shall be given to the city or town where the hotel, which generated the](#)  
22 [tax, is physically located, twenty-three \(23%\) of the tax shall be given to the Greater Providence-](#)  
23 [Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four \(24%\) of](#)  
24 [the tax shall be given to the Rhode Island commerce corporation established in chapter 42-64.](#)

25 (3) [For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5,](#)  
26 [twenty-eight percent \(28%\) of the tax shall be given to the Warwick District, twenty-five percent](#)  
27 [\(25%\) of the tax shall be given to the city or town where the hotel, which generated the tax, is](#)  
28 [physically located, twenty-three percent \(23%\) of the tax shall be given to the Greater](#)  
29 [Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-](#)  
30 [four \(24%\) of the tax shall be given to the Rhode Island commerce corporation established in](#)  
31 [chapter 42-64.](#)

32 (4) [For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5,](#)  
33 [twenty-five percent \(25%\) of the tax shall be given to the city or town where the hotel, which](#)  
34 [generated the tax, is physically located, five percent \(5%\) of the tax shall be given to the Greater](#)

1 Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy  
2 percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in  
3 chapter 42-64.

4 (5) With respect to the tax generated by hotels in districts other than those set forth in  
5 sections (1) through (4) above, forty-two percent (42%) of the tax shall be given to the regional  
6 tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five percent (25%)  
7 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically  
8 located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick  
9 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-eight (28%) of the tax  
10 shall be given to the Rhode Island commerce corporation established in chapter 42-64.

11 (c) The proceeds of the hotel tax collected from residential units offered for tourist or  
12 transient use through a hosting platform shall distributed as follows by the division of taxation  
13 and the city of Newport: twenty-five percent (25%) of the tax shall be given to the city or town  
14 where the residential unit, which generated the tax, is physically located, and seventy-five percent  
15 (75%) of the tax shall be given to the Rhode Island commerce corporation established in chapter  
16 64 of title 42.

17 (d) The Rhode Island commerce corporation shall be required in each fiscal year to spend  
18 on the promotion and marketing of Rhode Island as a destination for tourists or businesses an  
19 amount of money of no less than the total proceeds of the hotel tax it receives pursuant to this  
20 chapter for such fiscal year.

21 **42-63.1-5. Regional tourism districts.** – (a) The state of Rhode Island is divided into  
22 eight (8) regional tourism districts to be administered by the tourism council, convention and  
23 visitor's bureau or the Rhode Island ~~economic development corporation~~ commerce corporation  
24 established in chapter 42-64 as designated in this section:

25 (1) South County district which shall include Westerly, Charlestown, Narragansett, South  
26 Kingstown, North Kingstown, Hopkinton, Exeter, Richmond, West Greenwich, East Greenwich,  
27 and Coventry to be administered by the South County tourism council, inc.;

28 (2) Providence district consists of the city of Providence to be administered by the  
29 Convention Authority of the City of Providence.

30 (3) Northern Rhode Island district consists of Pawtucket, Woonsocket, Lincoln, Central  
31 Falls, Cumberland, North Smithfield, Smithfield, Glocester and Burrillville to be administered by  
32 the Blackstone Valley tourism council, inc.;

33 (4) Aquidneck Island district consists of Barrington, Bristol, Warren, Newport,  
34 Jamestown, Middletown, Portsmouth, Tiverton and Little Compton to be administered by the

1 Newport and Bristol County convention and visitors bureau;

2 (5) Warwick district consists of the city of Warwick to be administered by the city of  
3 Warwick department of economic development;

4 (6) Block Island district which shall consist of the town of New Shoreham to be  
5 administered by the New Shoreham tourism council, inc.;

6 (7) East Providence to be administered by an entity that shall be acceptable to the  
7 economic development corporation; provided that all funds generated in the city of East  
8 Providence shall be held by the Rhode Island division of taxation until such time as the city of  
9 East Providence elects to become a member of a regional tourism district at which time the  
10 monies held by the Rhode Island division of taxation shall be transferred to the tourism district or  
11 convention visitors' bureau selected by the city of East Providence;

12 (8) Statewide district consists of all cities and towns not delineated in subdivisions (1)  
13 through (7) to be administered by the Rhode Island ~~economic development corporation~~ [commerce](#)  
14 [corporation established in chapter 42-64.](#)

15 (b) Before receiving any funds under this chapter, the organizations designated to receive  
16 the funds on behalf of the South County regional tourism district and the Northern Rhode Island  
17 regional tourism district shall be required to apply to and receive approval from the Rhode Island  
18 ~~economic development corporation~~ [commerce corporation](#) pursuant to guidelines promulgated by  
19 the Rhode Island ~~economic development corporation~~ [commerce corporation](#). The corporation  
20 shall review the eligibility of the regional tourism district organizations to receive the funds at  
21 least annually.

22 (9) On or before January 1, 2016 and every January 1 thereafter, all regional tourism  
23 districts created under these sections shall be required to seek and obtain the approval of the  
24 executive office of commerce regarding the incorporation of common statewide marketing  
25 themes, logos, and slogans, among other features, prior to the release of lodging tax funds to the  
26 districts.

27 **42-63.1-12. Distribution of tax to Rhode Island Convention Center Authority.** – (a)  
28 For returns and tax received on or before December 31, 2015, the ~~The~~ proceeds of the hotel tax  
29 generated by any and all hotels physically connected to the Rhode Island Convention Center shall  
30 be distributed as follows: twenty-seven percent (27%) shall be deposited as general revenues;  
31 thirty-one percent (31%) shall be given to the convention authority of the city of Providence;  
32 twelve percent (12%) shall be given to the greater Providence-Warwick convention and visitor's  
33 bureau; thirty percent (30%) shall be given to the Rhode Island convention center authority to be  
34 used in the furtherance of the purposes set forth in § 42-99-4.

1 (b) For returns and tax received after December 31, 2015, the proceeds of the hotel tax  
2 generated by any and all hotels physically connected to the Rhode Island Convention Center shall  
3 be distributed as follows: twenty-eight percent (28%) shall be given to the convention authority of  
4 the city of Providence; twelve percent (12%) shall be given to the greater Providence-Warwick  
5 convention and visitor's bureau; and sixty percent (60%) shall be given to the Rhode Island  
6 Commerce Corporation established in § 42-64..

7 ~~(b)~~(c) The Rhode Island Convention Center Authority is authorized and empowered to  
8 enter into contracts with the Greater Providence-Warwick Convention and Visitors' Bureau in the  
9 furtherance of the purposes set forth in this chapter.

10 SECTION 3. Chapter 42-63.1 of the General Laws entitled "Tourism and Development"  
11 is hereby amended to read by adding thereto the following section:

12 **42-63.1-14. Offering residential units through a hosting platform.** – For any  
13 residential unit offered for tourist or transient use on a hosting platform that collects and remits  
14 applicable sales and hotel taxes in compliance with § 44-18-7.3(b)(4)(i), § 44-18-18, and § 44-18-  
15 36.1, cities, towns or municipalities shall not prohibit the owner of such residential unit from  
16 offering the unit for tourist or transient use through such hosting platform, or prohibit such  
17 hosting platform from providing a person or entity the means to rent, pay for or otherwise reserve  
18 a residential unit for tourist or transient use. A hosting platform shall comply with the  
19 requirement imposed upon room resellers in § 44-18-7.3(b)(4)(i) and § 44-18-36.1 in order for the  
20 prohibition of this section to apply. The division of taxation shall at the request of a city, town, or  
21 municipality confirm whether a hosting platform is registered in compliance with § 44-18-  
22 7.3(b)(4)(i).

23 SECTION 4. Sections 44-18-7.3 and 44-18-36.1 of the General Laws in Chapter 44-18  
24 entitled "Sales and Use Tax – Liability and Computation" are hereby amended to read as follows:

25 **44-18-7.3. Services defined.** – (a) "Services" means all activities engaged in for other  
26 persons for a fee, retainer, commission, or other monetary charge, which activities involve the  
27 performance of a service in this state as distinguished from selling property.

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

31 (1) Taxicab and limousine services including but not limited to:

32 (i) Taxicab services including taxi dispatchers (485310); and

33 (ii) Limousine services (485320).

34 (2) Other road transportation service including but not limited to:

- 1 (i) Charter bus service (485510); and
- 2 (ii) All other transit and ground passenger transportation (485999).
- 3 (3) Pet care services (812910) except veterinary and testing laboratories services.

4 (4)(i) "Room reseller" or "reseller" means any person, except a tour operator as defined in  
5 § 42-63.1-2, having any right, permission, license, or other authority from or through a hotel as  
6 defined in § 42-63.1-2, to reserve, or arrange the transfer of occupancy of, accommodations the  
7 reservation or transfer of which is subject to this chapter, such that the occupant pays all or a  
8 portion of the rental and other fees to the room reseller or reseller, room reseller or reseller shall  
9 include, but not be limited to, sellers of travel packages as defined in this section.  
10 Notwithstanding the provisions of any other law, where said reservation or transfer of occupancy  
11 is done using a room reseller or reseller, the application of the sales and use under §§ 44-18-18  
12 and 44-18-20, and the hotel tax under § 44-18- 36.1 shall be as follows: The room reseller or  
13 reseller is required to register with and shall collect and pay to the tax administrator the sales and  
14 use and hotel taxes, with said taxes being calculated upon the amount of rental and other fees paid  
15 by the occupant to the room reseller or reseller, less the amount of any rental and other fees paid  
16 by the room reseller or reseller to the hotel. The hotel shall collect and pay to the tax  
17 administrator said taxes upon the amount of rental and other fees paid to the hotel by the room  
18 reseller or reseller and/or the occupant. No assessment shall be made by the tax administrator  
19 against a hotel because of an incorrect remittance of the taxes under this chapter by a room  
20 reseller or reseller. No assessment shall be made by the tax administrator against a room reseller  
21 or reseller because of an incorrect remittance of the taxes under this chapter by a hotel. If the  
22 hotel has paid the taxes imposed under this chapter, the occupant and/or room reseller or reseller,  
23 as applicable, shall reimburse the hotel for said taxes. If the room reseller or reseller has paid said  
24 taxes, the occupant shall reimburse the room reseller or reseller for said taxes. Each hotel and  
25 room reseller or reseller shall add and collect from the occupant or the room reseller or the  
26 reseller the full amount of the taxes imposed on the rental and other fees. When added to the  
27 rental and other fees, the taxes shall be a debt owed by the occupant to the hotel or room reseller  
28 or reseller, as applicable, and shall be recoverable at law in the same manner as other debts. The  
29 amount of the taxes collected by the hotel and/or room reseller or reseller from the occupant  
30 under this chapter shall be stated and charged separately from the rental and other fees, and shall  
31 be shown separately on all records thereof, whether made at the time the transfer of occupancy  
32 occurs, or on any evidence of the transfer issued or used by the hotel or the room reseller or the  
33 reseller. A room reseller or reseller shall not be required to disclose to the occupant the amount of  
34 tax charged by the hotel; provided, however, the room reseller or reseller shall represent to the

1 occupant that the separately stated taxes charged by the room reseller or reseller include taxes  
2 charged by the hotel. No person shall operate a hotel in this state, or act as a room reseller or  
3 reseller for any hotel in the state, unless the tax administrator has issued a permit pursuant to §  
4 44-19-1.

5 (ii) "Travel package" means a room or rooms bundled with one or more other, separate  
6 components of travel such as air transportation, car rental or similar items, which travel package  
7 is charged to the customer or occupant for a single retail price. When the room occupancy is  
8 bundled for a single consideration, with other property, services, amusement charges, or any other  
9 items, the separate sale of which would not otherwise be subject to tax under this chapter, the  
10 entire single consideration shall be treated as the rental or other fees for room occupancy subject  
11 to tax under this chapter; provided, however, that where the amount of the rental or other fees for  
12 room occupancy is stated separately from the price of such other property, services, amusement  
13 charges, or other items, on any sales slip, invoice, receipt, or other statement given the occupant,  
14 and such rental and other fees are determined by the tax administrator to be reasonable in relation  
15 to the value of such other property, services, amusement charges or other items, only such  
16 separately stated rental and other fees will be subject to tax under this chapter. The value of the  
17 transfer of any room or rooms bundled as part of a travel package may be determined by the tax  
18 administrator from the room reseller's and/or reseller's and/or hotel's books and records that are  
19 kept in the regular course of business.

20 (c) The tax administrator is authorized to promulgate rules and regulations in accordance  
21 with the provisions of chapter 42-35 to carry out the provisions, policies, and purposes of this  
22 chapter.

23 **44-18-36.1. Hotel tax.** – (a) There is imposed a hotel tax of five percent (5%) upon the  
24 total consideration charged for occupancy of any space furnished by any hotel, travel packages, or  
25 room reseller or reseller as defined in § 44-18-7.3(b) in this state. A house, condominium, or  
26 other resident dwelling shall be exempt from the five percent (5%) hotel tax under this subsection  
27 if the house, condominium, or other resident dwelling is rented in its entirety. The hotel tax is in  
28 addition to any sales tax imposed. This hotel tax is administered and collected by the division of  
29 taxation and unless provided to the contrary in this chapter, all the administration, collection, and  
30 other provisions of chapters 18 and 19 of this title apply. Nothing in this chapter shall be  
31 construed to limit the powers of the convention authority of the city of Providence established  
32 pursuant to the provisions of chapter 84 of the public laws of 1980, except that distribution of  
33 hotel tax receipts shall be made pursuant to chapter 63.1 of title 42 rather than chapter 84 of the  
34 public laws of 1980.

1 (b) There is hereby levied and imposed, upon the total consideration charged for  
2 occupancy of any space furnished by any hotel in this state, in addition to all other taxes and fees  
3 now imposed by law, a local hotel tax at a rate of one percent (1%). The local hotel tax shall be  
4 administered and collected in accordance with subsection (a).

5 (c) All sums received by the division of taxation from the local hotel tax, penalties or  
6 forfeitures, interest, costs of suit and fines shall be distributed at least quarterly, credited and paid  
7 by the state treasurer to the city or town where the space for occupancy that is furnished by the  
8 hotel is located. Unless provided to the contrary in this chapter, all of the administration,  
9 collection, and other provisions of chapters 18 and 19 of this title shall apply.

10 (d) Notwithstanding the provisions of subsection (a) of this section, the city of Newport  
11 shall have the authority to collect from hotels located in the city of Newport the tax imposed by  
12 subsection (a) of this section.

13 (1) Within ten (10) days of collection of the tax, the city of Newport shall distribute the  
14 tax as provided in § 42-63.1-3. No later than the first day of March and the first day of September  
15 in each year in which the tax is collected, the city of Newport shall submit to the division of  
16 taxation a report of the tax collected and distributed during the six (6) month period ending thirty  
17 (30) days prior to the reporting date.

18 (2) The city of Newport shall have the same authority as the division of taxation to  
19 recover delinquent hotel taxes pursuant to chapter 44-19, and the amount of any hotel tax, penalty  
20 and interest imposed by the city of Newport until collected constitutes a lien on the real property  
21 of the taxpayer.

22 In recognition of the work being performed by the Streamlined Sales and Use Tax  
23 Governing Board, upon any federal law which requires remote sellers to collect and remit taxes,  
24 effective the first (1st) day of the first (1st) state fiscal quarter following the change, the rate  
25 imposed under § 44-18-36.1(b) shall be one and one-half percent (1.5%).

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

28 **44-1-36. Contracts. - (a) Except as set forth in section (b) below, the division of taxation**  
29 **may enter into contracts with persons (defined herein as individuals, firms, fiduciaries,**  
30 **partnerships, corporations, trusts, or associations, however formed) to be paid on a contingent fee**  
31 **basis, for services rendered to the division of taxation where the contract is for the collection of**  
32 **taxes, interest, or penalty or the reduction of refunds claimed. Under such contracts the contingent**  
33 **fee shall be based on the actual amount of taxes, interest and/or penalties collected and/or the**  
34 **amount by which the claimed refund is reduced.**

1 (b) The division of taxation may not enter into a contingent fee contract under which the  
2 person directly conducts a field audit.

3 (c) The division of taxation shall publish an annual report setting forth the number of  
4 contracts entered into under paragraph (a), the amount collected and the percentage of the  
5 contingency fee arrangement of each contract.

6 SECTION 6. Section 44-25-1 of the General Laws in Chapter 44-25 entitled "Real Estate  
7 Conveyance Tax" is hereby amended to read as follows:

8 **44-25-1. Tax imposed -- Payment -- Burden. --** (a) There is imposed, on each deed,  
9 instrument, or writing by which any lands, tenements, or other realty sold is granted, assigned,  
10 transferred, or conveyed to, or vested in, the purchaser or purchasers, or any other person or  
11 persons, by his or her or their direction, or on any grant, assignment, transfer, or conveyance or  
12 such vesting, by such persons which has the effect of making any real estate company an acquired  
13 real estate company, when the consideration paid exceeds one hundred dollars (\$100), a tax at the  
14 rate of two dollars and thirty cents (\$2.30) for each five hundred dollars (\$500) or fractional part  
15 of it which is paid for the purchase of ~~the~~ property or the interest in an acquired real estate  
16 company (inclusive of the value of any lien or encumbrance remaining at the time of the sale,  
17 grant, assignment, transfer or conveyance or vesting occurs, or in the case of an interest in an  
18 acquired real estate company, a percentage of the value of such lien or encumbrance equivalent to  
19 the percentage interest in the acquired real estate company being granted, assigned, transferred,  
20 conveyed or vested), which tax is payable at the time of making, the execution, delivery,  
21 acceptance or ~~presenting~~ presentation for recording of ~~the~~ any instrument affecting such transfer  
22 grant, assignment, transfer, conveyance or vesting. In the absence of an agreement to the  
23 contrary, the tax shall be paid by the grantor, assignor, transferor or person making the  
24 conveyance or vesting.

25 (b) In the event no consideration is actually paid for the lands, tenements, or realty, the  
26 instrument or interest in an acquired real estate company of conveyance shall contain a statement  
27 to the effect that the consideration is such that no documentary stamps are required.

28 (c) The tax administrator shall contribute to the distressed community relief program the  
29 sum of thirty cents (\$.30) per two dollars and thirty cents (\$2.30) of the face value of the stamps  
30 to be distributed pursuant to § 45-13-12, and to the housing resources commission restricted  
31 receipts account the sum of thirty cents (\$.30) per two dollars and thirty cents (\$2.30) of the face  
32 value of the stamps. Funds will be administered by the ~~department of administration~~, office of  
33 housing and community development, through the housing resources commission. The state shall  
34 retain sixty cents (\$.60) for state use. The balance of the tax shall be retained by the municipality

1 collecting the tax. Notwithstanding the above, in the case of the tax on the grant, transfer,  
2 assignment or conveyance or vesting with respect to an acquired real estate company, the tax  
3 shall be collected by the tax administrator and shall be distributed to the municipality where the  
4 real estate owned by the acquired real estate company is located provided, however, in the case  
5 of any such tax collected by the tax administrator, if the acquired real estate company owns  
6 property located in more than one municipality, the proceeds of the tax shall be allocated amongst  
7 said municipalities in the proportion the assessed value of said real estate in each such  
8 municipality bears to the total of the assessed values of all of the real estate owned by the  
9 acquired real estate company in Rhode Island. Provided, however, in fiscal years 2004 and 2005,  
10 from the proceeds of this tax, the tax administrator shall deposit as general revenues the sum of  
11 ninety cents (\$.90) per two dollars and thirty cents (\$2.30) of the face value of the stamps. The  
12 balance of the tax on the purchase of property shall be retained by the municipality collecting the  
13 tax. The balance of the tax on the transfer with respect to an acquired real estate company, shall  
14 be collected by the tax administrator and shall be distributed to the municipality where the  
15 property for which interest is sold is physically located. Provided, however, that in the case of any  
16 tax collected by the tax administrator with respect to an acquired real estate company where the  
17 acquired real estate company owns property located in more than one municipality, the proceeds  
18 of the tax shall be allocated amongst the municipalities in proportion that the assessed value in  
19 any such municipality bears to the assessed values of all of the real estate owned by the acquired  
20 real estate company in Rhode Island.

21 (d) For purposes of this Section, the term “acquired real estate company” means a real  
22 estate company that has undergone a change in ownership interest if (i) such change does not  
23 affect the continuity of the operations of the company; and (ii) the change, whether alone or  
24 together with prior changes has the effect of granting, transferring, assigning or conveying or  
25 vesting, transferring directly or indirectly, 50% or more of the total ownership in the company  
26 within a period of three (3) years. For purposes of the foregoing subsection (ii) hereof, a grant,  
27 transfer, assignment or conveyance or vesting, shall be deemed to have occurred within a period  
28 of three (3) years of another grant(s), transfer(s), assignment(s) or conveyance(s) or vesting(s) if  
29 during the period the granting, transferring, assigning or conveying or party provides the  
30 receiving party a legally binding document granting, transferring, assigning or conveying or  
31 vesting said realty or a commitment or option enforceable at a future date to execute the grant,  
32 transfer, assignment or conveyance or vesting.

33 (e) A real estate company is a corporation, limited liability company, partnership or other  
34 legal entity which meets any of the following:

1 (i) Is primarily engaged in the business of holding, selling or leasing real estate, where  
2 90% or more of the ownership of said real estate is held by 35 or fewer persons and which  
3 company either (a) derives 60% or more of its annual gross receipts from the ownership or  
4 disposition of real estate; or (b) owns real estate the value of which comprises 90% or more of the  
5 value of the entity's entire tangible asset holdings exclusive of tangible assets which are fairly  
6 transferrable and actively traded on an established market; or

7 (ii) 90% or more of the ownership interest in such entity is held by 35 or fewer persons  
8 and the entity owns as 90% or more of the fair market value of its assets a direct or indirect  
9 interest in a real estate company. An indirect ownership interest is an interest in an entity 90% or  
10 more of which is held by 35 or fewer persons and the purpose of the entity is the ownership of a  
11 real estate company.

12 (f) In the case of a grant, assignment, transfer or conveyance or vesting which results in a  
13 real estate company becoming an acquired real estate company, the grantor, assignor, transferor,  
14 or person making the conveyance or causing the vesting, shall file or cause to be filed with the  
15 division of taxation, at least five (5) days prior to the grant, transfer, assignment or conveyance  
16 or vesting, notification of the proposed grant, transfer, assignment, or conveyance or vesting, the  
17 price, terms and conditions of thereof, and the character and location of all of the real estate assets  
18 held by real estate company and shall remit the tax imposed and owed pursuant to subsection (a)  
19 hereof. Any such grant, transfer, assignment or conveyance or vesting which results in a real  
20 estate company becoming an acquired real estate company shall be fraudulent and void as against  
21 the state unless the entity notifies the tax administrator in writing of the grant, transfer,  
22 assignment or conveyance or vesting as herein required in subsection (f) hereof and has paid the  
23 tax as required in subsection (a) hereof. Upon the payment of the tax by the transferor, the tax  
24 administrator shall issue a certificate of the payment of the tax which certificate shall be  
25 recordable in the land evidence records in each municipality in which such real estate company  
26 owns real estate. Where the real estate company has assets other than interests in real estate  
27 located in Rhode Island, the tax shall be based upon the assessed value of each parcel of property  
28 located in each municipality in the state of Rhode Island.

29 SECTION 7. Section 44-18-30 of General Laws in Chapter 44-18 entitled "Sales and Use  
30 Taxes – Liability and Computation" is hereby amended to read as follows:

31 **44-18-30. Gross receipts exempt from sales and use taxes.** – There are exempted from  
32 the taxes imposed by this chapter the following gross receipts:

33 (1) *Sales and uses beyond constitutional power of state.* From the sale and from the  
34 storage, use, or other consumption in this state of tangible personal property the gross receipts

1 from the sale of which, or the storage, use, or other consumption of which, this state is prohibited  
2 from taxing under the Constitution of the United States or under the constitution of this state.

3 (2) *Newspapers.*

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

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

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

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

15 (4) *Containers.*

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

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

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

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

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

28 (5)(i) *Charitable, educational, and religious organizations.* From the sale to, as in  
29 defined in this section, and from the storage, use, and other consumption in this state or any other  
30 state of the United States of America of tangible personal property by hospitals not operated for a  
31 profit; "educational institutions" as defined in subdivision (18) not operated for a profit; churches,  
32 orphanages, and other institutions or organizations operated exclusively for religious or charitable  
33 purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting  
34 leagues and associations and bands for boys and girls under the age of nineteen (19) years; the

1 following vocational student organizations that are state chapters of national vocational students  
2 organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of  
3 America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future  
4 Homemakers of America/Home Economics Related Occupations (FHA/HERD); Vocational  
5 Industrial Clubs of America (VICA); organized nonprofit golden age and senior citizens clubs for  
6 men and women; and parent-teacher associations.

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

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

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

24 (7) *Purchase for manufacturing purposes.*

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

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

34 (iii) "Consumed" includes mere obsolescence.

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

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

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

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

17 (9) *Food and food ingredients.* From the sale and storage, use, or other consumption in  
18 this state of food and food ingredients as defined in § 44-18-7.1(1).

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

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

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

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

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

31 (i) "Drugs" as defined in § 44-18-7.1(h)(i), sold on prescriptions, medical oxygen, and  
32 insulin whether or not sold on prescription. For purposes of this exemption drugs shall not  
33 include over-the-counter drugs and grooming and hygiene products as defined in § 44-18-  
34 7.1(h)(iii).

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

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

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

16 (13) *Motor vehicles sold to nonresidents.*

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

31 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may  
32 require any licensed motor vehicle dealer to keep records of sales to bona fide nonresidents as the  
33 tax administrator deems reasonably necessary to substantiate the exemption provided in this  
34 subdivision, including the affidavit of a licensed motor vehicle dealer that the purchaser of the

1 motor vehicle was the holder of, and had in his or her possession a valid out of state motor  
2 vehicle registration or a valid out of state driver's license.

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

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

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

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

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

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

1 which inures to the benefit of any individual.

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

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

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

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

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

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

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

26 (22) *Manufacturing machinery and equipment.*

27 (i) From the sale and from the storage, use, or other consumption in this state of tools,  
28 dies, molds, machinery, equipment (including replacement parts), and related items to the extent  
29 used in an industrial plant in connection with the actual manufacture, conversion, or processing of  
30 tangible personal property, or to the extent used in connection with the actual manufacture,  
31 conversion, or processing of computer software as that term is utilized in industry numbers 7371,  
32 7372, and 7373 in the standard industrial classification manual prepared by the Technical  
33 Committee on Industrial Classification, Office of Statistical Standards, Executive Office of the  
34 President, United States Bureau of the Budget, as revised from time to time, to be sold, or that

1 machinery and equipment used in the furnishing of power to an industrial manufacturing plant.  
2 For the purposes of this subdivision, "industrial plant" means a factory at a fixed location  
3 primarily engaged in the manufacture, conversion, or processing of tangible personal property to  
4 be sold in the regular course of business;

5 (ii) Machinery and equipment and related items are not deemed to be used in connection  
6 with the actual manufacture, conversion, or processing of tangible personal property, or in  
7 connection with the actual manufacture, conversion, or processing of computer software as that  
8 term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification  
9 manual prepared by the Technical Committee on Industrial Classification, Office of Statistical  
10 Standards, Executive Office of the President, United States Bureau of the Budget, as revised from  
11 time to time, to be sold to the extent the property is used in administration or distribution  
12 operations;

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

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

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

33 (24) *Precious metal bullion.*

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

1 metal bullion, substantially equivalent to a transaction in securities or commodities.

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

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

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

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

1 implement the provisions of this subdivision by promulgating rules and regulations relating  
2 thereto.

3 (27) *Clothing and footwear.* From the sales of articles of clothing, including footwear,  
4 intended to be worn or carried on or about the human body for sales prior to October 1, 2012.  
5 Effective October 1, 2012, the exemption will apply to the sales of articles of clothing, including  
6 footwear, intended to be worn or carried on or about the human body up to two hundred and fifty  
7 dollars (\$250) of the sales price per item. For the purposes of this section, "clothing or footwear"  
8 does not include clothing accessories or equipment or special clothing or footwear primarily  
9 designed for athletic activity or protective use as these terms are defined in section 44-18-7.1(f).  
10 In recognition of the work being performed by the streamlined sales and use tax governing board,  
11 upon passage of any federal law that authorizes states to require remote sellers to collect and  
12 remit sales and use taxes, this unlimited exemption will apply as it did prior to October 1, 2012.  
13 The unlimited exemption on sales of clothing and footwear shall take effect on the date that the  
14 state requires remote sellers to collect and remit sales and use taxes.

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

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

22 (30) *Boats.*

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

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

33 (31) *Youth activities equipment.* From the sale, storage, use, or other consumption in this  
34 state of items for not more than twenty dollars (\$20.00) each by nonprofit Rhode Island

1 eleemosynary organizations, for the purposes of youth activities that the organization is formed to  
2 sponsor and support; and by accredited elementary and secondary schools for the purposes of the  
3 schools or of organized activities of the enrolled students.

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

34 (33) *Compressed air.* From the sale and from the storage, use, or other consumption in

1 the state of compressed air.

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

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

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

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

28 (38) *Promotional and product literature of boat manufacturers*. From the sale and from  
29 the storage, use, or other consumption of promotional and product literature of boat  
30 manufacturers shipped to points outside of Rhode Island that either: (i) Accompany the product  
31 that is sold; (ii) Are shipped in bulk to out-of-state dealers for use in the sale of the product; or  
32 (iii) Are mailed to customers at no charge.

33 (39) *Food items paid for by food stamps*. From the sale and from the storage, use, or other  
34 consumption in this state of eligible food items payment for which is properly made to the retailer

1 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of  
2 1977, 7 U.S.C. § 2011 et seq.

3 (40) *Transportation charges.* From the sale or hiring of motor carriers as defined in § 39-  
4 12-2(1) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed  
5 with the Rhode Island public utilities commission on the number of miles driven or by the  
6 number of hours spent on the job.

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

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

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

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

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

29 (46) *Boats or vessels brought into the state exclusively for winter storage, maintenance,*  
30 *repair or sale.* Notwithstanding the provisions of §§ 44-18-10, 44-18-11 and 44-18-20, the tax  
31 imposed by § 44-18-20 is not applicable for the period commencing on the first day of October in  
32 any year up to and including the 30th day of April next succeeding with respect to the use of any  
33 boat or vessel within this state exclusively for purposes of: (i) Delivery of the vessel to a facility  
34 in this state for storage, including dry storage and storage in water by means of apparatus

1 preventing ice damage to the hull, maintenance, or repair; (ii) The actual process of storage,  
2 maintenance, or repair of the boat or vessel; or (iii) Storage for the purpose of selling the boat or  
3 vessel.

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

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

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

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

28 (51) *Manufacturing business reconstruction materials.*

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

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

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

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

7 (52) *Tangible personal property and supplies used in the processing or preparation of*  
8 *floral products and floral arrangements.* From the sale, storage, use, or other consumption in this  
9 state of tangible personal property or supplies purchased by florists, garden centers, or other like  
10 producers or vendors of flowers, plants, floral products, and natural and artificial floral  
11 arrangements that are ultimately sold with flowers, plants, floral products, and natural and  
12 artificial floral arrangements or are otherwise used in the decoration, fabrication, creation,  
13 processing, or preparation of flowers, plants, floral products, or natural and artificial floral  
14 arrangements, including descriptive labels, stickers, and cards affixed to the flower, plant, floral  
15 product, or arrangement, artificial flowers, spray materials, floral paint and tint, plant shine,  
16 flower food, insecticide and fertilizers.

17 (53) *Horse food products.* From the sale and from the storage, use, or other consumption  
18 in this state of horse food products purchased by a person engaged in the business of the boarding  
19 of horses.

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

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

1 takes into consideration the law of the state of the nonresident as it relates to the trade-in of motor  
2 vehicles.

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

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

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

19 (55) *Sprinkler and fire alarm systems in existing buildings.* From the sale in this state of  
20 sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials  
21 necessary and attendant to the installation of those systems that are required in buildings and  
22 occupancies existing therein in July 2003 in order to comply with any additional requirements for  
23 such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003  
24 and that are not required by any other provision of law or ordinance or regulation adopted  
25 pursuant to that Act. The exemption provided in this subdivision shall expire on December 31,  
26 2008.

27 (56) *Aircraft.* Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-  
28 18-18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other  
29 consumption in this state of any new or used aircraft or aircraft parts.

30 (57) *Renewable energy products.* Notwithstanding any other provisions of Rhode Island  
31 general laws, the following products shall also be exempt from sales tax: solar photovoltaic  
32 modules or panels, or any module or panel that generates electricity from light; solar thermal  
33 collectors, including, but not limited to, those manufactured with flat glass plates, extruded  
34 plastic, sheet metal, and/or evacuated tubes; geothermal heat pumps, including both water-to-

1 water and water-to-air type pumps; wind turbines; towers used to mount wind turbines if  
2 specified by or sold by a wind turbine manufacturer; DC to AC inverters that interconnect with  
3 utility power lines; and manufactured mounting racks and ballast pans for solar collector, module,  
4 or panel installation. Not to include materials that could be fabricated into such racks; monitoring  
5 and control equipment, if specified or supplied by a manufacturer of solar thermal, solar  
6 photovoltaic, geothermal, or wind energy systems or if required by law or regulation for such  
7 systems but not to include pumps, fans or plumbing or electrical fixtures unless shipped from the  
8 manufacturer affixed to, or an integral part of, another item specified on this list; and solar storage  
9 tanks that are part of a solar domestic hot water system or a solar space heating system. If the tank  
10 comes with an external heat exchanger it shall also be tax exempt, but a standard hot water tank is  
11 not exempt from state sales tax.

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

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

18 (60) *Blood.* From the sale and from the storage, use, or other consumption of human  
19 blood.

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

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

26 (63) *Feed for certain animals used in commercial farming.* From the sale of feed for  
27 animals as described in § 44-18-30(61).

28 (64) *Alcoholic beverages.* From the sale and storage, use, or other consumption in this  
29 state by a Class A licensee of alcoholic beverages, as defined in § 44-18-7.1, excluding beer and  
30 malt beverages ~~from December 1, 2013, through June 30, 2015~~; provided, further,  
31 notwithstanding § 6-13-1 or any other general or public law to the contrary, alcoholic beverages,  
32 as defined in § 44-18-7.1, shall not be subject to minimum markup ~~from December 1, 2013,~~  
33 ~~through June 30, 2015.~~

34 SECTION 8. Section 10 of Article 12 of Chapter 145 of the 2014 Public Laws entitled

1 "AN ACT RELATING TO MAKING APPROPRIATIONS FOR THE SUPPORT OF THE  
2 STATE FOR THE FISCAL YEAR ENDING JUNE 30, 2014" is hereby amended to read as  
3 follows:

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

6 **3-10-1. Manufacturing tax rates -- Exemption of religious uses.** -- (a) There shall be  
7 assessed and levied by the tax administrator on all beverages manufactured, rectified, blended, or  
8 reduced for sale in this state a tax of ~~three dollars (\$3.00)~~ three dollars and thirty cents (\$3.30) on  
9 every thirty-one (31) gallons, and a tax at a like rate for any other quantity or fractional part. On  
10 any beverage manufactured, rectified, blended, or reduced for sale in this state consisting in  
11 whole or in part of wine, whiskey, rum, gin, brandy spirits, ethyl alcohol, or other strong liquors  
12 (as distinguished from beer or other brewery products), the tax to be assessed and levied is as  
13 follows:

14 (1) Still wines (whether fortified or not), ~~sixty cents (\$.60)~~ one dollar and forty cents  
15 (\$1.40) per gallon;

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

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

19 (4) Whiskey, rum, gin, brandy spirits, cordials, and other beverages consisting in whole  
20 or in part of alcohol ~~which that~~ is the product of distillation, ~~three dollars and seventy five cents~~  
21 ~~(\$3.75)~~ five dollars and forty cents (\$5.40) per gallon, except that whiskey, rum, gin, brandy  
22 spirits, cordials, and other beverages consisting in whole or in part of alcohol ~~which that~~ is the  
23 product of distillation but ~~which that~~ contains alcohol measuring thirty (30) proof or less, one  
24 dollar and ten cents (\$1.10) per gallon;

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

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

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

31 (c) A brewer who brews beer in this state ~~which that~~ is actively and directly owned,  
32 managed, and operated by an authorized legal entity ~~which that~~ has owned, managed, and  
33 operated a brewery in this state for at least twelve (12) consecutive months, shall receive a tax  
34 exemption on the first one hundred thousand (100,000) barrels of beer that it produces and

1 distributes in this state in any calendar year. A barrel of beer is thirty one (31) gallons.

2 SECTION 9. Chapter 44-19 of the General Laws entitled "Sales and Use Taxes –  
3 Enforcement and Collection" is hereby amended by adding hereto the following section:

4 **44-19-43. Managed Audit Program.** - (a) The tax administrator may, in a written  
5 agreement with a taxpayer, authorize a taxpayer to conduct a managed audit pursuant to this  
6 section. The agreement shall specify the period to be audited and the procedure to be followed,  
7 and shall be signed by an authorized representative of the tax administrator and the taxpayer.

8 (b) For purposes of this section, the term "managed audit" means a review and analysis of  
9 invoices, checks, accounting records, or other documents or information to determine the correct  
10 amount of tax. A managed audit may include, but is not required to include, the following  
11 categories of liability under this Chapter, including tax on:

12 (i) Sales of one or more types of taxable items.

13 (ii) Purchases of assets.

14 (iii) Purchases of expense items.

15 (iv) Purchases under a direct payment permit.

16 (v) Any other category specified in an agreement authorized by this section. It shall be in  
17 the tax administrator's sole discretion as to which categories of liability shall be included in any  
18 managed audit.

19 (c) The decision to authorize a managed audit rests solely with the tax administrator. In  
20 determining whether to authorize a managed audit, the tax administrator may consider, in  
21 addition to other facts the tax administrator may consider relevant, any of the following:

22 (i) The taxpayer's history of tax compliance.

23 (ii) The amount of time and resources the taxpayer has available to dedicate to the  
24 managed audit.

25 (iii) The extent and availability of the taxpayer's records.

26 (iv) The taxpayer's ability to pay any expected liability.

27 (d) The tax administrator may examine records and perform reviews that (s)he determines  
28 are necessary before the managed audit is finalized to verify the results of the managed audit.  
29 Unless the managed audit or information reviewed by the tax administrator discloses fraud or  
30 willful evasion of the tax, the tax administrator may not assess a penalty and may waive all or a  
31 part of the interest that would otherwise accrue on any amount identified as due in a managed  
32 audit. This subsection (d) does not apply to any amount collected by the taxpayer that was a tax  
33 or represented to be a tax that was not remitted to the state.

34 SECTION 10. Sections 44-20-12 and 44-20-13 of the General Laws in Chapter 44-20

1 entitled "Cigarette Tax" are hereby amended to read as follows:

2 **44-20-12. Tax imposed on cigarettes sold.** -- A tax is imposed on all cigarettes sold or  
3 held for sale in the state. The payment of the tax to be evidenced by stamps, which may be  
4 affixed only by licensed distributors to the packages containing such cigarettes. Any cigarettes on  
5 which the proper amount of tax provided for in this chapter has been paid, payment being  
6 evidenced by the stamp, is not subject to a further tax under this chapter. The tax is at the rate of  
7 ~~one hundred seventy five (175)~~ one hundred eighty-seven and one half (187.5) mills for each  
8 cigarette.

9 **44-20-13. Tax imposed on unstamped cigarettes.** - A tax is imposed at the rate of ~~one~~  
10 ~~hundred seventy five (175)~~ one hundred eighty-seven and one half (187.5) mills for each cigarette  
11 upon the storage or use within this state of any cigarettes not stamped in accordance with the  
12 provisions of this chapter in the possession of any consumer within this state.

13 SECTION 11. Chapter 44-20 of the General Laws entitled "Cigarette Tax" is hereby  
14 amended by adding hereto the following section:

15 **44-20-12.5. Floor stock tax on cigarettes and stamps.** – (a) Whenever used in this  
16 section, unless the context requires otherwise:

17 (1) "Cigarette" means any cigarette as defined in § 44-20-1(2);

18 (2) "Person" means each individual, firm, fiduciary, partnership, corporation, trust, or  
19 association, however formed.

20 (b) Each person engaging in the business of selling cigarettes at retail in this state shall  
21 pay a tax or excise to the state for the privilege of engaging in that business during any part of the  
22 calendar year 2015. In calendar year 2015, the tax shall be measured by the number of cigarettes  
23 held by the person in this state at 12:01 a.m. on August 1, 2015 and is computed at the rate of  
24 twelve and one half (12.5) mills for each cigarette on August 1, 2015.

25 (c) Each distributor licensed to do business in this state pursuant to this chapter shall pay  
26 a tax or excise to the state for the privilege of engaging in that business during any part of the  
27 calendar year 2015. The tax is measured by the number of stamps, whether affixed or to be  
28 affixed to packages of cigarettes, as required by § 44-20-28. In calendar year 2015 the tax is  
29 measured by the number of stamps, as defined in § 44-20-1(10), whether affixed or to be affixed,  
30 held by the distributor at 12:01 a.m. on August 1, 2015, and is computed at the rate of twelve and  
31 one half (12.5) mills per cigarette in the package to which the stamps are affixed or to be affixed.

32 (d) Each person subject to the payment of the tax imposed by this section shall, on or  
33 before August 15, 2015, file a return, under oath or certified under the penalties of perjury, with  
34 the tax administrator on forms furnished by him or her, showing the amount of cigarettes and

1 under subsection (b) above the number of stamps under subsection (c) above, in that person's  
2 possession in this state at 12:01 a.m. on August 1, 2015, and the amount of tax due, and shall at  
3 the time of filing the return pay the tax to the tax administrator. Failure to obtain forms shall not  
4 be an excuse for the failure to make a return containing the information required by the tax  
5 administrator.

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

8 SECTION 12. Section 44-30-2.6 and 44-30-12 of General Laws in Chapter 44-30 entitled  
9 "Personal Income Tax" is hereby amended to read as follows:

10 **44-30-2.6. Rhode Island taxable income – Rate of tax.** – (a) "Rhode Island taxable  
11 income" means federal taxable income as determined under the Internal Revenue Code, 26 U.S.C.  
12 § 1 et seq., not including the increase in the basic standard deduction amount for married couples  
13 filing joint returns as provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003 and  
14 the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), and as modified by  
15 the modifications in § 44-30-12.

16 (b) Notwithstanding the provisions of §§ 44-30-1 and 44-30-2, for tax years beginning on  
17 or after January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island  
18 taxable income of residents and nonresidents, including estates and trusts, at the rate of twenty-  
19 five and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year  
20 2002 and thereafter of the federal income tax rates, including capital gains rates and any other  
21 special rates for other types of income, except as provided in § 44-30-2.7, which were in effect  
22 immediately prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of  
23 2001 (EGTRRA); provided, rate schedules shall be adjusted for inflation by the tax administrator  
24 beginning in taxable year 2002 and thereafter in the manner prescribed for adjustment by the  
25 commissioner of Internal Revenue in 26 U.S.C. § 1(f). However, for tax years beginning on or  
26 after January 1, 2006, a taxpayer may elect to use the alternative flat tax rate provided in § 44-30-  
27 2.10 to calculate his or her personal income tax liability.

28 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative  
29 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode  
30 Island alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by  
31 multiplying the federal tentative minimum tax without allowing for the increased exemptions  
32 under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal  
33 form 6251 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%)  
34 for tax year 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing

1 the product to the Rhode Island tax as computed otherwise under this section. The excess shall be  
2 the taxpayer's Rhode Island alternative minimum tax.

3 (1) For tax years beginning on or after January 1, 2005 and thereafter the exemption  
4 amount for alternative minimum tax, for Rhode Island purposes, shall be adjusted for inflation by  
5 the tax administrator in the manner prescribed for adjustment by the commissioner of Internal  
6 Revenue in 26 U.S.C. § 1(f).

7 (2) For the period January 1, 2007 through December 31, 2007, and thereafter, Rhode  
8 Island taxable income shall be determined by deducting from federal adjusted gross income as  
9 defined in 26 U.S.C. § 62 as modified by the modifications in § 44-30-12 the Rhode Island  
10 itemized deduction amount and the Rhode Island exemption amount as determined in this section.

11 (A) Tax imposed.

12 (1) There is hereby imposed on the taxable income of married individuals filing joint  
13 returns and surviving spouses a tax determined in accordance with the following table:

14 If taxable income is: The tax is:

15 Not over \$53,150 3.75% of taxable income

16 Over \$53,150 but not over \$128,500 \$1,993.13 plus 7.00% of the excess over \$53,150

17 Over \$128,500 but not over \$195,850 \$7,267.63 plus 7.75% of the excess over \$128,500

18 Over \$195,850 but not over \$349,700 \$12,487.25 plus 9.00% of the excess over \$195,850

19 Over \$349,700 \$26,333.75 plus 9.90% of the excess over \$349,700

20 (2) There is hereby imposed on the taxable income of every head of household a tax  
21 determined in accordance with the following table:

22 If taxable income is: The tax is:

23 Not over \$42,650 3.75% of taxable income

24 Over \$42,650 but not over \$110,100 \$1,599.38 plus 7.00% of the excess over \$42,650

25 Over \$110,100 but not over \$178,350 \$6,320.88 plus 7.75% of the excess over \$110,100

26 Over \$178,350 but not over \$349,700 \$11,610.25 plus 9.00% of the excess over \$178,350

27 Over \$349,700 \$27,031.75 plus 9.90% of the excess over \$349,700

28 (3) There is hereby imposed on the taxable income of unmarried individuals (other than  
29 surviving spouses and heads of households) a tax determined in accordance with the following  
30 table:

31 If taxable income is: The tax is:

32 Not over \$31,850 3.75% of taxable income

33 Over \$31,850 but not over \$77,100 \$1,194.38 plus 7.00% of the excess over \$31,850

34 Over \$77,100 but not over \$160,850 \$4,361.88 plus 7.75% of the excess over \$77,100

1 Over \$160,850 but not over \$349,700 \$10,852.50 plus 9.00% of the excess over \$160,850

2 Over \$349,700 \$27,849.00 plus 9.90% of the excess over \$349,700

3 (4) There is hereby imposed on the taxable income of married individuals filing separate  
4 returns and bankruptcy estates a tax determined in accordance with the following table:

5 If taxable income is: The tax is:

6 Not over \$26,575 3.75% of taxable income

7 Over \$26,575 but not over \$64,250 \$996.56 plus 7.00% of the excess over \$26,575

8 Over \$64,250 but not over \$97,925 \$3,633.81 plus 7.75% of the excess over \$64,250

9 Over \$97,925 but not over \$174,850 \$6,243.63 plus 9.00% of the excess over \$97,925

10 Over \$174,850 \$13,166.88 plus 9.90% of the excess over \$174,850

11 (5) There is hereby imposed a taxable income of an estate or trust a tax determined in  
12 accordance with the following table:

13 If taxable income is: The tax is:

14 Not over \$2,150 3.75% of taxable income

15 Over \$2,150 but not over \$5,000 \$80.63 plus 7.00% of the excess over \$2,150

16 Over \$5,000 but not over \$7,650 \$280.13 plus 7.75% of the excess over \$5,000

17 Over \$7,650 but not over \$10,450 \$485.50 plus 9.00% of the excess over \$7,650

18 Over \$10,450 \$737.50 plus 9.90% of the excess over \$10,450

19 (6) Adjustments for inflation. The dollars amount contained in paragraph (A) shall be  
20 increased by an amount equal to:

21 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;

22 (b) The cost-of-living adjustment determined under section (J) with a base year of 1993;

23 (c) The cost-of-living adjustment referred to in subparagraph (a) and (b) used in making  
24 adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall  
25 be determined under section (J) by substituting "1994" for "1993."

26 (B) Maximum capital gains rates

27 (1) In general If a taxpayer has a net capital gain for tax years ending prior to January 1,  
28 2010, the tax imposed by this section for such taxable year shall not exceed the sum of:

29 (a) 2.5 % of the net capital gain as reported for federal income tax purposes under section  
30 26 U.S.C. 1(h)(1)(a) and 26 U.S.C. 1(h)(1)(b).

31 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.  
32 1(h)(1)(c).

33 (c) 6.25% of the net capital gain as reported for federal income tax purposes under 26  
34 U.S.C. 1(h)(1)(d).

1 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.  
2 1(h)(1)(e).

3 (2) For tax years beginning on or after January 1, 2010 the tax imposed on net capital  
4 gain shall be determined under subdivision 44-30-2.6(c)(2)(A).

5 (C) Itemized deductions.

6 (1) In general

7 For the purposes of section (2) "itemized deductions" means the amount of federal  
8 itemized deductions as modified by the modifications in § 44-30-12.

9 (2) Individuals who do not itemize their deductions In the case of an individual who does  
10 not elect to itemize his deductions for the taxable year, they may elect to take a standard  
11 deduction.

12 (3) Basic standard deduction. The Rhode Island standard deduction shall be allowed in  
13 accordance with the following table:

14	Filing status	Amount
15	Single	\$5,350
16	Married filing jointly or qualifying widow(er)	\$8,900
17	Married filing separately	\$4,450
18	Head of Household	\$7,850

19 (4) Additional standard deduction for the aged and blind. An additional standard  
20 deduction shall be allowed for individuals age sixty-five (65) or older or blind in the amount of  
21 \$1,300 for individuals who are not married and \$1,050 for individuals who are married.

22 (5) Limitation on basic standard deduction in the case of certain dependents. In the case  
23 of an individual to whom a deduction under section (E) is allowable to another taxpayer, the basic  
24 standard deduction applicable to such individual shall not exceed the greater of:

- 25 (a) \$850;
- 26 (b) The sum of \$300 and such individual's earned income;
- 27 (6) Certain individuals not eligible for standard deduction. In the case of:
  - 28 (a) A married individual filing a separate return where either spouse itemizes deductions;
  - 29 (b) Nonresident alien individual;
  - 30 (c) An estate or trust;

31 The standard deduction shall be zero.

32 (7) Adjustments for inflation. Each dollars amount contained in paragraphs (3), (4) and  
33 (5) shall be increased by an amount equal to:

34 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988,

1 multiplied by

2 (b) The cost-of-living adjustment determined under section (J) with a base year of 1988.

3 (D) Overall limitation on itemized deductions

4 (1) General rule.

5 In the case of an individual whose adjusted gross income as modified by § 44-30-12  
6 exceeds the applicable amount, the amount of the itemized deductions otherwise allowable for the  
7 taxable year shall be reduced by the lesser of:

8 (a) Three percent (3%) of the excess of adjusted gross income as modified by § 44-30-12  
9 over the applicable amount; or

10 (b) Eighty percent (80%) of the amount of the itemized deductions otherwise allowable  
11 for such taxable year.

12 (2) Applicable amount.

13 (a) In general.

14 For purposes of this section, the term "applicable amount" means \$156,400 (\$78,200 in  
15 the case of a separate return by a married individual)

16 (b) Adjustments for inflation. Each dollar amount contained in paragraph (a) shall be  
17 increased by an amount equal to:

18 (i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by

19 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

20 (3) Phase-out of Limitation.

21 (a) In general.

22 In the case of taxable year beginning after December 31, 2005, and before January 1,  
23 2010, the reduction under section (1) shall be equal to the applicable fraction of the amount which  
24 would be the amount of such reduction.

25 (b) Applicable fraction.

26 For purposes of paragraph (a), the applicable fraction shall be determined in accordance  
27 with the following table:

28 For taxable years beginning in calendar year The applicable fraction is

29 2006 and 2007  $\frac{2}{3}$

30 2008 and 2009  $\frac{1}{3}$

31 (E) Exemption amount

32 (1) In general.

33 Except as otherwise provided in this subsection, the term "exemption amount" mean  
34 \$3,400.

1 (2) Exemption amount disallowed in case of certain dependents.

2 In the case of an individual with respect to whom a deduction under this section is  
3 allowable to another taxpayer for the same taxable year, the exemption amount applicable to such  
4 individual for such individual's taxable year shall be zero.

5 (3) Adjustments for inflation.

6 The dollar amount contained in paragraph (1) shall be increased by an amount equal to:

7 (a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by

8 (b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

9 (4) Limitation.

10 (a) In general.

11 In the case of any taxpayer whose adjusted gross income as modified for the taxable year  
12 exceeds the threshold amount shall be reduced by the applicable percentage.

13 (b) Applicable percentage. In the case of any taxpayer whose adjusted gross income for  
14 the taxable year exceeds the threshold amount, the exemption amount shall be reduced by two (2)  
15 percentage points for each \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross  
16 income for the taxable year exceeds the threshold amount. In the case of a married individual  
17 filing a separate return, the preceding sentence shall be applied by substituting "\$1,250" for  
18 "\$2,500." In no event shall the applicable percentage exceed one hundred percent (100%).

19 (c) Threshold Amount. For the purposes of this paragraph, the term "threshold amount"  
20 shall be determined with the following table:

21 Filing status	Amount
22 Single	\$156,400
23 Married filing jointly of qualifying widow(er)	\$234,600
24 Married filing separately	\$117,300
25 Head of Household	\$195,500

26 (d) Adjustments for inflation.

27 Each dollars amount contain in paragraph (b) shall be increased by an amount equal to:

28 (i) Such dollar amount contained in paragraph (b) in the year 1991, multiplied by

29 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

30 (5) Phase-out of Limitation.

31 (a) In general.

32 In the case of taxable years beginning after December 31, 2005, and before January 1,  
33 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which  
34 would be the amount of such reduction.

1 (b) Applicable fraction.

2 For the purposes of paragraph (a), the applicable fraction shall be determined in  
3 accordance with the following table:

4 For taxable years beginning in calendar year The applicable fraction is

5 2006 and 2007  $\frac{2}{3}$

6 2008 and 2009  $\frac{1}{3}$

7 (F) Alternative minimum tax

8 (1) *General rule.* - There is hereby imposed (in addition to any other tax imposed by this  
9 subtitle) a tax equal to the excess (if any) of:

10 (a) The tentative minimum tax for the taxable year, over

11 (b) The regular tax for the taxable year.

12 (2) The tentative minimum tax for the taxable year is the sum of:

13 (a) 6.5 percent of so much of the taxable excess as does not exceed \$175,000, plus

14 (b) 7.0 percent of so much of the taxable excess above \$175,000.

15 (3) The amount determined under the preceding sentence shall be reduced by the  
16 alternative minimum tax foreign tax credit for the taxable year.

17 (4) *Taxable excess.* - For the purposes of this subsection the term "taxable excess" means  
18 so much of the federal alternative minimum taxable income as modified by the modifications in §  
19 44-30-12 as exceeds the exemption amount.

20 (5) In the case of a married individual filing a separate return, subparagraph (2) shall be  
21 applied by substituting "\$87,500" for \$175,000 each place it appears.

22 (6) Exemption amount. For purposes of this section "exemption amount" means:

23 Filing status Amount

24 Single \$39,150

25 Married filing jointly or qualifying widow(er) \$53,700

26 Married filing separately \$26,850

27 Head of Household \$39,150

28 Estate or trust \$24,650

29 (7) Treatment of unearned income of minor children

30 (a) In general.

31 In the case of a minor child, the exemption amount for purposes of section (6) shall not  
32 exceed the sum of:

33 (i) Such child's earned income, plus

34 (ii) \$6,000.

1 (8) Adjustments for inflation.

2 The dollar amount contained in paragraphs (6) and (7) shall be increased by an amount  
3 equal to:

4 (a) Such dollar amount contained in paragraphs (6) and (7) in the year 2004, multiplied  
5 by

6 (b) The cost-of-living adjustment determined under section (J) with a base year of 2004.

7 (9) Phase-out.

8 (a) In general.

9 The exemption amount of any taxpayer shall be reduced (but not below zero) by an  
10 amount equal to twenty-five percent (25%) of the amount by which alternative minimum taxable  
11 income of the taxpayer exceeds the threshold amount.

12 (b) Threshold amount. For purposes of this paragraph, the term "threshold amount" shall  
13 be determined with the following table:

14 Filing status	Amount
15 Single	\$123,250
16 Married filing jointly or qualifying widow(er)	\$164,350
17 Married filing separately	\$82,175
18 Head of Household	\$123,250
19 Estate or Trust	\$82,150

20 (c) Adjustments for inflation

21 Each dollar amount contained in paragraph (9) shall be increased by an amount equal to:

22 (i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by

23 (ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.

24 (G) Other Rhode Island taxes

25 (1) *General rule.* - There is hereby imposed (in addition to any other tax imposed by this  
26 subtitle) a tax equal to twenty-five percent (25%) of:

27 (a) The Federal income tax on lump-sum distributions.

28 (b) The Federal income tax on parents' election to report child's interest and dividends.

29 (c) The recapture of Federal tax credits that were previously claimed on Rhode Island  
30 return.

31 (H) Tax for children under 18 with investment income

32 (1) *General rule.* - There is hereby imposed a tax equal to twenty-five percent (25%) of:

33 (a) The Federal tax for children under the age of 18 with investment income.

34 (I) Averaging of farm income

1 (1) *General rule.* - At the election of an individual engaged in a farming business or  
2 fishing business, the tax imposed in section 2 shall be equal to twenty-five percent (25%) of:

3 (a) The Federal averaging of farm income as determined in IRC section 1301.

4 (J) Cost-of-living adjustment

5 (1) In general.

6 The cost-of-living adjustment for any calendar year is the percentage (if any) by which:

7 (a) The CPI for the preceding calendar year exceeds

8 (b) The CPI for the base year.

9 (2) CPI for any calendar year. For purposes of paragraph (1), the CPI for any calendar  
10 year is the average of the Consumer Price Index as of the close of the twelve (12) month period  
11 ending on August 31 of such calendar year.

12 (3) Consumer Price Index

13 For purposes of paragraph (2), the term "consumer price index" means the last consumer  
14 price index for all urban consumers published by the department of labor. For purposes of the  
15 preceding sentence, the revision of the consumer price index which is most consistent with the  
16 consumer price index for calendar year 1986 shall be used.

17 (4) Rounding.

18 (a) In general.

19 If any increase determined under paragraph (1) is not a multiple of \$50, such increase  
20 shall be rounded to the next lowest multiple of \$50.

21 (b) In the case of a married individual filing a separate return, subparagraph (a) shall be  
22 applied by substituting "\$25" for \$50 each place it appears.

23 (K) *Credits against tax.* - For tax years beginning on or after January 1, 2001, a taxpayer  
24 entitled to any of the following federal credits enacted prior to January 1, 1996 shall be entitled to  
25 a credit against the Rhode Island tax imposed under this section:

26 (1) [Deleted by P.L. 2007, ch. 73, art. 7, § 5].

27 (2) Child and dependent care credit;

28 (3) General business credits;

29 (4) Credit for elderly or the disabled;

30 (5) Credit for prior year minimum tax;

31 (6) Mortgage interest credit;

32 (7) Empowerment zone employment credit;

33 (8) Qualified electric vehicle credit.

34 (L) *Credit against tax for adoption.* - For tax years beginning on or after January 1, 2006,

1 a taxpayer entitled to the federal adoption credit shall be entitled to a credit against the Rhode  
2 Island tax imposed under this section if the adopted child was under the care, custody, or  
3 supervision of the Rhode Island department of children, youth and families prior to the adoption.

4 (M) The credit shall be twenty-five percent (25%) of the aforementioned federal credits  
5 provided there shall be no deduction based on any federal credits enacted after January 1, 1996,  
6 including the rate reduction credit provided by the federal Economic Growth and Tax  
7 Reconciliation Act of 2001 (EGTRRA). In no event shall the tax imposed under this section be  
8 reduced to less than zero. A taxpayer required to recapture any of the above credits for federal tax  
9 purposes shall determine the Rhode Island amount to be recaptured in the same manner as  
10 prescribed in this subsection.

11 (N) Rhode Island earned income credit

12 (1) In general.

13 For tax years beginning on or after January 1, 2015 and before January 1, 2016, ~~A~~ a  
14 taxpayer entitled to a federal earned income credit shall be allowed a Rhode Island earned income  
15 credit equal to ten percent (10%) of the federal earned income credit. Such credit shall not exceed  
16 the amount of the Rhode Island income tax.

17 For tax years beginning on or after January 1, 2016, a taxpayer entitled to a federal  
18 earned income credit shall be allowed a Rhode Island earned income credit equal to twelve and  
19 one-half percent (12.5%) of the federal earned income credit. Such credit shall not exceed the  
20 amount of the Rhode Island income tax.

21 (2) Refundable portion.

22 In the event the Rhode Island earned income credit allowed under section (J) exceeds the  
23 amount of Rhode Island income tax, a refundable earned income credit shall be allowed.

24 (a) For purposes of paragraph (2) refundable earned income credit means one hundred  
25 percent (100%) of the amount by which the Rhode Island earned income credit exceeds the  
26 Rhode Island income tax.

27 (O) The tax administrator shall recalculate and submit necessary revisions to paragraphs  
28 (A) through (J) to the general assembly no later than February 1, 2010 and every three (3) years  
29 thereafter for inclusion in the statute.

30 (3) For the period January 1, 2011 through December 31, 2011, and thereafter, "Rhode  
31 Island taxable income" means federal adjusted gross income as determined under the Internal  
32 Revenue Code, 26 U.S.C. 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-  
33 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to  
34 subparagraph 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant of

1 subparagraph 44-30-2.6(c)(3)(C).

2 (A) Tax imposed.

3 (I) There is hereby imposed on the taxable income of married individuals filing joint  
4 returns, qualifying widow(er), every head of household, unmarried individuals, married  
5 individuals filing separate returns and bankruptcy estates, a tax determined in accordance with the  
6 following table:

7	RI Taxable Income	RI Income Tax
8	Over But not Over	Pay + % On Excess On The Amount Over
9	\$0 - \$55,000	\$0 + 3.75% \$0
10	55,000 - 125,000	2,063 + 4.75% 55,000
11	125,000 -	5,388 + 5.99% 125,000

12 (II) There is hereby imposed on the taxable income of an estate or trust a tax determined  
13 in accordance with the following table:

14	RI Taxable Income	RI Income Tax
15	Over But not Over	Pay + % On Excess On The Amount Over
16	\$0 - \$2,230	\$0 + 3.75% \$0
17	2,230 - 7,022	84 + 4.75% 2,230
18	7,022 -	312 + 5.99% 7,022

19 (B) Deductions:

20 (I) Rhode Island Basic Standard Deduction. Only the Rhode Island standard deduction  
21 shall be allowed in accordance with the following table:

22	Filing status:	Amount
23	Single	\$7,500
24	Married filing jointly or qualifying widow(er)	\$15,000
25	Married filing separately	\$7,500
26	Head of Household	\$11,250

27 (II) Nonresident alien individuals, estates and trusts are not eligible for standard  
28 deductions.

29 (III) In the case of any taxpayer whose adjusted gross income, as modified for Rhode  
30 Island purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five  
31 thousand dollars (\$175,000), the standard deduction amount shall be reduced by the applicable  
32 percentage. The term "applicable percentage" means twenty (20) percentage points for each five  
33 thousand dollars (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for  
34 the taxable year exceeds one hundred seventy-five thousand dollars (\$175,000).

1 (C) Exemption Amount:

2 (I) The term "exemption amount" means three thousand five hundred dollars (\$3,500)  
3 multiplied by the number of exemptions allowed for the taxable year for federal income tax  
4 purposes.

5 (II) Exemption amount disallowed in case of certain dependents. In the case of an  
6 individual with respect to whom a deduction under this section is allowable to another taxpayer  
7 for the same taxable year, the exemption amount applicable to such individual for such  
8 individual's taxable year shall be zero.

9 (D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode  
10 Island purposes pursuant to § 33-30-12, for the taxable year exceeds one hundred seventy- five  
11 thousand dollars (\$175,000), the exemption amount shall be reduced by the applicable  
12 percentage. The term "applicable percentage" means twenty (20) percentage points for each five  
13 thousand dollars (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for  
14 the taxable year exceeds one hundred seventy-five thousand dollars (\$175,000).

15 (E) *Adjustment for inflation.* - The dollar amount contained in subparagraphs 44-30-  
16 2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount  
17 equal to:

18 (I) Such dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-  
19 2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) adjusted for inflation using a base tax year of 2000,  
20 multiplied by;

21 (II) The cost-of-living adjustment with a base year of 2000.

22 (III) For the purposes of this section the cost-of-living adjustment for any calendar year is  
23 the percentage (if any) by which the consumer price index for the preceding calendar year  
24 exceeds the consumer price index for the base year. The consumer price index for any calendar  
25 year is the average of the consumer price index as of the close of the twelve (12) month period  
26 ending on August 31, of such calendar year.

27 (IV) For the purpose of this section the term "consumer price index" means the last  
28 consumer price index for all urban consumers published by the department of labor. For the  
29 purpose of this section the revision of the consumer price index which is most consistent with the  
30 consumer price index for calendar year 1986 shall be used.

31 (V) If any increase determined under this section is not a multiple of fifty dollars  
32 (\$50.00), such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the  
33 case of a married individual filing separate return, if any increase determined under this section is  
34 not a multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower

1 multiple of twenty-five dollars (\$25.00).

2 (E) Credits against tax.

3 (I) Notwithstanding any other provisions of Rhode Island Law, for tax years beginning on  
4 or after January 1, 2011, the only credits allowed against a tax imposed under this chapter shall be  
5 as follows:

6 (a) Rhode Island Earned Income Credit: Credit shall be allowed for earned income credit  
7 pursuant to subparagraph 44-30-2.6(c)(2)(N).

8 (b) Property Tax Relief Credit: Credit shall be allowed for property tax relief as provided  
9 in § 44-33-1 et seq.

10 (c) Lead Paint Credit: Credit shall be allowed for residential lead abatement income tax  
11 credit as provided in § 44-30.3-1 et seq.

12 (d) *Credit for income taxes of other states.* - Credit shall be allowed for income tax paid  
13 to other states pursuant to § 44-30-74.

14 (e) Historic Structures Tax Credit: Credit shall be allowed for historic structures tax  
15 credit as provided in § 44-33.2-1 et seq.

16 (f) Motion Picture Productions Tax Credit: Credit shall be allowed for motion picture  
17 production tax credit as provided in § 44-31.2-1 et seq.

18 (g) Child and Dependent Care: Credit shall be allowed for twenty-five percent (25%) of  
19 the federal child and dependent care credit allowable for the taxable year for federal purposes;  
20 provided, however, such credit shall not exceed the Rhode Island tax liability.

21 (h) Tax credits for contributions to Scholarship Organizations: Credit shall be allowed for  
22 contributions to scholarship organizations as provided in § 44-62 et seq.

23 (i) *Credit for tax withheld.* - Wages upon which tax is required to be withheld shall be  
24 taxable as if no withholding were required, but any amount of Rhode Island personal income tax  
25 actually deducted and withheld in any calendar year shall be deemed to have been paid to the tax  
26 administrator on behalf of the person from whom withheld, and the person shall be credited with  
27 having paid that amount of tax for the taxable year beginning in that calendar year. For a taxable  
28 year of less than twelve (12) months, the credit shall be made under regulations of the tax  
29 administrator.

30 (j) Stay Invested in RI Wavemaker Fellowship: Credit shall be allowed for stay invested  
31 in RI wavemaker fellowship program as provided in § 42-64.26-1 et seq.

32 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in  
33 § 42-64.20-1 et seq.

34 (l) Rhode Island Qualified Jobs Incentive Program: Credit shall be allowed for Rhode

1 [Island new qualified jobs incentive program credit as provided in § 44-48.3-1 et seq.](#)

2 (2) Except as provided in section 1 above, no other state and federal tax credit shall be  
3 available to the taxpayers in computing tax liability under this chapter.

4 **44-30-12. Rhode Island income of a resident individual.** -- (a) General. The Rhode  
5 Island income of a resident individual means his or her adjusted gross income for federal income  
6 tax purposes, with the modifications specified in this section.

7 (b) *Modifications increasing federal adjusted gross income.* There shall be added to  
8 federal adjusted gross income:

9 (1) Interest income on obligations of any state, or its political subdivisions, other than  
10 Rhode Island or its political subdivisions;

11 (2) Interest or dividend income on obligations or securities of any authority, commission,  
12 or instrumentality of the United States, but not of Rhode Island or its political subdivisions, to the  
13 extent exempted by the laws of the United States from federal income tax but not from state  
14 income taxes;

15 (3) The modification described in § 44-30-25(g);

16 (4)(i) The amount defined below of a nonqualified withdrawal made from an account in  
17 the tuition savings program pursuant to § 16-57-6.1. For purposes of this section, a nonqualified  
18 withdrawal is:

19 (A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal  
20 Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-  
21 6.1; and

22 (B) A withdrawal or distribution which is:

23 (I) Not applied on a timely basis to pay "qualified higher education expenses" as defined  
24 in § 16-57-3(12) of the beneficiary of the account from which the withdrawal is made;

25 (II) Not made for a reason referred to in § 16-57-6.1(e); or

26 (III) Not made in other circumstances for which an exclusion from tax made applicable  
27 by Section 529 of the Internal Revenue Code, 26 U.S.C. § 529, pertains if the transfer, rollover,  
28 withdrawal or distribution is made within two (2) taxable years following the taxable year for  
29 which a contributions modification pursuant to subdivision (c)(4) of this section is taken based on  
30 contributions to any tuition savings program account by the person who is the participant of the  
31 account at the time of the contribution, whether or not the person is the participant of the account  
32 at the time of the transfer, rollover, withdrawal or distribution;

33 (ii) In the event of a nonqualified withdrawal under subparagraphs (i)(A) or (i)(B) of this  
34 subdivision, there shall be added to the federal adjusted gross income of that person for the

1 taxable year of the withdrawal an amount equal to the lesser of:

2 (A) The amount equal to the nonqualified withdrawal reduced by the sum of any  
3 administrative fee or penalty imposed under the tuition savings program in connection with the  
4 nonqualified withdrawal plus the earnings portion thereof, if any, includible in computing the  
5 person's federal adjusted gross income for the taxable year; and

6 (B) The amount of the person's contribution modification pursuant to subdivision (c)(4)  
7 of this section for the person's taxable year of the withdrawal and the two (2) prior taxable years  
8 less the amount of any nonqualified withdrawal for the two (2) prior taxable years included in  
9 computing the person's Rhode Island income by application of this subsection for those years.  
10 Any amount added to federal adjusted gross income pursuant to this subdivision shall constitute  
11 Rhode Island income for residents, nonresidents and part-year residents; and

12 (5) The modification described in § 44-30-25.1(d)(3)(i).

13 (6) The amount equal to any unemployment compensation received but not included in  
14 federal adjusted gross income.

15 (7) The amount equal to the deduction allowed for sales tax paid for a purchase of a  
16 qualified motor vehicle as defined by the Internal Revenue Code § 164(a)(6).

17 (c) *Modifications reducing federal adjusted gross income.* There shall be subtracted from  
18 federal adjusted gross income:

19 (1) Any interest income on obligations of the United States and its possessions to the  
20 extent includible in gross income for federal income tax purposes, and any interest or dividend  
21 income on obligations, or securities of any authority, commission, or instrumentality of the  
22 United States to the extent includible in gross income for federal income tax purposes but exempt  
23 from state income taxes under the laws of the United States; provided, that the amount to be  
24 subtracted shall in any case be reduced by any interest on indebtedness incurred or continued to  
25 purchase or carry obligations or securities the income of which is exempt from Rhode Island  
26 personal income tax, to the extent the interest has been deducted in determining federal adjusted  
27 gross income or taxable income;

28 (2) A modification described in § 44-30-25(f) or § 44-30-1.1(c)(1);

29 (3) The amount of any withdrawal or distribution from the "tuition savings program"  
30 referred to in § 16-57-6.1 which is included in federal adjusted gross income, other than a  
31 withdrawal or distribution or portion of a withdrawal or distribution that is a nonqualified  
32 withdrawal;

33 (4) Contributions made to an account under the tuition savings program, including the  
34 "contributions carryover" pursuant to paragraph (iv) of this subdivision, if any, subject to the

1 following limitations, restrictions and qualifications:

2 (i) The aggregate subtraction pursuant to this subdivision for any taxable year of the  
3 taxpayer shall not exceed five hundred dollars (\$500) or one thousand dollars (\$1,000) if a joint  
4 return;

5 (ii) The following shall not be considered contributions:

6 (A) Contributions made by any person to an account who is not a participant of the  
7 account at the time the contribution is made;

8 (B) Transfers or rollovers to an account from any other tuition savings program account  
9 or from any other "qualified tuition program" under section 529 of the Internal Revenue Code, 26  
10 U.S.C. § 529; or

11 (C) A change of the beneficiary of the account;

12 (iii) The subtraction pursuant to this subdivision shall not reduce the taxpayer's federal  
13 adjusted gross income to less than zero (0);

14 (iv) The contributions carryover to a taxable year for purpose of this subdivision is the  
15 excess, if any, of the total amount of contributions actually made by the taxpayer to the tuition  
16 savings program for all preceding taxable years for which this subsection is effective over the  
17 sum of:

18 (A) The total of the subtractions under this subdivision allowable to the taxpayer for all  
19 such preceding taxable years; and

20 (B) That part of any remaining contribution carryover at the end of the taxable year  
21 which exceeds the amount of any nonqualified withdrawals during the year and the prior two (2)  
22 taxable years not included in the addition provided for in this subdivision for those years. Any  
23 such part shall be disregarded in computing the contributions carryover for any subsequent  
24 taxable year;

25 (v) For any taxable year for which a contributions carryover is applicable, the taxpayer  
26 shall include a computation of the carryover with the taxpayer's Rhode Island personal income  
27 tax return for that year, and if for any taxable year on which the carryover is based the taxpayer  
28 filed a joint Rhode Island personal income tax return but filed a return on a basis other than  
29 jointly for a subsequent taxable year, the computation shall reflect how the carryover is being  
30 allocated between the prior joint filers; and

31 (5) The modification described in § 44-30-25.1(d)(1).

32 (6) Amounts deemed taxable income to the taxpayer due to payment or provision of  
33 insurance benefits to a dependent, including a domestic partner pursuant to chapter 12 of title 36  
34 or other coverage plan.

1           (7) *Modification for organ transplantation.* (i) An individual may subtract up to ten  
2 thousand dollars (\$10,000) from federal adjusted gross income if he or she, while living, donates  
3 one or more of his or her human organs to another human being for human organ transplantation,  
4 except that for purposes of this subsection, "human organ" means all or part of a liver, pancreas,  
5 kidney, intestine, lung, or bone marrow. A subtract modification that is claimed hereunder may be  
6 claimed in the taxable year in which the human organ transplantation occurs.

7           (ii) An individual may claim that subtract modification hereunder only once, and the  
8 subtract modification may be claimed for only the following unreimbursed expenses that are  
9 incurred by the claimant and related to the claimant's organ donation:

10           (A) Travel expenses.

11           (B) Lodging expenses.

12           (C) Lost wages.

13           (iii) The subtract modification hereunder may not be claimed by a part-time resident or a  
14 nonresident of this state.

15           (8) *Modification for taxable Social Security income.* (i) For tax years beginning on or  
16 after January 1, 2016: (A) For a person who has attained the age used for calculating full or  
17 unreduced social security retirement benefits who files a return as an unmarried individual, head  
18 of household or married filing separate whose federal adjusted gross income for such taxable year  
19 is less than eighty thousand dollars (\$80,000); or

20           (B) A married individual filing jointly or individual filing qualifying widow(er) who has  
21 attained the age used for calculating full or unreduced social security retirement benefits whose  
22 federal adjusted gross income for such taxable year is less than one hundred thousand dollars  
23 (\$100,000), an amount equal to the social security benefits includable in federal adjusted gross  
24 income.

25           (ii) Adjustment for inflation. The dollar amount contained in subparagraphs 44-30-  
26 12(c)(8)(i)(A) and 44-30-12(c)(8)(i)(B) shall be increased annually by an amount equal to:

27           (A) Such dollar amount contained in subparagraphs 44-30-12(c)(8)(i)(A) and 44-30-  
28 12(c)(8)(i)(B) adjusted for inflation using a base tax year of 2000, multiplied by;

29           (B) The cost-of-living adjustment with a base year of 2000.

30           (iii) For the purposes of this section the cost-of-living adjustment for any calendar year is  
31 the percentage (if any) by which the consumer price index for the preceding calendar year  
32 exceeds the consumer price index for the base year. The consumer price index for any calendar  
33 year is the average of the consumer price index as of the close of the twelve (12) month period  
34 ending on August 31, of such calendar year.

1 (iv) For the purpose of this section the term "consumer price index" means the last  
2 consumer price index for all urban consumers published by the department of labor. For the  
3 purpose of this section the revision of the consumer price index which is most consistent with the  
4 consumer price index for calendar year 1986 shall be used.

5 (v) If any increase determined under this section is not a multiple of fifty dollars  
6 (\$50.00), such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the  
7 case of a married individual filing separate return, if any increase determined under this section is  
8 not a multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower  
9 multiple of twenty-five dollars (\$25.00).

10 (d) *Modification for Rhode Island fiduciary adjustment.* There shall be added to or  
11 subtracted from federal adjusted gross income (as the case may be) the taxpayer's share, as  
12 beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under § 44-  
13 30-17.

14 (e) *Partners.* The amounts of modifications required to be made under this section by a  
15 partner, which relate to items of income or deduction of a partnership, shall be determined under  
16 § 44-30-15.

17 SECTION 13. Section 44-64-3 of General Laws in Chapter 44-64 entitled "The  
18 Outpatient Health Care Facility Surcharge" is hereby repealed.

19 ~~**44-64-3. Imposition of surcharge— Outpatient health care facility.** (a) For the~~  
20 ~~purposes of this section, an "outpatient health care facility" means a person or governmental unit~~  
21 ~~that is licensed to establish, maintain, and operate a free standing ambulatory surgery center or a~~  
22 ~~physician ambulatory surgery center or a podiatry ambulatory surgery center, in accordance with~~  
23 ~~chapter 17 of title 23.~~

24 ~~(b) A surcharge at a rate of two percent (2.0%) shall be imposed upon the net patient~~  
25 ~~services revenue received each month by every outpatient health care facility. Every provider~~  
26 ~~shall pay the monthly surcharge no later than the twenty fifth (25th) day of the month following~~  
27 ~~the month that the gross patient revenue is received. This surcharge shall be in addition to any~~  
28 ~~other authorized fees that have been assessed upon outpatient facilities.~~

29 SECTION 14. Section 44-65-3 of General Laws in Chapter 44-64 entitled "Imaging  
30 Services Surcharge" is hereby repealed.

31 ~~**44-65-3. Imposition of surcharge.** (a) A surcharge shall be imposed upon the net~~  
32 ~~patient revenue received by every provider in each month at a rate of two percent (2.0%). Every~~  
33 ~~provider shall pay the monthly surcharge no later than the twenty fifth (25th) day of each month~~  
34 ~~following the month of receipt of net patient services revenue. This surcharge shall be in addition~~

1 ~~to any other fees or assessments upon the provider allowable by law.~~

2 SECTION 15. Section 44-11-2 of the General Laws in Chapter 44-11 entitled "Business  
3 Corporation Tax" is hereby amended to read as follows:

4 **44-11-2. Imposition of tax.** -- (a) Each corporation shall annually pay to the state a tax  
5 equal to nine percent (9%) of net income, as defined in § 44-11-11, qualified in § 44-11-12, and  
6 apportioned to this state as provided in §§ 44-11-13 -- 44-11-15, for the taxable year. For tax  
7 years beginning on or after January 1, 2015, each corporation shall annually pay to the state a tax  
8 equal to seven percent (7.0%) of net income, as defined in § 44-11-13 - 44-11-15, for the taxable  
9 year.

10 (b) A corporation shall pay the amount of any tax as computed in accordance with  
11 subsection (a) of this section after deducting from "net income," as used in this section, fifty  
12 percent (50%) of the excess of capital gains over capital losses realized during the taxable year, if  
13 for the taxable year:

14 (1) The corporation is engaged in buying, selling, dealing in, or holding securities on its  
15 own behalf and not as a broker, underwriter, or distributor;

16 (2) Its gross receipts derived from these activities during the taxable year amounted to at  
17 least ninety percent (90%) of its total gross receipts derived from all of its activities during the  
18 year. "Gross receipts" means all receipts, whether in the form of money, credits, or other valuable  
19 consideration, received during the taxable year in connection with the conduct of the taxpayer's  
20 activities.

21 (c) A corporation shall not pay the amount of the tax computed on the basis of its net  
22 income under subsection (a) of this section, but shall annually pay to the state a tax equal to ten  
23 cents (\$.10) for each one hundred dollars (\$100) of gross income for the taxable year or a tax of  
24 one hundred dollars (\$100), whichever tax shall be the greater, if for the taxable year the  
25 corporation is either a "personal holding company" registered under the federal Investment  
26 Company Act of 1940, 15 U.S.C. § 80a-1 et seq., "regulated investment company", or a "real  
27 estate investment trust" as defined in the federal income tax law applicable to the taxable year.  
28 "Gross income" means gross income as defined in the federal income tax law applicable to the  
29 taxable year, plus:

30 (1) Any interest not included in the federal gross income; minus

31 (2) Interest on obligations of the United States or its possessions, and other interest  
32 exempt from taxation by this state; and minus

33 (3) Fifty percent (50%) of the excess of capital gains over capital losses realized during  
34 the taxable year.

1 (d) (1) A small business corporation having an election in effect under subchapter S, 26  
2 U.S.C. § 1361 et seq., shall not be subject to the Rhode Island income tax on corporations, except  
3 that the corporation shall be subject to the provisions of subsection (a), to the extent of the income  
4 that is subjected to federal tax under subchapter S. Effective for tax years beginning on or after  
5 January 1, 2015, a small business corporation having an election in effect under subchapter S, 26  
6 U.S.C. § 1261 et seq., shall be subject to the minimum tax under § 44-11-2(e).

7 (2) The shareholders of the corporation who are residents of Rhode Island shall include  
8 in their income their proportionate share of the corporation's federal taxable income.

9 (3) [Deleted by P.L. 2004, ch. 595, art. 29, § 1.]

10 (4) [Deleted by P.L. 2004, ch. 595, art. 29, § 1.]

11 (e) Minimum tax. - The tax imposed upon any corporation under this section, including a  
12 small business corporation having an election in effect under subchapter S, 26 U.S.C. § 1361 et  
13 seq., shall not be less than ~~five hundred dollars (\$500)~~ four hundred fifty dollars (\$450).

14 SECTION 16. Unless otherwise amended by this act, Chapter 151, Article 25 of the  
15 Public Laws of 2011, Chapter 289 of the Public Laws of 2012 or Chapter 145, Article 13 of the  
16 Public Laws of 2014, the terms, conditions, provisions and definitions of Chapter 16 of the Public  
17 Laws of 2010 are hereby incorporated by reference and shall remain in full force and effect.

18 SECTION 17. Chapter 16 of the Public Laws of 2010, entitled "An Act Relating to  
19 Authorizing the First Amendments to the Master Video Lottery Terminal Contracts," as amended,  
20 is hereby further amended as follows: Part B, Section 4(a)(i) is hereby amended to read as  
21 follows:

22 (i) to provide for a Newport Grand Term commencing on the effective date of the  
23 Newport Grand Master Contract and continuing through and including the fifth (5th) anniversary  
24 of such effective date; provided that Newport Grand shall have two (2) successive five (5) years  
25 extension options with the First Extension Term, as defined in the Newport Grand Master  
26 Contract, commencing on November 23, 2010 and the Second Extension Term, commencing on  
27 November 23, 2015. Except as otherwise provided herein in section 4(a)(vii), the exercise of the  
28 option to extend said Master Contract shall be subject to the terms and conditions of section 2.3  
29 of the Newport Grand Master Contract; provided however, section 2.3B of the Newport Grand's  
30 Master Contract shall be amended such that with respect to ~~UTGR's~~ Newport Grand's exercise of  
31 its option to extend for the Second Extension Term, Newport Grand shall be required to certify to  
32 the Division that (i) there are ~~180~~ one hundred (100) full-time equivalent employees at the  
33 Newport Grand facility on the date of the exercise of the option for the Second Extension Term;  
34 and (ii) for the one-year period preceding the date said Second Extension Term option is

1 exercised, there had been ~~180~~ one hundred (100) full-time equivalent employees on average, as  
2 the term full-time equivalent employee is defined in section 2.3B of the Newport Grand Master  
3 Contract and as confirmed by the Rhode Island department of labor and training. In the event that  
4 Newport Grand is licensed to host video lottery games and table games at a facility relocated to a  
5 location outside the City of Newport and actually offers video lottery games and table games to  
6 patrons at such relocated facility, then Newport Grand shall, no later than the six (6) month  
7 anniversary of all such events occurring, certify to the Division that there are one hundred eighty  
8 (180) full-time equivalent employees at the relocated Newport Grand facility on such date, and in  
9 the event Newport Grand is unable to timely make the foregoing certification, the Newport Grand  
10 Master Contract shall automatically terminate as of the one year anniversary of all such events  
11 occurring.

12 SECTION 18. Authorized Procurement of Fourth Amendment to the Newport Grand  
13 Master Contract. Notwithstanding any provision of the general or Public Laws to the contrary, the  
14 Division is hereby expressly authorized and directed to enter into with Newport Grand a Fourth  
15 Amendment to the Newport Grand Master Contract to make the Newport Grand Master Contract  
16 consistent with the provisions of this act, as follows:

17 (a) To require that Newport Grand, in connection with exercising its option to extend for  
18 the Second Extension Term, certify to the Division that: (i) There are one hundred (100) full-time  
19 equivalent employees at the Newport Grand facility on the date of the exercise of the option for  
20 the Second Extension Term; and (ii) For the one-year period preceding the date said Second  
21 Extension Term option is exercised, there had been one hundred (100) full-time equivalent  
22 employees on average, as the term full-time equivalent employee is defined in section 2.3B of the  
23 Newport Grand Master Contract and as confirmed by the Rhode Island Department of Labor and  
24 Training. In the event that Newport Grand is licensed to host video lottery games and table games  
25 at a facility relocated to a location outside the City of Newport and actually offers video lottery  
26 games and table games to patrons at such relocated facility, then Newport Grand shall, no later  
27 than the six (6) month anniversary of all such events occurring, certify to the Division that there  
28 are one hundred eighty (180) full-time equivalent employees at the relocated Newport Grand  
29 facility on such date, and in the event Newport Grand is unable to timely make the foregoing  
30 certification, the Newport Grand Master Contract shall automatically terminate as of the one year  
31 anniversary of all such events occurring.

32 SECTION 19. Section 41-7-3 of the General Laws in Chapter 41-7 entitled "Jai Alai" is  
33 hereby amended to read as follows:

34 **41-7-3. Regulation of operations -- Licensing.** -- (a) The division of racing and athletics

1 is hereby authorized to license jai alai in the city of Newport. The operation of a fronton shall be  
2 under the division's supervision. The division is hereby authorized to issue rules and regulations  
3 for the supervision of the operations.

4 (b) Any license granted under the provisions of this chapter shall be subject to the rules  
5 and regulations promulgated by the division and shall be subject to suspension or revocation for  
6 any cause which the division shall deem sufficient after giving the licensee a reasonable  
7 opportunity for a hearing at which he or she shall have the right to be represented by counsel. If  
8 any license is suspended or revoked, the division shall state the reasons for the suspension or  
9 revocation and cause an entry of the reasons to be made on the record books of the division.

10 (c) Commencing July 1, 2003, the division of racing and athletics shall be prohibited to  
11 license jai alai in the city of Newport. Any license having been issued and in effect as of that date  
12 shall be null and void and any licensee shall be prohibited from operating thereunder; provided,  
13 however, that any entity having been issued a license to operate a jai alai fronton prior to July 1,  
14 2003, and any successor in interest to such entity by reason of acquiring the stock or substantially  
15 all of the assets of such entity, shall be deemed a pari-mutuel licensee as defined in § 42-61.2-1 et  
16 seq., and a licensee as defined in § 41-11-1 et seq.

17 SECTION 20. Section 42-61.2-1 of the General Laws in Chapter 42-61.2 entitled "Video  
18 Lottery Terminal" is hereby amended to read as follows:

19 **42-61.2-1. Definitions.** -- For the purpose of this chapter, the following words shall  
20 mean:

21 (1) "Central communication system" means a system approved by the lottery division,  
22 linking all video lottery machines at a licensee location to provide auditing program information  
23 and any other information determined by the lottery. In addition, the central communications  
24 system must provide all computer hardware and related software necessary for the establishment  
25 and implementation of a comprehensive system as required by the division. The central  
26 communications licensee may provide a maximum of fifty percent (50%) of the video lottery  
27 terminals.

28 (2) "Licensed video lottery retailer" means a pari-mutuel licensee specifically licensed  
29 by the director subject to the approval of the division to become a licensed video lottery retailer.

30 (3) "Net terminal income" means currency placed into a video lottery terminal less  
31 credits redeemed for cash by players.

32 (4) "Pari-mutuel licensee" means an entity licensed and authorized to conduct:

33 (i) Dog racing, pursuant to chapter 3.1 of title 41; and/or

34 (ii) Jai-alai games, pursuant to chapter 7 of title 41.

1 (5) "Technology provider" means any individual, partnership, corporation, or association  
2 that designs, manufactures, installs, maintains, distributes, or supplies video lottery machines or  
3 associated equipment for the sale or use in this state.

4 (6) "Video lottery games" means lottery games played on video lottery terminals  
5 controlled by the lottery division.

6 (7) "Video lottery terminal" means any electronic computerized video game machine  
7 that, upon the insertion of cash or any other representation of value that has been approved by the  
8 division of lotteries, is available to play a video game authorized by the lottery division, and that  
9 uses a video display and microprocessors in which, by chance, the player may receive free games  
10 or credits that can be redeemed for cash. The term does not include a machine that directly  
11 dispenses coins, cash, or tokens.

12 (8) "Casino gaming" means any and all table and casino-style games played with cards,  
13 dice, or equipment, for money, credit, or any representative of value; including, but not limited to,  
14 roulette, blackjack, big six, craps, poker, baccarat, paigow, any banking or percentage game, or  
15 any other game of device included within the definition of Class III gaming as that term is  
16 defined in Section 2703(8) of Title 25 of the United States Code and that is approved by the state  
17 through the division of state lottery.

18 (9) "Net table game revenue" means win from table games minus counterfeit currency.

19 (10) "Rake" means a set fee or percentage of cash and chips representing cash wagered  
20 in the playing of a nonbanking table game assessed by a table games retailer for providing the  
21 services of a dealer, gaming table or location, to allow the play of any nonbanking table game.

22 (11) "Table game" or "Table gaming" means that type of casino gaming in which table  
23 games are played for cash or chips representing cash, or any other representation of value that has  
24 been approved by the division of lotteries, using cards, dice, or equipment and conducted by one  
25 or more live persons.

26 (12) "Table game retailer" means a retailer authorized to conduct table gaming pursuant  
27 to §§ 42-61.2-2.1 and 42-61.2-2.2.

28 (13) "Credit facilitator" means any employee of Twin River approved in writing by the  
29 division whose responsibility is to, among other things, review applications for credit by players,  
30 verify information on credit applications, grant, deny and suspend credit, establish credit limits,  
31 increase and decrease credit limits, and maintain credit files, all in accordance with this chapter  
32 and rules and regulations approved by the division.

33 [\(14\) "Newport Grand" means Newport Grand, LLC, a Rhode Island limited liability](#)  
34 [company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and](#)

1 assignee of Newport Grand, LLC under the Newport Grand Master Contract, provided it is a pari-  
2 mutuel licensee as defined in § 42-61.2-1 et seq.; provided, however, where the context indicates  
3 that the term is referring to the physical facility, then it shall mean the gaming and entertainment  
4 facility located at 150 Admiral Kalbfus Road, Newport, Rhode Island.

5 (15) "Newport Grand Marketing Year" means each fiscal year of the state or a portion  
6 thereof between November 23, 2010 and the termination date of the Newport Grand Master  
7 Contract.

8 (16) "Newport Grand Master Contract" means that certain master video lottery terminal  
9 contract made as of November 23, 2005 by and between the Division of Lotteries of the Rhode  
10 Island Department of Administration and Newport Grand, as amended and extended from time to  
11 time as authorized therein and/or as such Newport Grand Master Contract may be assigned as  
12 permitted therein.

13 SECTION 21. Section 42-61.2-7 of the General Laws in Chapter 42-61.2 entitled "Video  
14 Lottery Terminal" is hereby amended to read as follows:

15 **42-61.2-7. Division of revenue. [Contingent effective date; see note.] --** (a)  
16 Notwithstanding the provisions of § 42-61-15, the allocation of net, terminal income derived from  
17 video lottery games is as follows:

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

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

1 be distributed equally to each qualifying distressed community. For each of the fiscal years  
2 ending June 30, 2011, June 30, 2012, and June 30, 2013, seven hundred eighty-four thousand four  
3 hundred fifty-eight dollars (\$784,458) of the total appropriation shall be distributed equally to  
4 each qualifying distressed community.

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

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

15 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent  
16 (0.10%), to a maximum of ten million dollars (\$10,000,000), for supplemental distribution to  
17 communities not included in subsection (a)(1)(i) above distributed proportionately on the basis of  
18 general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008,  
19 distributions by community shall be identical to the distributions made in the fiscal year ending  
20 June 30, 2007, and shall be made from general appropriations. For the fiscal year ending June 30,  
21 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010, and thereafter,  
22 funding shall be determined by appropriation.

23 (2) To the licensed, video-lottery retailer:

24 (a) (i) Prior to the effective date of the ~~NGJA~~ [Newport Grand](#) Master Contract, Newport  
25 ~~Jai-Ah~~ [Grand](#) twenty-six percent (26%), minus three hundred eighty-four thousand nine hundred  
26 ninety-six dollars (\$384,996);

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

31 (iii) Effective July 1, 2013, the rate of net, terminal income payable to Newport Grand,  
32 LLC under the Newport Grand master contract shall increase by two and one quarter percent  
33 (2.25%) points. The increase herein shall sunset and expire on June 30, 2015, and the rate in  
34 effect as of June 30, 2013, shall be reinstated.

1 (iv)(A) Effective July 1, 2015, the rate of net, terminal income payable to Newport  
2 Grand, under the Newport Grand Master Contract shall increase by one and nine-tenths (1.9%)  
3 percentage points. (i.e., x% plus 1.9 percentage points equals (x + 1.9)%, where "x%" is the  
4 current rate of net terminal income payable to Newport Grand). The dollar amount of additional  
5 net terminal income paid to Newport Grand with respect to any Newport Grand Marketing Year  
6 as a result of such increase in rate shall be referred to as "Additional Newport Grand Marketing  
7 NTI."

8 (B) The excess, if any, of Newport Grand's marketing expenditures with respect to a  
9 Newport Grand Marketing Year over one million four hundred thousand dollars (\$1,400,000)  
10 shall be referred to as the "Newport Grand Marketing Incremental Spend." Beginning with the  
11 Newport Grand Marketing Year that starts on July 1, 2015, after the end of each Newport Grand  
12 Marketing Year, Newport Grand shall pay to the Division the amount, if any, by which the  
13 Additional Newport Grand Marketing NTI for such Newport Grand Marketing Year exceeds the  
14 Newport Grand Marketing Incremental Spend for such Newport Grand Marketing Year; provided  
15 however, that Newport Grand's liability to the Division hereunder with respect to any Newport  
16 Grand Marketing Year shall never exceed the Additional Newport Grand Marketing NTI paid to  
17 Newport Grand with respect to such Newport Grand Marketing Year.

18 The increase herein shall sunset and expire on June 30, 2017, and the rate in effect as of  
19 June 30, 2013 shall be reinstated.

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

24 (ii) On and after the effective date of the UTGR master contract, to the licensed, video-  
25 lottery retailer that is a party to the UTGR master contract, all sums due and payable under said  
26 master contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars  
27 (\$767,687).

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

1 (A) A licensed, video-lottery retailer has requested the placement of premium or licensed  
2 proprietary content at its licensed, video-lottery facility;

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

6 (C) After approval of the request by the division of lottery, the total number of premium  
7 or licensed, propriety-content video-lottery terminals does not exceed ten percent (10%) of the  
8 total number of video-lottery terminals authorized at the respective licensed, video-lottery  
9 retailer; and

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

14 (ii) To contractors that are a party to the master contract as set forth and referenced in  
15 Public Law 2003, Chapter 32, all sums due and payable under said master contract; and

16 (iii) Notwithstanding paragraphs (i) and (ii) above, there shall be subtracted  
17 proportionately from the payments to technology providers the sum of six hundred twenty-eight  
18 thousand seven hundred thirty-seven dollars (\$628,737).

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

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

25 (ii) Effective July 1, 2015, provided that both:

26 (I) The referendum measure authorizing casino gaming at Newport Grand is approved  
27 statewide and by the city of Newport at the statewide general election to be held in November of  
28 2014; and

29 (II) The proposed amendment to the Rhode Island Constitution requiring that prior to a  
30 change in location where casino gaming is permitted in any city or town, there must be a  
31 referendum in said city or town and approval by the majority of those electors voting in said  
32 referendum on said proposed change in location in said city or town, is approved statewide at the  
33 statewide general election to be held in November of 2014, then then the allocation shall be one  
34 and forty-five hundredths percent (1.45%) of net terminal income of authorized video lottery

1 terminals at Newport Grand.

2 (iii) If, effective July 1, 2015, the conditions established in subsections (4)(A)(ii)(I and  
3 II) are met, and the following conditions in subsections (4)(A)(iii)(I through III) are met:

4 (I) NGJA or its successor has made an investment of no less than forty million dollars  
5 (\$40,000,000) exclusive of acquisition costs within three (3) years, and a certificate of completion  
6 and final approval from the city building inspector has been issued for the facility upgraded  
7 through this investment; and

8 (II) The number of video lottery terminals in operation is no fewer than those in  
9 operation as of January 1, 2014; and

10 (III) Table gaming has commenced in Newport;

11 Then in such event the allocation shall be the greater of one million dollars (\$1,000,000),  
12 or one and forty-five hundredths percent (1.45%) of net terminal income of authorized video  
13 lottery terminals at Newport Grand, except that for six (6) consecutive, full-fiscal years  
14 immediately thereafter, the allocation shall be the greater of one million five hundred thousand  
15 dollars (\$1,500,000), or one and forty-five hundredths percent (1.45%) of net-terminal income of  
16 authorized video lottery terminals at Newport Grand. Such minimum distribution shall be  
17 distributed in twelve (12) equal payments during the fiscal year.

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

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

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

28 (5) To the Narragansett Indian Tribe, seventeen hundredths of one percent (0.17%) of net  
29 terminal income of authorized machines at Lincoln Park, up to a maximum of ten million dollars  
30 (\$10,000,000) per year, that shall be paid to the Narragansett Indian Tribe for the account of a  
31 Tribal Development Fund to be used for the purpose of encouraging and promoting: home  
32 ownership and improvement; elderly housing; adult vocational training; health and social  
33 services; childcare; natural resource protection; and economic development consistent with state  
34 law. Provided, however, such distribution shall terminate upon the opening of any gaming facility

1 in which the Narragansett Indians are entitled to any payments or other incentives; and provided  
2 further, any monies distributed hereunder shall not be used for, or spent on, previously contracted  
3 debts; and

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

5 (7) Payments into the state's general fund specified in subdivisions (a)(1) and (a)(6) shall  
6 be made on an estimated monthly basis. Payment shall be made on the tenth day following the  
7 close of the month except for the last month when payment shall be on the last business day.

8 (b) Notwithstanding the above, the amounts payable by the division to UTGR related to  
9 the marketing program shall be paid on a frequency agreed by the division, but no less frequently  
10 than annually.

11 (c) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director  
12 is authorized to fund the marketing program as described above in regard to the first amendment  
13 to the UTGR master contract.

14 (d) Notwithstanding the above, the amounts payable by the division to Newport Grand  
15 related to the marketing program shall be paid on a frequency agreed by the division, but no less  
16 frequently than annually.

17 (e) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director  
18 is authorized to fund the marketing program as described above in regard to the first amendment  
19 to the Newport Grand master contract.

20 (f) Notwithstanding the provisions of § 42-61-15, the allocation of net, table-game  
21 revenue derived from table-games at Twin River is as follows:

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

24 (i) Sixteen percent (16%) of net, table-game revenue, except as provided in § 42-61.2-  
25 7(f)(1)(ii);

26 (ii) An additional two percent (2%) of net, table-game revenue generated at Twin River  
27 shall be allocated starting from the commencement of table games activities by such table-game  
28 retailer and ending, with respect to such table-game retailer, on the first date that such table-game  
29 retailer's net terminal income for a full state fiscal year is less than such table-game retailer's net  
30 terminal income for the prior state fiscal year, at which point this additional allocation to the state  
31 shall no longer apply to such table-game retailer.

32 (2) To UTGR, net, table-game revenue not otherwise disbursed pursuant to above  
33 subsection (f)(1); provided, however, on the first date that such table-game retailer's net terminal  
34 income for a full state fiscal year is less than such table-game retailer's net terminal income for

1 the prior state fiscal year, as set forth in subsection (f)(1)(ii) above, one percent (1%) of this net,  
2 table-game revenue shall be allocated to the town of Lincoln for four (4), consecutive state fiscal  
3 years.

4 (g) Notwithstanding the provisions of § 42-61-15, the allocation of net, table-game  
5 revenue derived from table games at Newport Grand is as follows:

6 (1) For deposit into the state lottery fund for administrative purposes and then the  
7 balance remaining into the general fund: eighteen percent (18%) of net, table-game revenue.

8 (2) [Deleted by P.L. 2014, ch. 436, § 1].SECTION 22. This act shall take effect upon  
9 passage.

10 SECTION 22. Sections 10 and 11 shall take effect as of August 1, 2015. Section 15 shall  
11 take effect for tax years beginning on or after January 1, 2016. The remainder of this article shall  
12 take effect as of July 1, 2015.