

ARTICLE 8 AS AMENDED

RELATING TO TAXES AND REVENUES

SECTION 1. Purpose. The general assembly hereby finds that:

(a) The Twin River gaming facility in the town of Lincoln, the Newport Grand gaming facility in the town of Newport, and, once operational, the gaming facility owned by Twin River-Tiverton in the town of Tiverton (the "Tiverton Gaming Facility," and, collectively with the other two (2) gaming facilities, the "Gaming Facilities") are important sources of revenue for the state of Rhode Island. Indeed, revenues generated from state-operated gaming in Rhode Island constitute the third largest source of revenue to the state, behind only revenue generated from income taxes and sales-and-use taxes.

(b) In an increasingly competitive gaming market, it is imperative that action be taken to preserve and protect the state's ability to maximize revenues at the Ffacilities, and in particular, to expand critical, revenue-driving promotional and marketing programs through legislative authorization and necessary amendments to contracts, previously authorized by the general assembly, to position the promotional and marketing programs for long-term success.

(c) Accordingly, the purpose of this act is to help enhance the revenues generated by the Ffacilities in order to maximize the public's share of revenue generated by them for the state of Rhode Island. It is the intent of the general assembly that this act, being necessary for the welfare of the state and its citizens, be liberally construed so as to effectuate its purposes, including without limitation, the Sstate's attempt to enhance the ability of the Ffacilities to generate revenue. The inclusion of the Tiverton Gaming Facility within the scope of this act is based on the fulfilment in 2016 of the requirements of Article VI, Section 22 of the Rhode Island Constitution with respect to that facility, namely that:

(i) The Rhode Island secretary of state has certified that the qualified voters of the state have approved authorizing a facility owned by Twin River-Tiverton located at the intersection of William S. Canning Boulevard and Stafford Road in the town of Tiverton to be licensed as a pari-mutuel facility and offer state-operated video lottery games and state-operated casino gaming, such as table games; and

(ii) The board of canvassers of the town of Tiverton has certified that the qualified electors of the town of Tiverton have approved authorizing a facility owned by Twin River-Tiverton located

1 [at the intersection of William S. Canning Boulevard and Stafford Road in the town of Tiverton to](#)
2 [be licensed as a pari-mutuel facility and offer state-operated video lottery games and state-operated](#)
3 [casino gaming, such as table games.](#)

4 SECTION 2. Section 42-61.2-7 of the General Laws in Chapter 42-61.2 entitled "Video-
5 Lottery Terminal" is hereby amended to read as follows:

6 **42-61.2-7. Division of revenue.**

7 (a) Notwithstanding the provisions of §42-61-15, the allocation of net, terminal income
8 derived from video-lottery games is as follows:

9 (1) For deposit in the general fund and to the state lottery division fund for administrative
10 purposes: Net, terminal income not otherwise disbursed in accordance with subdivisions (a)(2) --
11 (a)(6) inclusive, or otherwise disbursed in accordance with subsections (g)(2) and (h)(2);

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

29 (ii) Five one hundredths of one percent (0.05%), up to a maximum of five million dollars
30 (\$5,000,000), shall be appropriated to property tax relief to fully fund the provisions of §44-33-2.1.
31 The maximum credit defined in subdivision 44-33-9(2) shall increase to the maximum amount to
32 the nearest five dollar (\$5.00) increment within the allocation until a maximum credit of five
33 hundred dollars (\$500) is obtained. In no event shall the exemption in any fiscal year be less than
34 the prior fiscal year.

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

5 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
6 (0.10%), to a maximum of ten million dollars (\$10,000,000), for supplemental distribution to
7 communities not included in subsection (a)(1)(i) distributed proportionately on the basis of general
8 revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008,
9 distributions by community shall be identical to the distributions made in the fiscal year ending
10 June 30, 2007, and shall be made from general appropriations. For the fiscal year ending June 30,
11 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010, and thereafter,
12 funding shall be determined by appropriation.

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

14 (a) (i) Prior to the effective date of the Newport Grand Master Contract, Newport Grand
15 twenty-six percent (26%), minus three hundred eighty-four thousand nine hundred ninety-six
16 dollars (\$384,996);

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

21 (iii) Effective July 1, 2013, the rate of net, terminal income payable to the licensed, video-
22 lottery retailer who is a party to the Newport Grand Master Contract shall increase by two and one
23 quarter percent (2.25%) points. The increase herein shall sunset and expire on June 30, 2015, and
24 the rate in effect as of June 30, 2013, shall be reinstated.

25 (iv) (A) Effective July 1, 2015, the rate of net, terminal income payable to the licensed,
26 video-lottery retailer who is a party to the Newport Grand Master Contract shall increase over the
27 rate in effect as of June 30, 2013, by one and nine-tenths (1.9) percentage points. (i.e., x% plus 1.9
28 percentage points equals (x + 1.9)%, where "x%" is the current rate of net terminal income payable
29 to the licensed, video-lottery retailer who is a party to the Newport Grand Master Contract). The
30 dollar amount of additional net, terminal income paid to the licensed, video-lottery retailer who is
31 a party to the Newport Grand Master Contract with respect to any Newport Grand Marketing Year
32 as a result of such increase in rate shall be referred to as "Additional Newport Grand Marketing
33 NTI."

34 (B) The excess, if any, of marketing expenditures incurred by the licensed, video-lottery

1 retailer who is a party to the Newport Grand Master Contract with respect to a Newport Grand
2 Marketing Year over one million four hundred thousand dollars (\$1,400,000) shall be referred to
3 as the "Newport Grand Marketing Incremental Spend." Beginning with the Newport Grand
4 Marketing Year that starts on July 1, 2015, after the end of each Newport Grand Marketing Year,
5 the licensed, video-lottery retailer who is a party to the Newport Grand Master Contract shall pay
6 to the Division the amount, if any, by which the Additional Newport Grand Marketing NTI for such
7 Newport Grand Marketing Year exceeds the Newport Grand Marketing Incremental Spend for such
8 Newport Grand Marketing Year; provided however, that such video-lottery retailer's liability to the
9 Division hereunder with respect to any Newport Grand Marketing Year shall never exceed the
10 Additional Newport Grand Marketing NTI paid to such video-lottery retailer with respect to such
11 Newport Grand Marketing Year.

12 The increase in subsection 2(a)(iv) shall sunset and expire ~~on June 30, 2017~~ upon the
13 commencement of the operation of casino gaming at Twin River-Tiverton's facility located in the
14 town of Tiverton, and the rate in effect as of June 30, 2013 shall be reinstated.

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

19 (ii) On and after the effective date of the UTGR master contract, to the licensed, video-
20 lottery retailer that is a party to the UTGR master contract, all sums due and payable under said
21 master contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars
22 (\$767,687).

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

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

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

1 (C) After approval of the request by the division of lottery, the total number of premium or
2 licensed, proprietary-content video-lottery terminals does not exceed ten percent (10%) of the total
3 number of video-lottery terminals authorized at the respective licensed, video-lottery retailer; and

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

8 (ii) To contractors that are a party to the master contract as set forth and referenced in PL
9 2003, CH. 32, all sums due and payable under said master contract; and

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

13 (4) (A) Until video-lottery games are no longer operated at the Newport Grand gaming
14 facility located in Newport, to the city of Newport one and one hundredth percent (1.01%) of net
15 terminal income of authorized machines at Newport Grand, except that effective November 9,
16 2009, until June 30, 2013, the allocation shall be one and two tenths percent (1.2%) of net terminal
17 income of authorized machines at Newport Grand for each week the facility operates video-lottery
18 games on a twenty-four-hour (24) basis for all eligible hours authorized; and

19 (B) Upon commencement of the operation of video-lottery games at Twin River-Tiverton's
20 facility located in the town of Tiverton, to the town of Tiverton one and forty-five hundredths
21 percent (1.45%) of net terminal income of authorized machines at the licensed, video-lottery
22 retailer's facility located in the town of Tiverton, subject to subsection (g)(2); and

23 (C) To the town of Lincoln, one and twenty-six hundredths percent (1.26%) of net terminal
24 income of authorized machines at Twin River except that:

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

29 (ii) Effective July 1, 2013, provided that the referendum measure authorized by PL 2011,
30 Ch. 151, Sec. 4, is approved statewide and in the Town of Lincoln, the allocation shall be one and
31 forty-five hundredths percent (1.45%) of net terminal income of authorized video-lottery terminals
32 at Twin River, subject to subsection (h)(2); and

33 (5) To the Narragansett Indian Tribe, seventeen hundredths of one percent (0.17%) of net
34 terminal income of authorized machines at Lincoln Park, up to a maximum of ten million dollars

1 (\$10,000,000) per year, that shall be paid to the Narragansett Indian Tribe for the account of a
2 Tribal Development Fund to be used for the purpose of encouraging and promoting: home
3 ownership and improvement; elderly housing; adult vocational training; health and social services;
4 childcare; natural resource protection; and economic development consistent with state law.
5 Provided, however, such distribution shall terminate upon the opening of any gaming facility in
6 which the Narragansett Indians are entitled to any payments or other incentives; and provided,
7 further, any monies distributed hereunder shall not be used for, or spent on, previously contracted
8 debts; and

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

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

13 (b) Notwithstanding the above, the amounts payable by the division to UTGR related to
14 the marketing program [described in the UTGR master contract \(as such may be amended from time](#)
15 [to time\)](#) shall be paid on a frequency agreed by the division, but no less frequently than annually.

16 (c) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
17 is authorized to fund the marketing program as described ~~above in regard to~~ [in](#) the UTGR master
18 contract.

19 (d) Notwithstanding the above, the amounts payable by the division to the licensed, video-
20 lottery retailer who is a party to the Newport Grand Master Contract related to the marketing
21 program [described in the Newport Grand Master Contract \(as such may be amended from time to](#)
22 [time\)](#) shall be paid on a frequency agreed by the division, but no less frequently than annually.

23 (e) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
24 is authorized to fund the marketing program as described ~~above in regard to~~ [in](#) the Newport Grand
25 Master Contract.

26 (f) Notwithstanding the provisions of §42-61-15, but subject to §42-61.2-7(h), the
27 allocation of net, table-game revenue derived from table games at Twin River is as follows:

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

30 (i) Sixteen percent (16%) of net, table-game revenue, except as provided in §42-61.2-
31 7(f)(1)(ii);

32 (ii) An additional two percent (2%) of net, table-game revenue generated at Twin River
33 shall be allocated starting from the commencement of table games activities by such table-game
34 retailer and ending, with respect to such table-game retailer, on the first date that such table-game

1 retailer's net terminal income for a full state fiscal year is less than such table-game retailer's net
2 terminal income for the prior state fiscal year, at which point this additional allocation to the state
3 shall no longer apply to such table-game retailer.

4 (2) To UTGR, net, table-game revenue not otherwise disbursed pursuant to subsection
5 (f)(1); provided, however, on the first date that such table-game retailer's net terminal income for a
6 full state fiscal year is less than such table-game retailer's net terminal income for the prior state
7 fiscal year, as set forth in subsection (f)(1)(ii), one percent (1%) of this net, table-game revenue
8 shall be allocated to the town of Lincoln for four (4), consecutive state fiscal years.

9 (g) Notwithstanding the provisions of §42-61-15, the allocation of net, table-game revenue
10 derived from table games at the Tiverton facility owned by Twin River-Tiverton is as follows:

11 (1) Subject to subsection (g)(2) of this section, one percent (1%) of net, table-game revenue
12 shall be allocated to the town of Tiverton;

13 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to
14 the state first for deposit into the state lottery fund for administrative purposes and then the balance
15 remaining into the general fund; provided however, that beginning with the first state fiscal year
16 that a facility in the town of Tiverton owned by Twin River-Tiverton offers patrons video-lottery
17 games and table games for all of such state fiscal year, for that state fiscal year and each subsequent
18 state fiscal year that such Tiverton facility offers patrons video-lottery games and table games for
19 all of such state fiscal year, if the town of Tiverton has not received an aggregate of three million
20 dollars (\$3,000,000) in the state fiscal year from net, table-game revenues and net terminal income,
21 combined, generated by such Tiverton facility, then the state shall make up such shortfall to the
22 town of Tiverton out of the state's percentage of net, table-game revenue set forth in this subsection
23 (g)(2) and net terminal income set forth in subsections (a)(1) and (a)(6); provided further however,
24 if in any state fiscal year either video-lottery games or table games are no longer offered at a facility
25 in the town of Tiverton owned by Twin River-Tiverton, LLC, then the state shall not be obligated
26 to make up the shortfall referenced in this subsection (g)(2); and

27 (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (g)(1) and
28 (g)(2) of this section shall be allocated to Twin River-Tiverton.

29 (h) Notwithstanding the foregoing §42-61.2-7(f) and superseding that section effective
30 upon the first date that a facility in the town of Tiverton owned by Twin River-Tiverton offers
31 patrons video-lottery games and table games, the allocation of net, table-game revenue derived
32 from table games at Twin River in Lincoln shall be as follows:

33 (1) Subject to subsection (h)(2), one percent (1%) of net, table-game revenue shall be
34 allocated to the town of Lincoln;

1 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to
2 the state first for deposit into the state lottery fund for administrative purposes and then the balance
3 remaining into the general fund; provided however, that beginning with the first state fiscal year
4 that a facility in the town of Tiverton owned by Twin River-Tiverton offers patrons video-lottery
5 games and table games for all of such state fiscal year, for that state fiscal year and each subsequent
6 state fiscal year that such Tiverton facility offers patrons video-lottery games and table games for
7 all of such state fiscal year, if the town of Lincoln has not received an aggregate of three million
8 dollars (\$3,000,000) in the state fiscal year from net, table-game revenues and net terminal income,
9 combined, generated by the Twin River facility in Lincoln, then the state shall make up such
10 shortfall to the town of Lincoln out of the state's percentage of net, table-game revenue set forth in
11 this subsection (h)(2) and net terminal income set forth in subsections (a)(1) and (a)(6); provided
12 further however, if in any state fiscal year either video-lottery games or table games are no longer
13 offered at a facility in the town of Tiverton owned by Twin River-Tiverton, LLC, then the state
14 shall not be obligated to make up the shortfall referenced in this subsection (h)(2); and

15 (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (h)(1) and
16 (h)(2) shall be allocated to UTGR.

17 SECTION 3. Except to the extent amended by this act, the terms, conditions, provisions
18 and definitions of Chapter 322 and 323 of the Public Laws of 2005, Chapter 16 of the Public Laws
19 of 2010, Chapter 151, Article 25 of the Public Laws of 2011, Chapters 289 and 290 of the Public
20 Laws of 2012, Chapter 145, Article 13 of the Public Laws of 2014, Chapter 141, Article 11,
21 Sections 16—22 of the Public Laws of 2015, and Chapters 005 and 006 of the Public Laws of 2016
22 P.L. 2005, ch. 322; P.L. 2005, ch. 323; P.L. 2010, ch. 16; P.L.2011, ch. 151, art. 25; P.L. 2012,
23 ch. 289; P.L. 212, ch. 290; P.L. 2014, ch. 145, art. 13; P.L. 2015, ch. 141, art. 11, §§ 16-22, and
24 P.L. 2016, ch. 005; and P.L. 2016, ch. 006 (in each case as the more recent law may have amended
25 an earlier law or laws), are hereby incorporated herein by reference and shall remain in full force
26 and effect.

27 SECTION 4. Definitions. For the purposes of this act, the following terms shall have the
28 following meanings, and to the extent that such terms are otherwise defined in any provision of the
29 general or public laws (including, but not limited to, Chapter 16 of the public Laws of 2010 P.L.
30 2010, ch. 16, as amended, and Chapters 005 and 006 of the public laws of 2016 P.L. 2016, ch. 005
31 and P.L. 2016, ch. 006), for purposes of this act, those terms are hereby amended to read as follows:

32 (a) "Division" means the division of lotteries within the department of revenue and/or any
33 successor as party to the UTGR Master Contract and the Newport Grand Master Contract.

34 (b) "Initial Promotional Points Program" means, as to UTGR, that promotional points

1 program authorized in ~~Chapter 16, Section 4(a)(ii)~~ P.L. 2010, ch. 16, § 4(a)(ii) of Part A of the
2 Public Laws of 2010, as amended by, ~~Chapter 151, Article 25, Section 8 of the Public Laws of 2011~~
3 P.L. 2011 ch. 151, art. 25 § 8 and by this act. As to Newport Grand, "Initial Points Program"
4 means that promotional points program authorized in ~~Chapter 16, Section 4(a)(ii)~~ P.L. 2010, ch.
5 16, § 4(a)(ii) of Part B of the Public Laws of 2010, as amended by ~~Chapter 151, Article 25, Section~~
6 8 of the Public Laws of 2011 P.L. 2011, ch. 151, art. 25, § 8 and by this act.

7 (c) "Marketing Program" means, as to UTGR, that marketing program set forth in ~~Chapter~~
8 ~~16, Section 4(a)(iii)~~ P.L. 2010, ch. 16, § 4(a)(iii) of Part A, ~~of the Public Laws of 2010~~, as amended
9 ~~by Chapter 151, Article 25, Section 8 of the Public Laws of 2011 P.L. 2011, ch. 151, art. 25, § 8.~~
10 ~~and as amended by Chapter 145, article 13, Section 5 of the Public Laws of 2014 P.L. 2014, ch.~~
11 ~~145, art. 13, § 5, and as amended by Chapters 005 and 006 of the Public Laws of 2016 P.L. 2016,~~
12 ~~ch. 005 and P.L. 2016, ch. 006, and as clarified by this act. As to Newport Grand, "Marketing~~
13 ~~Program" means that marketing program set forth in Chapter 16, Section 4(a)(iii) P.L. 2010, ch.~~
14 ~~16, § 4(a)(iii) of Part B of the Public Laws of 2010, as amended by Chapter 151, Article 25,~~
15 ~~Section 8 of the Public Laws of 2011 P.L. 2011, ch. 151, art. 25 § 8, and as amended by Chapters~~
16 ~~005 and 006 of the Public Laws of 2016 P.L. 2016, ch. 005 and P.L. 2016, ch. 006, and as clarified~~
17 ~~by this act.~~

18 (d) "Marketing Year" means the fiscal year of the state.

19 (e) "Newport Grand", when it is referring to a legal entity, means Premier Entertainment
20 II. LLC and its permitted successors and assigns under the Newport Grand Master Contract.
21 "Newport Grand", when it is referring to a gaming facility, means Newport Grand Slots, located
22 at 150 Admiral Kalbfus Road, Newport, Rhode Island, unless and until state-operated, video-lottery
23 games are no longer offered at such facility in Newport and state-operated, video-lottery games are
24 offered at a facility owned by Twin River-Tiverton located in Tiverton, Rhode Island, at which
25 time "Newport Grand" shall mean such Tiverton facility.

26 (f) "Newport Grand Division Percentage" means for any ~~M~~marketing ~~Y~~year, the Division's
27 percentage of net terminal income derived from video lottery terminals located at the Newport
28 Grand facility as set forth in §42-61.2-7.

29 (g) "Newport Grand Master Contract" means that certain Master Video Lottery Terminal
30 Contract made as of November 23, 2005, by and between the Division and Newport Grand, as
31 amended and/or assigned from time to time in accordance with its terms.

32 (h) "Prior Marketing Year" means the prior state fiscal year.

33 (i) "Promotional Points " means the promotional points issued pursuant to any free play or
34 other promotional program operated by the Division at a licensed, video-lottery-terminal facility

1 (including, without limitation, the Initial Promotional Points Program and Supplementary
2 Promotional Points Program as to UTGR and the Initial Promotional Points Program and
3 Supplementary Promotional Points Program as to Newport Grand), which may be downloaded to
4 a video-lottery terminal by a player. Promotional Points are provided to customers and prospective
5 customers for no monetary charge. Customer registration may be required.

6 (j) "Promotional Points Program" means, as to UTGR, the Initial Promotional Points
7 Program or Supplementary Promotional Points Program applicable to UTGR, and as to Newport
8 Grand, the Initial Promotional Points Program or Supplementary Promotional Points Program
9 applicable to Newport Grand.

10 (k) "Supplementary Promotional Points Program" means that promotional points program
11 authorized in Section 8 as to Twin River and Section 9 as to Newport Grand, of ~~Chapters 289 and~~
12 ~~290 of the Public Laws of 2012~~ P.L. 212, ch. 289 and P.L. 2012, ch.290.

13 (l) "Twin River-Tiverton" means Twin River-Tiverton LLC, a Delaware Limited Liability
14 Company. References herein to "Twin River-Tiverton" shall include its permitted successors and
15 assigns.

16 (m) "UTGR" has the meaning given that term in ~~Chapter 16 of the Public Laws of 2010,~~
17 ~~Part A, Section 2(n)~~ P.L. 2010, ch. 16, Part A, § 2(n).

18 (n) "UTGR Division Percentage" means for any Marketing Year, the Division's percentage
19 of net terminal income derived from video lottery terminals located at the Twin River facility as
20 set forth in §42-61.2-7.

21 (o) "UTGR Master Contract" means that certain Master Video Lottery Terminal Contract
22 made as of July 18, 2005 by and between the Division, the Department of Transportation and
23 UTGR, as amended and/or assigned from time to time in accordance with its terms.

24 SECTION 5. Authorized Procurement of Sixth Amendment to the UTGR Master Contract.
25 Notwithstanding any general or public law, regulation, or rule to the contrary, within ninety (90)
26 days of the enactment of this act, the Division is hereby expressly authorized, empowered and
27 directed to enter into with UTGR a Sixth Amendment to the UTGR Master Contract as described
28 in this section 5, to become effective April 1, 2017:

29 (a) Amendment to UTGR Supplementary Promotional Points Program.

30 (1) The Supplementary Promotional Points Program applicable to Twin River, which is in
31 addition to the Initial Promotional Points Program), shall be amended so that UTGR may distribute
32 to customers and prospective customers Promotional Points of up to but not more than sixteen
33 percent (16%) of Twin River net terminal income for the Prior Marketing Year. For avoidance of
34 doubt, as a result of the foregoing amendment, the approved amount of Promotional Points that

1 may be distributed by UTGR pursuant to the Initial and Supplementary Promotional Points
2 Programs, in the aggregate, may be up to but not more than twenty percent (20%) of the amount of
3 net terminal income of Twin River for the Prior Marketing Year, plus an additional seven hundred
4 fifty thousand dollars (\$750,000), subject however, to subsections (a)(3) and (a)(4) below. The
5 terms and conditions of the Initial and Supplementary Promotional Points Programs applicable to
6 Twin River shall be established from time to time by the Division, and such terms and conditions
7 shall include, without limitation, a State fiscal-year audit of the program, the cost of which audit
8 shall be borne by UTGR.

9 (2) For the avoidance of doubt, the foregoing supersedes and replaces the provisions of the
10 UTGR Master Contract as established by ~~Chapter 016, Section 4(a)(ii)~~ P.L. 2010, ch. 016, § 4(a)(ii)
11 of Part A ~~of the public laws of 2010~~, as amended pursuant to ~~Chapter 151, Article 25, Section 8~~
12 P.L. 2011, ch. 151, art. 25, § 8 ~~of the Public Laws of 2011~~.

13 (3) Notwithstanding the foregoing or anything in the general or public laws to the contrary,
14 the amendment to the UTGR Master Contract shall provide that nothing shall prohibit UTGR, with
15 prior approval from the Division, from spending additional funds on the Initial and/or
16 Supplementary Promotional Points Programs (i.e., distributing to customers and prospective
17 customers Promotional Points in amounts in excess of the amounts initially-approved by the
18 Division with respect to the Initial and/or Supplementary Promotional Points Program), even if
19 such additional amounts exceed four percent (4%) of Twin River net terminal income for the Prior
20 Marketing Year plus seven hundred fifty thousand dollars (\$750,000) in regard to the Initial
21 Promotional Points Program for Twin River, or exceed sixteen percent (16%) of Twin River net
22 terminal income for the Prior Marketing Year in regard to the Supplementary Promotional Points
23 Program for Twin River, or exceed twenty percent (20%) of Twin River net terminal income for
24 the Prior Marketing Year plus seven hundred fifty thousand dollars (\$750,000) in regard to the
25 Twin River Initial and Supplementary Promotional Points Programs in the aggregate; provided
26 however, that the expense of any such additional spending on Promotional Points shall be borne by
27 UTGR, subject to subsection (a)(4) below.

28 (4) Notwithstanding any prior public or general law, rule, regulation, or policy to the
29 contrary, UTGR shall remit to the Division the amount of any funds spent by UTGR in excess of
30 the amounts initially-approved by the Division with respect to the Initial and/or Supplementary
31 Promotional Points Programs – i.e., distributions to customers and prospective customers of
32 Promotional Points in excess of the amounts initially-approved by the Division for the Initial and/or
33 Supplementary Promotional Points Program, all pursuant to subsection (a)(3) above – and the
34 Division shall distribute such funds to the entities (including UTGR) entitled to a portion (or

1 percent) of net terminal income generated at Twin River pursuant to §42-61.2-7 of the Rhode Island
2 General Laws, paying to each such entity (including UTGR) that portion of the funds that is equal
3 to its portion (or percent) of net terminal income generated at Twin River as set forth in §42-61.2-
4 7 of the Rhode Island General Laws.

5 (b) Except to the extent amended and/or clarified pursuant to subsection (a) above, the
6 terms, provisions and conditions of the UTGR Master Contract, including without limitation those
7 terms, provisions and conditions relating to the Initial Promotion Points Program, the
8 Supplementary Promotional Points Program and the Marketing Program, shall remain in full force
9 and effect. If there is a conflict between any provision of the UTGR Master Contract and this act,
10 the provisions of this act control.

11 SECTION 6. Authorized Procurement of Sixth Amendment to the Newport Grand Master
12 Contract. Notwithstanding any general or public law, regulation or rule to the contrary, within
13 ninety (90) days of the enactment of this act, the Division is hereby expressly authorized,
14 empowered and directed to enter into with Newport Grand a Sixth Amendment to the Newport
15 Grand Master Contract as described in this section 6, to become effective April 1, 2017, except the
16 amendment made pursuant to subsection (b) below shall take effect pursuant to its terms:

17 (a) Amendment to Newport Grand Supplementary Promotional Points Program.

18 (1) The Supplementary Promotional Points Program applicable to Newport Grand, which
19 is in addition to the Initial Promotional Points Program, shall be amended so that Newport Grand
20 may distribute to customers and prospective customers Promotional Points up to but not more than
21 sixteen percent (16%) of Newport Grand net terminal income for the Prior Marketing Year. For
22 avoidance of doubt, as a result of the foregoing amendment, the approved amount of Promotional
23 Points that may be distributed by Newport Grand pursuant to the Initial and Supplementary
24 Promotional Points Programs, in the aggregate, may be up to but not more than twenty percent
25 (20%) of the amount of net terminal income of Newport Grand for the Prior Marketing Year, plus
26 an additional seven hundred fifty thousand dollars (\$750,000), subject however, to subsections
27 (a)(3) and (a)(4) below. The terms and conditions of the Initial and Supplementary Promotional
28 Points Programs applicable to Newport Grand shall be established from time to time by the
29 Division, and such terms and conditions shall include, without limitation, a ~~S~~state fiscal-year audit
30 of the program, the cost of which audit shall be borne by Newport Grand.

31 (2) For the avoidance of doubt, the foregoing supersedes and replaces the provisions of the
32 Newport Grand Master Contract as established by ~~Chapter 016, Section 4(a)(ii) P.L. 2010, ch. 016,~~
33 § 4(a)(ii) of Part B of the public laws of 2010, as amended pursuant to ~~Chapter 151, Article 25,~~
34 ~~Section 8 of the Public Laws of 2011 P.L. 2011, ch. 151, art. 25, § 8.~~

1 (3) Notwithstanding the foregoing or anything in the general or public laws to the contrary,
2 the amendment to the Newport Grand Master Contract shall provide that nothing shall prohibit
3 Newport Grand, with prior approval from the Division, from spending additional funds on the
4 Initial and/or Supplementary Promotional Points Programs (i.e., distributing to customers and
5 prospective customers Promotional Points in amounts in excess of the amounts initially-approved
6 by the Division with respect to the Initial and/or Supplementary Promotional Points Program), even
7 if such additional amounts exceed four percent (4%) of Newport Grand net terminal income for the
8 Prior Marketing Year plus seven hundred fifty thousand dollars (\$750,000) in regard to the Initial
9 Promotional Points Program for Newport Grand, or exceed sixteen percent (16%) of Newport
10 Grand net terminal income for the Prior Marketing Year in regard to the Supplementary
11 Promotional Points Program for Newport Grand, or exceed twenty percent (20%) of Newport
12 Grand net terminal income for the Prior Marketing Year plus seven hundred fifty thousand dollars
13 (\$750,000) in regard to the Newport Grand Initial and Supplementary Promotional Points Programs
14 in the aggregate; provided however, that the expense of any such additional spending on
15 Promotional Points shall be borne by Newport Grand, subject to subsection (a)(4) below.

16 (4) Notwithstanding any prior public or general law, rule, regulation or policy to the
17 contrary, Newport Grand shall remit to the Division the amount of any funds spent by Newport
18 Grand in excess of the amounts initially-approved by the Division with respect to the Initial and/or
19 Supplementary Promotional Points Programs – i.e., distributions to customers and prospective
20 customers of Promotional Points in excess of the amounts initially-approved by the Division for
21 the Initial and/or Supplementary Promotional Points Program, all pursuant to subsection (a)(3)
22 above – and the Division shall distribute such funds to the entities (including Newport Grand)
23 entitled to a portion (or percent) of net terminal income generated at Newport Grand pursuant to
24 §42-61.2-7 of the Rhode Island General Laws, paying to each such entity (including Newport
25 Grand) that portion of the funds that is equal to its portion (or percent) of net terminal income
26 generated at Newport Grand as set forth in §42-61.2-7 of the Rhode Island General Laws.

27 (b) Amendment to conform Newport Grand Master Contract to amendment to §42-61.2-7
28 of the Rhode Island General Laws. The Newport Grand Master Contract shall be amended to
29 conform that contract to the amendments made by section 2 of this act to §42-61.2-7 of the Rhode
30 Island General Laws. More specifically, the Newport Grand Master Contract shall be amended
31 such that the last sentence of Section 3.1 of the Fourth Amendment to the Newport Grand Master
32 Contract (dated July 14, 2015), shall read as follows, or with the following effect: "The increase in
33 rate of net terminal income payable to Newport Grand provided for in this Section 3.1 shall sunset
34 and expire upon the commencement of the operation of casino gaming at Twin River-Tiverton's

1 facility located in the town of Tiverton, and the rate in effect as of June 30, 2013 shall be reinstated,
2 and payable to the licensed entity hosting the casino gaming at such facility."

3 (c) Except to the extent amended and/or clarified pursuant to subsections (a) and (b) above,
4 the terms, provisions, and conditions of the Newport Grand Master Contract, including without
5 limitation those terms, provisions and conditions relating to the Initial Promotion Points Program,
6 the Supplementary Promotional Points Program and the Marketing Program, shall remain in full
7 force and effect. If there is a conflict between any provision of the Newport Grand Master Contract
8 and this act, the provisions of this act control.

9 SECTION 7. Section 23-17-38.1 of the General Laws in Chapter 23-17 entitled "Licensing
10 of Health-Care Facilities" is hereby amended to read as follows:

11 **23-17-38.1. Hospitals – Licensing fee.**

12 ~~(a) There is also imposed a hospital licensing fee at the rate of five and eight hundred sixty-~~
13 ~~two thousandths percent (5.862%) upon the net patient services revenue of every hospital for the~~
14 ~~hospital's first fiscal year ending on or after January 1, 2014, except that the license fee for all~~
15 ~~hospitals located in Washington County, Rhode Island shall be discounted by thirty seven percent~~
16 ~~(37%). The discount for Washington County hospitals is subject to approval by the Secretary of the~~
17 ~~US Department of Health and Human Services of a state plan amendment submitted by the~~
18 ~~executive office of health and human services for the purpose of pursuing a waiver of the uniformity~~
19 ~~requirement for the hospital license fee. This licensing fee shall be administered and collected by~~
20 ~~the tax administrator, division of taxation within the department of revenue, and all the~~
21 ~~administration, collection and other provisions of chapter 51 of title 44 shall apply. Every hospital~~
22 ~~shall pay the licensing fee to the tax administrator on or before July 11, 2016 and payments shall~~
23 ~~be made by electronic transfer of monies to the general treasurer and deposited to the general fund.~~
24 ~~Every hospital shall, on or before June 13, 2016, make a return to the tax administrator containing~~
25 ~~the correct computation of net patient services revenue for the hospital fiscal year ending September~~
26 ~~30, 2014, and the licensing fee due upon that amount. All returns shall be signed by the hospital's~~
27 ~~authorized representative, subject to the pains and penalties of perjury.~~

28 ~~(b)~~(a) There is also imposed a hospital licensing fee at the rate of five and six hundred fifty-
29 two thousandths percent (5.652%) upon the net patient-services revenue of every hospital for the
30 hospital's first fiscal year ending on or after January 1, 2015, except that the license fee for all
31 hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent
32 (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the
33 U.S. Department of Health and Human Services of a state plan amendment submitted by the
34 executive office of health and human services for the purpose of pursuing a waiver of the uniformity

1 requirement for the hospital license fee. This licensing fee shall be administered and collected by
2 the tax administrator, division of taxation within the department of revenue, and all the
3 administration, collection, and other provisions of chapter 51 of title 44 shall apply. Every hospital
4 shall pay the licensing fee to the tax administrator on or before July 10, 2017, and payments shall
5 be made by electronic transfer of monies to the general treasurer and deposited to the general fund.
6 Every hospital shall, on or before June 14, 2017, make a return to the tax administrator containing
7 the correct computation of net patient-services revenue for the hospital fiscal year ending
8 September 30, 2015, and the licensing fee due upon that amount. All returns shall be signed by the
9 hospital's authorized representative, subject to the pains and penalties of perjury.

10 (b) There is also imposed a hospital licensing fee at the rate of five and eight hundred fifty-
11 six thousandths percent (5.856%) ~~of~~ upon the net patient-services revenue of every hospital for the
12 hospital's first fiscal year ending on or after January 1, 2016, except that the license fee for all
13 hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent
14 (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the
15 U.S. Department of Health and Human Services of a state plan amendment submitted by the
16 executive office of health and human services for the purpose of pursuing a waiver of the uniformity
17 requirement for the hospital license fee. This licensing fee shall be administered and collected by
18 the tax administrator, division of taxation within the department of revenue, and all the
19 administration, collection, and other provisions of chapter 51 of title 44 shall apply. Every hospital
20 shall pay the licensing fee to the tax administrator on or before July 10, 2018, and payments shall
21 be made by electronic transfer of monies to the general treasurer and deposited to the general fund.
22 Every hospital shall, on or before June 14, 2018, make a return to the tax administrator containing
23 the correct computation of net patient-services revenue for the hospital fiscal year ending
24 September 30, 2016, and the licensing fee due upon that amount. All returns shall be signed by the
25 hospital's authorized representative, subject to the pains and penalties of perjury.

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

28 (1) "Hospital" means the actual facilities and buildings in existence in Rhode Island,
29 licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on
30 that license, regardless of changes in licensure status pursuant to chapter 17.14 of title 23 (hospital
31 conversions) and §23-17-6(b) (change in effective control), that provides short-term acute inpatient
32 and/or outpatient care to persons who require definitive diagnosis and treatment for injury, illness,
33 disabilities, or pregnancy. Notwithstanding the preceding language, the negotiated Medicaid
34 managed care payment rates for a court-approved purchaser that acquires a hospital through

1 receivership, special mastership, or other similar state insolvency proceedings (which court-
2 approved purchaser is issued a hospital license after January 1, 2013) shall be based upon the newly
3 negotiated rates between the court-approved purchaser and the health plan, and such rates shall be
4 effective as of the date that the court-approved purchaser and the health plan execute the initial
5 agreement containing the newly negotiated rate. The rate-setting methodology for inpatient hospital
6 payments and outpatient hospital payments set ~~for the~~ forth in §§ 40-8-13.4(b)(1)(B)(iii) and 40-
7 8-13.4(b)(2), respectively, shall thereafter apply to negotiated increases for each annual twelve-
8 month (12) period as of July 1 following the completion of the first full year of the court-approved
9 purchaser's initial Medicaid managed care contract.

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

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

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

17 (e) The licensing fee imposed by this section shall apply to hospitals as defined herein that
18 are duly licensed on July 1, ~~2016~~ 2017, and shall be in addition to the inspection fee imposed by §
19 23-17-38 and to any licensing fees previously imposed in accordance with § 23-17-38.1.

20 SECTION 8. Chapter 44-1 of the General Laws entitled "State Tax Officials" is hereby
21 amended by adding thereto the following sections:

22 **44-1-37. Administrative penalties and attorney's fees.**

23 (a) Whenever a licensee and/or a taxpayer violates any provision of title 44 or the
24 regulations promulgated thereunder, the tax administrator may, in accordance with the
25 requirements of the ~~A~~administrative ~~P~~rocedures ~~A~~act, ~~C~~chapter 35 of ~~T~~itle 42 ~~of the Rhode~~
26 Island General Laws:

27 (1) Revoke or suspend a license or permit issued by the division of taxation;

28 (2) Levy an administrative penalty in an amount not less than one hundred (\$100) nor more
29 than fifty thousand dollars (\$50,000);

30 (3) Order the violator to cease such actions; and/or

31 (4) Any combination of the above penalties.

32 (b) The tax administrator is hereby authorized, and may in his or her discretion, recover
33 the reasonable cost of legal services provided by in-house attorneys in the ~~D~~epartment of
34 ~~R~~evue and/or the ~~D~~ivision of ~~T~~axation incurred in matters pertaining to administrative

1 hearings, court hearings, and appeals. Nothing in this section shall limit the power of the tax
2 administrator to retain outside legal counsel and to recover the costs of such legal counsel pursuant
3 to other provisions of the general laws.

4 (c) Any monetary penalties assessed pursuant to this section shall be deposited in the
5 general fund.

6 **44-1-38. Jeopardy determinations.**

7 If the tax administrator believes that the collection of any amount of tax, interest, and/or
8 penalty assessed in a notice of deficiency determination will be jeopardized by a delay ~~which~~ **that**
9 could render a person or entity judgment proof and/or frustrate the collectability of said
10 determination, the tax administrator shall thereupon make a jeopardy determination of the amount
11 of tax required to be collected, including interest and penalties, if any. Said jeopardy determination
12 shall state briefly the facts upon which it is based. The amount of the tax, interest, and/or penalties
13 so determined shall be due and payable immediately upon the mailing by the tax administrator of
14 the notice of that jeopardy determination. Within thirty (30) days of the date of the mailing of the
15 notice of the jeopardy determination, the taxpayer may bring an action in the sixth (6th) division
16 district court appealing the jeopardy determination. Within twenty (20) days after the action is
17 commenced, the district court shall make a determination of whether or not the making of the
18 jeopardy assessment was reasonable under the circumstances.

19 **44-1-39. Information deemed state property.**

20 For the purpose of determining taxpayer compliance, any and all information or data
21 required to be generated or maintained pursuant to title 44 and/or the regulations promulgated
22 thereunder, shall be deemed to be the property of the State of Rhode Island.

23 SECTION 9. Sections 44-11-2.2 and 44-11-29 of the General Laws in Chapter 44-11
24 entitled "Business Corporation Tax" are hereby amended to read as follows:

25 **44-11-2.2 Pass-Through Entities – Definitions – Withholding – Returns.**

26 (a) Definitions.

27 (1) "Pass-through entity" means a corporation that for the applicable tax year is treated as
28 an S Corporation under IRC § 1362(a) [26 U.S.C. § 1362(a)], and a general partnership, limited
29 partnership, limited liability partnership, trust, or limited liability company that for the applicable
30 tax year is not taxed as a corporation for federal tax purposes under the state's check-the-box
31 regulation.

32 (2) "Member" means an individual who is a shareholder of an S corporation; a partner in a
33 general partnership, a limited partnership, or a limited liability partnership; a member of a limited
34 liability company; or a beneficiary of a trust;

1 (3) "Nonresident" means an individual who is not a resident of or domiciled in the state, a
2 business entity that does not have its commercial domicile in the state, and a trust not organized in
3 the state.

4 (b) *Withholding.*

5 (1) A pass-through entity shall withhold income tax at the highest Rhode Island
6 withholding tax rate provided for individuals or ~~nine percent (9%)~~ seven percent (7%) for
7 corporations on the member's share of income of the entity ~~which~~ **that** is derived from or
8 attributable to sources within this state distributed to each nonresident member and pay the withheld
9 amount in the manner prescribed by the tax administrator. The pass-through entity shall be liable
10 for the payment of the tax required to be withheld under this section and shall not be liable to such
11 member for the amount withheld and paid over in compliance with this section. A member of a
12 pass-through entity that is itself a pass-through entity (a "lower-tier pass-through entity") shall be
13 subject to this same requirement to withhold and pay over income tax on the share of income
14 distributed by the lower-tier pass-through entity to each of its nonresident members. The tax
15 administrator shall apply tax withheld and paid over by a pass-through entity on distributions to a
16 lower-tier pass-through entity to the withholding required of that lower-tier pass-through entity.

17 (2) A pass-through entity shall, at the time of payment made pursuant to this section, deliver
18 to the tax administrator a return upon a form prescribed by the tax administrator showing the total
19 amounts paid or credited to its nonresident members, the amount withheld in accordance with this
20 section, and any other information the tax administrator may require. A pass-through entity shall
21 furnish to its nonresident member annually, but not later than the fifteenth day of the third month
22 after the end of its taxable year, a record of the amount of tax withheld on behalf of such member
23 on a form prescribed by the tax administrator.

24 (c) Notwithstanding subsection (b), a pass-through entity is not required to withhold tax
25 for a nonresident member if:

26 (1) The member has a pro rata or distributive share of income of the pass-through entity
27 from doing business in, or deriving income from sources within, this ~~S~~state of less than \$1,000 per
28 annual accounting period;

29 (2) The tax administrator has determined by regulation, ruling, or instruction that the
30 member's income is not subject to withholding; ~~or~~

31 (3) The member elects to have the tax due paid as part of a composite return filed by the
32 pass-through entity under subsection (d); or

33 (4) The entity is a publicly traded partnership as defined by ~~Section 7704(b) of the Internal~~
34 ~~Revenue Code (26 U.S.C. § 7704(b))~~ that is treated as a partnership for the purposes of the Internal

1 Revenue Code and that has agreed to file an annual information return reporting the name, address,
2 taxpayer identification number and other information requested by the tax administrator of each
3 unitholder with an income in the state in excess of \$500.

4 *(d) Composite return.*

5 (1) A pass-through entity may file a composite income tax return on behalf of electing
6 nonresident members reporting and paying income tax at the state's highest marginal rate on the
7 members' pro rata or distributive shares of income of the pass-through entity from doing business
8 in, or deriving income from sources within, this State.

9 (2) A nonresident member whose only source of income within a state is from one or more
10 pass-through entities may elect to be included in a composite return filed pursuant to this section.

11 (3) A nonresident member that has been included in a composite return may file an
12 individual income tax return and shall receive credit for tax paid on the member's behalf by the
13 pass-through entity.

14 **44-11-29. Notice to tax administrator of sale of assets – Tax due.**

15 (a) The sale or transfer of the major part in value of the assets of a domestic corporation,
16 domestic limited liability company, domestic limited partnership, or any other domestic business
17 entity, or of the major part in value of the assets situated in this state of a foreign corporation,
18 foreign limited liability company, foreign limited partnership, or any other foreign business entity,
19 other than in the ordinary course of trade and in the regular and usual prosecution of ~~the~~
20 ~~corporation's~~ business by said corporation, limited liability company, limited partnership, or any
21 other business entity whether domestic or foreign, and the sale or transfer of the major part in value
22 of the assets of a domestic corporation, domestic limited liability company, domestic limited
23 partnership, or any other domestic corporation business entity, or of the major part in value of the
24 assets situated in this state of a foreign corporation, foreign limited liability company, foreign
25 limited partnership, or any other foreign business entity ~~which that~~ is engaged in the business of
26 buying, selling, leasing, renting, managing, or dealing in real estate, shall be fraudulent and void as
27 against the state unless the corporation, limited liability company, limited partnership, or any other
28 business entity, whether domestic or foreign, corporation shall, at least five (5) business days before
29 the sale or transfer, ~~notify~~ notifies the tax administrator of the proposed sale or transfer and of the
30 price, terms, and conditions of the sale or transfer and of the character and location of the assets by
31 requesting a letter of good standing from the tax division. Whenever a corporation, limited liability
32 company, limited partnership, or any other business entity, whether domestic or foreign, shall
33 makes such a sale or transfer, ~~the tax imposed by this chapter~~ any and all tax returns required to be
34 filed under this title must be filed and any and all taxes imposed under this title shall become due

1 and payable at the time when the tax administrator is so notified of the sale or transfer, or, if he or
2 she is not so notified, at the time when he or she should have been notified of the sale or transfer.

3 (b) This section shall not apply to sales by receivers, assignees under a voluntary
4 assignment for the benefit of creditors, trustees in bankruptcy, debtors in possession in bankruptcy,
5 or public officers acting under judicial process.

6 ~~SECTION 10. Section 44-18-30 of the General Laws in Chapter 44-18 entitled "Sales and~~
7 ~~Use Taxes—Liability and Computation" is hereby amended to read as follows:~~

8 SECTION 10. Sections 44-18-7.1, 44-18-30 and 44-18-30.1 of the General Laws in
9 Chapter 44-18 entitled "Sales and Use Taxes - Liability and Computation" are hereby amended to
10 read as follows:

11 **44-18-7.1. Additional definitions.**

12 (a) "Agreement" means the Sstreamlined Ssales and Use Tax Agreement.

13 (b) "Alcoholic Beverages" means beverages that are suitable for human consumption and
14 contain one-half of one percent (.5%) or more of alcohol by volume.

15 (c) "Bundled Transaction" is the retail sale of two or more products, except real property
16 and services to real property, where (1) The products are otherwise distinct and identifiable, and
17 (2) The products are sold for one non-itemized price. A "bundled transaction" does not include the
18 sale of any products in which the "sales price" varies, or is negotiable, based on the selection by
19 the purchaser of the products included in the transaction.

20 (i) "Distinct and identifiable products" does not include:

21 (A) Packaging -- such as containers, boxes, sacks, bags, and bottles -- or other materials --
22 such as wrapping, labels, tags, and instruction guides -- that accompany the "retail sale" of the
23 products and are incidental or immaterial to the "retail sale" thereof. Examples of packaging that
24 are incidental or immaterial include grocery sacks, shoeboxes, dry cleaning garment bags, and
25 express delivery envelopes and boxes.

26 (B) A product provided free of charge with the required purchase of another product. A
27 product is "provided free of charge" if the "sales price" of the product purchased does not vary
28 depending on the inclusion of the products "provided free of charge."

29 (C) Items included in the member state's definition of "sales price," pursuant to Appendix
30 C of the Agreement.

31 (ii) The term "one non-itemized price" does not include a price that is separately identified
32 by product on binding sales or other supporting sales-related documentation made available to the
33 customer in paper or electronic form including, but not limited to, an invoice, bill of sale, receipt,
34 contract, service agreement, lease agreement, periodic notice of rates and services, rate card, or

1 price list.

2 (iii) A transaction that otherwise meets the definition of a "bundled transaction" as defined
3 above, is not a "bundled transaction" if it is:

4 (A) The "retail sale" of tangible personal property and a service where the tangible personal
5 property is essential to the use of the service, and is provided exclusively in connection with the
6 service, and the true object of the transaction is the service; or

7 (B) The "retail sale" of services where one service is provided that is essential to the use or
8 receipt of a second service and the first service is provided exclusively in connection with the
9 second service and the true object of the transaction is the second service; or

10 (C) A transaction that includes taxable products and nontaxable products and the "purchase
11 price" or "sales price" of the taxable products is de minimis.

12 1. De minimis means the seller's "purchase price" or "sales price" of the taxable products
13 is ten percent (10%) or less of the total "purchase price" or "sales price" of the bundled products.

14 2. Sellers shall use either the "purchase price" or the "sales price" of the products to
15 determine if the taxable products are de minimis. Sellers may not use a combination of the
16 "purchase price" and "sales price" of the products to determine if the taxable products are de
17 minimis.

18 3. Sellers shall use the full term of a service contract to determine if the taxable products
19 are de minimis; or

20 (D) The "retail sale" of exempt tangible personal property and taxable tangible personal
21 property where:

22 1. ~~T~~The transaction includes "food and food ingredients", "drugs", "durable medical
23 equipment", "mobility enhancing equipment", "over-the-counter drugs", "prosthetic devices" (all
24 as defined in ~~§ 44-18-7.1~~ [this section](#)) or medical supplies; and

25 2. ~~W~~Where the seller's "purchase price" or "sales price" of the taxable tangible personal
26 property is fifty percent (50%) or less of the total "purchase price" or "sales price" of the bundled
27 tangible personal property. Sellers may not use a combination of the "purchase price" and "sales
28 price" of the tangible personal property when making the fifty percent (50%) determination for a
29 transaction.

30 (d) "Certified ~~A~~utomated ~~S~~ystem (CAS)" means software certified under the
31 ~~A~~greement to calculate the tax imposed by each jurisdiction on a transaction, determine the
32 amount of tax to remit to the appropriate state, and maintain a record of the transaction.

33 (e) "Certified ~~S~~ervice ~~P~~rovider (CSP)" means an agent certified under the ~~A~~greement
34 to perform all the seller's sales and use tax functions, other than the seller's obligation to remit tax

1 on its own purchases.

2 (f) Clothing and Related Items

3 (i) "Clothing" means all human wearing apparel suitable for general use.

4 (ii) "Clothing accessories or equipment" means incidental items worn on the person or in
5 conjunction with "clothing." "Clothing accessories or equipment" does not include "clothing,"
6 "sport or recreational equipment," or "protective equipment."

7 (iii) "Protective equipment" means items for human wear and designed as protection of the
8 wearer against injury or disease or as protections against damage or injury of other persons or
9 property but not suitable for general use. "Protective equipment" does not include "clothing,"
10 "clothing accessories or equipment," and "sport or recreational equipment."

11 (iv) "Sport or recreational equipment" means items designed for human use and worn in
12 conjunction with an athletic or recreational activity that are not suitable for general use. "Sport or
13 recreational equipment" does not include "clothing," "clothing accessories or equipment," and
14 "protective equipment."

15 (g) Computer and Related Items

16 (i) "Computer" means an electronic device that accepts information in digital or similar
17 form and manipulates it for a result based on a sequence of instructions.

18 (ii) "Computer software" means a set of coded instructions designed to cause a "computer"
19 or automatic data processing equipment to perform a task.

20 (iii) "Delivered electronically" means delivered to the purchaser by means other than
21 tangible storage media.

22 (iv) "Electronic" means relating to technology having electrical, digital, magnetic, wireless,
23 optical, electromagnetic, or similar capabilities.

24 (v) "Load and leave" means delivery to the purchaser by use of a tangible storage media
25 where the tangible storage media is not physically transferred to the purchaser.

26 (vi) "Prewritten computer software" means "computer software," including prewritten
27 upgrades, ~~which~~ that is not designed and developed by the author or other creator to the
28 specifications of a specific purchaser. The combining of two (2) or more "prewritten computer
29 software" programs or prewritten portions thereof does not cause the combination to be other than
30 "prewritten computer software." "Prewritten computer software" includes software designed and
31 developed by the author or other creator to the specifications of a specific purchaser when it is sold
32 to a person other than the specific purchaser. Where a person modifies or enhances "computer
33 software" of which the person is not the author or creator, the person shall be deemed to be the
34 author or creator only of such person's modifications or enhancements. "Prewritten computer

1 software" or a prewritten portion thereof that is modified or enhanced to any degree, where such
2 modification or enhancement is designed and developed to the specifications of a specific
3 purchaser, remains "prewritten computer software"; provided, however, that where there is a
4 reasonable, separately stated charge or an invoice or other statement of the price given to the
5 purchaser for such modification or enhancement, such modification or enhancement shall not
6 constitute "prewritten computer software."

7 (h) Drugs and Related Items

8 (i) "Drug" means a compound, substance, or preparation, and any component of a
9 compound, substance, or preparation, other than "food and food ingredients," "dietary
10 supplements" or "alcoholic beverages";

11 (A) Recognized in the official United States Pharmacopoeia, official Homeopathic
12 Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;
13 or

14 (B) Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease;
15 or

16 (C) Intended to affect the structure or any function of the body.

17 "Drug" shall also include insulin and medical oxygen whether or not sold on prescription.

18 (ii) "Over-the-counter drug" means a drug that contains a label that identifies the product
19 as a drug as required by 21 C.F.R. § 201.66. The "over-the-counter-drug" label includes:

20 (A) A "Drug Facts" panel; or

21 (B) A statement of the "active ingredient(s)" with a list of those ingredients contained in
22 the compound, substance, or preparation.

23 "Over-the-counter-drug" shall not include "grooming and hygiene products."

24 (iii) "Grooming and hygiene products" are soaps and cleaning solutions, shampoo,
25 toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the
26 items meet the definition of "over-the-counter-drugs."

27 (iv) "Prescription" means an order, formula, or recipe issued in any form of oral, written,
28 electronic, or other means of transmission by a duly licensed practitioner authorized by the laws of
29 the member state.

30 (i) "Delivery charges" means charges by the seller of personal property or services for
31 preparation and delivery to a location designated by the purchaser of personal property or services
32 including, but not limited to, transportation, shipping, postage, handling, crating, and packing.

33 "Delivery charges" shall not include the charges for delivery of "direct mail" if the charges
34 are separately stated on an invoice or similar billing document given to the purchaser.

1 (j) "Direct mail" means printed material delivered or distributed by United States mail or
2 other delivery service to a mass audience or to addressees on a mailing list provided by the
3 purchaser or at the direction of the purchaser when the cost of the items are not billed directly to
4 the recipients. "Direct mail" includes tangible personal property supplied directly or indirectly by
5 the purchaser to the direct mail seller for inclusion in the package containing the printed material.
6 "Direct mail" does not include multiple items of printed material delivered to a single address.

7 (k) "Durable medical equipment" means equipment including repair and replacement parts
8 for same which:

9 (i) Can withstand repeated use; and

10 (ii) Is primarily and customarily used to serve a medical purpose; and

11 (iii) Generally is not useful to a person in the absence of illness or injury; and

12 (iv) Is not worn in or on the body.

13 Durable medical equipment does not include mobility enhancing equipment.

14 (l) Food and Related Items

15 (i) "Food and food ingredients" means substances, whether in liquid, concentrated, solid,
16 frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are
17 consumed for their taste or nutritional value and seeds and plants used to grow food and food
18 ingredients. "Food and food ingredients" does not include "alcoholic beverages," "tobacco,"
19 "candy," "dietary supplements" ~~and~~ "soft drinks", or "marijuana seeds or plants."

20 (ii) "Prepared food" means:

21 (A) Food sold in a heated state or heated by the seller;

22 (B) Two (2) or more food ingredients mixed or combined by the seller for sale as a single
23 item; or

24 (C) Food sold with eating utensils provided by the seller, including: plates, knives, forks,
25 spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to
26 transport the food.

27 "Prepared food" in (B) does not include food that is only cut, repackaged, or pasteurized
28 by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring
29 cooking by the consumer as recommended by the Food and Drug Administration in chapter 3, part
30 401.11 of its Food Code so as to prevent food borne illnesses.

31 (iii) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners
32 in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars,
33 drops, or pieces. "Candy" shall not include any preparation containing flour and shall require no
34 refrigeration.

1 (iv) "Soft drinks" means non-alcoholic beverages that contain natural or artificial
2 sweeteners. "Soft drinks" do not include beverages that contain milk or milk products, soy, rice, or
3 similar milk substitutes, or greater than fifty percent (50%) of vegetable or fruit juice by volume.

4 (v) "Dietary supplement" means any product, other than "tobacco," intended to supplement
5 the diet that:

6 (A) Contains one or more of the following dietary ingredients:

7 1. A vitamin;

8 2. A mineral;

9 3. An herb or other botanical;

10 4. An amino acid;

11 5. A dietary substance for use by humans to supplement the diet by increasing the total
12 dietary intake; or

13 6. A concentrate, metabolite, constituent, extract, or combination of any ingredient
14 described in above; and

15 (B) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or
16 if not intended for ingestion in such a form, is not represented as conventional food and is not
17 represented for use as a sole item of a meal or of the diet; and

18 (C) Is required to be labeled as a dietary supplement, identifiable by the "Supplemental
19 Facts" box found on the label and as required pursuant to 21 C.F.R. § 101.36.

20 (m) "Food sold through vending machines" means food dispensed from a machine or other
21 mechanical device that accepts payment.

22 (n) "Hotel" means every building or other structure kept, used, maintained, advertised as,
23 or held out to the public to be a place where living quarters are supplied for pay to transient or
24 permanent guests and tenants and includes a motel.

25 (i) "Living quarters" means sleeping rooms, sleeping or housekeeping accommodations, or
26 any other room or accommodation in any part of the hotel, rooming house, or tourist camp which
27 that is available for or rented out for hire in the lodging of guests.

28 (ii) "Rooming house" means every house, boat, vehicle, motor court, or other structure
29 kept, used, maintained, advertised, or held out to the public to be a place where living quarters are
30 supplied for pay to transient or permanent guests or tenants, whether in one or adjoining buildings.

31 (iii) "Tourist camp" means a place where tents or tent houses, or camp cottages, or cabins
32 or other structures are located and offered to the public or any segment thereof for human
33 habitation.

34 (o) "Lease or rental" means any transfer of possession or control of tangible personal

1 property for a fixed or indeterminate term for consideration. A lease or rental may include future
2 options to purchase or extend. Lease or rental does not include:

3 (i) A transfer of possession or control of property under a security agreement or deferred
4 payment plan that requires the transfer of title upon completion of the required payments;

5 (ii) A transfer ~~of~~ of possession or control of property under an agreement that requires the
6 transfer of title upon completion of required payments and payment of an option price does not
7 exceed the greater of one hundred dollars (\$100) or one percent of the total required payments; or

8 (iii) Providing tangible personal property along with an operator for a fixed or
9 indeterminate period of time. A condition of this exclusion is that the operator is necessary for the
10 equipment to perform as designed. For the purpose of this subsection, an operator must do more
11 than maintain, inspect, or set-up the tangible personal property.

12 (iv) Lease or rental does include agreements covering motor vehicles and trailers where the
13 amount of consideration may be increased or decreased by reference to the amount realized upon
14 sale or disposition of the property as defined in 26 U.S.C. § 7701(h)(1).

15 (v) This definition shall be used for sales and use tax purposes regardless if a transaction
16 is characterized as a lease or rental under generally accepted accounting principles, the Internal
17 Revenue Code, the Uniform Commercial Code, or other provisions of federal, state, or local law.

18 (vi) This definition will be applied only prospectively from the date of adoption and will
19 have no retroactive impact on existing leases or rentals. This definition shall neither impact any
20 existing sale-leaseback exemption or exclusions that a state may have, nor preclude a state from
21 adopting a sale-leaseback exemption or exclusion after the effective date of the Agreement.

22 (p) "Mobility enhancing equipment" means equipment, including repair and replacement
23 parts to same, ~~which that~~:

24 (i) Is primarily and customarily used to provide or increase the ability to move from one
25 place to another and ~~which that~~ is appropriate for use either in a home or a motor vehicle; and

26 (ii) Is not generally used by persons with normal mobility; and

27 (iii) Does not include any motor vehicle or equipment on a motor vehicle normally
28 provided by a motor vehicle manufacturer.

29 Mobility enhancing equipment does not include durable medical equipment.

30 (q) "Model 1 Seller" means a seller that has selected a CSP as its agent to perform all the
31 seller's sales and use tax functions, other than the seller's obligation to remit tax on its own
32 purchases.

33 (r) "Model 2 Seller" means a seller that has selected a CAS to perform part of its sales and
34 use tax functions, but retains responsibility for remitting the tax.

1 (s) "Model 3 Seller" means a seller that has sales in at least five member states, has total
2 annual sales revenue of at least five hundred million dollars (\$500,000,000), has a proprietary
3 system that calculates the amount of tax due each jurisdiction, and has entered into a performance
4 agreement with the member states that establishes a tax performance standard for the seller. As
5 used in this definition, a seller includes an affiliated group of sellers using the same proprietary
6 system.

7 (t) "Prosthetic device" means a replacement, corrective, or supportive devices including
8 repair and replacement parts for same worn on or in the body to:

9 (i) Artificially replace a missing portion of the body;

10 (ii) Prevent or correct physical deformity or malfunction; or

11 (iii) Support a weak or deformed portion of the body.

12 (u) "Purchaser" means a person to whom a sale of personal property is made or to whom a
13 service is furnished.

14 (v) "Purchase price" applies to the measure subject to use tax and has the same meaning as
15 sales price.

16 (w) "Seller" means a person making sales, leases, or rentals of personal property or
17 services.

18 (x) "State" means any state of the United States and the District of Columbia.

19 (y) "Telecommunications" tax base/exemption terms

20 (i) Telecommunication terms shall be defined as follows:

21 (A) "Ancillary services" means services that are associated with or incidental to the
22 provision of "telecommunications services", including, but not limited to, "detailed
23 telecommunications billing", "directory assistance", "vertical service", and "voice mail services".

24 (B) "Conference bridging service" means an "ancillary service" that links two (2) or more
25 participants of an audio or video conference call and may include the provision of a telephone
26 number. "Conference bridging service" does not include the "telecommunications services" used
27 to reach the conference bridge.

28 (C) "Detailed telecommunications billing service" means an "ancillary service" of
29 separately stating information pertaining to individual calls on a customer's billing statement.

30 (D) "Directory assistance" means an "ancillary service" of providing telephone number
31 information, and/or address information.

32 (E) "Vertical service" means an "ancillary service" that is offered in connection with one
33 or more "telecommunications services", which offers advanced calling features that allow
34 customers to identify callers and to manage multiple calls and call connections, including

1 "conference bridging services".

2 (F) "Voice mail service" means an "ancillary service" that enables the customer to store,
3 send, or receive recorded messages. "Voice mail service" does not include any "vertical services"
4 that the customer may be required to have in order to utilize the "voice mail service".

5 (G) "Telecommunications service" means the electronic transmission, conveyance, or
6 routing of voice, data, audio, video, or any other information or signals to a point, or between or
7 among points. The term "telecommunications service" includes such transmission, conveyance, or
8 routing in which computer processing applications are used to act on the form, code, or protocol of
9 the content for purposes of transmission, conveyance, or routing without regard to whether such
10 service is referred to as voice over Internet protocol services or is classified by the Federal
11 Communications Commission as enhanced or value added. "Telecommunications service" does not
12 include:

13 (1) Data processing and information services that allow data to be generated, acquired,
14 stored, processed, or retrieved and delivered by an electronic transmission to a purchaser where
15 such purchaser's primary purpose for the underlying transaction is the processed data or
16 information;

17 (2) Installation or maintenance of wiring or equipment on a customer's premises;

18 (3) Tangible personal property;

19 (4) Advertising, including, but not limited to, directory advertising;

20 (5) Billing and collection services provided to third parties;

21 (6) Internet access service;

22 (7) Radio and television audio and video programming services, regardless of the medium,
23 including the furnishing of transmission, conveyance, and routing of such services by the
24 programming service provider. Radio and television audio and video programming services shall
25 include, but not be limited to, cable service as defined in 47 U.S.C. § 522(6) and audio and video
26 programming services delivered by commercial mobile radio service providers, as defined in 47
27 CFR 20.3;

28 (8) "Ancillary services"; or

29 (9) Digital products "delivered electronically", including, but not limited to, software,
30 music, video, reading materials or ring tones.

31 (H) "800 service" means a "telecommunications service" that allows a caller to dial a toll-
32 free number without incurring a charge for the call. The service is typically marketed under the
33 name "800", "855", "866", "877", and "888" toll-free calling, and any subsequent numbers
34 designated by the Federal Communications Commission.

1 (I) "900 service" means an inbound toll "telecommunications service" purchased by a
2 subscriber that allows the subscriber's customers to call in to the subscriber's prerecorded
3 announcement or live service. "900 service" does not include the charge for: collection services
4 provided by the seller of the "telecommunications services" to the subscriber, or service or product
5 sold by the subscriber to the subscriber's customer. The service is typically marketed under the
6 name "900 service," and any subsequent numbers designated by the Federal Communications
7 Commission.

8 (J) "Fixed wireless service" means a "telecommunications service" that provides radio
9 communication between fixed points.

10 (K) "Mobile wireless service" means a "telecommunications service" that is transmitted,
11 conveyed, or routed regardless of the technology used, whereby the origination and/or termination
12 points of the transmission, conveyance, or routing are not fixed, including, by way of example only,
13 "telecommunications services" that are provided by a commercial mobile radio service provider.

14 (L) "Paging service" means a "telecommunications service" that provides transmission of
15 coded radio signals for the purpose of activating specific pagers; such transmissions may include
16 messages and/or sounds.

17 (M) "Prepaid calling service" means the right to access exclusively "telecommunications
18 services", which must be paid for in advance and ~~which~~ that enables the origination of calls using
19 an access number or authorization code, whether manually or electronically dialed, and that is sold
20 in predetermined units or dollars of which the number declines with use in a known amount.

21 (N) "Prepaid wireless calling service" means a "telecommunications service" that provides
22 the right to utilize "mobile wireless service", as well as other non-telecommunications services,
23 including the download of digital products "delivered electronically", content and "ancillary
24 services" which must be paid for in advance that is sold in predetermined units of dollars of which
25 the number declines with use in a known amount.

26 (O) "Private communications service" means a telecommunications service that entitles the
27 customer to exclusive or priority use of a communications channel or group of channels between
28 or among termination points, regardless of the manner in which such channel or channels are
29 connected, and includes switching capacity, extension lines, stations, and any other associated
30 services that are provided in connection with the use of such channel or channels.

31 (P) "Value-added non-voice data service" means a service that otherwise meets the
32 definition of "telecommunications services" in which computer processing applications are used to
33 act on the form, content, code, or protocol of the information or data primarily for a purpose other
34 than transmission, conveyance, or routing.

1 (ii) "Modifiers of Sales Tax Base/Exemption Terms" -- the following terms can be used to
2 further delineate the type of "telecommunications service" to be taxed or exempted. The terms
3 would be used with the broader terms and subcategories delineated above.

4 (A) "Coin-operated telephone service" means a "telecommunications service" paid for by
5 inserting money into a telephone accepting direct deposits of money to operate.

6 (B) "International" means a "telecommunications service" that originates or terminates in
7 the United States and terminates or originates outside the United States, respectively. United States
8 includes the District of Columbia or a U.S. territory or possession.

9 (C) "Interstate" means a "telecommunications service" that originates in one United States
10 state, or a United States territory or possession, and terminates in a different United States state or
11 a United States territory or possession.

12 (D) "Intrastate" means a "telecommunications service" that originates in one United States
13 state or a United States territory or possession, and terminates in the same United States state or a
14 United States territory or possession.

15 (E) "Pay telephone service" means a "telecommunications service" provided through any
16 pay telephone.

17 (F) "Residential telecommunications service" means a "telecommunications service" or
18 "ancillary services" provided to an individual for personal use at a residential address, including an
19 individual dwelling unit such as an apartment. In the case of institutions where individuals reside,
20 such as schools or nursing homes, "telecommunications service" is considered residential if it is
21 provided to and paid for by an individual resident rather than the institution.

22 The terms "ancillary services" and "telecommunications service" are defined as a broad
23 range of services. The terms "ancillary services" and "telecommunications service" are broader
24 than the sum of the subcategories. Definitions of subcategories of "ancillary services" and
25 "telecommunications service" can be used by a member state alone or in combination with other
26 subcategories to define a narrower tax base than the definitions of "ancillary services" and
27 "telecommunications service" would imply. The subcategories can also be used by a member state
28 to provide exemptions for certain subcategories of the more broadly defined terms.

29 A member state that specifically imposes tax on, or exempts from tax, local telephone or
30 local telecommunications service may define "local service" in any manner in accordance with §
31 44-18.1-28, except as limited by other sections of this Agreement.

32 (z) "Tobacco" means cigarettes, cigars, chewing, or pipe tobacco, or any other item that
33 contains tobacco.

34 **44-18-30. Gross receipts exempt from sales and use taxes.**

1 There are exempted from the taxes imposed by this chapter the following gross receipts:

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

6 (2) Newspapers.

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

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

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

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

18 (4) Containers.

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

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

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

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

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

31 (5) (i) Charitable, educational, and religious organizations. From the sale to, as in defined
32 in this section, and from the storage, use, and other consumption in this state, or any other state of
33 the United States of America, of tangible personal property by hospitals not operated for a profit;
34 "educational institutions" as defined in subdivision (18) not operated for a profit; churches,

1 orphanages, and other institutions or organizations operated exclusively for religious or charitable
2 purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting
3 leagues and associations and bands for boys and girls under the age of nineteen (19) years; the
4 following vocational student organizations that are state chapters of national vocational students
5 organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of
6 America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers
7 of America/Home Economics Related Occupations (FHA/HERD); Vocational Industrial Clubs of
8 America (VICA); organized nonprofit golden age and senior citizens clubs for men and women;
9 and parent-teacher associations; and from the sale, storage, use, and other consumption in this state,
10 of and by the Industrial Foundation of Burrillville, a Rhode Island domestic nonprofit corporation.

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

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

25 (6) Gasoline. From the sale and from the storage, use, or other consumption in this state of:

26 (i) gasoline and other products taxed under chapter 36 of title 31 and (ii) fuels used for the
27 propulsion of airplanes.

28 (7) Purchase for manufacturing purposes.

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

1 property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

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

4 (iii) "Consumed" includes mere obsolescence.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (13) Motor vehicles sold to nonresidents.

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

33 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
34 require any licensed motor vehicle dealer to keep records of sales to bona fide nonresidents as the

1 tax administrator deems reasonably necessary to substantiate the exemption provided in this
2 subdivision, including the affidavit of a licensed motor vehicle dealer that the purchaser of the
3 motor vehicle was the holder of, and had in his or her possession a valid out-of-state motor vehicle
4 registration or a valid out-of-state driver's license.

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

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

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

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

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

29 (18) Educational institutions. From the rental charged by any educational institution for
30 living quarters, or sleeping, or housekeeping accommodations or other rooms or accommodations
31 to any student or teacher necessitated by attendance at an educational institution. "Educational
32 institution" as used in this section means an institution of learning not operated for profit that is
33 empowered to confer diplomas, educational, literary, or academic degrees; that has a regular
34 faculty, curriculum, and organized body of pupils or students in attendance throughout the usual

1 school year; that keeps and furnishes to students and others records required and accepted for
2 entrance to schools of secondary, collegiate, or graduate rank; and no part of the net earnings of
3 which inures to the benefit of any individual.

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

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

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

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

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

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

25 (21) Electricity and gas. From the sale and from the storage, use, or other consumption in
26 this state of electricity and gas.

27 (22) Manufacturing machinery and equipment.

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

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

6 (ii) Machinery and equipment and related items are not deemed to be used in connection
7 with the actual manufacture, conversion, or processing of tangible personal property, or in
8 connection with the actual manufacture, conversion, or processing of computer software as that
9 term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification
10 manual prepared by the Technical Committee on Industrial Classification, Office of Statistical
11 Standards, Executive Office of the President, United States Bureau of the Budget, as revised from
12 time to time, to be sold to the extent the property is used in administration or distribution 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 property
15 that is not to be sold and that would be exempt under subdivision (7) or this subdivision if purchased
16 from a vendor or machinery and equipment and related items used during any manufacturing,
17 converting, or processing function is exempt under this subdivision even if that operation, function,
18 or purpose is not an integral or essential part of a continuous production flow or manufacturing
19 process;

20 (iv) Where a portion of a group of portable or mobile machinery is used in connection with
21 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 otherwise
24 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 subdivision,
31 the word "automobile" means a private passenger automobile not used for hire and does not refer
32 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 limited
4 to: gold, silver, platinum, rhodium, and chromium, and that is in a state or condition that its value
5 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 uses.

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

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

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

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

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

19 (30) Boats.

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

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

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

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

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

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

34 (35) Motor vehicle and adaptive equipment to certain veterans. From the sale of a motor

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

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

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

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

29 (39) Food items paid for by food stamps. From the sale and from the storage, use, or other
30 consumption in this state of eligible food items payment for which is properly made to the retailer
31 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of 1977,
32 7 U.S.C. § 2011 et seq.

33 (40) Transportation charges. From the sale or hiring of motor carriers as defined in § 39-
34 12-2(1) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed with

1 the Rhode Island public utilities commission on the number of miles driven or by the number of
2 hours spent on the job.

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

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

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

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

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

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

32 (47) Jewelry display product. From the sale and from the storage, use, or other consumption
33 in this state of tangible personal property used to display any jewelry product; provided that title to
34 the jewelry display product is transferred by the jewelry manufacturer or seller and that the jewelry

1 display product is shipped out of state for use solely outside the state and is not returned to the
2 jewelry manufacturer or seller.

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

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

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

21 (51) Manufacturing business reconstruction materials.

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

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

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

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

34 (52) Tangible personal property and supplies used in the processing or preparation of floral

1 products and floral arrangements. From the sale, storage, use, or other consumption in this state of
2 tangible personal property or supplies purchased by florists, garden centers, or other like producers
3 or vendors of flowers, plants, floral products, and natural and artificial floral arrangements that are
4 ultimately sold with flowers, plants, floral products, and natural and artificial floral arrangements
5 or are otherwise used in the decoration, fabrication, creation, processing, or preparation of flowers,
6 plants, floral products, or natural and artificial floral arrangements, including descriptive labels,
7 stickers, and cards affixed to the flower, plant, floral product, or arrangement, artificial flowers,
8 spray materials, floral paint and tint, plant shine, flower food, insecticide and fertilizers.

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

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

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

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

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

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

10 (55) Sprinkler and fire alarm systems in existing buildings. From the sale in this state of
11 sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials
12 necessary and attendant to the installation of those systems that are required in buildings and
13 occupancies existing therein in July 2003 in order to comply with any additional requirements for
14 such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003
15 and that are not required by any other provision of law or ordinance or regulation adopted pursuant
16 to that ~~A~~act. The exemption provided in this subdivision shall expire on December 31, 2008.

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

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

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

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

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

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

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

14 (63) Feed for certain animals used in commercial farming. From the sale of feed for animals
15 as described in [§ subsection](#) 44-18-30(61).

16 (64) Alcoholic beverages. From the sale and storage, use, or other consumption in this state
17 by a Class A licensee of alcoholic beverages, as defined in § 44-18-7.1, excluding beer and malt
18 beverages; provided, further, notwithstanding § 6-13-1 or any other general or public law to the
19 contrary, alcoholic beverages, as defined in § 44-18-7.1, shall not be subject to minimum markup.

20 [\(65\) Seeds and plants used to grow food and food ingredients. From the sale, storage, use,](#)
21 [or other consumption in this state of seeds and plants used to grow food and food ingredients as](#)
22 [defined in §44-18-7.1\(l\)\(i\). "Seeds and plants used to grow food and food ingredients" shall not](#)
23 [include marijuana seeds or plants.](#)

24 **44-18-30.1. Application for certificate of exemption – Fees.**

25 A fee of twenty-five dollars (\$25.00) shall be paid by all organizations applying for a
26 certificate of exemption from the Rhode Island sales and use tax under § ~~44-18-30(5)~~ [44-18-](#)
27 [30\(5\)\(i\). The certificate of exemption shall be valid for four \(4\) years from the date of issue.](#) All
28 fees collected under this section shall be allocated to the tax administrator for enforcement and
29 collection of all taxes. [All certificates issued prior to the effective date of this section shall expire](#)
30 [four \(4\) years from the effective date of this section.](#)

31 SECTION 11. Sections 44-19-22, 44-19-31, and 44-19-42 of the General Laws in Chapter
32 44-19 entitled "Sales and Use Taxes – Enforcement and Collection" are hereby amended to read as
33 follows:

34 **44-19-22. Notice of transfer of business – Taxes due immediately.**

1 The sale or transfer by any taxpayer other than receivers, assignees under a voluntary
2 assignment for the benefit of creditors, trustees in bankruptcy, [debtors in possession in bankruptcy](#),
3 or public officers acting under judicial process of the major part in value of the assets of the
4 taxpayer, [other](#) than in the ordinary course of trade and the regular and usual prosecution of the
5 taxpayer's business, is fraudulent and void as against the state, unless the taxpayer, at least five (5)
6 days before the sale or transfer, notifies the tax administrator of the proposed sale or transfer and
7 of the price, terms, and conditions of the sale [or transfer](#) and of the character and location of those
8 assets [by requesting a letter of good standing from the tax division](#). Whenever the taxpayer makes
9 a sale or transfer, [any and all tax returns required to be filed under this title must be filed and any](#)
10 [and](#) all taxes imposed under ~~by chapter 18 of~~ this title must be paid at the time ~~when~~ the tax
11 administrator is [so](#) notified [of the sale or transfer](#), or, if the administrator is not [so](#) notified, at the
12 time when ~~he or she the administrator~~ should have been notified [of the sale or transfer](#).

13 **44-19-31. Penalty for violations generally.**

14 Any retailer or other person failing to file a return or report required by this chapter, or
15 filing or causing to be filed, or making or causing to be made, or giving or causing to be given any
16 return, report, certificate, affidavit, representation, information, testimony, or statement required or
17 authorized by this chapter, ~~which that~~ is willfully false;~~;~~ or willfully failing to file a bond required
18 by this chapter;~~;~~ or willfully failing to comply with the provisions of this chapter;~~;~~ or failing to file
19 a registration certificate and that data in connection with it as the tax administrator by regulation or
20 [otherwise](#) may require;~~;~~ or to display or surrender a permit as required by this chapter;~~;~~ or assigning
21 or transferring the permit;~~;~~ or failing to file a notice of a show or failing to display a permit to
22 operate a show or operating a show without obtaining a permit;~~;~~ or permitting a person to display
23 or sell tangible personal property, services, or food and drink at a show without displaying a permit;~~;~~
24 or willfully failing to charge separately the tax imposed by this chapter or to state the tax separately
25 on any bill, statement, memorandum, or receipt issued or employed by the person upon which the
26 tax is required to be stated separately as provided in § 44-19-8;~~;~~ or willfully failing to collect the
27 tax from a customer;~~;~~ [or willfully failing to remit any tax to the state which that was collected from](#)
28 [a customer](#);~~;~~ or who refers or causes reference to be made to this tax in a form or manner other than
29 that required by this chapter;~~;~~ or failing to keep any records required by this chapter, is, in addition
30 to any other penalties in this chapter or elsewhere prescribed, guilty of a felony, punishment for
31 which is a fine of not more than ~~ten thousand dollars (\$10,000)~~ [twenty-five thousand dollars](#)
32 [\(\\$25,000\)](#), or imprisonment for ~~one~~ [five \(5\)](#) years, or both.

33 **44-19-42. Suppression of Sales ~~Sales suppression devices~~ – Definitions and**
34 **applicability.**

1 (a) As used in this section:

2 (1) "Automated sales suppression device," also known as a "zapper," means a software
3 program, carried on a memory stick or removable compact disc, accessed through an ~~I~~Internet link,
4 or accessed through any other means, that falsifies transaction data, transaction reports, or any other
5 electronic records of electronic cash registers and other point-of-sale systems.

6 (2) "Electronic cash register" means a device that keeps a register, accounting, or
7 supporting documents through the means of an electronic device or computer system designed to
8 record transaction data for the purpose of computing, compiling, or processing retail sales
9 transaction data in any manner.

10 (3) "Phantom-ware" means a hidden programming option, whether preinstalled or installed
11 at a later time, embedded in the operating system of an electronic cash register or hardwired into
12 the electronic cash register that:

13 (i) Can be used to create a virtual second till; or

14 (ii) May eliminate or manipulate transaction records in any manner.

15 (4) "Remote data manipulation" means and includes, but is not limited to, sending,
16 transmitting, transporting, or receiving through any electronic means any and all transaction data
17 to a remote location, whether or not that location is within Rhode Island or outside the state or the
18 United States, for the purpose of manipulating and/or altering said data in any way, whether or not
19 the actual manipulation is performed manually or through automated means.

20 ~~(4)(5)~~ "Transaction data" includes: items purchased by a customer; the price for each
21 item; ~~A~~ a taxability determination for each item; a segregated tax amount for each of the taxed
22 items; the amount of cash, debit, or credit tendered; the net amount returned to the customer in
23 change; the date and time of the purchase; the name, address, and identification number of the
24 vendor; and the receipt or invoice number of the transaction.

25 ~~(5)(6)~~ "Transaction reports" means a report documenting, but not limited to, the sales, the
26 taxes collected, media totals, and discount voids at an electronic cash register that is printed on cash
27 register tape at the end of a day or shift, or a report documenting every action at an electronic cash
28 register that is stored electronically.

29 (b) A person shall not knowingly sell, purchase, install, transfer or possess an automated
30 sales suppression device or phantom-ware.

31 (c) A person shall not knowingly suppress sales by engaging in remote data manipulation,
32 either as the sender or the receiver of the information.

33 ~~(e)~~ (d) Any person who violates subdivision (b) and/or (c) of this section shall be guilty of
34 a felony and, upon conviction, shall be subject to a fine not exceeding fifty-thousand dollars

1 (\$50,000) or imprisonment not exceeding five (5) years, or both.

2 ~~(e)~~(e) In addition, a person who violates subdivision (b) and/or (c) of this section shall be
3 liable to the state for:

4 (1) All taxes, interest, and penalties due as the result of the person's use of an automated
5 sales suppression device or phantom-ware and/or remote data manipulation; and

6 (2) All profits associated with the person's sale of an automated sales suppression device
7 or phantom-ware and/or remote data manipulation.

8 ~~(f)~~(f) An automated sales suppression device or phantom-ware and any device containing
9 such device or software shall be deemed contraband and shall be subject to seizure by the tax
10 administrator or by a law enforcement officer when directed to do so by the tax administrator.

11 ~~(g)~~(g) Safe harbor. A person shall not be subject to prosecution under ~~Rhode Island general~~
12 ~~laws~~ § 44-19-42, if by October 1, 2014, the person:

13 (1) Notifies the division of taxation of the person's possession of an automated sales
14 suppression device;

15 (2) Provides any and all information requested by the division of taxation, including
16 transaction records, software specifications, encryption keys, passwords, and other data; and

17 (3) Corrects any underreported sales tax records and fully pays the division of taxation any
18 amounts previously owed.

19 ~~(h)~~(h) This section shall not be construed to limit the person's civil or criminal liability
20 under any other provision of the law.

21 SECTION 12. Sections 44-20-12 and 44-20-13of the General Laws in Chapter 44-20
22 entitled "Cigarette Tax" are hereby amended to read as follows

23 **44-20-12. Tax imposed on cigarettes sold.**

24 A tax is imposed on all cigarettes sold or held for sale in the state. The payment of the tax
25 to be evidenced by stamps, which may be affixed only by licensed distributors to the packages
26 containing such cigarettes. Any cigarettes on which the proper amount of tax provided for in this
27 chapter has been paid, payment being evidenced by the stamp, is not subject to a further tax under
28 this chapter. The tax is at the rate of ~~one hundred eighty seven and one half (187.5)~~ two hundred
29 twelve and one-half (212.5) mills for each cigarette.

30 **44-20-13. Tax imposed on unstamped cigarettes.**

31 A tax is imposed at the rate of ~~one hundred eighty seven and one half (187.5)~~ two hundred
32 twelve and one-half (212.5) mills for each cigarette upon the storage or use within this state of any
33 cigarettes not stamped in accordance with the provisions of this chapter in the possession of any
34 consumer within this state.

1 SECTION 13. Chapter 44-20 of the General Laws entitled "Cigarette Tax" is hereby
2 amended by adding thereto the following section:

3 **44-20-12.6. Floor stock tax on cigarettes and stamps.**

4 (a) Each person engaging in the business of selling cigarettes at retail in this state shall pay
5 a tax or excise to the state for the privilege of engaging in that business during any part of the
6 calendar year 2017. In calendar year 2017, the tax shall be measured by the number of cigarettes
7 held by the person in this state at 12:01 a.m. on August 1, 2017, and is computed at the rate of
8 twenty-five (25.0) mills for each cigarette on August 1, 2017.

9 (b) Each distributor licensed to do business in this state pursuant to this chapter shall pay a
10 tax or excise to the state for the privilege of engaging in that business during any part of the calendar
11 year 2017. The tax is measured by the number of stamps, whether affixed or to be affixed to
12 packages of cigarettes, as required by § 44-20-28. In calendar year 2017 the tax is measured by the
13 number of stamps), whether affixed or to be affixed, held by the distributor at 12:01 a.m. on August
14 1, 2017, and is computed at the rate of twenty-five (25.0) mills per cigarette in the package to which
15 the stamps are affixed or to be affixed.

16 (c) Each person subject to the payment of the tax imposed by this section shall, on or before
17 August 15, 2017, file a return, under oath or certified under the penalties of perjury, with the tax
18 administrator on forms furnished by him or her, showing the amount of cigarettes and the number
19 of stamps in that person's possession in this state at 12:01 a.m. on August 1, 2017, as described in
20 this section above, and the amount of tax due, and shall at the time of filing the return pay the tax
21 to the tax administrator. Failure to obtain forms shall not be an excuse for the failure to make a
22 return containing the information required by the tax administrator.

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

25 SECTION 14. The title of Chapter 44-20 of the General Laws entitled "Cigarette Tax" is
26 hereby amended to read as follows:

27 ~~CHAPTER 44-20~~

28 ~~Cigarette Tax~~

29 CHAPTER 44-20

30 CIGARETTE AND OTHER TOBACCO PRODUCTS TAX

31 SECTION 15. Sections 44-20-1, 44-20-3, 44-20-4.1, 44-20-8, ~~44-20-8.2~~, 44-20-13.2, 44-
32 20-15, 44-20-33, 44-20-35, 44-20-40.1, 44-20-43, 44-20-45, and 44-20-51.1 of the General Laws
33 in Chapter 44-20 entitled "Cigarette Tax" are hereby amended to read as follows:

34 **44-20-1. Definitions.**

1 Whenever used in this chapter, unless the context requires otherwise:

2 (1) "Administrator" means the tax administrator;

3 (2) "Cigarettes" means and includes any cigarettes suitable for smoking in cigarette form,
4 and each sheet of cigarette rolling paper, including but not limited to, paper made into a hollow
5 cylinder or cone, made with paper or any other material, with or without a filter suitable for use in
6 making cigarettes;

7 (3) "Dealer" means any person whether located within or outside of this state, who sells or
8 distributes cigarettes and/or other tobacco products to a consumer in this state;

9 (4) "Distributor" means any person:

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

16 (B) Selling cigarettes and/or other tobacco products directly to consumers in this state by
17 means of at least twenty-five (25) ~~cigarette~~ vending machines;

18 (C) Engaged in this state in the business of manufacturing cigarettes and/or other tobacco
19 products or any person engaged in the business of selling cigarettes and/or other tobacco products
20 to dealers, or to other persons, for the purpose of resale only; provided, that seventy-five percent
21 (75%) of all cigarettes and/or other tobacco products sold by that person in this state are sold to
22 dealers or other persons for resale and selling cigarettes and/or other tobacco products directly to
23 at least forty (40) dealers or other persons for resale; or

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

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

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

1 (7) "Manufacturer" means any person who manufactures, fabricates, assembles, processes,
2 or labels a finished cigarette and/or other tobacco products;

3 (8) "Other tobacco products" (OTP) means any cigars (excluding Little Cigars, as defined
4 in § 44-20.2-1, which are subject to cigarette tax), cheroots, stogies, smoking tobacco (including
5 granulated, plug cut, crimp cut, ready rubbed and any other kinds and forms of tobacco suitable for
6 smoking in a otherwise), chewing tobacco (including Cavendish, twist, plug, scrap and any other
7 kinds and forms of tobacco suitable for chewing), any and all forms of hookah, shisha and
8 "mu'assel" tobacco, snuff, and shall include any other articles or products made of or containing
9 tobacco, in whole or in part, or any tobacco substitute, except cigarettes;

10 ~~(8)~~(9) "Person" means any individual, including an employee or agent, firm, fiduciary,
11 partnership, corporation, trust, or association, however formed;

12 (10) "Pipe" means an apparatus made of any material used to burn or vaporize products so
13 that the smoke or vapors can be inhaled or ingested by the user;

14 ~~(9)~~(11) "Place of business" means ~~and includes~~ any ~~place~~ location where cigarettes and/or
15 other tobacco products are sold, ~~or where cigarettes are stored,~~ or kept ~~for the purpose of sale or~~
16 ~~consumption,~~ including, but not limited to; any storage room, attic, basement, garage or other
17 facility immediately adjacent to the location. It also includes any receptacle, hide, vessel, vehicle,
18 airplane, train, or vending machine;

19 ~~(10)~~(12) "Sale" or "sell" ~~includes and applies to~~ means gifts, exchanges, and barter; of
20 cigarettes and/or other tobacco products. The act of holding, storing, or keeping cigarettes and/or
21 other tobacco products at a place of business for any purpose shall be presumed to be holding the
22 cigarettes and/or other tobacco products for sale. Furthermore, any sale of cigarettes and/or other
23 tobacco products by the servants, employees, or agents of the licensed dealer during business hours
24 at the place of business shall be presumed to be a sale by the licensee;

25 ~~(11)~~(13) "Stamp" means the impression, device, stamp, label, or print manufactured,
26 printed, or made as prescribed by the administrator to be affixed to packages of cigarettes, as
27 evidence of the payment of the tax provided by this chapter or to indicate that the cigarettes are
28 intended for a sale or distribution in this state that is exempt from state tax under the provisions of
29 state law; and also includes impressions made by metering machines authorized to be used under
30 the provisions of this chapter.

31 **44-20-3. Penalties for unlicensed business.**

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

1 misdemeanor, and shall be fined not more than ten thousand dollars (\$10,000) for each offense, or
2 be imprisoned for a term not to exceed one (1) year, or be punished by both a fine and
3 imprisonment.

4 **44-20-4.1. License availability.**

5 (a) No license under this chapter may be granted, maintained or renewed if the applicant,
6 or any combination of persons owning directly or indirectly any interests in the applicant:

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

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

9 (3) Had a license under this chapter revoked by the administrator within the past two (2)
10 years;

11 (4) Has been convicted of a crime relating to cigarettes ~~stolen or counterfeit cigarettes~~
12 and/or other tobacco products;

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

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

18 (7) Has imported, or caused to be imported, into the United States, or manufactured for
19 sale or distribution in the United States any cigarette that does not fully comply with the Federal
20 Cigarette Labeling and Advertising Act (15 U.S.C. § 1331, et. seq).

21 (b)(1) No person shall apply for a new license or permit (as defined in § 44-19-1) or renewal
22 of a license or permit, and no license or permit shall be issued or renewed for any applicant, or any
23 combination of persons owning directly or indirectly any interests in the applicant ~~person~~, unless
24 all outstanding fines, fees, or other charges relating to any license or permit held by ~~that person~~ the
25 applicant, or any combination of persons owning directly or indirectly any interests in the applicant,
26 as well as any other tax obligations of the applicant, or any combination of persons owning directly
27 or indirectly any interests in the applicant have been paid.

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

1 formal financial or business relationship with the prior licensee or permit holder.

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

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

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

13 **44-20-8. Suspension or revocation of license.**

14 The tax administrator may suspend or revoke any license under this chapter for failure of
15 the licensee to comply with any provision of this chapter or with any provision of any other law or
16 ordinance relative to the sale or purchase of cigarettes or other tobacco products; ~~and the.~~ The tax
17 administrator may also suspend or revoke any license for failure of the licensee to comply with any
18 provision of chapter 19 of title 44 and chapter 13 of title 6, and, for the purpose of determining
19 whether the licensee is complying with any provision of chapter 13 of title 6, the tax administrator
20 and his or her authorized agents are empowered, in addition to authority conferred by § 44-20-40,
21 to examine the books, papers, and records of any licensee. The administrator shall revoke the
22 license of any person who would be ineligible to obtain a new or renew a license by reason of any
23 of the conditions for licensure provided in § 44-20-4.1. Any person aggrieved by the suspension or
24 revocation may apply to the administrator for a hearing as provided in § 44-20-47, and may further
25 appeal to the district court as provided in § 44-20-48.

26 **44-20-13.2. Tax imposed on other tobacco products, smokeless tobacco, cigars, and**
27 **pipe tobacco products.**

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

34 (1) At the rate of eighty percent (80%) of the wholesale cost of other tobacco products,

1 cigars, pipe tobacco products, and smokeless tobacco other than snuff.

2 (2) Notwithstanding the eighty percent (80%) rate in subsection (a) above, in the case of
3 cigars, the tax shall not exceed fifty cents (\$.50) for each cigar.

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

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

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

18 **44-20-15. Confiscation of contraband cigarettes, other tobacco products, and other**
19 **property.**

20 (a) All cigarettes and other tobacco products ~~which~~ that are held for sale or distribution
21 within the borders of this state in violation of the requirements of this chapter are declared to be
22 contraband goods and may be seized by the tax administrator or his or her agents, or employees, or
23 by any sheriff, or his or her deputy, or any police officer when directed by the tax administrator to
24 do so, without a warrant. All ~~cigarettes~~ contraband goods seized by the state under this chapter shall
25 be destroyed.

26 (b) All fixtures, equipment, and all other materials and personal property on the premises
27 of any distributor or dealer who, with the intent to defraud the state, fails to keep or make any
28 record, return, report, or inventory; keeps or makes any false or fraudulent record, return, report, or
29 inventory required by this chapter; refuses to pay any tax imposed by this chapter; or attempts in
30 any manner to evade or defeat the requirements of this chapter shall be forfeited to the state.

31 **44-20-33. Sale of contraband ~~unstamped~~ cigarettes or contraband other tobacco**
32 **products prohibited.**

33 No distributor shall sell, and no other person shall sell, offer for sale, display for sale, or
34 possess with intent to sell any contraband other tobacco products or contraband cigarettes, the

1 packages or boxes ~~containing~~ of which do not bear stamps evidencing the payment of the tax
2 imposed by this chapter.

3 **44-20-35. Penalties for violations as to unstamped contraband cigarettes or**
4 **contraband other tobacco products.**

5 (a) Any person who violates any provision of §§ 44-20-33 and 44-20-34 shall be fined or
6 imprisoned, or both fined and imprisoned, as follows:

7 (1) For a first offense in a twenty-four-month (24) period, fined ~~not more than one thousand~~
8 ~~dollars (\$1,000), or~~ not more than ~~five (5)~~ ten (10) times the retail value of the ~~cigarettes~~ contraband
9 cigarettes, and/or contraband other tobacco products, involved, ~~whichever is greater~~ or be
10 imprisoned not more than one (1) year, or be both fined and imprisoned;

11 (2) For a second or subsequent offense in a twenty-four-month (24) period, fined ~~not more~~
12 ~~than five thousand dollars (\$5,000) or~~ not more than twenty-five (25) times the retail value of the
13 ~~cigarettes~~ contraband cigarettes, and/or contraband other tobacco products, involved, whichever is
14 greater, or be imprisoned not more than three (3) years, or be both fined and imprisoned.

15 (b) When determining the amount of a fine sought or imposed under this section, evidence
16 of mitigating factors, including history, severity, and intent shall be considered.

17 **44-20-40.1. Inspections.**

18 (a) The administrator or his or her duly authorized agent shall have authority to enter and
19 inspect, without a warrant during normal business hours, and with a warrant during nonbusiness
20 hours, the facilities and records of any manufacturer, importer, distributor, or dealer.

21 (b) In any case where the administrator or his or her duly authorized agent, or any police
22 officer

23 of this state, has knowledge or reasonable grounds to believe that any vehicle is
24 transporting cigarettes or other tobacco products in violation of this chapter, the administrator, such
25 agent, or such police officer, is authorized to stop such vehicle and to inspect the same for
26 contraband cigarettes or other tobacco products.

27 **44-20-43. Violations as to reports and records.**

28 Any person who fails to submit the reports required in this chapter by the tax administrator
29 under this chapter, or who makes any incomplete, false, or fraudulent report, or who refuses to
30 permit the tax administrator or his or her authorized agent to examine any books, records, papers,
31 or stocks of cigarettes or other tobacco products as provided in this chapter, or who refuses to
32 supply the tax administrator with any other information which the tax administrator requests for
33 the reasonable and proper enforcement of the provisions of this chapter, shall be guilty of a
34 misdemeanor punishable by imprisonment up to one (1) year, or a fine ~~fined~~ of not more than five

1 thousand dollars (\$5,000), or both, for the first offense, and for each subsequent offense, shall be
2 fined not more than ten thousand dollars (\$10,000), or be imprisoned not more than five (5) years,
3 or ~~be both fined and imprisoned~~.

4 **44-20-45. Importation of cigarettes and/or other tobacco products with intent to evade**
5 **tax.**

6 Any person, firm, corporation, club, or association of persons who or that ~~or that~~ orders
7 any cigarettes and/or other tobacco products for another; or pools orders for cigarettes and/or other
8 tobacco products from any persons; or conspires with others for pooling orders; or receives in this
9 state any shipment of ~~unstamped~~ contraband cigarettes and/or contraband other tobacco products
10 on which the tax imposed by this chapter has not been paid, for the purpose and intention of
11 violating the provisions of this chapter or to avoid payment of the tax imposed in this chapter, is
12 guilty of a felony and shall be fined one hundred thousand dollars (\$100,000) or five (5) times the
13 retail value of the cigarettes involved, whichever is greater, or imprisoned not more than fifteen
14 (15) years, or both.

15 **44-20-51.1. Civil Penalties.**

16 (a) Whoever omits, neglects, or refuses to comply with any duty imposed upon him/her by
17 this chapter, or does, or causes to be done, any of the things required by this chapter, or does
18 anything prohibited by this chapter, shall, in addition to any other penalty provided in this chapter,
19 be liable as follows:

20 (1) For a first offense in a twenty-four-month (24) period, a penalty of not more than ~~one~~
21 ~~thousand dollars (\$1,000), or five (5)~~ ten (10) times the retail value of the cigarettes and/or other
22 tobacco products involved, ~~whichever is greater, to be recovered, with costs of suit, in a civil action;~~
23 and

24 (2) For a second or subsequent offense in a twenty-four-month (24) period, a penalty of
25 not more than ~~five thousand dollars (\$5,000), or not more than~~ twenty-five (25) times the retail
26 value of the cigarettes and/or other tobacco products involved, ~~whichever is greater, to be~~
27 ~~recovered, with costs of suit, in a civil action.~~

28 (b) Whoever fails to pay any tax imposed by this chapter at the time prescribed by law or
29 regulations, shall, in addition to any other penalty provided in this chapter, be liable for a penalty
30 of one thousand dollars (\$1,000) or not more than five (5) times the tax due but unpaid, whichever
31 is greater.

32 (c) When determining the amount of a penalty sought or imposed under this section,
33 evidence of mitigating or aggravating factors, including history, severity, and intent, shall be
34 considered.

1 SECTION 16. Section 44-26-2.1 of the General Laws in Chapter 44-26 entitled
2 "Declaration of Estimated Tax by Corporations" is hereby amended to read as follows:

3 **44-26-2.1. Declaration -- Due date -- Payment -- Interest.**

4 (a) Notwithstanding any general or specific statute to the contrary, every corporation
5 having a taxable year ending December 31, 1990, or thereafter, until December 31, 2017, shall file
6 a declaration and payment of its estimated tax for the taxable year ending December 31, 1990, or
7 thereafter, until December 31, 2017, as applicable herein, if its estimated tax can reasonably be
8 expected to exceed five hundred dollars (\$500). Every corporation having a taxable year after
9 December 31, 2017, shall file its declaration and estimated payment in accordance with subsection
10 (n) herein and in conformity with federal statute and regulations notwithstanding any Rhode Island
11 statute to the contrary. The declaration, sworn to by the officer of the corporation who is required
12 to sign its return under any of the chapters and section mentioned in § 44-26-1 shall contain the
13 pertinent information and be in the form that the tax administrator may prescribe. The entire amount
14 of the estimated tax shall constitute the amount of the advance required to be paid.

15 (b) (1) Except as provided in subdivision (2) of this subsection, the declaration of estimated
16 tax required of corporations by subsection (a) of this section shall be filed as follows:

17 If the requirements of subsection (a) are first met The declaration shall be filed on or
18 before:

19 before the first day of the third month
20 of the taxable year the fifteenth day of the third month of
21 the taxable year;
22 after the first day of the third month and
23 before the first day of the sixth month
24 of the taxable year the fifteenth day of the sixth month
25 of the taxable year.

26 (2) The declaration of estimated tax required of corporations subject to § 27-3-38 relating
27 to surplus line brokers premium tax or under any special act or acts in lieu of the provisions of that
28 section or in amendment of or in addition to that section shall be filed as follows:

29 If the requirements of subsection (a) are first met The declaration shall be filed on or
30 before:

31 Before the first day of the fourth month
32 of the taxable year the thirtieth day of the fourth month of
33 the taxable year;
34 After the first day of the fourth month and

1 before the first day of the sixth month
2 of the taxable year the thirtieth day of the sixth month of
3 the taxable year.

4 After the first day of the sixth month and
5 before the first day of the tenth month
6 of the taxable year the thirtieth day of the tenth month of
7 the taxable year.

8 After the first day of the tenth month and
9 before the first day of the twelfth month of
10 the taxable year the thirty-first day of the twelfth month
11 of the taxable year.

12 (c) An amendment of a declaration may be filed in any interval between installment dates
13 prescribed for the taxable year, but only one amendment may be filed in each interval.

14 (d) The tax administrator may grant a reasonable extension of time, not to exceed thirty
15 (30) days, for filing a declaration.

16 (e) (1) The amount of the advance based on the estimated tax declared under subsection (a)
17 of this section by corporations described in subdivision (b)(1) of this section shall be paid as
18 follows:

19 (i) If the declaration is filed on or before the fifteenth (15th) day of the third (3rd) month
20 of the taxable year, the advance shall be paid in two (2) installments. The first installment in the
21 amount of forty percent (40%) of the estimated tax shall be paid at the time of the filing of the
22 declaration. The second and last installment in the amount of sixty percent (60%) of the estimated
23 tax shall be paid on or before the fifteenth (15th) day of the sixth (6th) month of the taxable year.

24 (ii) If the declaration is filed after the fifteenth (15th) day of the third (3rd) month of the
25 taxable year and is not required by subsection (b) of this section to be filed on or before the fifteenth
26 (15th) day of the third (3rd) month of the taxable year, but is required to be filed on or before the
27 fifteenth (15th) day of the sixth (6th) month, the advance shall be paid in full at the time of filing.

28 (2) The amount of the advance based in the estimated tax declared under subsection (a) of
29 this section by corporations listed in subdivision (b)(2) of this section shall be paid as follows:

30 (i) If the declaration is filed on or before the thirtieth (30th) day of the fourth (4th) month
31 of the taxable year, the advance shall be paid in four (4) equal installments. The first installment
32 shall be paid on or before the thirtieth (30th) day of the fourth (4th) month of the taxable year, and
33 the second (2nd), third (3rd), and fourth (4th) installments shall be paid on or before the thirtieth
34 (30th) day of the sixth (6th) month, the thirtieth (30th) day of the tenth (10th) month, and the thirty-

1 first (31st) day of the twelfth (12th) month of the taxable year, respectively.

2 (ii) If the declaration is filed before the thirtieth (30th) day of the sixth (6th) month of the
3 taxable year, the advance shall be paid in three (3) equal installments. The first installment shall be
4 paid on or before the thirtieth (30th) day of the sixth (6th) month of the taxable year and the second
5 (2nd) and third (3rd) installments shall be paid on or before the thirtieth (30th) day of the tenth
6 (10th) month and the thirty-first (31st) day of the twelfth (12th) month of the taxable year
7 respectively.

8 (iii) If the declaration is filed on or before the thirtieth (30th) day of the tenth (10th) month
9 of the taxable year, the advance shall be paid in two (2) equal installments. The first installment
10 shall be paid on or before the thirtieth (30th) day of the tenth (10th) month of the taxable year and
11 the second installment shall be paid on or before the thirty-first (31st) day of the twelfth (12th)
12 month of the taxable year.

13 (iv) If the declaration is filed after the time prescribed in subdivision (b)(2) of this section,
14 including cases in which an extension of time for filing the declaration has been granted, there shall
15 be paid at the time of the filing all installments of the advance which would have been payable on
16 or before that time if the declaration had been filed within the time prescribed in subdivision (b)(2)
17 of this section.

18 (f) If the declaration is filed after the time prescribed in subsection (b) of this section
19 including cases in which an extension of time for filing the declaration has been granted, paragraph
20 (e)(1)(ii) of this section does not apply, and there shall be paid at the time of the filing all
21 installments of the advance which would have been payable on or before that time if the declaration
22 had been filed within the time prescribed in subsection (b).

23 (g) If any amendment of a declaration is filed, the installment payable on or before the
24 fifteenth (15th) day of the sixth (6th) month, if any, or in the case of corporations licensed as surplus
25 line brokers under § 27-3-38, the installments payable on or before the thirtieth (30th) days of the
26 sixth (6th) or tenth (10th) month and thirty-first (31st) day of the twelfth (12th) month are ratably
27 increased or decreased, as the case may be, to reflect the increase or decrease, as the case may be,
28 in the estimated tax by reason of the amendment.

29 (h) At the election of the corporation, any installment of the advance may be paid prior to
30 the date prescribed for payment.

31 (i) In the case of any underpayment of the advance by a corporation, except as provided in
32 this section, there is added to the tax due under chapters 11 -- 15 and 17 of this title, or § 27-3-38,
33 for the taxable year an amount determined at the rate described in § 44-1-7 upon the amount of the
34 underpayment for the period of the underpayment. For the purpose of this subsection, the "amount

1 of the underpayment" is the excess of the amount of the installment or installments which would
2 be required to be paid if the advance payments were equal to eighty percent (80%) of the tax shown
3 on the return for the taxable year. For the purposes of this subsection, the "period of the
4 underpayment" is the period from the date the installment was required to be paid to the date
5 prescribed under any of the chapters previously mentioned in this section for the payment of the
6 tax for the taxable year or, with respect to any portion of the underpayment, the date on which the
7 portion is paid, whichever date is the earlier. A payment of the advance on the fifteenth (15th) day
8 of the sixth (6th) month, or for § 27-3-38 on the thirtieth (30th) day of the sixth (6th) month, of the
9 taxable year is considered a payment of any previous underpayment only to the extent that the
10 payment exceeds the amount of the installment due on the fifteenth (15th) day of the sixth (6th)
11 month, or for § 27-3-38 on the thirtieth (30th) day of the sixth (6th) month, of the taxable year.

12 (j) Notwithstanding the provisions of this section, the addition to the tax with respect to
13 any underpayment of any installment is not imposed if the total amount of all payments of the
14 advance made on or before the last date prescribed for payment of the installment equals or exceeds
15 the amount ~~which~~ that would have been required to be paid on or before that date if the amount of
16 the advance was an amount equal to one hundred percent (100%) of the tax computed at the rates
17 applicable to the taxable year but otherwise on the basis of the fact shown on the return of the
18 corporation for and the law applicable to the preceding taxable year.

19 (k) This section is effective for estimated payments being made by corporations for taxable
20 years ending on or after December 31, 1990.

21 (l) Notwithstanding any other provisions of this section, any taxpayer required to make an
22 adjustment in accordance with § 44-11-11(f) in a tax year beginning in calendar year 2008 shall
23 compute estimated payments for that tax year as follows:

24 (1) The installments must equal 100% of the tax due for the prior year plus any additional
25 tax due for the current year adjustment under § 44-11-11(f); or

26 (2) That installments must equal 100% of the current year tax liability.

27 (m) Notwithstanding any other provisions of this section any taxpayer required to file a
28 combined report in accordance with § 44-11-4.1 in a tax year beginning on or after January 1, 2015,
29 shall compute estimated payments for that tax year as follows:

30 (1) The installments must equal one hundred percent (100%) of the tax due for the prior
31 year plus any additional tax due to the combined report provisions under § 44-1-4.1; or

32 (2) The installments must equal one hundred percent (100%) of the current year tax
33 liability.

34 (n) Notwithstanding any Rhode Island statute to the contrary, every corporation having a

1 taxable year beginning after December 31, 2017, shall file its declaration and estimated payment
2 in accordance with federal statute and regulations: with current federal filing requirements, the four
3 (4) estimated tax installment payments of twenty-five percent (25%) each are due: on the 15th day
4 of the 4th, 6th, 9th, and 12th months of the tax year. If any due date falls on a Saturday, Sunday, or
5 Rhode Island legal holiday, the installment is due on the next regular business day.

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

8 CHAPTER 6.5

9 RHODE ISLAND TAX AMNESTY ACT OF 2017

10 **44-6.5-1. Short title.**

11 This chapter shall be known as the "Rhode Island Tax Amnesty Act of 2017."

12 **44-6.5-2. Definitions.**

13 As used in this chapter, the following terms have the meaning ascribed to them in this
14 section, except when the context clearly indicates a different meaning:

15 (1) "Taxable period" means any period for which a tax return is required by law to be filed
16 with the tax administrator.

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

20 **44-6.5-3. Establishment of tax amnesty.**

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

26 (b) The amnesty program shall be conducted for a seventy-five ~~(75)~~ day ~~(75)~~ period ending
27 on February 15, 2018. The amnesty program shall provide that, upon written application by a
28 taxpayer and payment by the taxpayer of all taxes and interest due from the taxpayer to the state
29 of Rhode Island for any taxable period ending on or prior to December 31, 2016, the tax
30 administrator shall not seek to collect any penalties ~~which~~ **that** may be applicable and shall not
31 seek the civil or criminal prosecution of any taxpayer for the taxable period for which amnesty has
32 been granted. Amnesty shall be granted only to those taxpayers applying for amnesty during the
33 amnesty period who have paid the tax and interest due upon filing the amnesty tax return, or who
34 have entered into an installment payment agreement for reasons of financial hardship and upon

1 terms and conditions set by the tax administrator. In the case of the failure of a taxpayer to pay any
2 installment due under the agreement, such an agreement shall cease to be effective and the balance
3 of the amounts required to be paid thereunder shall be due immediately. Amnesty shall be granted
4 for only the taxable period specified in the application and only if all amnesty conditions are
5 satisfied by the taxpayer.

6 (c) The provisions of this section shall include a taxable period for which a bill or notice
7 of deficiency determination has been sent to the taxpayer.

8 (d) Amnesty shall not be granted to taxpayers who are under any criminal investigation or
9 are a party to any civil or criminal proceeding, pending in any court of the United States or the state
10 of Rhode Island, for fraud in relation to any state tax imposed by the law of the state and collected
11 by the tax administrator.

12 **44-6.5-4. Interest under tax amnesty.**

13 Notwithstanding any provision of law to the contrary, interest on any taxes paid for periods
14 covered under the amnesty provisions of this chapter shall be computed at the rate imposed under
15 section§ 44-1-7, reduced by twenty-five percent (25%).

16 **44-6.5-5. Implementation.**

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

21 **44-6.5-6. Disposition of monies.**

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

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

29 **44-6.5-7. Analysis of amnesty program by tax administrator.**

30 The tax administrator shall provide an analysis of the amnesty program to the chairpersons
31 of the house finance committee and senate finance committee, with copies to the members of the
32 revenue estimating conference, by April 30, 2018. The report shall include an analysis of revenues
33 received by tax source, distinguishing between the tax collected and interest collected for each
34 source. In addition, the report shall further identify the amounts that are new revenues from those

1 already included in the general revenue receivable taxes, defined under generally accepted
2 accounting principles and the state's audited financial statements.

3 **44-6.5-8. Rules and regulations.**

4 The tax administrator may promulgate such rules and regulations as are necessary to
5 implement the provisions of this chapter.

6 SECTION 18. Title 44 of the General Laws entitled "TAXATION" is hereby amended by
7 adding thereto the following chapter:

8 CHAPTER 18.2

9 SALES AND USE TAX -- NON-COLLECTING RETAILERS, REFERRERS, AND RETAIL

10 SALE FACILITATORS ACT

11 **44-18.2-1. Legislative findings.**

12 The general assembly finds and declares that:

13 (1) The commerce clause of the United States Constitution prohibits states from imposing
14 an undue burden on interstate commerce.

15 (2) There has been an exponential expansion of online commerce and related technology,
16 and due to the ready availability of sales and use tax collection software and Rhode Island's status
17 as a signatory to the Streamlined Sales and Use Tax Agreement under which there is an existing
18 compliance infrastructure in place to facilitate the collection and remittance of sales tax by non-
19 collecting retailers, it is no longer an undue burden for non-collecting retailers to accurately
20 compute, collect, and remit and/or report with respect to their sales and use tax obligations to Rhode
21 Island.

22 (3) The existence and/or presence of a non-collecting retailer's, referrer's, or retail sale
23 facilitator's in-state software on the devices of in-state customers constitutes physical presence of
24 the non-collecting retailer, referrer, or retail sale facilitator in Rhode Island under Quill Corp. v.
25 North Dakota, 504 U.S. 298 (U.S. 1992).

26 (4) While such a physical presence of the non-collecting retailer, referrer, or retail sale
27 facilitator may not be "presence" in the traditional sense, a non-collecting retailer, referrer, or retail
28 sale facilitator who uses in-state software and engages in a significant number of transactions with
29 in-state customers in a calendar year or receives significant revenue from internet sales to in-state
30 customers in a given calendar year evidences an intent to establish and maintain a market in this
31 state for its sales.

32 **44-18.2-2. Definitions.**

33 For the purposes of this chapter:

34 (1) "Division of taxation" means the Rhode Island department of revenue, division of

1 taxation. The division may also be referred to in this chapter as the "division of taxation", "tax
2 division", or "division."

3 (2) "In-state customer" means a person or persons who makes a purchase of tangible
4 personal property, prewritten computer software delivered electronically or by load and leave as
5 defined in §44-18- 7.l(g)(v), and/or taxable services as defined under §44-18-1 et seq. for use,
6 storage, and/or other consumption in this state.

7 (3) "In-state software" means software used by in-state customers on their computers,
8 smartphones, and other electronic and/or communication devices, including information or
9 software such as cached files, cached software, or 'cookies', or other data tracking tools, that are
10 stored on property in this state or distributed within this state, for the purpose of purchasing tangible
11 personal property, prewritten computer software delivered electronically or by load and leave,
12 and/or taxable services.

13 (4) "Non-collecting retailer" means any person or persons who meets at least one of the
14 following criteria:

15 (A) Uses in-state software to make sales at retail of tangible personal property, prewritten
16 computer software delivered electronically or by load and leave, and/or taxable services; or

17 (B) Sells, leases, or delivers in this state, or participates in any activity in this state in
18 connection with the selling, leasing, or delivering in this state, of tangible personal property,
19 prewritten computer software delivered electronically or by load and leave, and/or taxable services
20 for use, storage, distribution, or consumption within this state. This includes, but shall not be limited
21 to, any of the following acts or methods of transacting business:

22 (i) Engaging in, either directly or indirectly through a referrer, retail sale facilitator, or
23 other third party, direct response marketing targeted at in-state customers. For purposes of this
24 subsection, direct response marketing includes, but is not limited to, sending, transmitting, or
25 broadcasting via flyers, newsletters, telephone calls, targeted electronic mail, text messages, social
26 media messages, targeted mailings; collecting, analyzing and utilizing individual data on in-state
27 customers; using information or software, including cached files, cached software, or 'cookies', or
28 other data-tracking tools, that are stored on property in or distributed within this state; or taking any
29 other action(s) that use persons, tangible property, intangible property, digital files or information,
30 or software in this state in an effort to enhance the probability that the person's contacts with a
31 potential in-state customer will result in a sale to that ~~instate~~ **in-state** customer;

32 (ii) Entering into one or more agreements under which a person or persons who has
33 physical presence in this state refers, either directly or indirectly, potential in-state customers of
34 tangible personal property, prewritten computer software delivered electronically or by load and

1 leave, and/or taxable services to the non-collecting retailer for a fee, commission, or other
2 consideration whether by an Internet-based link or an Internet website, or otherwise. An agreement
3 under which a non-collecting retailer purchases advertisements from a person or persons in this
4 state to be delivered in this state on television, radio, in print, on the Internet or by any other
5 medium in this state, shall not be considered an agreement under this subsection (ii), unless the
6 advertisement revenue or a portion thereof paid to the person or persons in this state consists of a
7 fee, commission, or other consideration that is based in whole or in part upon sales of tangible
8 personal property, prewritten computer software delivered electronically or by load and leave,
9 and/or taxable services; or

10 (iii) Using a retail sale facilitator to sell, lease, or deliver in this state, or participate in any
11 activity in this state in connection with the selling, leasing, or delivering in this state, of tangible
12 personal property, prewritten computer software delivered electronically or by load and leave,
13 and/or taxable services for use, storage, or consumption in this state.

14 (C) Uses a sales process that includes listing, branding, or selling tangible personal
15 property, prewritten computer software delivered electronically or by load and leave, and/or taxable
16 services for sale, soliciting, processing orders, fulfilling orders, providing customer service and/or
17 accepting or assisting with returns or exchanges occurring in this state, regardless of whether that
18 part of the process has been subcontracted to an affiliate or third party. The sales process for which
19 the in-state customer is charged not more than the basic charge for shipping and handling as used
20 in this subsection shall not include shipping via a common carrier or the United States mail;

21 (D) Offers its tangible personal property, prewritten computer software delivered
22 electronically or by load and leave, and/or taxable services for sale through one or more retail sale
23 facilitators that has physical presence in this state;

24 (E) Is related to a person that has physical presence in this state, and such related person
25 with a physical presence in this state;

26 (i) Sells tangible personal property, prewritten computer software delivered electronically
27 or by load and leave, and/or taxable services that are the same or substantially similar to that sold
28 by a non-collecting retailer under a business name that is the same or substantially similar to that
29 of the non-collecting retailer;

30 (ii) Maintains an office, distribution facility, salesroom, warehouse, storage place, or other
31 similar place of business in this state to facilitate the delivery of tangible personal property,
32 prewritten computer software delivered electronically or by load and leave, and/or taxable services
33 sold by the non-collecting retailer;

34 (iii) Uses, with consent or knowledge of the non-collecting retailer, trademarks, service

1 marks, or trade names in this state that are the same or substantially similar to those used by the
2 non-collecting retailer;

3 (iv) Delivers or has delivered (except for delivery by common carrier or United States mail
4 for which the in-state customer is charged not more than the basic charge for shipping and
5 handling), installs, or assembles tangible personal property in this state, or performs maintenance
6 or repair services on tangible personal property in this state, which tangible personal property is
7 sold to in-state customers by the non-collecting retailer;

8 (v) Facilitates the delivery of tangible personal property purchased from a non-collecting
9 retailer but delivered in this state by allowing an in-state customer to pick up the tangible personal
10 property at an office distribution facility, salesroom, warehouse, storage place, or other similar
11 place of business maintained in this state; or

12 (vi) Shares management, business systems, business practices, computer resources,
13 communication systems, payroll, personnel, or other such business resources and activities with
14 the non-collecting retailer, and/or engages in intercompany transactions with the non-collecting
15 retailer, either or both of which relate to the activities that establish or maintain the non-collecting
16 retailer's market in this state.

17 (F) Any person or persons who meets at least one of the criteria in ~~§§44-18.2-2(4)(A)~~
18 ~~through 44-18.2-2(4)(E)~~ subsections (4)(A)-(4)(E) above shall be presumed to be a non-collecting
19 retailer.

20 (5) "Person" means person as defined in §44-18-6 ~~of the general laws.~~

21 (6) "Referrer" means every person who:

22 (A) Contracts or otherwise agrees with a retailer to list and/or advertise for sale in this state
23 tangible personal property, prewritten computer software delivered electronically or by load and
24 leave, and/or taxable services in any forum, including, but not limited to, a catalog or ~~I~~internet
25 website;

26 (B) Receives a fee, commission, and/or other consideration from a retailer for the listing
27 and/or advertisement;

28 (C) Transfers, via in-state software, ~~I~~internet link, or otherwise, an in-state customer to the
29 retailer or the retailer's employee, affiliate, or website to complete a purchase; and

30 (D) Does not collect payments from the in-state customer for the transaction.

31 (E) A person or persons who engages in the activity set forth in all of the activities set forth
32 in ~~§§44-18.2-2(6)(A) through 44-18.2-2(6)(D)~~ subsections (6)(A)-(6)(D) above shall be presumed
33 to be a referrer.

34 (7) "Related" means:

1 (A) Having a relationship with the non-collecting retailer within the meaning of the internal
2 revenue code of 1986 as amended; or

3 (B) Having one or more ownership relationships and a purpose of having the ownership
4 relationship is to avoid the application of this chapter.

5 (8) A "retail sale" or "sale at retail" means any retail sale or sale at retail as defined in §44-
6 18-8 of the general laws.

7 (9) "Retail sale facilitator" means any person or persons that facilitates a sale by a retailer
8 by engaging in the following types of activities:

9 (A) Using in-state software to make sales at retail of tangible personal property, prewritten
10 computer software delivered electronically or by load and leave, and/or taxable services; or

11 (B) Contracting or otherwise agreeing with a retailer to list and/or advertise for sale
12 tangible personal property, prewritten computer software delivered electronically or by load and
13 leave, and/or taxable services in any forum, including, but not limited to, a catalog or Internet
14 website; and

15 (C) Either directly or indirectly through agreements or arrangements with third parties,
16 collecting payments from the in-state customer and transmitting those payments to a retailer. A
17 person or persons may be a retail sale facilitator regardless of whether they deduct any fees from
18 the transaction. The division may define in regulation circumstances under which a retail sale
19 facilitator shall be deemed to facilitate a retail sale.

20 (D) A person or persons who engages in the type of activity set forth in ~~§44-18.2-2(9)(A)~~
21 subsection (9)(A) above or both of the types of activities set forth in ~~§§44-18.2-2(9)(B) and 44-~~
22 ~~18.2-2(9)(C)~~ subsections (9)(B) and (9)(C) above shall be presumed to be a retail sale facilitator.

23 (10) A "retailer" means retailer as defined in §44-18-15 of the general laws.

24 (11) "State" means the State of Rhode Island and Providence Plantations.

25 (12) "Streamlined agreement" means the Streamlined Sales and Use Tax Agreement as
26 referenced in §44-18.1-1 et seq. of the general laws.

27 **44-18.2-3. Requirements for non-collecting retailers, referrers, and retail sale**
28 **facilitators.**

29 (A) Except as otherwise provided below in §44-18.2-4, beginning on the later of July 15,
30 2017, or two (2) weeks after the enactment of this chapter, and for each tax year thereafter, any
31 non-collecting retailer, referrer, or retail sale facilitator, as defined in this chapter, that in the
32 immediately preceding calendar year either:

33 (i) Has gross revenue from the sale of tangible personal property, prewritten computer
34 software delivered electronically or by load and leave, and/or has taxable services delivered into

1 this state equal to or exceeding one hundred thousand dollars (\$100,000); or

2 (ii) Has sold tangible personal property, prewritten computer software delivered
3 electronically or by load and leave, and/or taxable services for delivery into this state in two
4 hundred (200) or more separate transactions shall comply with the requirements in ~~§§44-18.2-3(E),~~
5 ~~(F), and (G)~~ subsections (E), (F), and (G) as applicable.

6 (B) A non-collecting retailer, as defined in this chapter, shall comply with ~~§44-18.2-3(E)~~
7 subsection (E) below if it meets the criteria of either ~~§44-18.2-3(A)(i) or (ii)~~ subsection (A)(i) or
8 (A)(ii) above.

9 (C) A referrer, as defined in this chapter, shall comply with ~~§44-18.2-3(F)~~ subsection (F)
10 below if it meets the criteria of either ~~§44-18.2-3(A)(i) or (ii)~~ subsection (A)(i) or (A)(ii) above.

11 (D) A retail sale facilitator, as defined in this chapter, shall comply with ~~§44-18.2-3(G)~~
12 subsection (G) below if it meets the criteria of either ~~§44-18.2-3(A)(i) or (ii)~~ subsection (A)(i) or
13 (A)(ii) above.

14 (E) Non-collecting retailer. A non-collecting retailer shall either register in this state for a
15 permit to make sales at retail and collect and remit sales and use tax on all taxable sales into the
16 state or:

17 (1) Post a conspicuous notice on its website that informs in-state customers that sales or
18 use tax is due on certain purchases made from the non-collecting retailer and that this state requires
19 the in-state customer to file a sales or use tax return;

20 (2) At the time of purchase, notify in-state customers that sales or use tax is due on taxable
21 purchases made from the non-collecting retailer and that the state of Rhode Island requires the in-
22 state customer to file a sales or use tax return;

23 (3) Within forty-eight (48) hours of the time of purchase, notify in-state customers in
24 writing that sales or use tax is due on taxable purchases made from the non-collecting retailer and
25 that this state requires the in-state customer to file a sales or use tax return reflecting said purchase;

26 (4) On or before January 31 of each year, including January 31, 2018, for purchases made
27 in calendar year 2017, send a written notice to all in-state customers who have cumulative annual
28 taxable purchases from the non-collecting retailer totaling one hundred dollars (\$100) or more for
29 the prior calendar year. The notification shall show the name of the non-collecting retailer, the total
30 amount paid by the in-state customer to the non-collecting retailer in the previous calendar year,
31 and, if available, the dates of purchases, the dollar amount of each purchase, and the category or
32 type of the purchase, including, whether the purchase is exempt or not exempt from taxation in
33 Rhode Island. The notification shall include such other information as the division may require by
34 rule and regulation. The notification shall state that the state of Rhode Island requires a sales or use

1 tax return to be filed and sales or use tax to be paid on certain categories or types of purchases made
2 by the in-state customer from the non-collecting retailer. The notification shall be sent separately
3 to all in-state customers by first-class mail and shall not be included with any other shipments or
4 mailings. The notification shall include the words "Important Tax Document Enclosed" on the
5 exterior of the mailing; and

6 (5) Beginning on February 15, 2018, and not later than each February 15 thereafter, a non-
7 collecting retailer that has not registered in this state for a permit to make sales at retail and collect
8 and remit sales and use tax on all taxable sales into the state for any portion of the prior calendar
9 year, shall file with the division on such form and/or in such format as the division prescribes an
10 attestation that the non-collecting retailer has complied with the requirements of ~~§§44-18.2-3(E)(1)~~
11 through ~~(4)~~ subsections (E)(1)-(E)(4) herein.

12 (F) Referrer. At such time during any calendar year, or any portion thereof, that a referrer
13 receives more than ten thousand dollars (\$10,000) from fees, commissions, and/or other
14 compensation paid to it by retailers with whom it has a contract or agreement to list and/or advertise
15 for sale tangible personal property, prewritten computer software delivered electronically or by
16 load and leave, and/or taxable services, said referrer shall within thirty (30) days provide written
17 notice to all such retailers that the retailers' sales may be subject to this state's sales and use tax.

18 (G) Retail sale facilitator. Beginning January 15, 2018, and each year thereafter, a retail
19 sale facilitator shall provide the division of taxation with:

20 (i) A list of names and addresses of the retailers for whom during the prior calendar year
21 the retail sale facilitator collected Rhode Island sales and use tax; and

22 (ii) A list of names and addresses of the retailers who during the prior calendar year used
23 the retail sale facilitator to serve in-state customers but for whom the retail sale facilitator did not
24 collect Rhode Island sales and use tax.

25 (H) Any person or entity that engages in any activity or activities of a non-collecting
26 retailer, referrer, and/or retail sale facilitator as defined herein shall be presumed to be a non-
27 collecting retailer, referrer, and/or retail sale facilitator as applicable even if referred to by another
28 name or designation. Said person or entity shall be subject to the terms and conditions set forth in
29 this chapter.

30 **44-18.2-4. Exceptions for referrers, and retail sale facilitators.**

31 (A)(i) Notwithstanding the provisions of §44-18.2-3, no retail sale facilitator shall be
32 required to comply with the provisions of §44-18.2-3(G), for any sale where the retail sale
33 facilitator within ninety (90) days of the date of the sale has been provided either:

34 (1) A copy of the retailer's Rhode Island sales tax permit to make sales at retail in this state

1 or its resale certificate as applicable; or

2 (2) Evidence of a fully completed Rhode Island or Streamlined agreement sales and use
3 tax exemption certificate.

4 (ii) Notwithstanding the provisions of §44-18.2-3, no referrer shall be required to comply
5 with the provisions of §44-18.2-3(F) for any referral where the referrer within ninety (90) days of
6 the date of the sale has been provided either:

7 (1) A copy of the retailer's Rhode Island sales tax permit to make sales at retail in this state
8 or its resale certificate as applicable; or

9 (2) Evidence of a fully completed Rhode Island or Streamlined agreement sales and use
10 tax exemption certificate.

11 (B) Nothing in this section shall be construed to interfere with the ability of a non-collecting
12 retailer, referrer, or retail sale facilitator and a retailer to enter into agreements with each other;
13 provided, however, the terms of said agreements shall not in any way be inconsistent with or
14 contravene the requirements of this chapter.

15 **44-18.2-5. Penalties.**

16 Any non-collecting retailer, referrer, or retail sale facilitator that fails to comply with any
17 of the requirements of this chapter shall be subject to a penalty of ten dollars (\$10.00) for each such
18 failure, but not less than a total penalty of ten thousand dollars (\$10,000) per calendar year. Each
19 instance of failing to comply with the requirements of this chapter shall constitute a separate
20 violation for purposes of calculating the penalty under this section. This penalty shall be in addition
21 to any other applicable penalties under title 44 ~~of the general laws.~~

22 **44-18.2-6. Other obligations.**

23 (A) Nothing in this section affects the obligation of any in-state customer to remit use tax
24 as to any applicable transaction in which the seller, non-collecting retailer, or retail sale facilitator
25 has not collected and remitted the sales tax for said transaction.

26 (B) Nothing in this chapter shall be construed as relieving any other person or entity
27 otherwise required to collect and remit sales and use tax under applicable Rhode Island law from
28 continuing to do so.

29 (C) In the event that any section of this chapter is later determined to be unlawful, no
30 person, persons, or entity shall have a cause of action against the person that collected and remitted
31 the sales and use tax pursuant to this chapter.

32 **44-18.2-7. Rules and regulations -- Forms.**

33 The tax administrator may promulgate rules and regulations, not inconsistent with law, to
34 carry into effect the provisions of this chapter.

1 **44-18.2-8. Enforcement.**

2 (A) General. The tax administrator shall administer and enforce this chapter and may
3 require any facts and information to be reported that he or she may deem necessary to enforce the
4 provisions of this chapter.

5 (B) Examination of books and witnesses. For the purpose of ascertaining the correctness
6 of any filing or notice or for the purpose of compliance with the terms of this chapter, the tax
7 administrator shall have the power to examine or to cause to have examined, by any agent or
8 representative designated by the tax administrator for that purpose, any books, papers, records, or
9 memoranda bearing upon said matters and may require the attendance of the person rendering the
10 return or any officer or employee of the person, or the attendance of any other person having
11 knowledge of the correctness of any filing or notice or compliance with the terms of this chapter,
12 and may take testimony and require proof material for its information, with power to administer
13 oaths to the person or persons.

14 **44-18.2-9. Appeal.**

15 If the tax administrator issues a final determination hereunder, an appeal may be made
16 pursuant to the provisions of chapter 19 of title 44 ~~of the general laws.~~

17 **44-18.2-10. Severability.**

18 If any provision of this chapter or the application thereof is held invalid, such invalidity
19 shall not affect the provisions or applications of this chapter which can be given effect without the
20 invalid provisions or applications.

21 SECTION 19. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal
22 Income Tax" is hereby amended to read as follows:

23 **44-30-2.6. Rhode Island taxable income -- Rate of tax. [Effective January 1, 2017.]**

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

29 (b) Notwithstanding the provisions of §§ 44-30-1 and 44-30-2, for tax years beginning on
30 or after January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island
31 taxable income of residents and nonresidents, including estates and trusts, at the rate of twenty-
32 five and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year
33 2002 and thereafter of the federal income tax rates, including capital gains rates and any other
34 special rates for other types of income, except as provided in § 44-30-2.7, which were in effect

1 immediately prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of
2 2001 (EGTRRA); provided, rate schedules shall be adjusted for inflation by the tax administrator
3 beginning in taxable year 2002 and thereafter in the manner prescribed for adjustment by the
4 commissioner of Internal Revenue in 26 U.S.C. § 1(f). However, for tax years beginning on or
5 after January 1, 2006, a taxpayer may elect to use the alternative flat tax rate provided in § 44-30-
6 2.10 to calculate his or her personal income tax liability.

7 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative
8 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island
9 alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by
10 multiplying the federal tentative minimum tax without allowing for the increased exemptions
11 under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal
12 form 6251 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%)
13 for tax year 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing
14 the product to the Rhode Island tax as computed otherwise under this section. The excess shall be
15 the taxpayer's Rhode Island alternative minimum tax.

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

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

24 (A) Tax imposed.

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

27 If taxable income is:	The tax is:
28 Not over \$53,150	3.75% of taxable income
29 Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the excess over \$53,150
30 Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the excess over \$128,500
31 Over \$195,850 but not over \$349,700	\$12,487.25 plus 9.00% of the excess over \$195,850
32 Over \$349,700	\$26,333.75 plus 9.90% of the excess over \$349,700

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

1	If taxable income is:	The tax is:
2	Not over \$42,650	3.75% of taxable income
3	Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the excess over \$42,650
4	Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the excess over \$110,100
5	Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the excess over \$178,350
6	Over \$349,700	\$27,031.75 plus 9.90% of the excess over \$349,700

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

10	If taxable income is:	The tax is:
11	Not over \$31,850	3.75% of taxable income
12	Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the excess over \$31,850
13	Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the excess over \$77,100
14	Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the excess over \$160,850
15	Over \$349,700	\$27,849.00 plus 9.90% of the excess over \$349,700

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

18	If taxable income is:	The tax is:
19	Not over \$26,575	3.75% of taxable income
20	Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the excess over \$26,575
21	Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the excess over \$64,250
22	Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the excess over \$97,925
23	Over \$174,850	\$13,166.88 plus 9.90% of the excess over \$174,850

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

26	If taxable income is:	The tax is:
27	Not over \$2,150	3.75% of taxable income
28	Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess over \$2,150
29	Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the excess over \$5,000
30	Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the excess over \$7,650
31	Over \$10,450	\$737.50 plus 9.90% of the excess over \$10,450

32 (6) Adjustments for inflation.
33 The dollars amount contained in paragraph (A) shall be increased by an amount equal to:
34 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;

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

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

5 (B) Maximum capital gains rates.

6 (1) In general.

7 If a taxpayer has a net capital gain for tax years ending prior to January 1, 2010, the tax
8 imposed by this section for such taxable year shall not exceed the sum of:

9 (a) 2.5 % of the net capital gain as reported for federal income tax purposes under section
10 26 U.S.C. 1(h)(1)(a) and 26 U.S.C. 1(h)(1)(b).

11 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
12 1(h)(1)(c).

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

15 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
16 1(h)(1)(e).

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

19 (C) Itemized deductions.

20 (1) In general.

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

23 (2) Individuals who do not itemize their deductions.

24 In the case of an individual who does not elect to itemize his deductions for the taxable
25 year, they may elect to take a standard deduction.

26 (3) Basic standard deduction.

27 The Rhode Island standard deduction shall be allowed in accordance with the following
28 table:

29	Filing status	Amount
30	Single	\$5,350
31	Married filing jointly or qualifying widow(er)	\$8,900
32	Married filing separately	\$4,450
33	Head of Household	\$7,850

34 (4) Additional standard deduction for the aged and blind.

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

4 (5) Limitation on basic standard deduction in the case of certain dependents.

5 In the case of an individual to whom a deduction under section (E) is allowable to another
6 taxpayer, the basic standard deduction applicable to such individual shall not exceed the greater of:

7 (a) \$850;

8 (b) The sum of \$300 and such individual's earned income;

9 (6) Certain individuals not eligible for standard deduction.

10 In the case of:

11 (a) A married individual filing a separate return where either spouse itemizes deductions;

12 (b) Nonresident alien individual;

13 (c) An estate or trust;

14 The standard deduction shall be zero.

15 (7) Adjustments for inflation.

16 Each dollar amount contained in paragraphs (3), (4) and (5) shall be increased by an amount
17 equal to:

18 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988, multiplied
19 by

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

21 (D) Overall limitation on itemized deductions.

22 (1) General rule.

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

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

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

30 (2) Applicable amount.

31 (a) In general.

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

34 (b) Adjustments for inflation.

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

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

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

4 (3) Phase-out of Limitation.

5 (a) In general.

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

9 (b) Applicable fraction.

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

12 For taxable years beginning in calendar year	The applicable fraction is
13 2006 and 2007	2/3
14 2008 and 2009	1/3

15 (E) Exemption amount.

16 (1) In general.

17 Except as otherwise provided in this subsection, the term "exemption amount" means
18 \$3,400.

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

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

23 (3) Adjustments for inflation.

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

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

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

27 (4) Limitation.

28 (a) In general.

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

31 (b) Applicable percentage.

32 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the
33 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each
34 \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year

1 exceeds the threshold amount. In the case of a married individual filing a separate return, the
2 preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the
3 applicable percentage exceed one hundred percent (100%).

4 (c) Threshold Amount.

5 For the purposes of this paragraph, the term "threshold amount" shall be determined with
6 the following table:

7 Filing status	Amount
8 Single	\$156,400
9 Married filing jointly of qualifying widow(er)	\$234,600
10 Married filing separately	\$117,300
11 Head of Household	\$195,500

12 (d) Adjustments for inflation.

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

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

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

16 (5) Phase-out of limitation.

17 (a) In general.

18 In the case of taxable years beginning after December 31, 2005, and before January 1,
19 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
20 would be the amount of such reduction.

21 (b) Applicable fraction.

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

24 For taxable years beginning in calendar year	The applicable fraction is
25 2006 and 2007	2/3
26 2008 and 2009	1/3

27 (F) Alternative minimum tax.

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

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

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

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

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

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

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

3 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so
4 much of the federal alternative minimum taxable income as modified by the modifications in § 44-
5 30-12 as exceeds the exemption amount.

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

8 (6) Exemption amount.

9 For purposes of this section "exemption amount" means:

10	Filing status	Amount
11	Single	\$39,150
12	Married filing jointly or qualifying widow(er)	\$53,700
13	Married filing separately	\$26,850
14	Head of Household	\$39,150
15	Estate or trust	\$24,650

16 (7) Treatment of unearned income of minor children

17 (a) In general.

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

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

21 (ii) \$6,000.

22 (8) Adjustments for inflation.

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

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

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

27 (9) Phase-out.

28 (a) In general.

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

32 (b) Threshold amount.

33 For purposes of this paragraph, the term "threshold amount" shall be determined with the
34 following table:

1	Filing status	Amount
2	Single	\$123,250
3	Married filing jointly or qualifying widow(er)	\$164,350
4	Married filing separately	\$82,175
5	Head of Household	\$123,250
6	Estate or Trust	\$82,150

7 (c) Adjustments for inflation

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

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

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

11 (G) Other Rhode Island taxes.

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

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

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

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

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

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

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

21 (I) Averaging of farm income.

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

24 (a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. §
25 1301].

26 (J) Cost-of-living adjustment.

27 (1) In general.

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

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

30 (b) The CPI for the base year.

31 (2) CPI for any calendar year.

32 For purposes of paragraph (1), the CPI for any calendar year is the average of the consumer
33 price index as of the close of the twelve (12) month period ending on August 31 of such calendar
34 year.

1 (3) Consumer price index.

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

6 (4) Rounding.

7 (a) In general.

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

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

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

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

16 (2) Child and dependent care credit;

17 (3) General business credits;

18 (4) Credit for elderly or the disabled;

19 (5) Credit for prior year minimum tax;

20 (6) Mortgage interest credit;

21 (7) Empowerment zone employment credit;

22 (8) Qualified electric vehicle credit.

23 (L) Credit against tax for adoption. For tax years beginning on or after January 1, 2006, a
24 taxpayer entitled to the federal adoption credit shall be entitled to a credit against the Rhode Island
25 tax imposed under this section if the adopted child was under the care, custody, or supervision of
26 the Rhode Island department of children, youth and families prior to the adoption.

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

34 (N) Rhode Island earned-income credit .

1 (1) In general.

2 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-
3 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent
4 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode
5 Island income tax.

6 For tax years beginning on or after January 1, 2015, and before January 1, 2016, a taxpayer
7 entitled to a federal earned-income credit shall be allowed a Rhode Island earned-income credit
8 equal to ten percent (10%) of the federal earned-income credit. Such credit shall not exceed the
9 amount of the Rhode Island income tax.

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

14 For tax years beginning on or after January 1, 2017, a taxpayer entitled to a federal earned-
15 income credit shall be allowed a Rhode Island earned-income credit equal to fifteen percent (15%)
16 of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode Island
17 income tax.

18 (2) Refundable portion.

19 In the event the Rhode Island earned-income credit allowed under paragraph (N)(1) of this
20 section exceeds the amount of Rhode Island income tax, a refundable earned-income credit shall
21 be allowed as follows.

22 (i) For tax years beginning before January 1, 2015, for purposes of paragraph (2) refundable
23 earned-income credit means fifteen percent (15%) of the amount by which the Rhode Island earned-
24 income credit exceeds the Rhode Island income tax.

25 (ii) For tax years beginning on or after January 1, 2015, for purposes of paragraph (2)
26 refundable earned-income credit means one hundred percent (100%) of the amount by which the
27 Rhode Island earned-income credit exceeds the Rhode Island income tax.

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

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

1 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph
 2 44-30-2.6(c)(3)(C).

3 (A) Tax imposed.

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

8 RI Taxable Income		9 RI Income Tax	
9 Over	But not over	Pay + % on Excess	on the amount over
10 \$0 -	\$ 55,000	\$ 0 + 3.75%	\$0
11 55,000 -	125,000	2,063 + 4.75%	55,000
12 125,000 -		5,388 + 5.99%	125,000

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

15 RI Taxable Income		16 RI Income Tax	
16 Over	But not over	Pay + % on Excess	on the amount over
17 \$0 -	\$ 2,230	\$ 0 + 3.75%	\$0
18 2,230 -	7,022	84 + 4.75%	2,230
19 7,022 -		312 + 5.99%	7,022

20 (B) Deductions:

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

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

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

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

1 year exceeds one hundred seventy-five thousand dollars (\$175,000).

2 (C) Exemption Amount:

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

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

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

16 (E) Adjustment for inflation. The dollar amount contained in subparagraphs 44-30-
17 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
18 equal to:

19 (I) Such dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-2.6(c)(3)(B)
20 and 44-30-2.6(c)(3)(C) adjusted for inflation using a base tax year of 2000, 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 exceeds
24 the consumer price index for the base year. The consumer price index for any calendar year is the
25 average of the consumer price index as of the close of the twelve-month (12) period ending on
26 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 purpose
29 of this section the revision of the consumer price index that is most consistent with the consumer
30 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 (\$50.00),
32 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
33 married individual filing separate return, if any increase determined under this section is not a
34 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple

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

2 (F) 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 to
13 other states pursuant to § 44-30-74.

14 (e) Historic Structures Tax Credit: Credit shall be allowed for historic structures tax credit
15 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 chapter 62 of title 44.

23 (i) Credit for tax withheld. Wages upon which tax is required to be withheld shall be taxable
24 as if no withholding were required, but any amount of Rhode Island personal income tax actually
25 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 in
31 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 (m) Historic homeownership assistance act: Effective for tax year 2017 and thereafter,
3 unused carryforward for such credit previously issued shall be allowed for the historic
4 homeownership assistance act as provided in §44-33.1-4. This allowance is for credits already
5 issued pursuant to §44-33.1-4 and shall not be construed to authorize the issuance of new credits
6 under the historic homeownership assistance act.

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

9 SECTION 20. Sections 12 and 13 of this article shall take effect on August 1, 2017. The
10 remainder of this article shall take effect on July 1, 2017, except as otherwise provided herein.

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