

ARTICLE 4

RELATING TO TAXES AND REVENUE

SECTION 1. Sections 42-61-4 and 42-61-15 of the General Laws in Chapter 61 entitled "State Lottery" are hereby amended to read as follows:

42-61-4. Powers and duties of director.

The director shall have the power and it shall be his or her duty to:

(1) Supervise and administer the operation of lotteries in accordance with this chapter, chapter 61.2 of this title and with the rules and regulations of the division;

(2) Act as the chief administrative officer having general charge of the office and records and to employ necessary personnel to serve at his or her pleasure and who shall be in the unclassified service and whose salaries shall be set by the director of the department of revenue, pursuant to the provisions of § 42-61-3.

(3) In accordance with this chapter and the rules and regulations of the division, license as agents to sell lottery tickets those persons, as in his or her opinion, who will best serve the public convenience and promote the sale of tickets or shares. The director may require a bond from every licensed agent, in an amount provided in the rules and regulations of the division. Every licensed agent shall prominently display his or her license, or a copy of their license, as provided in the rules and regulations of the committee;

(4) Confer regularly as necessary or desirable, and not less than nine (9) times per year, with the permanent joint committee on state lottery on the operation and administration of the lotteries; make available for inspection by the committee, upon request, all books, records, files, and other information, and documents of the division; advise the committee and recommend those matters that he or she deems necessary and advisable to improve the operation and administration of the lotteries;

(5) Suspend or revoke any license issued pursuant to this chapter, chapter 61.2 of this title or the rules and regulations promulgated under this chapter and chapter 61.2 of this title;

(6) Enter into contracts for the operation of the lotteries, or any part of the operation of the lotteries, and into contracts for the promotion of the lotteries;

(7) Ensure that monthly financial reports are prepared providing gross monthly revenues, prize disbursements, other expenses, net income, and the amount transferred to the state general

1 fund for keno and for all other lottery operations; submit this report to the state budget officer, the
2 auditor general, the permanent joint committee on state lottery, the legislative fiscal advisors, and
3 the governor no later than the twentieth business day following the close of the month; the monthly
4 report shall be prepared in a manner prescribed by the members of the revenues estimating
5 conference; at the end of each fiscal year the director shall submit an annual report based upon an
6 accrual system of accounting which shall include a full and complete statement of lottery revenues,
7 prize disbursements and expenses, to the governor and the general assembly, which report shall be
8 a public document and shall be filed with the secretary of state;

9 (8) Carry on a continuous study and investigation of the state lotteries throughout the state,
10 and the operation and administration of similar laws, which may be in effect in other states or
11 countries; and the director shall continue to exercise his authority to study, evaluate and where
12 deemed feasible and advisable by the director, implement lottery-related initiatives, including but
13 not limited to, pilot programs for limited periods of time, with the goal of generating additional
14 revenues to be transferred by the Lottery to the general fund pursuant to § 42-61-15(3). Each such
15 initiative shall be objectively evaluated from time to time using measurable criteria to determine
16 whether the initiative is generating revenue to be transferred by the Lottery to the general fund.
17 Nothing herein shall be deemed to permit the implementation of an initiative that would constitute
18 an expansion of gambling requiring voter approval under applicable Rhode Island law.

19 (9) Implement the creation and sale of commercial advertising space on lottery tickets as
20 authorized by § 42-61-4 of this chapter as soon as practicable after June 22, 1994;

21 (10) Promulgate rules and regulations, which shall include, but not be limited to:

22 (i) The price of tickets or shares in the lotteries;

23 (ii) The number and size of the prizes on the winning tickets or shares;

24 (iii) The manner of selecting the winning tickets or shares;

25 (iv) The manner of payment of prizes to the holders of winning tickets or shares;

26 (v) The frequency of the drawings or selections of winning tickets or shares;

27 (vi) The number and types of location at which tickets or shares may be sold;

28 (vii) The method to be used in selling tickets or shares;

29 (viii) The licensing of agents to sell tickets or shares, except that a person under the age of
30 eighteen

31 (18) shall not be licensed as an agent;

32 (ix) The license fee to be charged to agents;

33 (x) The manner in which the proceeds of the sale of lottery tickets or shares are maintained,
34 reported, and otherwise accounted for;

1 (xi) The manner and amount of compensation to be paid licensed sales agents necessary to
2 provide for the adequate availability of tickets or shares to prospective buyers and for the
3 convenience of the general public;

4 (xii) The apportionment of the total annual revenue accruing from the sale of lottery tickets
5 or shares and from all other sources for the payment of prizes to the holders of winning tickets or
6 shares, for the payment of costs incurred in the operation and administration of the lotteries,
7 including the expense of the division and the costs resulting from any contract or contracts entered
8 into for promotional, advertising, consulting, or operational services or for the purchase or lease of
9 facilities, lottery equipment, and materials, for the repayment of moneys appropriated to the lottery
10 fund;

11 (xiii) The superior court upon petition of the director after a hearing may issue subpoenas
12 to compel the attendance of witnesses and the production of documents, papers, books, records,
13 and other evidence in any matter over which it has jurisdiction, control or supervision. If a person
14 subpoenaed to attend in the proceeding or hearing fails to obey the command of the subpoena
15 without reasonable cause, or if a person in attendance in the proceeding or hearing refuses without
16 lawful cause to be examined or to answer a legal or pertinent question or to exhibit any book,
17 account, record, or other document when ordered to do so by the court, that person may be punished
18 for contempt of the court;

19 (xiv) The manner, standards, and specification for the process of competitive bidding for
20 division purchases and contracts; and

21 (xv) The sale of commercial advertising space on the reverse side of, or in other available
22 areas upon, lottery tickets provided that all net revenue derived from the sale of the advertising
23 space shall be deposited immediately into the state's general fund and shall not be subject to the
24 provisions of § 42-61-15.

25 **42-61-15. State lottery fund.**

26 (a) There is created the state lottery fund, into which shall be deposited all revenues
27 received by the division from the sales of lottery tickets and license fees. The fund shall be in the
28 custody of the general treasurer, subject to the direction of division for the use of the division, and
29 money shall be disbursed from it on the order of the controller of the state, pursuant to vouchers or
30 invoices signed by the director and certified by the director of administration. The moneys in the
31 state lottery fund shall be allotted in the following order, and only for the following purposes:

32 (1) Establishing a prize fund from which payments of the prize awards shall be disbursed
33 to holders of winning lottery tickets on checks signed by the director and countersigned by the
34 controller of the state or his or her designee.

1 (i) The amount of payments of prize awards to holders of winning lottery tickets shall be
2 determined by the division, but shall not be less than forty-five percent (45%) nor more than sixty-
3 five percent (65%) of the total revenue accruing from the sale of lottery tickets.

4 (ii) For the lottery game commonly known as "Keno", the amount of prize awards to
5 holders of winning Keno tickets shall be determined by the division, but shall not be less than forty-
6 five percent (45%) nor more than seventy-two percent (72%) of the total revenue accruing from
7 the sale of Keno tickets.

8 (2) Payment of expenses incurred by the division in the operation of the state lotteries
9 including, but not limited to, costs arising from contracts entered into by the director for
10 promotional, consulting, or operational services, salaries of professional, technical, and clerical
11 assistants, and purchases or lease of facilities, lottery equipment, and materials; provided however,
12 solely for the purpose of determining revenues remaining and available for transfer to the state's
13 general fund, ~~beginning in fiscal year 2015~~ expenses incurred by the division in the operation of
14 state lotteries shall reflect (i) Beginning in fiscal year 2015, the actuarially determined employer
15 contribution to the Employees' Retirement System consistent with the state's adopted funding
16 policy; and (ii) Beginning in fiscal year 2018, the actuarially determined employer contribution to
17 the State Employees and Electing Teachers' OPEB System consistent with the state's adopted
18 funding policy. For financial reporting purposes, the state lottery fund financial statements shall be
19 prepared in accordance with generally accepted accounting principles as promulgated by the
20 Governmental Accounting Standards Board; and

21 (3) Payment into the general revenue fund of all revenues remaining in the state lottery
22 fund after the payments specified in subdivisions (a)(1) – (a)(2) of this section.

23 (b) The auditor general shall conduct an annual post audit of the financial records and
24 operations of the lottery for the preceding year in accordance with generally accepted auditing
25 standards and government auditing standards. In connection with the audit, the auditor general may
26 examine all records, files, and other documents of the division, and any records of lottery sales
27 agents that pertain to their activities as agents, for purposes of conducting the audit. The auditor
28 general, in addition to the annual post audit, may require or conduct any other audits or studies he
29 or she deems appropriate, the costs of which shall be borne by the division.

30 (c) Payments into the state's general fund specified in subsection (a)(3) of this section shall
31 be made on an estimated quarterly basis. Payment shall be made on the tenth business day following
32 the close of the quarter except for the fourth quarter when payment shall be on the last business
33 day.

34 SECTION 2. Purpose.

1 (a) Article VI, Section 22 of the Rhode Island Constitution provides that "[n]o act
2 expanding the types or locations of gambling permitted within the state or within any city or town
3 . . . shall take effect until it has been approved by the majority of those electors voting in a statewide
4 referendum and by the majority of those electors voting in said referendum in the municipality in
5 which the proposed gambling would be allowed . . ."

6 (b) In the 2012 general election, a majority of Rhode Island voters statewide and in the
7 Town of Lincoln approved the following referendum question (among others):

8 "Shall an act be approved which would authorize the facility known as "Twin River" in the
9 town of Lincoln to add state-operated casino gaming, such as table games, to the types of gambling
10 it offers?"

11 (c) Similarly, in the 2016 general election, a majority of Rhode Island voters statewide and
12 in the Town of Tiverton approved the following referendum question (among others):

13 "Shall an act be approved which would authorize a facility owned by Twin River-Tiverton,
14 LLC, located in the Town of Tiverton at the intersection of William S. Canning Boulevard and
15 Stafford Road, to be licensed as a pari-mutuel facility and offer state-operated video-lottery games
16 and state-operated casino gaming, such as table games?"

17 (d) In the voter information handbooks setting forth and explaining the question in each
18 instance, "casino gaming" was defined to include games "within the definition of Class III gaming
19 as that term is defined in section 2703(8) of Title 25 of the United States Code and which is
20 approved by the State of Rhode Island through the Lottery Division." "Casino gaming" is also
21 defined to include games within the definition of class III gaming in section 42-61.2-1 of the general
22 laws.

23 (e) Section 2703(8) of Title 25 US Code (part of the Indian Gaming Regulatory Act, or
24 "IGRA") provides that the term "class III gaming" means "all forms of gaming that are not class I
25 gaming or class II gaming." The regulations promulgated under IGRA (25 CFR 502.4) expressly
26 state that Class III gaming includes sports wagering.

27 (f) Thus, voters state-wide and locally approved state-operated sports wagering to be
28 offered by the Twin River and Tiverton gaming facilities. Voter approval of sports wagering shall
29 be implemented by providing an infrastructure for state-operated sports wagering offered by the
30 Twin River gaming facilities in Lincoln and Tiverton, by authorizing necessary amendments to
31 certain contracts and by authorizing the division of lotteries to promulgate regulations to direct and
32 control state-operated sports wagering.

33 (g) State operated sports wagering shall be operated by the state through the division of
34 lotteries. Sports wagering may be conducted at (i) the Twin River Gaming Facility, located in

1 Lincoln at 100 Twin River Road and owned by UTGR, Inc., a licensed video lottery and table game
2 retailer, and at (ii) the Tiverton Gaming Facility, located in Tiverton at the intersection of William
3 S. Canning Boulevard and Stafford Road, and owned by Twin River-Tiverton, once Twin River-
4 Tiverton is licensed as a video lottery and table game retailer.

5 (h) The state through the division of lotteries shall exercise its existing authority to
6 implement, operate, conduct and control sports wagering at the Twin River gaming facility and the
7 Twin River-Tiverton gaming facility in accordance with the provisions of this chapter and the rules
8 and regulations of the division of lotteries.

9 (i) Notwithstanding the provisions of this section, sports wagering shall be prohibited in
10 connection with any collegiate sports or athletic event that takes place in Rhode Island or a sports
11 contest or athletic event in which any Rhode Island college team participates, regardless of where
12 the event takes place.

13 (j) No other law providing any penalty or disability for conducting, hosting, maintaining,
14 supporting or participating in sports wagering, or any acts done in connection with sports wagering,
15 shall apply to the conduct, hosting, maintenance, support or participation in sports wagering
16 pursuant to this chapter.

17 SECTION 3. The title of Chapter 42-61.2 of the General Laws entitled "Video-Lottery
18 Terminal" is hereby amended to read as follows:

19 ~~CHAPTER 42-61.2~~

20 ~~Video Lottery Terminal~~

21 CHAPTER 42-61.2

22 VIDEO-LOTTERY GAMES, TABLE GAMES AND SPORTS WAGERING

23 SECTION 4. Section 42-61.2-1, 42-61.2-3.2, 42-61.2-4, 42-61.2-6, 42-61.2-10, 42-61.2-
24 11, 42-61.2-13, 42-61.2-14 and 42-61.2-15 of the General Laws in Chapter 42-61.2 entitled "Video-
25 Lottery Terminal" are hereby amended to read as follows:

26 **42-61.2-1. Definitions.**

27 For the purpose of this chapter, the following words shall mean:

28 (1) "Central communication system" means a system approved by the lottery division,
29 linking all video-lottery machines at a licensee location to provide auditing program information
30 and any other information determined by the lottery. In addition, the central communications
31 system must provide all computer hardware and related software necessary for the establishment
32 and implementation of a comprehensive system as required by the division. The central
33 communications licensee may provide a maximum of fifty percent (50%) of the video-lottery
34 terminals.

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

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

5 (4) "Pari-mutuel licensee" means:

6 (i) An entity licensed pursuant to § 41-3.1-3; and/or

7 (ii) An entity licensed pursuant to § 41-7-3.

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

11 (6) "Video-lottery games" means lottery games played on video-lottery terminals
12 controlled by the lottery division.

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

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

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

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

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

33 (12) "Table-game retailer" means a retailer authorized to conduct table gaming pursuant to
34 §§ 42-61.2-2.1 or 42-61.2-2.3.

1 (13) "Credit facilitator" means any employee of a licensed, video-lottery retailer approved
2 in writing by the division whose responsibility is to, among other things, review applications for
3 credit by players, verify information on credit applications, grant, deny, and suspend credit,
4 establish credit limits, increase and decrease credit limits, and maintain credit files, all in
5 accordance with this chapter and rules and regulations approved by the division.

6 (14) "Newport Grand" means Newport Grand, LLC, a Rhode Island limited-liability
7 company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and assignee
8 of Newport Grand, LLC under the Newport Grand Master Contract, including, but not limited to,
9 Premier Entertainment II, LLC and/or Twin River-Tiverton, LLC, provided it is a pari-mutuel
10 licensee as defined in § 42-61.2-1 et seq.; provided, further, however, where the context indicates
11 that the term is referring to the physical facility, then it shall mean the gaming and entertainment
12 facility located at 150 Admiral Kalbfus Road, Newport, Rhode Island.

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

16 (16) "Newport Grand Master Contract" means that certain master video-lottery terminal
17 contract made as of November 23, 2005, by and between the Division of Lotteries of the Rhode
18 Island department of administration and Newport Grand, as amended and extended from time to
19 time as authorized therein and/or as such Newport Grand Master Contract may be assigned as
20 permitted therein.

21 (17) "Premier" means Premier Entertainment II, LLC and/or its successor in interest by
22 reason of the acquisition of the stock, membership interests, or substantially all of the assets of such
23 entity.

24 (18) "Twin River-Tiverton" means Twin River-Tiverton, LLC and/or its successor in
25 interest by reason of the acquisition of the stock, membership interests, or substantially all of the
26 assets of such entity.

27 (19) "Sports wagering revenue" means
28 (1) The total of cash or cash equivalents received from sports wagering minus the total of:
29 (i) Cash or cash equivalents paid to players as a result of sports wagering, and
30 (ii) Such other expenses approved by the division of lottery.
31 (2) The term does not include any of the following:
32 (i) Counterfeit cash.
33 (ii) Coins or currency of other countries received as a result of sports wagering, except to
34 the extent that the coins or currency are readily convertible to cash.

1 (iii) Cash taken in a fraudulent act perpetrated against a hosting facility or sports wagering
2 vendor for which the hosting facility or sports wagering vendor is not reimbursed.

3 (iv) Free play provided by the hosting facility or sports wagering vendor as authorized by
4 the division of lottery to a patron and subsequently "won back" by the hosting facility or sports
5 wagering vendor, for which the hosting facility or sports wagering vendor can demonstrate that it
6 or its affiliate has not been reimbursed in cash.

7 (20) "Sporting event" means a regulated professional sports or athletic event or a regulated
8 collegiate sports or athletic event.

9 (21) "Collegiate sports or athletic event" shall not include a collegiate sports contest or
10 collegiate athletic event that takes place in Rhode Island or a sports contest or athletic event in
11 which any Rhode Island college team participates regardless of where the event takes place.

12 (22) "Sports wagering" means the business of accepting wagers on sporting events or a
13 combination of sporting events, or on the individual performance statistics of athletes in a sporting
14 event or combination of sporting events, by any system or method of wagering. The term includes,
15 but is not limited to, exchange wagering, parlays, over-under, moneyline, pools and straight bets,
16 and the term includes the placement of such bets and wagers. However, the term does not include,
17 without limitation, the following:

18 (1) Lotteries, including video lottery games and other types of casino gaming operated by
19 the state, through the division, on the date this act is enacted.

20 (2) Pari-mutuel betting on the outcome of thoroughbred or harness horse racing, or
21 greyhound dog racing, including but not limited to pari-mutuel wagering on a race that is
22 "simulcast" (as defined in section 41-11-1 of the general laws), as regulated elsewhere pursuant to
23 the general laws, including in chapters 41-3, 41-3.1, 41-4 and 41-11 of the general laws.

24 (3) Off-track betting on racing events, as regulated elsewhere pursuant to the general laws,
25 including in chapter 41-10 of the general laws.

26 (4) Wagering on the respective scores or points of the game of jai alai or pelota and the
27 sale of pari-mutuel pools related to such games, as regulated elsewhere pursuant to the general
28 laws, including in chapter 41-7 of the general laws.

29 (5) Lotteries, charitable gaming, games of chance, bingo games, raffles and pull-tab lottery
30 tickets, to the extent permitted and regulated pursuant to chapter 11-19 of the general laws.

31 (23) "Sports wagering device" means any mechanical, electrical or computerized
32 contrivance, terminal, machine or other device, apparatus, equipment or supplies approved by the
33 division and used to conduct sports wagering.

34 (24) "Sports wagering vendor" means any entity authorized by the division of lottery to

1 operate sports betting on the division's behalf in accordance with this chapter.

2 (25) "Payoff" when used in connection with sports wagering, means cash or cash
3 equivalents paid to a player as a result of the player's winning a sports wager. A "payoff" is a type
4 of "prize," as the term "prize" is used in chapter 42-61, chapter 42-61.2 and in chapter 42-61.3.

5 (26) "Tiverton gaming facility" (sometimes referred to as "Twin River-Tiverton") means
6 the gaming and entertainment facility located in the Town of Tiverton at the intersection of William
7 S. Canning Boulevard and Stafford Road.

8 (27) "Twin River" (sometimes referred to as "UTGR") means UTGR, Inc., a Delaware
9 corporation, and each permitted successor to and assignee of UTGR, Inc.; provided further,
10 however, where the context indicates that the term is referring to a physical facility, then "Twin
11 River" or "Twin River gaming facility" shall mean the gaming and entertainment facility located at
12 100 Twin River Road in Lincoln, Rhode Island.

13 (28) "Hosting facility" refers to Twin River and the Tiverton gaming facility.

14 (29) "DBR" means the department of business regulation, division of licensing and gaming
15 and athletics, and/or any successor in interest thereto.

16 (30) "Division," "division of lottery," "division of lotteries" or "lottery division" means the
17 division of lotteries within the department of revenue and/or any successor in interest thereto.

18 (31) "Director" means the director of the division.

19 **42-61.2-3.2. Gaming credit authorized.**

20 (a) Authority. In addition to the powers and duties of the state lottery director under §§ 42-
21 61-4, 42-61.2-3, 42-61.2-3.1 and 42-61.2-4, the division shall authorize each licensed, video-lottery
22 retailer to extend credit to players pursuant to the terms and conditions of this chapter.

23 (b) Credit. Notwithstanding any provision of the general laws to the contrary, including,
24 without limitation, § 11-19-17, except for applicable licensing laws and regulations, each licensed,
25 video-lottery retailer may extend interest-free, unsecured credit to its patrons for the sole purpose
26 of such patrons making wagers at table games and/or video-lottery terminals and/or for the purpose
27 of making sports wagering bets, at the licensed, video-lottery retailer's facility subject to the terms
28 and conditions of this chapter.

29 (c) Regulations. Each licensed, video-lottery retailer shall be subject to rules and
30 regulations submitted by licensed, video-lottery retailers and subject to the approval of the division
31 of lotteries regarding procedures governing the extension of credit and requirements with respect
32 to a credit applicant's financial fitness, including, without limitation: annual income; debt-to-
33 income ratio; prior credit history; average monthly bank balance; and/or level of play. The division
34 of lotteries may approve, approve with modification, or disapprove any portion of the policies and

1 procedures submitted for review and approval.

2 (d) Credit applications. Each applicant for credit shall submit a written application to the
3 licensed, video-lottery retailer that shall be maintained by the licensed, video-lottery retailer for
4 three (3) years in a confidential credit file. The application shall include the patron's name; address;
5 telephone number; social security number; comprehensive bank account information; the requested
6 credit limit; the patron's approximate amount of current indebtedness; the amount and source of
7 income in support of the application; the patron's signature on the application; a certification of
8 truthfulness; and any other information deemed relevant by the licensed, video-lottery retailer or
9 the division of lotteries.

10 (e) Credit application verification. As part of the review of a credit application and before
11 an application for credit is approved, the licensed, video-lottery retailer shall verify:

12 (1) The identity, creditworthiness, and indebtedness information of the applicant by
13 conducting a comprehensive review of:

14 (i) The information submitted with the application;

15 (ii) Indebtedness information regarding the applicant received from a credit bureau; and/or

16 (iii) Information regarding the applicant's credit activity at other licensed facilities that the
17 licensed, video-lottery retailer may obtain through a casino credit bureau and, if appropriate,
18 through direct contact with other casinos.

19 (2) That the applicant's name is not included on an exclusion or self-exclusion list
20 maintained by the licensed, video-lottery retailer and/or the division of lotteries.

21 (3) As part of the credit application, the licensed, video-lottery retailer shall notify each
22 applicant in advance that the licensed, video-lottery retailer will verify the information in
23 subsections (e)(1) and (e)(2) and may verify any other information provided by the applicant as
24 part of the credit application. The applicant is required to acknowledge in writing that he or she
25 understands that the verification process will be conducted as part of the application process and
26 that he or she consents to having said verification process conducted.

27 (f) Establishment of credit. After a review of the credit application, and upon completion
28 of the verification required under subsection (e), and subject to the rules and regulations approved
29 by the division of lotteries, a credit facilitator may approve or deny an application for credit to a
30 player. The credit facilitator shall establish a credit limit for each patron to whom credit is granted.
31 The approval or denial of credit shall be recorded in the applicant's credit file that shall also include
32 the information that was verified as part of the review process, and the reasons and information
33 relied on by the credit facilitator in approving or denying the extension of credit and determining
34 the credit limit. Subject to the rules and regulations approved by the division of lotteries, increases

1 to an individual's credit limit may be approved by a credit facilitator upon receipt of written request
2 from the player after a review of updated financial information requested by the credit facilitator
3 and re-verification of the player's credit information.

4 (g) Recordkeeping. Detailed information pertaining to all transactions affecting an
5 individual's outstanding indebtedness to the licensed, video-lottery retailer shall be recorded in
6 chronological order in the individual's credit file. The financial information in an application for
7 credit and documents related thereto shall be confidential. All credit application files shall be
8 maintained by the licensed, video-lottery retailer in a secure manner and shall not be accessible to
9 anyone not a credit facilitator or a manager or officer of a licensed, video-lottery retailer responsible
10 for the oversight of the extension of credit program.

11 (h) Reduction or suspension of credit. A credit facilitator may reduce a player's credit limit
12 or suspend his or her credit to the extent permitted by the rules and regulations approved by the
13 division of lotteries and shall reduce a player's credit limit or suspend a player's credit limit as
14 required by said rules and regulations.

15 (i) Voluntary credit suspension. A player may request that the licensed, video-lottery
16 retailer suspend or reduce his or her credit. Upon receipt of a written request to do so, the player's
17 credit shall be reduced or suspended as requested. A copy of the request and the action taken by
18 the credit facilitator shall be placed in the player's credit application file.

19 (j) Liability. In the event that a player fails to repay a debt owed to a licensed, video-lottery
20 retailer resulting from the extension of credit by that licensed, video-lottery retailer, neither the
21 state of Rhode Island nor the division of lotteries shall be responsible for the loss and said loss shall
22 not affect net, table-game revenue or net terminal income. A licensed, video-lottery retailer, the
23 state of Rhode Island, the division of lotteries, and/or any employee of a licensed, video-lottery
24 retailer, shall not be liable in any judicial or administrative proceeding to any player, any individual,
25 or any other party, including table game players or individuals on the voluntary suspension list, for
26 any harm, monetary or otherwise, that may arise as a result of:

- 27 (1) Granting or denial of credit to a player;
- 28 (2) Increasing the credit limit of a player;
- 29 (3) Allowing a player to exercise his or her right to use credit as otherwise authorized;
- 30 (4) Failure of the licensed, video-lottery retailer to increase a credit limit;
- 31 (5) Failure of the licensed, video-lottery retailer to restore credit privileges that have been
32 suspended, whether involuntarily or at the request of the table game patron; or
- 33 (6) Permitting or prohibiting an individual whose credit privileges have been suspended,
34 whether involuntarily or at the request of the player, to engage in gaming activity in a licensed

1 facility while on the voluntary credit suspension list.

2 (k) Limitations. Notwithstanding any other provision of this chapter, for any extensions of
3 credit, the maximum amount of outstanding credit per player shall be fifty thousand dollars
4 (\$50,000).

5 **42-61.2-4. Additional powers and duties of director and lottery division.**

6 In addition to the powers and duties set forth in §§ 42-61-4 and 42-61.2-3, the director shall
7 have the power to:

8 (1) Supervise and administer the operation of video lottery games [and sports wagering](#) in
9 accordance with this chapter and with the rules and regulations of the division;

10 (2) Suspend or revoke upon a hearing any license issued pursuant to this chapter or the
11 rules and regulations promulgated under this chapter; ~~and~~

12 (3) In compliance with the provisions of chapter 2 of title 37, enter into contracts for the
13 operation of a central communications system and technology providers, or any part thereof; ~~;~~

14 [\(4\) In compliance with the provisions of chapter 2 of title 37, enter into contracts for the](#)
15 [provision of sports wagering systems, facilities and related technology necessary and/or desirable](#)
16 [for the state-operated sports wagering to be hosted at Twin River and the Tiverton gaming facilities,](#)
17 [including technology related to the operation of on-premises remote sports wagering, or any part](#)
18 [thereof; and](#)

19 ~~(4)~~(5) Certify monthly to the budget officer, the auditor general, the permanent joint
20 committee on state lottery, and to the governor a full and complete statement of lottery revenues,
21 prize disbursements and other expenses for the preceding month; ensure that monthly financial
22 reports are prepared providing gross monthly revenues, prize disbursements, other expenses, and
23 net income for keno and for all other lottery operations; submit this report to the state budget officer,
24 the auditor general, the permanent joint committee on state lottery, the legislative fiscal advisors,
25 and the governor no later than the twentieth business day following the close of the month; at the
26 end of each fiscal year the director shall submit an annual report based upon an accrual system of
27 accounting which shall include a full and complete statement of lottery revenues, prize
28 disbursements and expenses, to the governor and the general assembly, which report shall be a
29 public document and shall be filed with the secretary of state. The monthly report shall be prepared
30 in a manner prescribed by the members of the revenue estimating conference.

31 **42-61.2-6. When games may be played.**

32 [\(a\)](#) Video-lottery games authorized by this chapter may be played at the licensed, video-
33 lottery retailer's facilities with the approval of the ~~lottery commission~~ [division](#), even if that facility
34 is not conducting a pari-mutuel event.

1 (b) Sports wagering authorized by this chapter, including accepting sports wagers and
2 administering payoffs of winning sports wagers, may be conducted at the Twin River and the
3 Tiverton gaming facilities, with the approval of the division, even if that facility is not conducting
4 a pari-mutuel event.

5 **42-61.2-10. Prizes exempt from taxation.**

6 ~~The prizes received pursuant to this chapter shall be exempt from the state sales or use tax.~~
7 The prizes, including payoffs, received pursuant to this chapter shall be exempt from the state sales
8 or use tax but shall be applicable to personal income tax laws.

9 **42-61.2-11. Effect of other laws and local ordinances.**

10 (a) No other law providing any penalty or disability for operating, hosting, maintaining,
11 supporting or playing video lottery games, or any acts done in connection with video lottery games,
12 shall apply to operating, hosting, maintaining, supporting or playing video lottery games pursuant
13 to this chapter.

14 (b) No other law providing any penalty or disability for conducting, hosting, maintaining,
15 supporting or participating in sports wagering, or any acts done in connection with sports wagering,
16 shall apply to conducting, hosting, maintaining, supporting or participating in sports wagering
17 pursuant to this chapter.

18 (c) The provisions of §§ 41-9-4 and 41-9-6 shall not apply to this chapter, and the
19 provisions of this chapter shall take precedence over any local ordinances to the contrary. It is
20 specifically acknowledged that the installation, operation and use of video-lottery terminals by a
21 pari-mutuel licensee, as authorized in this chapter, shall for all purposes be deemed a permitted use
22 as defined in § 45-24-31. No city or town where video-lottery terminals are authorized may seek to
23 prevent the installation and use of said video-lottery terminals by defining such as a prohibited use.

24 **42-61.2-13. ~~Table game enforcement. [See Applicability notes.] Enforcement.~~**

25 (a) Whoever violates § 42-61.2-2.1 or § 42-61.2-3.1, or any rule or regulation, policy or
26 procedure, duly promulgated thereunder, or any administrative order issued pursuant to § 42-61.2-
27 2.1 or § 42-61.2-3.1, shall be punishable as follows:

28 (1) In the Division director's discretion, the Division director may impose an administrative
29 penalty of not more than one thousand dollars (\$1,000) for each violation. Each day of continued
30 violation shall be considered as a separate violation if the violator has knowledge of the facts
31 constituting the violation and knows or should know that such facts constitute or may constitute a
32 violation. Lack of knowledge regarding such facts or violation shall not be a defense to a continued
33 violation with respect to the first day of its occurrence. Written notice detailing the nature of the
34 violation, the penalty amount, and effective date of the penalty will be provided by the Division

1 director. Penalties shall take effect upon notification. A written request for a hearing must be
2 submitted in writing to the Division director within thirty (30) days of notification of violation.

3 (2) In the Division director's discretion, the Division director may endeavor to obtain
4 compliance with requirements of this chapter by written administrative order. Such order shall be
5 provided to the responsible party, shall specify the complaint, and propose a time for correction of
6 the violation.

7 (b) The Division director shall enforce this chapter. Such enforcement shall include, but
8 not be limited to, referral of suspected criminal activity to the Rhode Island state police for
9 investigation.

10 (c) Any interest, costs or expense collected under this section shall be appropriated to the
11 Division for administrative purposes.

12 (d) Any penalty imposed by the Division pursuant to this § 42-61.2-13 shall be appealable
13 to Superior Court.

14 **42-61.2-14. Compulsive and problem gambling program. [See Applicability notes.]**

15 The Division and the State acknowledge that the vast majority of gaming patrons can enjoy
16 gambling games responsibly, but that there are certain societal costs associated with gaming by
17 some individuals who have problems handling the product or services provided. The Division and
18 the State further understand that it is their duty to act responsibly toward those who cannot
19 participate conscientiously in gaming. Pursuant to the foregoing, Twin River and Newport Grand,
20 in cooperation with the State, shall offer compulsive and problem gambling programs that include,
21 but are not limited to (a) problem gambling awareness programs for employees; (b) player self-
22 exclusion program; and (c) promotion of a problem gambling hotline. Twin River and Newport
23 Grand [\(and its successor in interest, Twin River-Tiverton\)](#) shall modify their existing compulsive
24 and problem-gambling programs to include table games [and sports wagering](#) to the extent such
25 games are authorized at such facilities. Twin River and Newport Grand [\(and its successor in](#)
26 [interest, Twin River-Tiverton\)](#) shall reimburse and pay to the Division no less than ~~one hundred~~
27 ~~thousand dollars (\$100,000)~~ [one hundred twenty-five thousand dollars \(\\$125,000\)](#) in aggregate
28 annually for compulsive and problem gambling programs established by the Division. The
29 contribution from each facility shall be determined by the Division.

30 **42-61.2-15. ~~Table game hours of operation~~ Table game and sports wagering hours of**
31 **operation.**

32 (a) To the extent table games are authorized at the premises of a table-game retailer, such
33 table games may be offered at the premises of a table-game retailer for all or a portion of the days
34 and times that video-lottery games are offered.

1 (b) To the extent sports wagering is authorized at the premises of a table-game retailer,
2 such sports wagering may be offered at the premises of such table-game retailer for all or a portion
3 of the days and times that video-lottery games are offered.

4 SECTION 5. Chapter 42-61.2 of the General Laws entitled "Video-Lottery Terminal" is
5 hereby amended by adding thereto the following sections:

6 **42-61.2-2.4. State to conduct sports wagering hosted by Twin River and the Tiverton**
7 **Gaming Facility.**

8 (a) The state, through the division of lotteries, shall implement, operate, conduct and
9 control sports wagering at the Twin River gaming facility and the Twin River-Tiverton gaming
10 facility, once Twin River-Tiverton is licensed as a video lottery and table game retailer. In
11 furtherance thereof, the state, through the division, shall have full operational control to operate
12 such sports wagering, including, without limitation, the power and authority to:

13 (1) Establish with respect to sports wagering one or more systems for linking, tracking,
14 depositing and reporting of receipts, audits, annual reports, prohibited conduct and other such
15 matters determined by the division from time to time;

16 (2) Collect all sports wagering revenue indirectly through Twin River and Tiverton gaming
17 facilities, require that the Twin River and Tiverton gaming facilities collect all sports wagering
18 revenue in trust for the state (through the division), deposit such sports wagering revenue into an
19 account or accounts of the division's choice, allocate such sports wagering revenue according to
20 law, and otherwise maintain custody and control over all sports wagering revenue;

21 (3) Hold and exercise sufficient powers over the Twin River and Tiverton gaming facilities'
22 accounting and finances to allow for adequate oversight and verification of the financial aspects of
23 sports wagering hosted at their respective facilities in Lincoln and Tiverton, including, without
24 limitation:

25 (i) The right to require the Twin River and Tiverton gaming facilities to maintain an annual
26 balance sheet, profit and loss statement, and any other necessary information or reports;

27 (ii) The authority and power to conduct periodic compliance or special or focused audits
28 of the information or reports provided, as well as the premises within the facilities containing
29 records of sports wagering or in which the sports wagering activities are conducted; and

30 (iii) The right to require the Twin River gaming facility and the Tiverton gaming facility
31 to reimburse and pay the division all reasonable costs and expenses associated with the division's
32 oversight of and review of the operation of sports wagering, including such items as consultants,
33 ongoing auditing, legal, investigation services and other related matters.

34 (4) Monitor the sports wagering operations hosted by the Twin River and Tiverton gaming

1 facilities and have the power to terminate or suspend any sports wagering activities in the event of
2 an integrity concern or other threat to the public trust, and in furtherance thereof, require Twin
3 River and Tiverton, respectively, to provide a specified area or areas from which to conduct such
4 monitoring activities;

5 (5) Through the use of a sports wagering vendor, define and limit the rules of play and odds
6 of authorized sports wagering games, including, without limitation, the minimum and maximum
7 wagers for each sports wagering game;

8 (6) Establish compulsive gambling treatment programs;

9 (7) Promulgate, or propose for promulgation, any legislative, interpretive and procedural
10 rules necessary for the successful implementation, administration and enforcement of this chapter;
11 and

12 (8) Hold all other powers necessary and proper to fully effectively execute and administer
13 the provisions of this chapter for the purpose of allowing the state to operate sports wagering hosted
14 by the Twin River and Tiverton gaming facilities.

15 (b) The state, through the division and/or the DBR, shall have approval rights over matters
16 relating to the employment of individuals to be involved, directly or indirectly, with the operation
17 of sports wagering at the Twin River and Tiverton gaming facilities.

18 (c) Nothing in this chapter 42-61.2 or elsewhere in the general laws shall be construed to
19 create a separate license governing the hosting of sports wagering in Rhode Island by licensed video
20 lottery and table game retailers.

21 (d) The state, through the division, shall have authority to issue such regulations as it deems
22 appropriate pertaining to the control, operation and management of sports wagering. The state,
23 through DBR shall have authority to issue such regulations as it deems appropriate pertaining to
24 the employment of individuals to be involved, directly or indirectly, with the operations of sports
25 wagering as set forth in subsection (b) of this section.

26 **42-61.2-3.3. Sports wagering regulation.**

27 (a) In addition to the powers and duties of the division director under §§ 42-61-4, 42-61.2-
28 3, 42-61.2-4 and 42-61.2-3.1, and pursuant to § 42-61.2-2.4, the division director shall promulgate
29 rules and regulations relating to sports wagering and set policy therefor. These rules and regulations
30 shall establish standards and procedures for sports waging and associated devices, equipment and
31 accessories, and shall include, but not be limited to:

32 (1) Approve standards, rules and regulations to govern the conduct of sports wagering and
33 the system of wagering associated with sports wagering, including without limitation:

34 (i) The objects of the sports wagering (i.e., the sporting events upon which sports wagering

1 bets may be accepted) and methods of play, including what constitutes win, loss or tie bets;

2 (ii) The manner in which sports wagering bets are received, payoffs are remitted and point

3 spreads, lines and odds are determined for each type of available sports wagering bet;

4 (iii) Physical characteristics of any devices, equipment and accessories related to sports

5 wagering;

6 (iv) The applicable inspection procedures for any devices, equipment and accessories

7 related to sports wagering;

8 (v) Procedures for the collection of bets and payoffs, including but not limited to

9 requirements for internal revenue service purposes;

10 (vi) Procedures for handling suspected cheating and sports wagering irregularities; and

11 (vii) Procedures for handling any defective or malfunctioning devices, equipment and

12 accessories related to sports wagering.

13 (2) Establishing the method for calculating sports wagering revenue and standards for the

14 daily counting and recording of cash and cash equivalents received in the conduct of sports

15 wagering, and ensuring that internal controls are followed and financial books and records are

16 maintained and audits are conducted;

17 (3) Establishing the number and type of sports wagering bets authorized at the hosting

18 facility, including any new sports wagering bets or variations or composites of approved sports

19 wagering bets, and all rules related thereto;

20 (4) Establishing any sports wagering rule changes, sports wagering minimum and

21 maximum bet changes, and changes to the types of sports wagering products offered at a particular

22 hosting facility, including but not limited to any new sports wagering bets or variations or

23 composites of approved sports wagering bets, and including all rules related thereto;

24 (5) Requiring the hosting facility and/or sports wagering vendor to:

25 (i) Provide written information at each sports wagering location within the hosting facility

26 about wagering rules, payoffs on winning sports wagers and other information as the division may

27 require.

28 (ii) Provide specifications approved by the division to integrate and update the hosting

29 facility's surveillance system to cover all areas within the hosting facility where sports wagering is

30 conducted and other areas as required by the division. The specifications shall include provisions

31 providing the division and other persons authorized by the division with onsite access to the system.

32 (iii) Designate one or more locations within the hosting facility where sports wagering bets

33 are received.

34 (iv) Ensure that visibility in a hosting facility is not obstructed in any way that could

1 interfere with the ability of the division, the sports wagering vendor or other persons authorized
2 under this section or by the division to oversee the surveillance of the conduct of sports wagering.

3 (v) Ensure that the count rooms for sports wagering has appropriate security for the
4 counting and storage of cash.

5 (vi) Ensure that drop boxes are brought into or removed from an area where sports
6 wagering is conducted or locked or unlocked in accordance with procedures established by the
7 division.

8 (vii) Designate secure locations for the inspection, service, repair or storage of sports
9 wagering equipment and for employee training and instruction to be approved by the division.

10 (vii) Establish standards prohibiting persons under eighteen (18) of age from participating
11 in sports wagering.

12 (ix) Establish compulsive and problem gambling standards and/or programs pertaining to
13 sports wagering consistent with general laws chapter 42-61.2.

14 (6) Establishing the minimal proficiency requirements for those individuals accepting
15 sports wagers and administering payoffs on winning sports wagers. The foregoing requirements of
16 this subsection may be in addition to any rules or regulations of the DBR requiring licensing of
17 personnel of state-operated gaming facilities;

18 (7) Establish appropriate eligibility requirements and standards for traditional sports
19 wagering equipment suppliers; and

20 (8) Any other matters necessary for conducting sports wagering.

21 (b) The hosting facility shall provide secure, segregated facilities as required by the
22 division on the premises for the exclusive use of the division staff and the gaming enforcement unit
23 of the state police. Such space shall be located proximate to the gaming floor and shall include
24 surveillance equipment, monitors with full camera control capability, as well as other office
25 equipment that may be deemed necessary by the division. The location and size of the space and
26 necessary equipment shall be subject to the approval of the division.

27 **42-61.2-5. Allocation of sports wagering revenue.**

28 (a) Notwithstanding the provisions of § 42-61-15, the division of lottery is authorized to
29 enter into an agreement, subject to approval of the general assembly and limited to in-person on-
30 site sports wagering, to allocate sports wagering revenue derived from sports wagering at the Twin
31 River and Tiverton gaming facilities between the state, any sports wagering vendors, and the Twin
32 River and Tiverton gaming facilities. Upon expiration of the agreement, the allocation of sports
33 wagering revenue shall be established in the general laws.

34 (b) Sports wagering revenue allocated to the state shall be deposited into the state lottery

1 fund for administrative purposes and then the balance remaining into the general fund.

2 (c) Under no circumstances shall the Twin River and Tiverton gaming facilities or any
3 sports wagering vendor receive a larger share of the sports wagering revenue than the state.

4 (d) Under no circumstances shall the state or the division pay an integrity fee to any sports
5 league.

6 (e) The state shall pay the Town of Lincoln an annual flat fee of one hundred thousand
7 dollars (\$100,000) and the Town of Tiverton an annual flat fee of one hundred thousand dollars
8 (\$100,000) in compensation for serving as the host communities for sports wagering.

9 **42-61.2-9. Unclaimed prize money, including unclaimed sports wagering payoffs.**

10 Unclaimed prize money for prizes in connection with the play of a video lottery game and
11 an unclaimed payoff in connection with a sports wager shall be retained by the director for the
12 person entitled thereto for one year after, respectively, the completion of the applicable video
13 lottery game or the determination of the result of the sporting event that was the subject of the
14 applicable sports wager. If no claim is made for the prize money or payoff within that year, the
15 prize money or payoff shall automatically revert to the lottery fund and the winner shall have no
16 claim thereto.

17 SECTION 6. Sections 42-61.2-3.2 and 42-61.2-4 of the General Laws in Chapter 42-61.2
18 entitled "Video-Lottery Terminal" are hereby amended to read as follows:

19 **42-61.2-3.2. Gaming credit authorized.**

20 (a) Authority. In addition to the powers and duties of the state lottery director under §§ 42-
21 61-4, 42-61.2-3, 42-61.2-3.1 and 42-61.2-4, the division shall authorize each licensed, video-lottery
22 retailer to extend credit to players pursuant to the terms and conditions of this chapter.

23 (b) Credit. Notwithstanding any provision of the general laws to the contrary, including,
24 without limitation, § 11-19-17, except for applicable licensing laws and regulations, each licensed,
25 video-lottery retailer may extend interest-free, unsecured credit to its patrons for the sole purpose
26 of such patrons making wagers at table games and/or video-lottery terminals at the licensed, video-
27 lottery retailer's facility subject to the terms and conditions of this chapter.

28 (c) Regulations. Each licensed, video-lottery retailer shall be subject to rules and
29 regulations submitted by licensed, video-lottery retailers and subject to the approval of the division
30 of lotteries regarding procedures governing the extension of credit and requirements with respect
31 to a credit applicant's financial fitness, including, without limitation: annual income; debt-to-
32 income ratio; prior credit history; average monthly bank balance; and/or level of play. The division
33 of lotteries may approve, approve with modification, or disapprove any portion of the policies and
34 procedures submitted for review and approval.

1 (d) Credit applications. Each applicant for credit shall submit a written application to the
2 licensed, video-lottery retailer that shall be maintained by the licensed, video-lottery retailer for
3 three (3) years in a confidential credit file. The application shall include the patron's name; address;
4 telephone number; social security number; comprehensive bank account information; the requested
5 credit limit; the patron's approximate amount of current indebtedness; the amount and source of
6 income in support of the application; the patron's signature on the application; a certification of
7 truthfulness; and any other information deemed relevant by the licensed, video-lottery retailer or
8 the division of lotteries.

9 (e) Credit application verification. As part of the review of a credit application and before
10 an application for credit is approved, the licensed, video-lottery retailer shall verify:

11 (1) The identity, creditworthiness, and indebtedness information of the applicant by
12 conducting a comprehensive review of:

13 (i) The information submitted with the application;

14 (ii) Indebtedness information regarding the applicant received from a credit bureau; and/or

15 (iii) Information regarding the applicant's credit activity at other licensed facilities that the
16 licensed, video-lottery retailer may obtain through a casino credit bureau and, if appropriate,
17 through direct contact with other casinos.

18 (2) That the applicant's name is not included on an exclusion or self-exclusion list
19 maintained by the licensed, video-lottery retailer and/or the division of lotteries.

20 (3) As part of the credit application, the licensed, video-lottery retailer shall notify each
21 applicant in advance that the licensed, video-lottery retailer will verify the information in
22 subsections (e)(1) and (e)(2) and may verify any other information provided by the applicant as
23 part of the credit application. The applicant is required to acknowledge in writing that he or she
24 understands that the verification process will be conducted as part of the application process and
25 that he or she consents to having said verification process conducted.

26 (f) Establishment of credit. After a review of the credit application, and upon completion
27 of the verification required under subsection (e), and subject to the rules and regulations approved
28 by the division of lotteries, a credit facilitator may approve or deny an application for credit to a
29 player. The credit facilitator shall establish a credit limit for each patron to whom credit is granted.
30 The approval or denial of credit shall be recorded in the applicant's credit file that shall also include
31 the information that was verified as part of the review process, and the reasons and information
32 relied on by the credit facilitator in approving or denying the extension of credit and determining
33 the credit limit. Subject to the rules and regulations approved by the division of lotteries, increases
34 to an individual's credit limit may be approved by a credit facilitator upon receipt of written request

1 from the player after a review of updated financial information requested by the credit facilitator
2 and re-verification of the player's credit information.

3 (g) Recordkeeping. Detailed information pertaining to all transactions affecting an
4 individual's outstanding indebtedness to the licensed, video-lottery retailer shall be recorded in
5 chronological order in the individual's credit file. The financial information in an application for
6 credit and documents related thereto shall be confidential. All credit application files shall be
7 maintained by the licensed, video-lottery retailer in a secure manner and shall not be accessible to
8 anyone not a credit facilitator or a manager or officer of a licensed, video-lottery retailer responsible
9 for the oversight of the extension of credit program.

10 (h) Reduction or suspension of credit. A credit facilitator may reduce a player's credit limit
11 or suspend his or her credit to the extent permitted by the rules and regulations approved by the
12 division of lotteries and shall reduce a player's credit limit or suspend a player's credit limit as
13 required by said rules and regulations.

14 (i) Voluntary credit suspension. A player may request that the licensed, video-lottery
15 retailer suspend or reduce his or her credit. Upon receipt of a written request to do so, the player's
16 credit shall be reduced or suspended as requested. A copy of the request and the action taken by
17 the credit facilitator shall be placed in the player's credit application file.

18 (j) Liability. In the event that a player fails to repay a debt owed to a licensed, video-lottery
19 retailer resulting from the extension of credit by that licensed, video-lottery retailer, neither the
20 state of Rhode Island nor the division of lotteries shall be responsible for the loss and said loss shall
21 not affect net, table-game revenue or net terminal income. A licensed, video-lottery retailer, the
22 state of Rhode Island, the division of lotteries, and/or any employee of a licensed, video-lottery
23 retailer, shall not be liable in any judicial or administrative proceeding to any player, any individual,
24 or any other party, including table game players or individuals on the voluntary suspension list, for
25 any harm, monetary or otherwise, that may arise as a result of:

- 26 (1) Granting or denial of credit to a player;
- 27 (2) Increasing the credit limit of a player;
- 28 (3) Allowing a player to exercise his or her right to use credit as otherwise authorized;
- 29 (4) Failure of the licensed, video-lottery retailer to increase a credit limit;
- 30 (5) Failure of the licensed, video-lottery retailer to restore credit privileges that have been
31 suspended, whether involuntarily or at the request of the table game patron; or
- 32 (6) Permitting or prohibiting an individual whose credit privileges have been suspended,
33 whether involuntarily or at the request of the player, to engage in gaming activity in a licensed
34 facility while on the voluntary credit suspension list.

1 (k) Limitations. Notwithstanding any other provision of this chapter, for any extensions of
2 credit, the maximum amount of outstanding credit per player shall be fifty thousand dollars
3 (\$50,000).

4 **42-61.2-4. Additional powers and duties of director and lottery division.**

5 In addition to the powers and duties set forth in §§ 42-61-4 and 42-61.2-3, the director shall
6 have the power to:

7 (1) Supervise and administer the operation of video lottery games in accordance with this
8 chapter and with the rules and regulations of the division;

9 (2) Suspend or revoke upon a hearing any license issued pursuant to this chapter or the
10 rules and regulations promulgated under this chapter; and

11 (3) In compliance with the provisions of chapter 2 of title 37, enter into contracts for the
12 operation of a central communications system and technology providers, or any part thereof.

13 (4) Certify monthly to the budget officer, the auditor general, the permanent joint
14 committee on state lottery, and to the governor a full and complete statement of lottery revenues,
15 prize disbursements and other expenses for the preceding month; ensure that monthly financial
16 reports are prepared providing gross monthly revenues, prize disbursements, other expenses, and
17 net income for keno and for all other lottery operations; submit this report to the state budget officer,
18 the auditor general, the permanent joint committee on state lottery, the legislative fiscal advisors,
19 and the governor no later than the twentieth business day following the close of the month; at the
20 end of each fiscal year the director shall submit an annual report based upon an accrual system of
21 accounting which shall include a full and complete statement of lottery revenues, prize
22 disbursements and expenses, to the governor and the general assembly, which report shall be a
23 public document and shall be filed with the secretary of state. The monthly report shall be prepared
24 in a manner prescribed by the members of the revenue estimating conference.

25 SECTION 7. Section 42-61.3-2 of the General Laws in Chapter 42-61.3 entitled "Casino
26 Gaming" is hereby amended to read as follows:

27 **42-61.3-2. Casino gaming crimes.**

28 (a) Definitions as used in this chapter:

29 (1) "Casino gaming" shall have the meaning set forth in the Rhode Island general laws
30 subdivision 42-61.2-1(8).

31 (2) "Cheat" means to alter the element of chance, method of selection, or criteria which
32 determines:

33 (i) The result of the game;

34 (ii) The amount or frequency of payment in a game, including intentionally taking

1 advantage of a malfunctioning machine;

2 (iii) The value of a wagering instrument; or

3 (iv) The value of a wagering credit.

4 (3) "Cheating device" means any physical, mechanical, electromechanical, electronic,
5 photographic, or computerized device used in such a manner as to cheat, deceive or defraud a casino
6 game. This includes, but is not limited to:

7 (i) Plastic, tape, string or dental floss, or any other item placed inside a coin or bill acceptor
8 or any other opening in a video-lottery terminal in a manner to simulate coin or currency
9 acceptance;

10 (ii) Forged or stolen keys used to gain access to a casino game to remove its contents; and

11 (iii) Game cards or dice that have been tampered with, marked or loaded.

12 (4) "Gaming facility" means any facility authorized to conduct casino gaming as defined
13 in the Rhode Island general laws subdivision 42-61.2-1(8), including its parking areas and/or
14 adjacent buildings and structures.

15 (5) "Paraphernalia for the manufacturing of cheating devices" means the equipment,
16 products or materials that are intended for use in manufacturing, producing, fabricating, preparing,
17 testing, analyzing, packaging, storing or concealing a counterfeit facsimile of the chips, tokens,
18 debit instruments or other wagering devices approved by the division of state lottery or lawful coin
19 or currency of the United States of America. This term includes, but is not limited to:

20 (i) Lead or lead alloy molds, forms, or similar equipment capable of producing a likeness
21 of a gaming token or United States coin or currency;

22 (ii) Melting pots or other receptacles;

23 (iii) Torches, tongs, trimming tools or other similar equipment; and

24 (iv) Equipment that can be used to manufacture facsimiles of debit instruments or wagering
25 instruments approved by the division of state lottery.

26 (6) "Table game" shall have the meaning set forth in Rhode Island general laws subdivision
27 42-61.2-1(11).

28 (7) "Wager" means a sum of money or representative of value that is risked on an
29 occurrence for which the outcome is uncertain.

30 (b) Prohibited acts and penalties. It shall be unlawful for any person to:

31 (1) Use, or attempt to use, a cheating device in a casino game or to have possession of such
32 a device in a gaming facility. Any person convicted of violating this section shall be guilty of a
33 felony punishable by imprisonment for not more than ten (10) years or a fine of not more than one
34 hundred thousand dollars (\$100,000), or both;

1 (2) Use, acquire, or possess paraphernalia with intent to cheat, or attempt to use, acquire or
2 possess, paraphernalia with the intent to manufacture cheating devices. Any person convicted of
3 violating this section shall be guilty of a felony punishable by imprisonment for not more than ten
4 (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or both;

5 (3) Cheat, or attempt to cheat, in order to take or collect money or anything of value,
6 whether for one's self or another, in or from a casino game in a gaming facility. Any person
7 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not
8 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or
9 both;

10 (4) Conduct, carry on, operate, deal, or attempt to conduct, carry on, operate or deal, or
11 allow to be conducted, carried on, operated, or dealt, any cheating game or device. Any person
12 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not
13 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or
14 both;

15 (5) Manipulate or alter or attempt to manipulate or alter, with the intent to cheat, any
16 physical, mechanical, electromechanical, electronic, or computerized component of a casino game,
17 contrary to the designed and normal operational purpose for the component. Any person convicted
18 of violating this section shall be guilty of a felony punishable by imprisonment for not more than
19 ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or both;

20 (6) Use, sell or possess, or attempt to use, sell or possess, counterfeit: coins, slugs, tokens,
21 gaming chips, debit instruments, player rewards cards or any counterfeit wagering instruments
22 and/or devices resembling tokens, gaming chips, debit or other wagering instruments approved by
23 the division of state lottery for use in a casino game in a gaming facility. Any person convicted of
24 violating this section shall be guilty of a felony punishable by imprisonment for not more than ten
25 (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or both;

26 (7) (i) Place, increase, decrease, cancel or remove a wager or determine the course of play
27 of a table game, or attempt to place, increase, decrease, cancel or remove a wager or determine the
28 course of play of a table game, with knowledge of the outcome of the table game where such
29 knowledge is not available to all players; or

30 (ii) Aid, or attempt to aid anyone in acquiring such knowledge for the purpose of placing,
31 increasing, decreasing, cancelling or removing a wager or determining the course of play of the
32 table game. Any person convicted of violating this section shall be guilty of a felony punishable by
33 imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
34 dollars (\$100,000), or both;

1 (8) Claim, collect or take, or attempt to claim, collect or take, money or anything of value
2 in or from a casino game or gaming facility, with intent to defraud, or to claim, collect or take an
3 amount greater than the amount won. Any person convicted of violating this section shall be guilty
4 of a felony punishable by imprisonment for not more than ten (10) years or a fine of not more than
5 one hundred thousand dollars (\$100,000), or both;

6 (9) For any employee of a gaming facility or anyone acting on behalf of or at the direction
7 of an employee of a gaming facility, to knowingly fail to collect, or attempt to fail to collect, a
8 losing wager or pay, or attempt to pay, an amount greater on any wager than required under the
9 rules of a casino game. Any person convicted of violating this section shall be guilty of a felony
10 punishable by imprisonment for not more than ten (10) years or a fine of not more than one hundred
11 thousand dollars (\$100,000), or both;

12 (10) Directly or indirectly offer, or attempt to offer, to conspire with another, or solicit, or
13 attempt to solicit, from another, anything of value, for the purpose of influencing the outcome of a
14 casino game. Any person convicted of violating this section shall be guilty of a felony punishable
15 by imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
16 dollars (\$100,000), or both;

17 (11) Use or possess, or attempt to use or possess, at a gaming facility, without the written
18 consent of the director of the division of state lottery, any electronic, electrical or mechanical device
19 designed, constructed or programmed to assist the user or another person with the intent to:

20 (i) Predict the outcome of a casino game;

21 (ii) Keep track of the cards played;

22 (iii) Analyze and/or predict the probability of an occurrence relating to the casino game;
23 and/or

24 (iv) Analyze and/or predict the strategy for playing or wagering to be used in the casino
25 game. Any person convicted of violating this section shall be guilty of a felony punishable by
26 imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
27 dollars (\$100,000), or both;

28 (12) Skim, or attempt to skim, casino gaming proceeds by excluding anything of value
29 from the deposit, counting, collection, or computation of:

30 (i) Gross revenues from gaming operations or activities;

31 (ii) Net gaming proceeds; and/or

32 (iii) Amounts due the state pursuant to applicable casino gaming-related laws. Any person
33 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not
34 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or

1 both;

2 (13) Cheat, or attempt to cheat, in the performance of his/her duties as a dealer or other
3 casino employee by conducting one's self in a manner that is deceptive to the public or alters the
4 normal random selection of characteristics or the normal chance or result of the game, including,
5 but not limited to, using cards, dice or any cheating device(s) which have been marked, tampered
6 with or altered. Any person convicted of violating this section shall be guilty of a felony punishable
7 by imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
8 dollars (\$100,000), or both;

9 (14) Possess or use, or attempt to use, without proper authorization from the state lottery
10 division, while in the gaming facility any key or device designed for the purpose of or suitable for
11 opening or entering any self-redemption unit (kiosk), vault, video-lottery terminal, drop box or any
12 secured area in the gaming facility that contains casino gaming and/or surveillance equipment,
13 computers, electrical systems, currency, cards, chips, dice, or any other thing of value. Any person
14 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not
15 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or
16 both;

17 (15) Tamper and/or interfere, or attempt to tamper and/or interfere, with any casino gaming
18 and/or surveillance equipment, including, but not limited to, related computers and electrical
19 systems. Any person convicted of violating this section shall be guilty of a felony punishable by
20 imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
21 dollars (\$100,000), or both;

22 (16) Access, interfere with, infiltrate, hack into or infect, or attempt to access, interfere
23 with, infiltrate, hack into or infect, any casino gaming-related computer, network, hardware and/or
24 software or other equipment. Any person convicted of violating this section shall be guilty of a
25 felony punishable by imprisonment for not more than ten (10) years or a fine of not more than one
26 hundred thousand dollars (\$100,000), or both;

27 (17) Sell, trade, barter, profit from or otherwise use to one's financial advantage, or attempt
28 to sell, trade, barter, profit from or otherwise use to one's financial advantage, any confidential
29 information related to casino-gaming operations, including, but not limited to, data (whether stored
30 on a computer's software, hardware, network or elsewhere), passwords, codes, surveillance and
31 security characteristics and/or vulnerabilities, and/or non-public internal controls, policies and
32 procedures related thereto. Any person convicted of violating this section shall be guilty of a felony
33 punishable by imprisonment for not more than ten (10) years or a fine of not more than one hundred
34 thousand dollars (\$100,000), or both;

1 (18) Conduct a gaming operation, or attempt to conduct a gaming operation, where
2 wagering is used or to be used without a license issued by [or authorization from](#) the division of
3 state lottery. Any person convicted of violating this section shall be guilty of a felony punishable
4 by imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
5 dollars (\$100,000), or both;

6 (19) Provide false information and/or testimony to the division of state lottery, department
7 of business regulation, or their authorized representatives and/or the state police while under oath.
8 Any person convicted of violating this section shall be guilty of a felony punishable by
9 imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
10 dollars (\$100,000), or both;

11 (20) Play a casino game and/or make a wager, or attempting to play a casino game and/or
12 make a wager, if under the age eighteen (18) years. Any person charged under this section shall be
13 referred to family court; or

14 (21) Permit, or attempt to permit, a person to play a casino game and/or accept, or attempt
15 to accept, a wager from a person, if he/she is under the age of eighteen (18) years. Any person
16 convicted of violating this section be guilty of a misdemeanor punishable by imprisonment for not
17 more than one year or a fine of not more than one thousand dollars (\$1,000), or both.

18 SECTION 8. Section 11-19-14 of the General Laws in Chapter 11-19 entitled "Gambling
19 and Lotteries" is hereby amended to read as follows:

20 **11-19-14. Bookmaking.**

21 Except as provided in chapter 4 of title 41 [and excluding activities authorized by the](#)
22 [division of lottery under chapters 61 and 61.2 of title 42](#), any person who shall engage in pool
23 selling or bookmaking, or shall occupy or keep any room, shed, tenement, tent, or building, or any
24 part of them, or shall occupy any place upon any public or private grounds within this state, with
25 books, apparatus, or paraphernalia for the purpose of recording or registering bets or wagers or of
26 buying or selling pools, or who shall record or register bets or wagers or sell pools upon the result
27 of any trial or contest of skill, speed or power of endurance of man or beast, or upon the result of
28 any political nomination, appointment, or election, or, being the owner or lessee or occupant of any
29 room, tent, tenement, shed, booth, or building, or part of them, knowingly shall permit it to be used
30 or occupied for any of these purposes, or shall keep, exhibit or employ any device or apparatus for
31 the purpose of recording or registering bets or wagers, or the selling of pools, or shall become the
32 custodian or depositary for gain, hire, or reward of any money, property, or thing of value staked,
33 wagered, or pledged or to be wagered or pledged upon the result, or who shall receive, register,
34 record, forward, or purport or pretend to forward to or for any race course, or person, within or

1 outside this state, any money, thing, or consideration of value bet or wagered, or money, thing, or
2 consideration of value offered for the purpose of being bet or wagered upon the speed or endurance
3 of any man or beast; or who shall occupy any place or building or part of it with books, papers,
4 apparatus, or paraphernalia for the purpose of receiving or pretending to receive, or for recording
5 or registering, or for forwarding or pretending or attempting to forward in any manner whatsoever,
6 any money, thing, or consideration of value bet or wagered or to be bet or wagered for any other
7 person, or who shall receive or offer to receive any money, thing, or consideration of value bet or
8 to be bet at any race track within or without this state, or who shall aid, assist or abet in any manner
9 in any of the acts forbidden by this section, shall upon conviction be punished by a fine not
10 exceeding five hundred dollars (\$500) or imprisonment not exceeding one year, and upon a second
11 conviction of a violation of this section shall be imprisoned for a period not less than one nor more
12 than five (5) years.

13 SECTION 9. Sections 42-142-1 and 42-142-2 of the General Laws in Chapter entitled
14 "Department of Revenue" are hereby amended to read as follows:

15 **42-142-1. Department of revenue.**

16 (a) There is hereby established within the executive branch of state government a
17 department of revenue.

18 (b) The head of the department shall be the director of revenue, who shall be appointed by
19 the governor, with the advice and consent of the senate, and shall serve at the pleasure of the
20 governor.

21 (c) The department shall contain the division of taxation (chapter 1 of title 44), the division
22 of motor vehicles (chapter 2 of title 31), the division of state lottery (chapter 61 of title 42), the
23 office of revenue analysis (chapter 142 of title 42), the division of municipal finance (chapter 142
24 of title 42), [and a collection unit \(chapter 142 of title 42\)](#). Any reference to the division of property
25 valuation, division of property valuation and municipal finance, or office of municipal affairs in
26 the Rhode Island general laws shall mean the division of municipal finance.

27 **42-142-2. Powers and duties of the department.**

28 The department of revenue shall have the following powers and duties:

- 29 (a) To operate a division of taxation~~;~~
30 (b) To operate a division of motor vehicles;
31 (c) To operate a division of state lottery;
32 (d) To operate an office of revenue analysis; ~~and~~
33 (e) To operate a division of property valuation; ~~and~~
34 [\(f\) To operate a collection unit.](#)

1 SECTION 10. Chapter 42-142 of the General Laws entitled "Department of Revenue" is
2 hereby amended by adding thereto the following section:

3 **42-142-8. Collection unit.**

4 (a) The director of the department of revenue is authorized to establish within the
5 department of revenue a collections unit for the purpose of assisting state agencies in the collection
6 of debts owed to the state. The director of the department of revenue may enter into an agreement
7 with any state agency(ies) to collect any delinquent debt owed to the state.

8 (b) The director of the department of revenue shall initially implement a pilot program to
9 assist the agency(ies) with the collection of delinquent debts owed to the state.

10 (c) The agency(ies) participating in the pilot program shall refer to the collection unit
11 within department of revenue, debts owed by delinquent debtors where the nature and amount of
12 the debt owed has been determined and reconciled by the agency and the debt is: (i) The subject of
13 a written settlement agreement and/or written waiver agreement and the delinquent debtor has
14 failed to timely make payments under said agreement and/or waiver and is therefore in violation of
15 the terms of said agreement and/or waiver; (ii) The subject of a final administrative order or
16 decision and the debtor has not timely appealed said order or decision; (iii) The subject of final
17 order, judgement or decision of a court of competent jurisdiction and the debtor has not timely
18 appealed said order, judgement or decision. The collections unit shall not accept a referral of any
19 delinquent debt unless it satisfies subsection (c)(i), (ii) or (iii) of this section.

20 (d) Any agency(ies) entering into an agreement with the department of revenue to allow
21 the collection unit of the department to collect a delinquent debt owed to the state shall indemnify
22 the department of revenue against injuries, actions, liabilities, or proceedings arising from the
23 collection, or attempted collection, by the collection unit of the debt owed to the state.

24 (e) Before referring a delinquent debt to the collection unit, the agency(ies) must notify the
25 debtor of its intention to submit the debt to the collection unit for collection and of the debtor's right
26 to appeal that decision not less than thirty (30) days before the debt is submitted to the collection
27 unit.

28 (f) At such time as the agency(ies) refers a delinquent debt to the collection unit, the agency
29 shall: (i) Represent in writing to the collection unit that it has complied with all applicable state and
30 federal laws and regulations relating to the collection of the debt, including, but not limited to, the
31 requirement to provide the debtor with the notice of referral to the collection unit under section (e)
32 of this section; and (ii) Provide the collection unit personnel with all relevant supporting
33 documentation including, not limited to notices, invoices, ledgers, correspondence, agreements,
34 waivers, decisions, orders and judgements necessary for the collection unit to attempt to collect the

1 delinquent debt.

2 (g) The referring agency(ies) shall assist the collection unit by providing any and all
3 information, expertise and resources deemed necessary by the collection unit to collect the
4 delinquent debts referred to the collection unit.

5 (h) Upon receipt of a referral of a delinquent debt from an agency(ies), the amount of the
6 delinquent debt shall accrue interest at an annual rate with such rate determined by adding two (2)
7 percent to the prime rate which was in effect on October 1 of the preceding year; provided however,
8 in no event shall the rate of interest exceed twenty-one (21%) per annum nor be less than eighteen
9 percent (18%) per annum.

10 (i) Upon receipt of a referral of a delinquent debt from the agency(ies), the collection unit
11 shall provide the delinquent debtor with a "Notice of Referral" advising the debtor that:

12 (1) The delinquent debt has been referred to the collection unit for collection; and

13 (2) The collection unit will initiate, in its names, any action that is available under state law
14 for the collection of the delinquent debt, including, but not limited to, referring the debt to a third
15 party to initiate said action.

16 (j) Upon receipt of a referral of a delinquent debt from an agency(ies), the director of the
17 department of revenue shall have the authority to institute, in its name, any action(s) that are
18 available under state law for collection of the delinquent debt and interest, penalties and/or fees
19 thereon and to, with or without suit, settle the delinquent debt.

20 (k) In exercising its authority under this section, the collection unit shall comply with all
21 state and federal laws and regulations related to the collection of debts.

22 (l) Upon of the receipt of payment from a delinquent debtor, whether a full or partial
23 payment, the collection unit shall disburse/deposit the proceeds of said payment in the following
24 order:

25 (1) To the appropriate federal account to reimburse the federal government funds owed to
26 them by the state from funds recovered; and

27 (2) The balance of the amount collected to the referring agency.

28 (m) Notwithstanding the above, the establishment of a collection unit within the department
29 of revenue shall be contingent upon an annual appropriation by the general assembly of amounts
30 necessary and sufficient to cover the costs and expenses to establish, maintain and operate the
31 collection unit including, but not limited, computer hardware and software, maintenance of the
32 computer system to manage the system and personnel perform work within the collection unit.

33 (n) In addition to the implementation of any pilot program, the collection unit shall comply
34 with the provisions of this section in the collection of all delinquent debts under to this section.

1 (o) The department of revenue is authorized to promulgate rules and regulations as it deems
2 appropriate with respect to the collection unit.

3 (p) By September 1, 2020 and each year thereafter, the department of revenue shall
4 specifically assess the performance, effectiveness, and revenue impact of the collections associated
5 with this section, including, but not limited to, the total amounts referred and collected by each
6 referring agency during the previous state fiscal year to the governor, the speaker of the house of
7 representatives, the president of the senate, and the chairpersons of the house and senate finance
8 committees, the house and senate fiscal advisors. Such report shall include the net revenue impact
9 to the state of the collections unit.

10 (q) No operations of a collections unit pursuant to this chapter shall be authorized after
11 June 30, 2021.

12 SECTION 11. Sections 44-18-7, 44-18-7.1, 44-18-7.3, 44-18-8, 44-18-15, 44-18-20, 44-
13 18-21, 44-18-22, 44-18-23, 44-18-25, and 44-18-30 of the General Laws in Chapter 44-18 entitled
14 "Sales and Use Taxes – Liability and Computation" are hereby amended to read as follows:

15 **44-18-7. Sales defined.**

16 "Sales" means and includes:

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

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

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

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

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

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

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

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

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

12 (ii) Notwithstanding the provisions of paragraph (i) of this subdivision, in accordance with
13 the Mobile Telecommunications Sourcing Act (4 U.S.C. §§ 116 – 126), subject to the specific
14 exemptions described in 4 U.S.C. § 116(c), and the exemptions provided in §§ 44-18-8 and 44-18-
15 12, mobile telecommunications services that are deemed to be provided by the customer's home
16 service provider are subject to tax under this chapter if the customer's place of primary use is in this
17 state regardless of where the mobile telecommunications services originate, terminate or pass
18 through. Mobile telecommunications services provided to a customer, the charges for which are
19 billed by or for the customer's home service provider, shall be deemed to be provided by the
20 customer's home service provider.

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

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

25 (12) The transfer for consideration of prepaid telephone calling arrangements and the
26 recharge of prepaid telephone calling arrangements sourced to this state in accordance with §§ 44-
27 18.1-11 and 44-18.1-15. "Prepaid telephone calling arrangement" means and includes prepaid
28 calling service and prepaid wireless calling service.

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

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

33 [\(15\) The sale, storage, use or other consumption of vendor-hosted prewritten computer](#)
34 [software as defined in § 44-18-7.1\(g\)\(vii\).](#)

1 ~~(15)~~(16) The sale, storage, use or other consumption of medical marijuana as defined in §
2 21-28.6-3.

3 ~~(16)~~(17) The furnishing of services in this state as defined in § 44-18-7.3.

4 **44-18-7.1. Additional Definitions.**

5 (a) "Agreement" means the streamlined sales and use tax agreement.

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

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

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

14 (A) Packaging – such as containers, boxes, sacks, bags, and bottles – or other materials –
15 such as wrapping, labels, tags, and instruction guides – that accompany the "retail sale" of the
16 products and are incidental or immaterial to the "retail sale" thereof. Examples of packaging that
17 are incidental or immaterial include grocery sacks, shoeboxes, dry cleaning garment bags, and
18 express delivery envelopes and boxes.

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

22 (C) Items included in the member state's definition of "sales price," pursuant to appendix
23 C of the agreement.

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

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

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

34 (B) The "retail sale" of services where one service is provided that is essential to the use or

1 receipt of a second service and the first service is provided exclusively in connection with the
2 second service and the true object of the transaction is the second service; or

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

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

7 2. Sellers shall use either the "purchase price" or the "sales price" of the products to
8 determine if the taxable products are de minimis. Sellers may not use a combination of the
9 "purchase price" and "sales price" of the products to determine if the taxable products are de
10 minimis.

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

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

15 1. The transaction includes "food and food ingredients", "drugs", "durable medical
16 equipment", "mobility enhancing equipment", "over-the-counter drugs", "prosthetic devices" (all
17 as defined in this section) or medical supplies; and

18 2. Where the seller's "purchase price" or "sales price" of the taxable tangible personal
19 property is fifty percent (50%) or less of the total "purchase price" or "sales price" of the bundled
20 tangible personal property. Sellers may not use a combination of the "purchase price" and "sales
21 price" of the tangible personal property when making the fifty percent (50%) determination for a
22 transaction.

23 (d) "Certified automated system (CAS)" means software certified under the agreement to
24 calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit
25 to the appropriate state, and maintain a record of the transaction.

26 (e) "Certified service provider (CSP)" means an agent certified under the agreement to
27 perform all the seller's sales and use tax functions, other than the seller's obligation to remit tax on
28 its own purchases.

29 *(f) Clothing and Related Items*

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

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

34 (iii) "Protective equipment" means items for human wear and designed as protection of the

1 wearer against injury or disease or as protections against damage or injury of other persons or
2 property but not suitable for general use. "Protective equipment" does not include "clothing",
3 "clothing accessories or equipment", and "sport or recreational equipment."

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

8 (g) *Computer and Related Items*

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

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

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

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

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

19 (vi) "Prewritten computer software" means "computer software," including prewritten
20 upgrades, that is not designed and developed by the author or other creator to the specifications of
21 a specific purchaser. The combining of two (2) or more "prewritten computer software" programs
22 or prewritten portions thereof does not cause the combination to be other than "prewritten computer
23 software." "Prewritten computer software" includes software designed and developed by the author
24 or other creator to the specifications of a specific purchaser when it is sold to a person other than
25 the specific purchaser. Where a person modifies or enhances "computer software" of which the
26 person is not the author or creator, the person shall be deemed to be the author or creator only of
27 such person's modifications or enhancements. "Prewritten computer software" or a prewritten
28 portion thereof that is modified or enhanced to any degree, where such modification or
29 enhancement is designed and developed to the specifications of a specific purchaser, remains
30 "prewritten computer software"; provided, however, that where there is a reasonable, separately
31 stated charge or an invoice or other statement of the price given to the purchaser for such
32 modification or enhancement, such modification or enhancement shall not constitute "prewritten
33 computer software."

34 [\(vii\) "Vendor-hosted prewritten computer software" means prewritten computer software](#)

1 [that is accessed through the Internet and/or a vendor-hosted server regardless of whether the access](#)
2 [is permanent or temporary and regardless of whether any downloading occurs.](#)

3 (h) *Drugs and Related Items*

4 (i) "Drug" means a compound, substance, or preparation, and any component of a
5 compound, substance, or preparation, other than "food and food ingredients," "dietary
6 supplements" or "alcoholic beverages":

7 (A) Recognized in the official United States Pharmacopoeia, official Homeopathic
8 Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;
9 or

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

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

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

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

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

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

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

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

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

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

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

31 (j) "Direct mail" means printed material delivered or distributed by United States mail or
32 other delivery service to a mass audience or to addressees on a mailing list provided by the
33 purchaser or at the direction of the purchaser when the cost of the items are not billed directly to
34 the recipients. "Direct mail" includes tangible personal property supplied directly or indirectly by

1 the purchaser to the direct mail seller for inclusion in the package containing the printed material.
2 "Direct mail" does not include multiple items of printed material delivered to a single address.

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

5 (i) Can withstand repeated use; and

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

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

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

9 Durable medical equipment does not include mobility enhancing equipment.

10 *(l) Food and Related Items*

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

16 (ii) "Prepared food" means:

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

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

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

23 "Prepared food" in (B) does not include food that is only cut, repackaged, or pasteurized
24 by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring
25 cooking by the consumer as recommended by the Food and Drug Administration in chapter 3, part
26 401.11 of its Food Code so as to prevent food borne illnesses.

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

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

34 (v) "Dietary supplement" means any product, other than "tobacco", intended to supplement

1 the diet that:

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

3 1. A vitamin;

4 2. A mineral;

5 3. An herb or other botanical;

6 4. An amino acid;

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

9 6. A concentrate, metabolite, constituent, extract, or combination of any ingredient
10 described above; and

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

14 (C) Is required to be labeled as a dietary supplement, identifiable by the "supplemental
15 facts" box found on the label and as required pursuant to 21 C.F.R. § 101.36.

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

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

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

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

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

30 (o) "Lease or rental" means any transfer of possession or control of tangible personal
31 property for a fixed or indeterminate term for consideration. A lease or rental may include future
32 options to purchase or extend. Lease or rental does not include:

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

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

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

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

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

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

18 (p) "Mobility enhancing equipment" means equipment, including repair and replacement
19 parts to same, that:

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

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

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

25 Mobility enhancing equipment does not include durable medical equipment.

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

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

31 (s) "Model 3 Seller" means a seller that has sales in at least five member states, has total
32 annual sales revenue of at least five hundred million dollars (\$500,000,000), has a proprietary
33 system that calculates the amount of tax due each jurisdiction, and has entered into a performance
34 agreement with the member states that establishes a tax performance standard for the seller. As

1 used in this definition, a seller includes an affiliated group of sellers using the same proprietary
2 system.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (E) "Vertical service" means an "ancillary service" that is offered in connection with one
29 or more "telecommunications services", which offers advanced calling features that allow
30 customers to identify callers and to manage multiple calls and call connections, including
31 "conference bridging services".

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

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

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

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

14 (3) Tangible personal property;

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

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

17 (6) Internet access service;

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

24 (8) "Ancillary services"; or

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

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

31 (I) "900 service" means an inbound toll "telecommunications service" purchased by a
32 subscriber that allows the subscriber's customers to call in to the subscriber's prerecorded
33 announcement or live service. "900 service" does not include the charge for: collection services
34 provided by the seller of the "telecommunications services" to the subscriber, or service or product

1 sold by the subscriber to the subscriber's customer. The service is typically marketed under the
2 name "900 service," and any subsequent numbers designated by the Federal Communications
3 Commission.

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

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

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

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

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

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

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

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

34 (A) "Coin-operated telephone service" means a "telecommunications service" paid for by

1 inserting money into a telephone accepting direct deposits of money to operate.

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

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

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

11 (E) "Pay telephone service" means a "telecommunications service" provided through any
12 pay telephone.

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

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

25 A member state that specifically imposes tax on, or exempts from tax, local telephone or
26 local telecommunications service may define "local service" in any manner in accordance with §
27 44-18.1-28, except as limited by other sections of this Agreement.

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

30 **44-18-7.3. Services defined.**

31 (a) "Services" means all activities engaged in for other persons for a fee, retainer,
32 commission, or other monetary charge, which activities involve the performance of a service in this
33 state as distinguished from selling property.

34 (b) The following businesses and services performed in this state, along with the applicable

1 2007 North American Industrial Classification System (NAICS) codes, are included in the
2 definition of services:

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

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

5 (ii) Limousine services (485320).

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

7 (i) Charter bus service (485510);

8 (ii) "Transportation network companies" (TNC) defined as an entity that uses a digital
9 network to connect transportation network company riders to transportation network operators who
10 provide prearranged rides. Any TNC operating in this state is a retailer as provided in § 44-18-15
11 and is required to file a business application and registration form and obtain a permit to make sales
12 at retail with the tax administrator, to charge, collect, and remit Rhode Island sales and use tax; and

13 (iii) All other transit and ground passenger transportation (485999).

14 (3) Pet care services (812910) except veterinary and testing laboratories services.

15 (4)(i) "Room reseller" or "reseller" means any person, except a tour operator as defined in
16 § 42-63.1-2, having any right, permission, license, or other authority from or through a hotel as
17 defined in § 42-63.1-2, to reserve, or arrange the transfer of occupancy of, accommodations the
18 reservation or transfer of which is subject to this chapter, such that the occupant pays all or a portion
19 of the rental and other fees to the room reseller or reseller, room reseller or reseller shall include,
20 but not be limited to, sellers of travel packages as defined in this section. Notwithstanding the
21 provisions of any other law, where said reservation or transfer of occupancy is done using a room
22 reseller or reseller, the application of the sales and use tax under §§ 44-18-18 and 44-18-20, and
23 the hotel tax under § 44-18-36.1 shall be as follows: The room reseller or reseller is required to
24 register with, and shall collect and pay to, the tax administrator the sales and use and hotel taxes,
25 with said taxes being calculated upon the amount of rental and other fees paid by the occupant to
26 the room reseller or reseller, less the amount of any rental and other fees paid by the room reseller
27 or reseller to the hotel. The hotel shall collect and pay to the tax administrator said taxes upon the
28 amount of rental and other fees paid to the hotel by the room reseller or reseller and/or the occupant.
29 No assessment shall be made by the tax administrator against a hotel because of an incorrect
30 remittance of the taxes under this chapter by a room reseller or reseller. No assessment shall be
31 made by the tax administrator against a room reseller or reseller because of an incorrect remittance
32 of the taxes under this chapter by a hotel. If the hotel has paid the taxes imposed under this chapter,
33 the occupant and/or room reseller or reseller, as applicable, shall reimburse the hotel for said taxes.
34 If the room reseller or reseller has paid said taxes, the occupant shall reimburse the room reseller

1 or reseller for said taxes. Each hotel and room reseller or reseller shall add and collect, from the
2 occupant or the room reseller or the reseller, the full amount of the taxes imposed on the rental and
3 other fees. When added to the rental and other fees, the taxes shall be a debt owed by the occupant
4 to the hotel or room reseller or reseller, as applicable, and shall be recoverable at law in the same
5 manner as other debts. The amount of the taxes collected by the hotel and/or room reseller or
6 reseller from the occupant under this chapter shall be stated and charged separately from the rental
7 and other fees, and shall be shown separately on all records thereof, whether made at the time the
8 transfer of occupancy occurs, or on any evidence of the transfer issued or used by the hotel or the
9 room reseller or the reseller. A room reseller or reseller shall not be required to disclose to the
10 occupant the amount of tax charged by the hotel; provided, however, the room reseller or reseller
11 shall represent to the occupant that the separately stated taxes charged by the room reseller or
12 reseller include taxes charged by the hotel. No person shall operate a hotel in this state, or act as a
13 room reseller or reseller for any hotel in the state, unless the tax administrator has issued a permit
14 pursuant to § 44-19-1.

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

30 [\(5\) Investigation, Guard, and Armored Car Services \(56161\).](#)

31 (c) All services as defined herein are required to file a business application and registration
32 form and obtain a permit to make sales at retail with the tax administrator, to charge, collect, and
33 remit Rhode Island sales and use tax.

34 (d) The tax administrator is authorized to promulgate rules and regulations in accordance

1 with the provisions of chapter 42-35 to carry out the provisions, policies, and purposes of this
2 chapter.

3 **44-18-8. Retail sale or sale at retail defined.**

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

14 **44-18-15. "Retailer" defined.**

15 (a) "Retailer" includes:

16 (1) Every person engaged in the business of making sales at retail including prewritten
17 computer software delivered electronically or by load and leave, [vendor-hosted prewritten](#)
18 [computer software](#), sales of services as defined in § 44-18-7.3, and sales at auction of tangible
19 personal property owned by the person or others.

20 (2) Every person making sales of tangible personal property including prewritten computer
21 software delivered electronically or by load and leave, [or vendor-hosted prewritten computer](#)
22 [software](#), or sales of services as defined in § 44-18-7.3, through an independent contractor or other
23 representative, if the retailer enters into an agreement with a resident of this state, under which the
24 resident, for a commission or other consideration, directly or indirectly refers potential customers,
25 whether by a link on an Internet website or otherwise, to the retailer, provided the cumulative gross
26 receipts from sales by the retailer to customers in the state who are referred to the retailer by all
27 residents with this type of an agreement with the retailer, is in excess of five thousand dollars
28 (\$5,000) during the preceding four (4) quarterly periods ending on the last day of March, June,
29 September and December. Such retailer shall be presumed to be soliciting business through such
30 independent contractor or other representative, which presumption may be rebutted by proof that
31 the resident with whom the retailer has an agreement did not engage in any solicitation in the state
32 on behalf of the retailer that would satisfy the nexus requirement of the United States Constitution
33 during such four (4) quarterly periods.

34 (3) Every person engaged in the business of making sales for storage, use, or other

1 consumption of: ~~(i)~~(i) tangible personal property, (ii) sales at auction of tangible personal property
2 owned by the person or others, (iii) prewritten computer software delivered electronically or by
3 load and leave, (iv) vendor-hosted prewritten computer software, and ~~(iv)~~(v) services as defined in
4 § 44-18-7.3.

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

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

9 (6) Every person maintaining a business within or outside of this state who engages in the
10 regular or systematic solicitation of sales of tangible personal property, prewritten computer
11 software delivered electronically or by load and leave, vendor-hosted prewritten computer
12 software:

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

20 (ii) Telephone;

21 (iii) Computer assisted shopping networks; and

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

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

31 **44-18-20. Use tax imposed.**

32 (a) An excise tax is imposed on the storage, use, or other consumption in this state of
33 tangible personal property; prewritten computer software delivered electronically or by load and
34 leave; vendor-hosted prewritten computer software; or services as defined in § 44-18-7.3, including

1 a motor vehicle, a boat, an airplane, or a trailer, purchased from any retailer at the rate of six percent
2 (6%) of the sale price of the property.

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

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

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

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

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

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

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

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

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

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

28 (e) The term "casual" means a sale made by a person other than a retailer, provided, that in
29 the case of a sale of a motor vehicle, the term means a sale made by a person other than a licensed
30 motor vehicle dealer or an auctioneer at an auction sale. In no case is the tax imposed under the
31 provisions of subsections (a) and (b) of this section on the storage, use, or other consumption in
32 this state of a used motor vehicle less than the product obtained by multiplying the amount of the
33 retail dollar value at the time of purchase of the motor vehicle by the applicable tax rate; provided,
34 that where the amount of the sale price exceeds the amount of the retail dollar value, the tax is

1 based on the sale price. The tax administrator shall use as his or her guide the retail dollar value as
2 shown in the current issue of any nationally recognized, used-vehicle guide for appraisal purposes
3 in this state. On request within thirty (30) days by the taxpayer after payment of the tax, if the tax
4 administrator determines that the retail dollar value as stated in this subsection is inequitable or
5 unreasonable, he or she shall, after affording the taxpayer reasonable opportunity to be heard, re-
6 determine the tax.

7 (f) Every person making more than five (5) retail sales of tangible personal property or
8 prewritten computer software delivered electronically or by load and leave, [or vendor-hosted](#)
9 [prewritten computer software](#), or services as defined in § 44-18-7.3 during any twelve-month (12)
10 period, including sales made in the capacity of assignee for the benefit of creditors or receiver or
11 trustee in bankruptcy, is considered a retailer within the provisions of this chapter.

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

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

26 (h) The use tax imposed under this section for the period commencing July 1, 1990, is at
27 the rate of seven percent (7%). In recognition of the work being performed by the streamlined sales
28 and use tax governing board, upon passage of any federal law that authorizes states to require
29 remote sellers to collect and remit sales and use taxes, effective the first (1st) day of the first (1st)
30 state fiscal quarter following the change, the rate imposed under § 44-18-18 shall be reduced from
31 seven percent (7.0%) to six and one-half percent (6.5%). The six and one-half percent (6.5%) rate
32 shall take effect on the date that the state requires remote sellers to collect and remit sales and use
33 taxes.

34 **44-18-21. Liability for use tax.**

1 (a) Every person storing, using, or consuming in this state tangible personal property,
2 including a motor vehicle, boat, airplane, or trailer, purchased from a retailer, and a motor vehicle,
3 boat, airplane, or trailer, purchased from other than a licensed motor vehicle dealer or other than a
4 retailer of boats, airplanes, or trailers respectively; or storing, using or consuming specified
5 prewritten computer software delivered electronically or by load and leave, [or vendor-hosted](#)
6 [prewritten computer software](#), or services as defined in § 44-18-7.3 is liable for the use tax. The
7 person's liability is not extinguished until the tax has been paid to this state, except that a receipt
8 from a retailer engaging in business in this state or from a retailer who is authorized by the tax
9 administrator to collect the tax under rules and regulations that he or she may prescribe, given to
10 the purchaser pursuant to the provisions of § 44-18-22, is sufficient to relieve the purchaser from
11 further liability for the tax to which the receipt refers.

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

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

33 **44-18-22. Collection of use tax by retailer.**

34 Every retailer engaging in business in this state and making sales of tangible personal

1 property or prewritten computer software delivered electronically or by load and leave, [or vendor-](#)
2 [hosted prewritten computer software](#), or services as defined in § 44-18-7.3, for storage, use, or other
3 consumption in this state, not exempted under this chapter shall, at the time of making the sales, or
4 if the storage, use, or other consumption of the tangible personal property, prewritten computer
5 software delivered electronically or by load and leave, [vendor-hosted prewritten computer](#)
6 [software](#), or services as defined in § 44-18-7.3, is not then taxable under this chapter, at the time
7 the storage, use, or other consumption becomes taxable, collect the tax from the purchaser and give
8 to the purchaser a receipt in the manner and form prescribed by the tax administrator.

9 **44-18-23. "Engaging in business" defined.**

10 As used in §§ 44-18-21 and 44-18-22 the term "engaging in business in this state" means
11 the selling or delivering in this state, or any activity in this state related to the selling or delivering
12 in this state of tangible personal property or prewritten computer software delivered electronically
13 or by load and leave, [or vendor-hosted prewritten computer software](#), for storage, use, or other
14 consumption in this state; or services as defined in § 44-18-7.3 in this state. This term includes, but
15 is not limited to, the following acts or methods of transacting business:

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

20 (2) Having any subsidiary, representative, agent, salesperson, canvasser, or solicitor
21 permanently or temporarily, and whether or not the subsidiary, representative, or agent is qualified
22 to do business in this state, operate in this state for the purpose of selling, delivering, or the taking
23 of orders for any tangible personal property, or prewritten computer software delivered
24 electronically or by load and leave, [or vendor-hosted prewritten computer software](#), or services as
25 defined in § 44-18-7.3;

26 (3) The regular or systematic solicitation of sales of tangible personal property, or
27 prewritten computer software delivered electronically or by load and leave, [or vendor-hosted](#)
28 [prewritten computer software](#), or services as defined in § 44-18-7.3, in this state by means of:

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

1 this state;

2 (ii) Telephone;

3 (iii) Computer-assisted shopping networks; and

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

6 **44-18-25. Presumption that sale is for storage, use, or consumption – Resale**
7 **certificate.**

8 It is presumed that all gross receipts are subject to the sales tax, and that the use of all
9 tangible personal property, or prewritten computer software delivered electronically or by load and
10 leave, [or vendor-hosted prewritten computer software](#), or services as defined in § 44-18-7.3, are
11 subject to the use tax, and that all tangible personal property, or prewritten computer software
12 delivered electronically or by load and leave, [or vendor-hosted prewritten computer software](#), or
13 services as defined in § 44-18-7.3, sold or in processing or intended for delivery or delivered in this
14 state is sold or delivered for storage, use, or other consumption in this state, until the contrary is
15 established to the satisfaction of the tax administrator. The burden of proving the contrary is upon
16 the person who makes the sale and the purchaser, unless the person who makes the sale takes from
17 the purchaser a certificate to the effect that the purchase was for resale. The certificate shall contain
18 any information and be in the form that the tax administrator may require.

19 **44-18-30. Gross receipts exempt from sales and use taxes.**

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

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

25 (2) Newspapers.

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

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

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

32 (3) School meals. From the sale and from the storage, use, or other consumption in this
33 state of meals served by public, private, or parochial schools, school districts, colleges, universities,
34 student organizations, and parent-teacher associations to the students or teachers of a school,

1 college, or university whether the meals are served by the educational institutions or by a food
2 service or management entity under contract to the educational institutions.

3 (4) Containers.

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

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

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

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

13 [\(D\) Keg and barrel containers, whether returnable or not, when sold to alcoholic beverage](#)
14 [producers who place the alcoholic beverages in the containers.](#)

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

18 (5) (i) Charitable, educational, and religious organizations. From the sale to, as in defined
19 in this section, and from the storage, use, and other consumption in this state, or any other state of
20 the United States of America, of tangible personal property by hospitals not operated for a profit;
21 "educational institutions" as defined in subdivision (18) not operated for a profit; churches,
22 orphanages, and other institutions or organizations operated exclusively for religious or charitable
23 purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting
24 leagues and associations and bands for boys and girls under the age of nineteen (19) years; the
25 following vocational student organizations that are state chapters of national vocational students
26 organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of
27 America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers
28 of America/Home Economics Related Occupations (FHA/HERD); Vocational Industrial Clubs of
29 America (VICA); organized nonprofit golden age and senior citizens clubs for men and women;
30 and parent-teacher associations; and from the sale, storage, use, and other consumption in this state,
31 of and by the Industrial Foundation of Burrillville, a Rhode Island domestic nonprofit corporation.

32 (ii) In the case of contracts entered into with the federal government, its agencies, or
33 instrumentalities, this state, or any other state of the United States of America, its agencies, any
34 city, town, district, or other political subdivision of the states; hospitals not operated for profit;

1 educational institutions not operated for profit; churches, orphanages, and other institutions or
2 organizations operated exclusively for religious or charitable purposes, the contractor may purchase
3 such materials and supplies (materials and/or supplies are defined as those that are essential to the
4 project) that are to be utilized in the construction of the projects being performed under the contracts
5 without payment of the tax.

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

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

15 (7) Purchase for manufacturing purposes.

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

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

25 (iii) "Consumed" includes mere obsolescence.

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

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

33 (vi) "Process of manufacturing" does not mean or include administration operations such
34 as general office operations, accounting, collection, or sales promotion, nor does it mean or include

1 distribution operations that occur subsequent to production operations, such as handling, storing,
2 selling, and transporting the manufactured products, even though the administration and
3 distribution operations are performed by, or in connection with, a manufacturing business.

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

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

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

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

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

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

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

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

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

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

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

1 and mobility enhancing equipment as defined in § 44-18-7.1(p), including wheelchairs, crutches
2 and canes.

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

6 (13) Motor vehicles sold to nonresidents.

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

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

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

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

33 (15) Air and water pollution control facilities. From the sale, storage, use, or other
34 consumption in this state of tangible personal property or supplies acquired for incorporation into

1 or used and consumed in the operation of a facility, the primary purpose of which is to aid in the
2 control of the pollution or contamination of the waters or air of the state, as defined in chapter 12
3 of title 46 and chapter 25 of title 23, respectively, and that has been certified as approved for that
4 purpose by the director of environmental management. The director of environmental management
5 may certify to a portion of the tangible personal property or supplies acquired for incorporation
6 into those facilities or used and consumed in the operation of those facilities to the extent that that
7 portion has as its primary purpose the control of the pollution or contamination of the waters or air
8 of this state. As used in this subdivision, "facility" means any land, facility, device, building,
9 machinery, or equipment.

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

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

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

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

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

32 (ii) For the purpose of this subsection the term "special adaptations" includes, but is not
33 limited to: wheelchair lifts, wheelchair carriers, wheelchair ramps, wheelchair securements, hand
34 controls, steering devices, extensions, relocations, and crossovers of operator controls, power-

1 assisted controls, raised tops or dropped floors, raised entry doors, or alternative signaling devices
2 to auditory signals.

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

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

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

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

14 (22) Manufacturing machinery and equipment.

15 (i) From the sale and from the storage, use, or other consumption in this state of tools, dies,
16 molds, machinery, equipment (including replacement parts), and related items to the extent used in
17 an industrial plant in connection with the actual manufacture, conversion, or processing of tangible
18 personal property, or to the extent used in connection with the actual manufacture, conversion, or
19 processing of computer software as that term is utilized in industry numbers 7371, 7372, and 7373
20 in the standard industrial classification manual prepared by the Technical Committee on Industrial
21 Classification, Office of Statistical Standards, Executive Office of the President, United States
22 Bureau of the Budget, as revised from time to time, to be sold, or that machinery and equipment
23 used in the furnishing of power to an industrial manufacturing plant. For the purposes of this
24 subdivision, "industrial plant" means a factory at a fixed location primarily engaged in the
25 manufacture, conversion, or processing of tangible personal property to be sold in the regular
26 course of business;

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

34 (iii) Machinery and equipment and related items used in connection with the actual

1 manufacture, conversion, or processing of any computer software or any tangible personal property
2 that is not to be sold and that would be exempt under subdivision (7) or this subdivision if purchased
3 from a vendor or machinery and equipment and related items used during any manufacturing,
4 converting, or processing function is exempt under this subdivision even if that operation, function,
5 or purpose is not an integral or essential part of a continuous production flow or manufacturing
6 process;

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

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

20 (24) Precious metal bullion.

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

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

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

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

34 (26) Commercial fishing vessels. From the sale and from the storage, use, or other

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

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

34 (28) Water for residential use. From the sale and from the storage, use, or other

1 consumption in this state of water furnished for domestic use by occupants of residential premises.

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

6 (30) Boats.

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

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

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

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

1 shall be based on proof of annual, gross sales from commercial farming of at least twenty-five
2 hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption provided in this
3 subdivision except for motor vehicles with an excise tax value of five thousand dollars (\$5,000) or
4 greater. Level II shall be based on proof of annual gross sales from commercial farming of at least
5 ten thousand dollars (\$10,000) or greater and shall be valid for purchases subject to the exemption
6 provided in this subdivision including motor vehicles with an excise tax value of five thousand
7 dollars (\$5,000) or greater. For the initial issuance of the exemptions, proof of the requisite amount
8 of annual gross sales from commercial farming shall be required for the prior year; for any renewal
9 of an exemption granted in accordance with this subdivision at either level I or level II, proof of
10 gross annual sales from commercial farming at the requisite amount shall be required for each of
11 the prior two (2) years. Certificates of exemption issued or renewed after July 1, 2002, shall clearly
12 indicate the level of the exemption and be valid for four (4) years after the date of issue. This
13 exemption applies even if the same equipment is used for ancillary uses, or is temporarily used for
14 a non-farming or a non-agricultural purpose, but shall not apply to motor vehicles acquired after
15 July 1, 2002, unless the vehicle is a farm vehicle as defined pursuant to § 31-1-8 and is eligible for
16 registration displaying farm plates as provided for in § 31-3-31.

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

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

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

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

30 (37) Tangible personal property and supplies used in on-site hazardous waste recycling,
31 reuse, or treatment. From the sale, storage, use, or other consumption in this state of tangible
32 personal property or supplies used or consumed in the operation of equipment, the exclusive
33 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as
34 defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes", as defined

1 in § 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely by the same
2 taxpayer and where the personal property is located at, in, or adjacent to a generating facility of the
3 taxpayer in Rhode Island. The taxpayer shall procure an order from the director of the department
4 of environmental management certifying that the equipment and/or supplies as used or consumed,
5 qualify for the exemption under this subdivision. If any information relating to secret processes or
6 methods of manufacture, production, or treatment is disclosed to the department of environmental
7 management only to procure an order, and is a "trade secret" as defined in § 28-21-10(b), it is not
8 open to public inspection or publicly disclosed unless disclosure is required under chapter 21 of
9 title 28 or chapter 24.4 of title 23.

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

15 (39) Food items paid for by food stamps. From the sale and from the storage, use, or other
16 consumption in this state of eligible food items payment for which is properly made to the retailer
17 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of 1977,
18 7 U.S.C. § 2011 et seq.

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

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

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

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

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

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

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

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

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

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

1 the Internal Revenue Code of 1986, 26 U.S.C. § ~~1-et-seq.~~ [851](#), or a corporation to the extent the
2 service is provided, directly or indirectly, to or on behalf of a regulated investment company, an
3 employee benefit plan, a retirement plan or a pension plan, or a state-chartered bank.

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

7 (51) Manufacturing business reconstruction materials.

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

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

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

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

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

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

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

33 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to
34 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle

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

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

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

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

30 (55) Sprinkler and fire alarm systems in existing buildings. From the sale in this state of
31 sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials
32 necessary and attendant to the installation of those systems that are required in buildings and
33 occupancies existing therein in July 2003 in order to comply with any additional requirements for
34 such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003

1 and that are not required by any other provision of law or ordinance or regulation adopted pursuant
2 to that act. The exemption provided in this subdivision shall expire on December 31, 2008.

3 (56) Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-18-
4 18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other consumption
5 in this state of any new or used aircraft or aircraft parts.

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

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

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

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

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

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

34 (63) Feed for certain animals used in commercial farming. From the sale of feed for animals

1 as described in subsection (61) of this section.

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

6 (65) Seeds and plants used to grow food and food ingredients. From the sale, storage, use,
7 or other consumption in this state of seeds and plants used to grow food and food ingredients as
8 defined in § 44-18-7.1(1)(i). "Seeds and plants used to grow food and food ingredients" shall not
9 include marijuana seeds or plants.

10 SECTION 12. Section 44-19-7 of the General Laws in Chapter 44-19 entitled "Sales and
11 Use Taxes - Enforcement and Collection" is hereby amended to read as follows:

12 **44-19-7. Registration of retailers.**

13 Every retailer selling tangible personal property or prewritten computer software delivered
14 electronically or by load and leave [or vendor-hosted prewritten computer software](#) for storage, use,
15 or other consumption in this state, as well as services as defined in § 44-18-7.3, in this state, or
16 renting living quarters in any hotel as defined in § 42-63.1-2, rooming house, or tourist camp in
17 this state must register with the tax administrator and give the name and address of all agents
18 operating in this state, the location of all distribution or sales houses or offices, or of any hotel as
19 defined in § 42-63.1-2, rooming house, or tourist camp or other places of business in this state, and
20 other information that the tax administrator may require.

21 SECTION 13. Section 44-20-13.2 of the General Laws in Chapter 44-20 entitled "Cigarette
22 and Other Tobacco Products Tax" is hereby amended to read as follows:

23 **44-20-13.2. Tax imposed on other tobacco products, smokeless tobacco, cigars, and**
24 **pipe tobacco products.**

25 (a) A tax is imposed on all other tobacco products, smokeless tobacco, cigars, and pipe
26 tobacco products sold, or held for sale in the state by any person, the payment of the tax to be
27 accomplished according to a mechanism established by the administrator, division of taxation,
28 department of revenue. The tax imposed by this section shall be as follows:

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

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

33 (3) At the rate of one dollar (\$1.00) per ounce of snuff, and a proportionate tax at the like
34 rate on all fractional parts of an ounce thereof. Such tax shall be computed based on the net weight

1 as listed by the manufacturer; provided, however, that any product listed by the manufacturer as
2 having a net weight of less than 1.2 ounces shall be taxed as if the product has a net weight of 1.2
3 ounces.

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

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

13 SECTION 14. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal
14 Income Tax" is hereby amended to read as follows:

15 **44-30-2.6. Rhode Island taxable income -- Rate of tax.**

16 (a) "Rhode Island taxable income" means federal taxable income as determined under the
17 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-
18 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax
19 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of
20 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

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

33 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative
34 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island

1 alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by
2 multiplying the federal tentative minimum tax without allowing for the increased exemptions under
3 the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal form 6251
4 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%) for tax year
5 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing the product
6 to the Rhode Island tax as computed otherwise under this section. The excess shall be the taxpayer's
7 Rhode Island alternative minimum tax.

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

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

16 (A) Tax imposed.

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

19 If taxable income is:	The tax is:
20 Not over \$53,150	3.75% of taxable income
21 Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the excess over \$53,150
22 Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the excess over \$128,500
23 Over \$195,850 but not over \$349,700	\$12,487.25 plus 9.00% of the excess over \$195,850
24 Over \$349,700	\$26,333.75 plus 9.90% of the excess over \$349,700

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

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

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

1 table:

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

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

10 If taxable income is:	The tax is:
11 Not over \$26,575	3.75% of taxable income
12 Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the excess over \$26,575
13 Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the excess over \$64,250
14 Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the excess over \$97,925
15 Over \$174,850	\$13,166.88 plus 9.90% of the excess over \$174,850

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

18 If taxable income is:	The tax is:
19 Not over \$2,150	3.75% of taxable income
20 Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess over \$2,150
21 Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the excess over \$5,000
22 Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the excess over \$7,650
23 Over \$10,450	\$737.50 plus 9.90% of the excess over \$10,450

24 (6) Adjustments for inflation.

25 The dollars amount contained in paragraph (A) shall be increased by an amount equal to:

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

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

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

31 (B) Maximum capital gains rates.

32 (1) In general.

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

1 (a) 2.5 % of the net capital gain as reported for federal income tax purposes under section
2 26 U.S.C. 1(h)(1)(a) and 26 U.S.C. 1(h)(1)(b).

3 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
4 1(h)(1)(c).

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

7 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
8 1(h)(1)(e).

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

11 (C) Itemized deductions.

12 (1) In general.

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

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

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

18 (3) Basic standard deduction.

19 The Rhode Island standard deduction shall be allowed in accordance with the following
20 table:

21 Filing status	Amount
22 Single	\$5,350
23 Married filing jointly or qualifying widow(er)	\$8,900
24 Married filing separately	\$4,450
25 Head of Household	\$7,850

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

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

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

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

33 (a) \$850;

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

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

2 In the case of:

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

4 (b) Nonresident alien individual;

5 (c) An estate or trust;

6 The standard deduction shall be zero.

7 (7) Adjustments for inflation.

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

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

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

13 (D) Overall limitation on itemized deductions.

14 (1) General rule.

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

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

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

22 (2) Applicable amount.

23 (a) In general.

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

26 (b) Adjustments for inflation.

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

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

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

30 (3) Phase-out of Limitation.

31 (a) In general.

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

1 (b) Applicable fraction.

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

4 For taxable years beginning in calendar year	The applicable fraction is
5 2006 and 2007	2/3
6 2008 and 2009	1/3

7 (E) Exemption amount.

8 (1) In general.

9 Except as otherwise provided in this subsection, the term "exemption amount" means
10 \$3,400.

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

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

15 (3) Adjustments for inflation.

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

- 17 (a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by
- 18 (b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

19 (4) Limitation.

20 (a) In general.

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

23 (b) Applicable percentage.

24 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the
25 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each
26 \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
27 exceeds the threshold amount. In the case of a married individual filing a separate return, the
28 preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the
29 applicable percentage exceed one hundred percent (100%).

30 (c) Threshold Amount.

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

33 Filing status	Amount
34 Single	\$156,400

1	Married filing jointly of qualifying widow(er)	\$234,600
2	Married filing separately	\$117,300
3	Head of Household	\$195,500

4 (d) Adjustments for inflation.

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

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

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

8 (5) Phase-out of limitation.

9 (a) In general.

10 In the case of taxable years beginning after December 31, 2005, and before January 1,
11 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
12 would be the amount of such reduction.

13 (b) Applicable fraction.

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

16 For taxable years beginning in calendar year	The applicable fraction is
17 2006 and 2007	2/3
18 2008 and 2009	1/3

19 (F) Alternative minimum tax.

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

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

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

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

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

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

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

29 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so
30 much of the federal alternative minimum taxable income as modified by the modifications in § 44-
31 30-12 as exceeds the exemption amount.

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

34 (6) Exemption amount.

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

2 Filing status	Amount
3 Single	\$39,150
4 Married filing jointly or qualifying widow(er)	\$53,700
5 Married filing separately	\$26,850
6 Head of Household	\$39,150
7 Estate or trust	\$24,650

8 (7) Treatment of unearned income of minor children

9 (a) In general.

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

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

13 (ii) \$6,000.

14 (8) Adjustments for inflation.

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

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

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

19 (9) Phase-out.

20 (a) In general.

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

24 (b) Threshold amount.

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

27 Filing status	Amount
28 Single	\$123,250
29 Married filing jointly or qualifying widow(er)	\$164,350
30 Married filing separately	\$82,175
31 Head of Household	\$123,250
32 Estate or Trust	\$82,150

33 (c) Adjustments for inflation

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

- 1 (i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by
- 2 (ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.
- 3 (G) Other Rhode Island taxes.

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

- 6 (a) The Federal income tax on lump-sum distributions.
- 7 (b) The Federal income tax on parents' election to report child's interest and dividends.
- 8 (c) The recapture of Federal tax credits that were previously claimed on Rhode Island
9 return.

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

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

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

13 (I) Averaging of farm income.

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

- 16 (a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. §
17 1301].

18 (J) Cost-of-living adjustment.

19 (1) In general.

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

- 21 (a) The CPI for the preceding calendar year exceeds
- 22 (b) The CPI for the base year.

23 (2) CPI for any calendar year.

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

27 (3) Consumer price index.

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

32 (4) Rounding.

33 (a) In general.

34 If any increase determined under paragraph (1) is not a multiple of \$50, such increase shall

1 be rounded to the next lowest multiple of \$50.

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

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

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

8 (2) Child and dependent care credit;

9 (3) General business credits;

10 (4) Credit for elderly or the disabled;

11 (5) Credit for prior year minimum tax;

12 (6) Mortgage interest credit;

13 (7) Empowerment zone employment credit;

14 (8) Qualified electric vehicle credit.

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

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

26 (N) Rhode Island earned-income credit.

27 (1) In general.

28 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-
29 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent
30 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode
31 Island income tax.

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

1 amount of the Rhode Island income tax.

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

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

10 (2) Refundable portion.

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

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

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

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

23 (3) For the period January 1, 2011 through December 31, 2011, and thereafter, "Rhode
24 Island taxable income" means federal adjusted gross income as determined under the Internal
25 Revenue Code, 26 U.S.C. 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-
26 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph
27 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph
28 44-30-2.6(c)(3)(C).

29 (A) Tax imposed.

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

34 RI Taxable Income RI Income Tax

1	Over	But not over	Pay +% on Excess	on the amount over
2	\$0 -	\$ 55,000	\$ 0 + 3.75%	\$0
3	55,000 -	125,000	2,063 + 4.75%	55,000
4	125,000 -		5,388 + 5.99%	125,000

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

7	RI Taxable Income			RI Income Tax
8	Over	But not over	Pay + % on Excess	on the amount over
9	\$0 -	\$ 2,230	\$ 0 + 3.75%	\$0
10	2,230 -	7,022	84 + 4.75%	2,230
11	7,022 -		312 + 5.99%	7,022

12 (B) Deductions:

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

15	Filing status:	Amount
16	Single	\$7,500
17	Married filing jointly or qualifying widow(er)	\$15,000
18	Married filing separately	\$7,500
19	Head of Household	\$11,250

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

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

28 (C) Exemption Amount:

29 (I) The term "exemption amount" means three thousand five hundred dollars (\$3,500)
30 multiplied by the number of exemptions allowed for the taxable year for federal income tax
31 purposes. For tax years beginning on or after 2018, the term "exemption amount" means the same
32 as it does in 26 USC § 151 and 26 USC § 152 just prior to the enactment of the Tax Cuts and Jobs
33 Act (Pub. L. 115-97) on December 22, 2017.

34 (II) Exemption amount disallowed in case of certain dependents. In the case of an

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

4 (III) Identifying information required.

5 (1) Except as provided in § 44-30-2.6(c)(3)(C)(II) of this section, no exemption shall be
6 allowed under this section with respect to any individual unless the Taxpayer Identification Number
7 of such individual is included on the federal return claiming the exemption for the same tax filing
8 period.

9 (2) Notwithstanding the provisions of § 44-30-2.6(c)(3)(C)(I) of this section, in the event
10 that the Taxpayer Identification Number for each individual is not required to be included on the
11 federal tax return for the purposes of claiming a person exemption(s), then the Taxpayer
12 Identification Number must be provided on the Rhode Island tax return for the purpose of claiming
13 said exemption(s).

14 (D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
15 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand
16 dollars (\$175,000), the exemption amount shall be reduced by the applicable percentage. The term
17 "applicable percentage" means twenty (20) percentage points for each five thousand dollars
18 (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
19 exceeds one hundred seventy-five thousand dollars (\$175,000).

20 (E) Adjustment for inflation. The dollar amount contained in subparagraphs 44-30-
21 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
22 equal to:

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

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

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

31 (IV) For the purpose of this section the term "consumer price index" means the last
32 consumer price index for all urban consumers published by the department of labor. For the purpose
33 of this section the revision of the consumer price index that is most consistent with the consumer
34 price index for calendar year 1986 shall be used.

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

6 (F) Credits against tax.

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

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

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

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

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

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

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

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

25 (h) Tax credits for contributions to Scholarship Organizations: Credit shall be allowed for
26 contributions to scholarship organizations as provided in chapter 62 of title 44.

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

34 (j) Stay Invested in RI Wavemaker Fellowship: Credit shall be allowed for stay invested in

1 RI wavemaker fellowship program as provided in § 42-64.26-1 et seq.

2 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in
3 § 42-64.20-1 et seq.

4 (l) Rhode Island Qualified Jobs Incentive Program: Credit shall be allowed for Rhode
5 Island new qualified jobs incentive program credit as provided in § 44-48.3-1 et seq.

6 (m) Historic homeownership assistance act: Effective for tax year 2017 and thereafter,
7 unused carryforward for such credit previously issued shall be allowed for the historic
8 homeownership assistance act as provided in § 44-33.1-4. This allowance is for credits already
9 issued pursuant to § 44-33.1-4 and shall not be construed to authorize the issuance of new credits
10 under the historic homeownership assistance act.

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

13 SECTION 15. Section 44-1-2 of the General Laws in Chapter 44-1 entitled "State Tax
14 Officials" is hereby amended to read as follows:

15 **44-1-2. Powers and duties of tax administrator.**

16 The tax administrator is required:

17 (1) To assess and collect all taxes previously assessed by the division of state taxation in
18 the department of revenue and regulation, including the franchise tax on domestic corporations,
19 corporate excess tax, tax upon gross earnings of public service corporations, tax upon interest
20 bearing deposits in national banks, the inheritance tax, tax on gasoline and motor fuels, and tax on
21 the manufacture of alcoholic beverages;

22 (2) To assess and collect the taxes upon banks and insurance companies previously
23 administered by the division of banking and insurance in the department of revenue and regulation,
24 including the tax on foreign and domestic insurance companies, tax on foreign building and loan
25 associations, deposit tax on savings banks, and deposit tax on trust companies;

26 (3) To assess and collect the tax on pari-mutuel or auction mutuel betting, previously
27 administered by the division of horse racing in the department of revenue and regulation.

28 (4) [Deleted by P.L. 2006, ch. 246, art. 38, § 10].

29 (5) To assess and collect the monthly surcharges that are collected by telecommunication
30 services providers pursuant to § 39-21.1-14 and are remitted to the division of taxation.

31 (6) To audit, assess and collect all unclaimed intangible and tangible property pursuant to
32 chapter 21.1 of title 33.

33 (7) To provide to the department of labor and training any state tax information, state
34 records or state documents they or the requesting agency certify as necessary to assist the agency

1 in efforts to investigate suspected misclassification of employee status, wage and hour violations,
2 or prevailing wage violations subject to the agency's jurisdiction, even if deemed confidential under
3 applicable law, provided that the confidentiality of such materials shall be maintained, to the extent
4 required of the releasing department by any federal or state law or regulation, by all state
5 departments to which the materials are released and no such information shall be publicly disclosed,
6 except to the extent necessary for the requesting department or agency to adjudicate a violation of
7 applicable law. The certification must include a representation that there is probable cause to
8 believe that a violation has occurred. State departments sharing this information or materials may
9 enter into written agreements via memorandums of understanding to ensure the safeguarding of
10 such released information or materials.

11 [\(8\) To preserve the Rhode Island tax base under Rhode Island law prior to the December](#)
12 [22, 2017 Congressional enactment of Public Law 115-97, The Tax Cuts and Jobs Act, the tax](#)
13 [administrator, upon prior written notice to the speaker of the house, senate president, and](#)
14 [chairpersons of the house and senate finance committees, is specifically authorized to amend tax](#)
15 [forms and related instructions in response to any changes the Internal Revenue Service makes to](#)
16 [its forms, regulations, and/or processing which will materially impact state revenues, to the extent](#)
17 [that impact is measurable. Any Internal Revenue Service changes to forms, regulations and/or](#)
18 [processing which go into effect during the current tax year or within six \(6\) months of the beginning](#)
19 [of the next tax year and which will materially impact state revenue will be deemed grounds for the](#)
20 [promulgation of emergency rules and regulations under Rhode Island General Laws 42-35-2.10.](#)
21 [The provisions of this subsection \(8\) shall sunset on December 31, 2021.](#)

22 SECTION 16. Sections 42-63.1-3 and 42-63.1-12 of the General Laws in Chapter 42-63.1
23 entitled "Tourism and Development" are hereby amended to read as follows:

24 **42-63.1-3. Distribution of tax.**

25 (a) For returns and tax payments received on or before December 31, 2015, except as
26 provided in § 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax
27 collected from residential units offered for tourist or transient use through a hosting platform, shall
28 be distributed as follows by the division of taxation and the city of Newport:

29 (1) Forty-seven percent (47%) of the tax generated by the hotels in the district, except as
30 otherwise provided in this chapter, shall be given to the regional tourism district wherein the hotel
31 is located; provided, however, that from the tax generated by the hotels in the city of Warwick,
32 thirty-one percent (31%) of the tax shall be given to the Warwick regional tourism district
33 established in § 42-63.1-5(a)(5) and sixteen percent (16%) of the tax shall be given to the Greater
34 Providence-Warwick Convention and Visitors' Bureau established in § 42-63.1-11; and provided

1 further, that from the tax generated by the hotels in the city of Providence, sixteen percent (16%)
2 of that tax shall be given to the Greater Providence-Warwick Convention and Visitors' Bureau
3 established by § 42-63.1-11, and thirty-one percent (31%) of that tax shall be given to the
4 Convention Authority of the city of Providence established pursuant to the provisions of chapter
5 84 of the public laws of January, 1980; provided, however, that the receipts attributable to the
6 district as defined in § 42-63.1-5(a)(7) shall be deposited as general revenues, and that the receipts
7 attributable to the district as defined in § 42-63.1-5(a)(8) shall be given to the Rhode Island
8 commerce corporation as established in chapter 64 of title 42.

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

12 (3) Twenty-one (21%) of the hotel tax shall be given to the Rhode Island commerce
13 corporation established in chapter 64 of title 42, and seven percent (7%) to the Greater Providence-
14 Warwick Convention and Visitors' Bureau.

15 (b) For returns and tax payments received after December 31, 2015, except as provided in
16 § 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from
17 residential units offered for tourist or transient use through a hosting platform, shall be distributed
18 as follows by the division of taxation and the city of Newport:

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

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

32 (3) For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5,
33 twenty-eight percent (28%) of the tax shall be given to the Warwick District, twenty-five percent
34 (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is

1 physically located, twenty-three percent (23%) of the tax shall be given to the Greater Providence-
2 Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four (24%) of
3 the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title
4 42.

5 (4) For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5,
6 twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which
7 generated the tax, is physically located, five percent (5%) of the tax shall be given to the Greater
8 Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy
9 percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in
10 chapter 64 of title 42.

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

18 (c) The proceeds of the hotel tax collected from residential units offered for tourist or
19 transient use through a hosting platform shall be distributed as follows by the division of taxation
20 and the city of Newport: twenty-five percent (25%) of the tax shall be given to the city or town
21 where the residential unit, which generated the tax, is physically located, and seventy-five percent
22 (75%) of the tax shall be given to the Rhode Island commerce corporation established in chapter
23 64 of title 42.

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

28 (e) Notwithstanding the foregoing provisions of this section, for returns and tax payments
29 received on or after July 1, 2016 and on or before June 30, 2017, except as provided in § 42-63.1-
30 12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from residential
31 units offered for tourist or transient use through a hosting platform, shall be distributed in
32 accordance with the distribution percentages established in § 42-63.1-3(a)(1) through § 42-63.1-
33 3(a)(3) by the division of taxation and the city of Newport.

34 [\(f\) For returns and tax payments received on or after July 1, 2018, except as provided in §](#)

1 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from
2 residential units offered for tourist or transient use through a hosting platform, shall be distributed
3 as follows by the division of taxation and the city of Newport:

4 (1) For the tax generated by the hotels in the Aquidneck Island district, as defined in § 42-
5 63.1-5, forty-five percent (45%) of the tax shall be given to the Aquidneck Island district, twenty-
6 five (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is
7 physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick
8 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-five percent (25%) of the
9 tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

10 (2) For the tax generated by the hotels in the Providence district as defined in § 42-63.1-5,
11 thirty percent (30%) of the tax shall be given to the Providence district, twenty-five percent (25%)
12 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically
13 located, twenty-four (24%) of the tax shall be given to the Greater Providence-Warwick
14 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one (21%) of the tax shall
15 be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

16 (3) For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5,
17 thirty percent (30%) of the tax shall be given to the Warwick District, twenty-five percent (25%)
18 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically
19 located, twenty-four percent (24%) of the tax shall be given to the Greater Providence-Warwick
20 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one (21%) of the tax shall
21 be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

22 (4) For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5,
23 twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which
24 generated the tax, is physically located, five percent (5%) of the tax shall be given to the Greater
25 Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy
26 percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in
27 chapter 64 of title 42.

28 (5) With respect to the tax generated by hotels in districts other than those set forth in
29 subdivisions (b)(1) through (b)(4), forty-five percent (45%) of the tax shall be given to the regional
30 tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five percent (25%)
31 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically
32 located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention
33 and Visitors Bureau established in § 42-63.1-11, and twenty-five (25%) of the tax shall be given to
34 the Rhode Island commerce corporation established in chapter 64 of title 42.

1 **42-63.1-12. Distribution of tax to Rhode Island Convention Center Authority.**

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

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

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

18 (d) For returns and tax received on or after July 1, 2018, the proceeds of the hotel tax
19 generated by any and all hotels physically connected to the Rhode Island Convention Center shall
20 be distributed as follows: thirty percent (30%) shall be given to the convention authority of the city
21 of Providence; twenty percent (20%) shall be given to the greater Providence-Warwick convention
22 and visitor's bureau; and fifty percent (50%) shall be given to the Rhode Island Commerce
23 Corporation established in chapter 64 of title 42.

24 SECTION 17. Severability. -- If any provisions of the article or the application thereof to
25 any person or circumstances is held invalid, such invalidity shall not affect any other provisions or
26 applications of this article, which can be given effect without the invalid provision or application,
27 and to this end the provisions of this article are declared to be severable.

28 SECTION 18. Sections 2 through Section 8 shall take effect upon passage. Section 14 shall
29 take effect for tax years on or after January 1, 2018. Section 12 shall take effect on October 1, 2018.
30 Section 11, as it pertains to vendor-hosted prewritten software, shall take effect as of October 1,
31 2018. The remainder of Section 11 and the remainder of this article shall take effect as of July 1,
32 2018.