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## ARTICLE 9

### RELATING TO LOCAL AID

SECTION 1. Section 44-3-3 of the General Laws in Chapter 44-3 entitled "Property Subject to Taxation" is hereby amended to read as follows:

**44-3-3. Property exempt.**

(a) The following property is exempt from taxation:

(1) Property belonging to the state, except as provided in § 44-4-4.1;

(2) Lands ceded or belonging to the United States;

(3) Bonds and other securities issued and exempted from taxation by the government of the United States or of this state;

(4) Real estate, used exclusively for military purposes, owned by chartered or incorporated organizations approved by the adjutant general and composed of members of the national guard, the naval militia, or the independent, chartered-military organizations;

(5) Buildings for free public schools, buildings for religious worship, and the land upon which they stand and immediately surrounding them, to an extent not exceeding five (5) acres so far as the buildings and land are occupied and used exclusively for religious or educational purposes;

(6) Dwellings houses and the land on which they stand, not exceeding one acre in size, or the minimum lot size for zone in which the dwelling house is located, whichever is the greater, owned by, or held in trust for, any religious organization and actually used by its officiating clergy; provided, further, that in the town of Charlestown, where the property previously described in this paragraph is exempt in total, along with dwelling houses and the land on which they stand in Charlestown, not exceeding one acre in size, or the minimum lot size for zone in which the dwelling house is located, whichever is the greater, owned by, or held in trust for, any religious organization and actually used by its officiating clergy, or used as a convent, nunnery, or retreat center by its religious order;

(7) Intangible personal property owned by, or held in trust for, any religious or charitable organization, if the principal or income is used or appropriated for religious or charitable purposes;

(8) Buildings and personal estate owned by any corporation used for a school, academy, or seminary of learning, and of any incorporated public charitable institution, and the land upon which

1 the buildings stand and immediately surrounding them to an extent not exceeding one acre, so far  
2 as they are used exclusively for educational purposes, but no property or estate whatever is hereafter  
3 exempt from taxation in any case where any part of its income or profits, or of the business carried  
4 on there, is divided among its owners or stockholders; provided, however, that unless any private  
5 nonprofit corporation organized as a college or university located in the town of Smithfield reaches  
6 a memorandum of agreement with the town of Smithfield, the town of Smithfield shall bill the  
7 actual costs for police, fire, and rescue services supplied, unless otherwise reimbursed, to said  
8 corporation commencing March 1, 2014;

9 (9) Estates, persons, and families of the president and professors for the time being of  
10 Brown University for not more than ten thousand dollars (\$10,000) for each officer, the officer's  
11 estate, person, and family included, but only to the extent that any person had claimed and utilized  
12 the exemption prior to, and for a period ending, either on or after December 31, 1996;

13 (10) Property especially exempt by charter unless the exemption has been waived in whole  
14 or in part;

15 (11) Lots of land exclusively for burial grounds;

16 (12) Property, real and personal, held for, or by, an incorporated library, society, or any  
17 free public library, or any free public library society, so far as the property is held exclusively for  
18 library purposes, or for the aid or support of the aged poor, or poor friendless children, or the poor  
19 generally, or for a nonprofit hospital for the sick or disabled so far as the property is used  
20 exclusively for the purpose for which the nonprofit hospital is incorporated, and provided that  
21 where part of a property owned by a nonprofit hospital is used exclusively for hospital purposes  
22 and part of said property is not used exclusively for hospital purposes, then the part of said property  
23 used exclusively for hospital purposes shall be exempt from taxation, and the personal property  
24 located within said property used exclusively for hospital purposes shall be exempt from taxation;

25 (13) Real or personal estate belonging to, or held in trust for, the benefit of incorporated  
26 organizations of veterans of any war in which the United States has been engaged, the parent body  
27 of which has been incorporated by act of Congress, to the extent of four hundred thousand dollars  
28 (\$400,000) if actually used and occupied by the association; provided, that the city council of the  
29 city of Cranston may by ordinance exempt the real or personal estate as previously described in  
30 this subdivision located within the city of Cranston to the extent of five hundred thousand dollars  
31 (\$500,000);

32 (14) Property, real and personal, held for, or by, the fraternal corporation, association, or  
33 body created to build and maintain a building or buildings for its meetings or the meetings of the  
34 general assembly of its members, or subordinate bodies of the fraternity, and for the

1 accommodation of other fraternal bodies or associations, the entire net income of which real and  
2 personal property is exclusively applied or to be used to build, furnish, and maintain an asylum or  
3 asylums, a home or homes, a school or schools, for the free education or relief of the members of  
4 the fraternity, or the relief, support, and care of worthy and indigent members of the fraternity, their  
5 wives, widows, or orphans, and any fund given or held for the purpose of public education,  
6 almshouses, and the land and buildings used in connection therewith;

7 (15) Real estate and personal property of any incorporated volunteer fire engine company  
8 or incorporated volunteer ambulance or rescue corps in active service;

9 (16) The estate of any person who, in the judgment of the assessors, is unable from infirmity  
10 or poverty to pay the tax; provided, that in the towns of Burrillville and West Greenwich, the tax  
11 shall constitute a lien for five (5) years on the property where the owner is entitled to the exemption.  
12 At the expiration of five (5) years, the lien shall be abated in full. Provided, if the property is sold  
13 or conveyed, or if debt secured by the property is refinanced during the five-year (5) period, the  
14 lien immediately becomes due and payable; any person claiming the exemption aggrieved by an  
15 adverse decision of an assessor shall appeal the decision to the local board of tax review and  
16 thereafter according to the provisions of § 44-5-26;

17 (17) Household furniture and family stores of a housekeeper in the whole, including  
18 clothing, bedding, and other white goods, books, and all other tangible personal property items that  
19 are common to the normal household;

20 (18) Improvements made to any real property to provide a shelter and fallout protection  
21 from nuclear radiation, to the amount of one thousand five hundred dollars (\$1,500); provided, that  
22 the improvements meet applicable standards for shelter construction established, from time to time,  
23 by the Rhode Island emergency management agency. The improvements are deemed to comply  
24 with the provisions of any building code or ordinance with respect to the materials or the methods  
25 of construction used and any shelter or its establishment is deemed to comply with the provisions  
26 of any zoning code or ordinance;

27 (19) Aircraft for which the fee required by § 1-4-6 has been paid to the tax administrator;

28 (20) Manufacturer's inventory.

29 (i) For the purposes of §§ 44-4-10, 44-5-3, 44-5-20, and 44-5-38, a person is deemed to be  
30 a manufacturer within a city or town within this state if that person uses any premises, room, or  
31 place in it primarily for the purpose of transforming raw materials into a finished product for trade  
32 through any or all of the following operations: adapting, altering, finishing, making, and  
33 ornamenting; provided, that public utilities; non-regulated power producers commencing  
34 commercial operation by selling electricity at retail or taking title to generating facilities on or after

1 July 1, 1997; building and construction contractors; warehousing operations, including distribution  
2 bases or outlets of out-of-state manufacturers; and fabricating processes incidental to warehousing  
3 or distribution of raw materials, such as alteration of stock for the convenience of a customer; are  
4 excluded from this definition;

5 (ii) For the purposes of this section and §§ 44-4-10 and 44-5-38, the term "manufacturer's  
6 inventory", or any similar term, means and includes the manufacturer's raw materials, the  
7 manufacturer's work in process, and finished products manufactured by the manufacturer in this  
8 state, and not sold, leased, or traded by the manufacturer or its title or right to possession divested;  
9 provided, that the term does not include any finished products held by the manufacturer in any retail  
10 store or other similar selling place operated by the manufacturer whether or not the retail  
11 establishment is located in the same building in which the manufacturer operates the manufacturing  
12 plant;

13 (iii) For the purpose of § 44-11-2, a "manufacturer" is a person whose principal business  
14 in this state consists of transforming raw materials into a finished product for trade through any or  
15 all of the operations described in paragraph (i) of this subdivision. A person will be deemed to be  
16 principally engaged if the gross receipts that person derived from the manufacturing operations in  
17 this state during the calendar year or fiscal year mentioned in § 44-11-1 amounted to more than  
18 fifty percent (50%) of the total gross receipts that person derived from all the business activities in  
19 which that person engaged in this state during the taxable year. For the purpose of computing the  
20 percentage, gross receipts derived by a manufacturer from the sale, lease, or rental of finished  
21 products manufactured by the manufacturer in this state, even though the manufacturer's store or  
22 other selling place may be at a different location from the location of the manufacturer's  
23 manufacturing plant in this state, are deemed to have been derived from manufacturing;

24 (iv) Within the meaning of the preceding paragraphs of this subdivision, the term  
25 "manufacturer" also includes persons who are principally engaged in any of the general activities  
26 coded and listed as establishments engaged in manufacturing in the Standard Industrial  
27 Classification Manual prepared by the Technical Committee on Industrial Classification, Office of  
28 Statistical Standards, Executive Office of the President, United States Bureau of the Budget, as  
29 revised from time to time, but eliminating as manufacturers those persons, who, because of their  
30 limited type of manufacturing activities, are classified in the manual as falling within the trade  
31 rather than an industrial classification of manufacturers. Among those thus eliminated, and  
32 accordingly also excluded as manufacturers within the meaning of this paragraph, are persons  
33 primarily engaged in selling, to the general public, products produced on the premises from which  
34 they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and

1 custom tailors, except, that a person who manufactures bakery products for sale primarily for home  
2 delivery, or through one or more non-baking retail outlets, and whether or not retail outlets are  
3 operated by the person, is a manufacturer within the meaning of this paragraph;

4 (v) The term "Person" means and includes, as appropriate, a person, partnership, or  
5 corporation; and

6 (vi) The department of revenue shall provide to the local assessors any assistance that is  
7 necessary in determining the proper application of the definitions in this subdivision;

8 (21) Real and tangible personal property acquired to provide a treatment facility used  
9 primarily to control the pollution or contamination of the waters or the air of the state, as defined  
10 in chapter 12 of title 46 and chapter 25 of title 23, respectively, the facility having been constructed,  
11 reconstructed, erected, installed, or acquired in furtherance of federal or state requirements or  
12 standards for the control of water or air pollution or contamination, and certified as approved in an  
13 order entered by the director of environmental management. The property is exempt as long as it is  
14 operated properly in compliance with the order of approval of the director of environmental  
15 management; provided, that any grant of the exemption by the director of environmental  
16 management in excess of ten (10) years is approved by the city or town in which the property is  
17 situated. This provision applies only to water and air pollution control properties and facilities  
18 installed for the treatment of waste waters and air contaminants resulting from industrial  
19 processing; furthermore, it applies only to water or air pollution control properties and facilities  
20 placed in operation for the first time after April 13, 1970;

21 (22) New manufacturing machinery and equipment acquired or used by a manufacturer and  
22 purchased after December 31, 1974. Manufacturing machinery and equipment is defined as:

23 (i) Machinery and equipment used exclusively in the actual manufacture or conversion of  
24 raw materials or goods in the process of manufacture by a manufacturer, as defined in subdivision  
25 (20), and machinery, fixtures, and equipment used exclusively by a manufacturer for research and  
26 development or for quality assurance of its manufactured products;

27 (ii) Machinery and equipment that is partially used in the actual manufacture or conversion  
28 of raw materials or goods in process of manufacture by a manufacturer, as defined in subdivision  
29 (20), and machinery, fixtures, and equipment used by a manufacturer for research and development  
30 or for quality assurance of its manufactured products, to the extent to which the machinery and  
31 equipment is used for the manufacturing processes, research and development, or quality assurance.  
32 In the instances where machinery and equipment is used in both manufacturing and/or research and  
33 development and/or quality assurance activities and non-manufacturing activities, the assessment  
34 on machinery and equipment is prorated by applying the percentage of usage of the equipment for

1 the manufacturing, research and development, and quality-assurance activity to the value of the  
2 machinery and equipment for purposes of taxation, and the portion of the value used for  
3 manufacturing, research and development, and quality assurance is exempt from taxation. The  
4 burden of demonstrating this percentage usage of machinery and equipment for manufacturing and  
5 for research and development and/or quality assurance of its manufactured products rests with the  
6 manufacturer; and

7 (iii) Machinery and equipment described in §§ 44-18-30(7) and 44-18-30(22) that was  
8 purchased after July 1, 1997; provided that the city or town council of the city or town in which the  
9 machinery and equipment is located adopts an ordinance exempting the machinery and equipment  
10 from taxation. For purposes of this subsection, city councils and town councils of any municipality  
11 may, by ordinance, wholly or partially exempt from taxation the machinery and equipment  
12 discussed in this subsection for the period of time established in the ordinance and may, by  
13 ordinance, establish the procedures for taxpayers to avail themselves of the benefit of any  
14 exemption permitted under this section; provided, that the ordinance does not apply to any  
15 machinery or equipment of a business, subsidiary, or any affiliated business that locates or relocates  
16 from a city or town in this state to another city or town in the state;

17 (23) Precious metal bullion, meaning any elementary metal that has been put through a  
18 process of melting or refining, and that is in a state or condition that its value depends upon its  
19 content and not its form. The term does not include fabricated precious metal that has been  
20 processed or manufactured for some one or more specific and customary industrial, professional,  
21 or artistic uses;

22 (24) Hydroelectric power-generation equipment, which includes, but is not limited to,  
23 turbines, generators, switchgear, controls, monitoring equipment, circuit breakers, transformers,  
24 protective relaying, bus bars, cables, connections, trash racks, headgates, and conduits. The  
25 hydroelectric power-generation equipment must have been purchased after July 1, 1979, and  
26 acquired or used by a person or corporation who or that owns or leases a dam and utilizes the  
27 equipment to generate hydroelectric power;

28 (25) Subject to authorization by formal action of the council of any city or town, any real  
29 or personal property owned by, held in trust for, or leased to an organization incorporated under  
30 chapter 6 of title 7, as amended, or an organization meeting the definition of "charitable trust" set  
31 out in § 18-9-4, as amended, or an organization incorporated under the not-for-profits statutes of  
32 another state or the District of Columbia, the purpose of which is the conserving of open space, as  
33 that term is defined in chapter 36 of title 45, as amended, provided the property is used exclusively  
34 for the purposes of the organization;

1           (26) Tangible personal property, the primary function of which is the recycling, reuse, or  
2 recovery of materials (other than precious metals, as defined in § 44-18-30(24)(ii) and (iii)), from,  
3 or the treatment of "hazardous wastes", as defined in § 23-19.1-4, where the "hazardous wastes"  
4 are generated primarily by the same taxpayer and where the personal property is located at, in, or  
5 adjacent to a generating facility of the taxpayer. The taxpayer may, but need not, procure an order  
6 from the director of the department of environmental management certifying that the tangible  
7 personal property has this function, which order effects a conclusive presumption that the tangible  
8 personal property qualifies for the exemption under this subdivision. If any information relating to  
9 secret processes or methods of manufacture, production, or treatment is disclosed to the department  
10 of environmental management only to procure an order, and is a "trade secret" as defined in § 28-  
11 21-10(b), it shall not be open to public inspection or publicly disclosed unless disclosure is  
12 otherwise required under chapter 21 of title 28 or chapter 24.4 of title 23;

13           (27) Motorboats as defined in § 46-22-2 for which the annual fee required in § 46-22-4 has  
14 been paid;

15           (28) Real and personal property of the Providence Performing Arts Center, a non-business  
16 corporation as of December 31, 1986;

17           (29) Tangible personal property owned by, and used exclusively for the purposes of, any  
18 religious organization located in the city of Cranston;

19           (30) Real and personal property of the Travelers Aid Society of Rhode Island, a nonprofit  
20 corporation, the Union Mall Real Estate Corporation, and any limited partnership or limited liability  
21 company that is formed in connection with, or to facilitate the acquisition of, the Providence YMCA  
22 Building;

23           (31) Real and personal property of Meeting Street Center or MSC Realty, Inc., both not-  
24 for-profit Rhode Island corporations, and any other corporation, limited partnership, or limited  
25 liability company that is formed in connection with, or to facilitate the acquisition of, the properties  
26 designated as the Meeting Street National Center of Excellence on Eddy Street in Providence,  
27 Rhode Island;

28           (32) The buildings, personal property, and land upon which the buildings stand, located on  
29 Pomham Island, East Providence, currently identified as Assessor's Map 211, Block 01, Parcel  
30 001.00, that consists of approximately twenty-one thousand three hundred (21,300) square feet and  
31 is located approximately eight hundred sixty feet (860'), more or less, from the shore, and limited  
32 exclusively to these said buildings, personal estate and land, provided that said property is owned  
33 by a qualified 501(c)(3) organization, such as the American Lighthouse Foundation, and is used  
34 exclusively for a lighthouse;

1 (33) The Stadium Theatre Performing Arts Centre building located in Monument Square,  
2 Woonsocket, Rhode Island, so long as said Stadium Theatre Performing Arts Center is owned by  
3 the Stadium Theatre Foundation, a Rhode Island nonprofit corporation;

4 (34) Real and tangible personal property of St. Mary Academy -- Bay View, located in East  
5 Providence, Rhode Island;

6 (35) Real and personal property of East Bay Community Action Program and its  
7 predecessor, Self Help, Inc; provided, that the organization is qualified as a tax-exempt corporation  
8 under § 501(c)(3) of the United States Internal Revenue Code;

9 (36) Real and personal property located within the city of East Providence of the Columbus  
10 Club of East Providence, a Rhode Island charitable nonprofit corporation;

11 (37) Real and personal property located within the city of East Providence of the Columbus  
12 Club of Barrington, a Rhode Island charitable nonprofit corporation;

13 (38) Real and personal property located within the city of East Providence of Lodge 2337  
14 BPO Elks, a Rhode Island nonprofit corporation;

15 (39) Real and personal property located within the city of East Providence of the St.  
16 Andrews Lodge No. 39, a Rhode Island charitable nonprofit corporation;

17 (40) Real and personal property located within the city of East Providence of the Trustees  
18 of Methodist Health and Welfare service a/k/a United Methodist Elder Care, a Rhode Island  
19 nonprofit corporation;

20 (41) Real and personal property located on the first floor of 90 Leonard Avenue within the  
21 city of East Providence of the Zion Gospel Temple, Inc., a religious nonprofit corporation;

22 (42) Real and personal property located within the city of East Providence of the Cape  
23 Verdean Museum Exhibit, a Rhode Island nonprofit corporation;

24 (43) The real and personal property owned by a qualified 501(c)(3) organization that is  
25 affiliated and in good standing with a national, congressionally chartered organization and thereby  
26 adheres to that organization's standards and provides activities designed for recreational,  
27 educational, and character building purposes for children from ages six (6) years to seventeen (17)  
28 years;

29 (44) Real and personal property of the Rhode Island Philharmonic Orchestra and Music  
30 School; provided, that the organization is qualified as a tax-exempt corporation under § 501(c)(3)  
31 of the United States Internal Revenue Code;

32 (45) The real and personal property located within the town of West Warwick at 211  
33 Cowesett Avenue, Plat 29-Lot 25, which consists of approximately twenty-eight thousand seven  
34 hundred fifty (28,750) square feet and is owned by the Station Fire Memorial Foundation of East

1 Greenwich, a Rhode Island nonprofit corporation;

2 (46) Real and personal property of the Comprehensive Community Action Program, a  
3 qualified tax-exempt corporation under § 501(c)(3) of the United States Internal Revenue Code;

4 (47) Real and personal property located at 52 Plain Street, within the city of Pawtucket of  
5 the Pawtucket Youth Soccer Association, a Rhode Island nonprofit corporation;

6 (48) Renewable energy resources, as defined in § 39-26-5, used in residential systems and  
7 associated equipment used therewith in service after December 31, 2015;

8 (49) Renewable energy resources, as defined in § 39-26-5, if employed by a manufacturer,  
9 as defined in subsection (a) of this section, shall be exempt from taxation in accordance with  
10 subsection (a) of this section;

11 (50) Real and personal property located at 415 Tower Hill Road within the town of North  
12 Kingstown, of South County Community Action, Inc., a qualified tax-exempt corporation under §  
13 501(c)(3) of the United States Internal Revenue Code;

14 (51) As an effort to promote business growth, tangible business or personal property, in  
15 whole or in part, within the town of Charlestown's community limits, subject to authorization by  
16 formal action of the town council of the town of Charlestown;

17 (52) All real and personal property located at 1300 Frenchtown Road, within the town of  
18 East Greenwich, identified as assessor's map 027, plat 019, lot 071, and known as the New England  
19 Wireless and Steam Museum, Inc., a qualified tax-exempt corporation under § 501(c)(3) of the  
20 United States Internal Revenue Code;

21 (53) Real and tangible personal property of Mount Saint Charles Academy located within  
22 the city of Woonsocket, specifically identified as the following assessor's plats and lots: Logee  
23 Street, plat 23, lot 62, Logee Street, plat 24, lots 304 and 305; Welles Street, plat 23, lot 310;  
24 Monroe Street, plat 23, lot 312; and Roberge Avenue, plat 24, lot 47;

25 (54) Real and tangible personal property of Steere House, a Rhode Island nonprofit  
26 corporation, located in Providence, Rhode Island;

27 (55) Real and personal property located within the town of West Warwick of Tides Family  
28 Services, Inc., a Rhode Island nonprofit corporation;

29 (56) Real and personal property of Tides Family Services, Inc., a Rhode Island nonprofit  
30 corporation, located in the city of Pawtucket at 242 Dexter Street, plat 44, lot 444;

31 (57) Real and personal property located within the town of Middletown of Lucy's Hearth,  
32 a Rhode Island nonprofit corporation;

33 (58) Real and tangible personal property of Habitat for Humanity of Rhode Island--Greater  
34 Providence, Inc., a Rhode Island nonprofit corporation, located in Providence, Rhode Island;

1 (59) Real and personal property of the Artic Playhouse, a Rhode Island nonprofit  
2 corporation, located in the town of West Warwick at 1249 Main Street;

3 (60) Real and personal property located at 321 Main Street, within the town of South  
4 Kingstown, of the Contemporary Theatre Company, a qualified, tax-exempt corporation under §  
5 501(c)(3) of the United States Internal Revenue Code;

6 (61) Real and personal property of The Samaritans, Inc., a Rhode Island nonprofit §  
7 501(c)(3) corporation located at 67 Park Place, Pawtucket, Rhode Island, to the extent the city  
8 council of Pawtucket may from time to time determine;

9 (62) Real and personal property of North Kingstown, Exeter Animal Protection League,  
10 Inc., dba "Pet Refuge," 500 Stony Lane, a Rhode Island nonprofit corporation, located in North  
11 Kingstown, Rhode Island;

12 (63) Real and personal property located within the city of East Providence of Foster  
13 Forward (formerly the Rhode Island Foster Parents Association), a Rhode Island charitable  
14 nonprofit corporation; and

15 (64) Real and personal property located at 54 Kelly Avenue within the town of East  
16 Providence, of the Associated Radio Amateurs of Southern New England, a Rhode Island nonprofit  
17 corporation.

18 (b) Except as provided below, when a city or town taxes a for-profit hospital facility, the  
19 value of its real property shall be the value determined by the most recent full revaluation or  
20 statistical property update performed by the city or town; provided, however, in the year a nonprofit  
21 hospital facility converts to or otherwise becomes a for-profit hospital facility, or a for-profit  
22 hospital facility is initially established, the value of the real property and personal property of the  
23 for-profit hospital facility shall be determined by a valuation performed by the assessor for the  
24 purpose of determining an initial assessed value of real and personal property, not previously taxed  
25 by the city or town, as of the most recent date of assessment pursuant to § 44-5-1, subject to a right  
26 of appeal by the for-profit hospital facility which shall be made to the city or town tax assessor with  
27 a direct appeal from an adverse decision to the Rhode Island superior court business calendar.

28 A "for-profit hospital facility" includes all real and personal property affiliated with any  
29 hospital as identified in an application filed pursuant to chapter 17 or 17.14 of title 23.  
30 Notwithstanding the above, a city or town may enter into a stabilization agreement with a for-profit  
31 hospital facility under § 44-3-9 or other laws specific to the particular city or town relating to  
32 stabilization agreements. In a year in which a nonprofit hospital facility converts to, or otherwise  
33 becomes, a for-profit hospital facility, or a for-profit hospital facility is otherwise established, in  
34 that year only the amount levied by the city or town and/or the amount payable under the

1 stabilization agreement for that year related to the for-profit hospital facility shall not be counted  
2 towards determining the maximum tax levy permitted under § 44-5-2.

3 (c) Cities and towns. Authorization to impose taxes on certain properties of nonprofit  
4 entities.

5 (1) Any laws or acts that incorporate, restate or amend the articles of incorporation of  
6 nonprofit institutions of higher education or nonprofit hospitals and, which exempt real and  
7 personal property from taxation are hereby amended to be consistent with subsections (a) through  
8 (d) below as follows:

9 (a) All real and personal property shall be exempt from taxation so far as said property is  
10 used exclusively for educational purposes by nonprofit institutions of higher education or hospital  
11 purposes by nonprofit hospitals.

12 (b) Where part of a property owned by a nonprofit institution of higher education is used  
13 exclusively for educational purposes and part of said property is not used exclusively for  
14 educational purposes, then the part of said property used exclusively for educational purposes shall  
15 be exempt from taxation, and the personal property located within said property used exclusively  
16 for educational purposes shall be exempt from taxation.

17 (c) Where part of a property owned by a nonprofit hospital is used exclusively for hospital  
18 purposes and part of said property is not used exclusively for hospital purposes, then the part of  
19 said property used exclusively for hospital purposes shall be exempt from taxation, and the personal  
20 property located within said property used exclusively for hospital purposes shall be exempt from  
21 taxation.

22 (d) Notwithstanding §44-3-3(c)(1)(a), vacant lots, improved or unimproved, shall not be  
23 exempt from taxation.

24 (2) In the event that a nonprofit institution of higher education or a nonprofit hospital has  
25 made one or more voluntary payments in lieu of taxation during a tax year to a city or town with  
26 respect to all or any portion of real or personal property, said payments shall be credited against  
27 and shall reduce any taxes owed and due to the city or town for said tax year.

28 (3) Notwithstanding the exemption from taxation pursuant to §44-3-3(c)(1), cities and  
29 towns are authorized to waive, or reduce taxes levied against real and personal property owned by  
30 nonprofit institutions of higher education or nonprofit hospitals in the event the nonprofit  
31 institutions of higher education or nonprofit hospitals agree to make payments in lieu of taxes.

32 (4) Cities and towns may use December 31st of the year prior to the effective date of this  
33 section as the date of assessment for any property that first becomes subject to taxation as a result  
34 of §44-3-3(c)(1) above.

1           (5) As used in this section, "nonprofit institution of higher education" means any institution  
2 engaged primarily in education beyond the high school level, and "nonprofit hospital" means any  
3 nonprofit hospital licensed by the state and which is used for the purpose of general medical,  
4 surgical, or psychiatric care and treatment.

5           SECTION 2. Section 44-34-11 of the General Laws in Chapter 44-34 entitled "Excise on  
6 Motor Vehicles and Trailers" is hereby amended to read as follows:

7           **44-34-11. Rhode Island vehicle value commission.**

8           (a) There is hereby authorized, created, and established the "Rhode Island vehicle value  
9 commission" whose function it is to establish presumptive values of vehicles and trailers subject to  
10 the excise tax.

11           (b) The commission shall consist of the following seven (7) members as follows:

12           (1) The director of the department of revenue or his/her designee from the department of  
13 revenue;

14           (2) Five (5) local tax officials named by the governor, at least one of whom shall be from  
15 a city or town under ten thousand (10,000) population and at least one of whom is from a city or  
16 town over fifty thousand (50,000) population. In making these appointments, the governor shall  
17 give due consideration to the recommendations submitted by the President of the Rhode Island  
18 League of Cities and Towns and each appointment shall be subject to the advice and consent of the  
19 senate; and

20           (3) One motor vehicle dealer appointed by the governor upon giving due consideration to  
21 the recommendation of the director of revenue and subject to the advice and consent of the senate.

22           (4) All members shall serve for a term of three (3) years.

23           (5) Current legislative appointees shall cease to be members of the commission upon the  
24 effective date of this act. Non-legislative appointees to the commission may serve out their terms  
25 whereupon their successors shall be appointed in accordance with this act. No one shall be eligible  
26 for appointment to the commission unless he or she is a resident of this state.

27           (6) Public members of the commission shall be removable by the governor pursuant to §  
28 36-1-7 for cause only, and removal solely for partisan or personal reasons unrelated to capacity or  
29 fitness for the office shall be unlawful.

30           (7) The governor shall appoint a chairperson from the commission's members. The  
31 commission shall elect from among its members other officers as it may deem appropriate.

32           (c) The commission shall annually determine the presumptive values of vehicles and  
33 trailers subject to the excise tax in the following manner:

34           (1) Not earlier than September 30 and not later than December 31 of each year, the

1 commission shall by rule adopt a methodology for determining the presumptive value of vehicles  
2 and trailers subject to the excise tax that shall give consideration to the following factors:

3 (i) The average retail price of similar vehicles of the same make, model, type, and year of  
4 manufacture as reported by motor vehicle dealers or by official used car guides, such as that of the  
5 National Automobile Dealers Association for New England. Where regional guides are not  
6 available, the commission shall use other publications deemed appropriate; and

7 (ii) Other information concerning the average retail prices for make, model, type, and year  
8 of manufacture of motor vehicles as the director and the Rhode Island vehicle value commission  
9 may deem appropriate to determine fair values.

10 (iii) Notwithstanding the foregoing, the presumptive value of vehicles and trailers subject  
11 to the excise tax shall not exceed the following percentage of clean retail value for those vehicles  
12 reported by the National Automobile Dealers Association Official Used Car Guide New England  
13 Edition:

14 FISCAL YEAR	PERCENTAGE
15 2018	95%
16 2019	90%
17 2020	<del>85%</del> <u>87.5%</u>
18 2021	<del>80%</del> <u>84%</u>
19 2022	<del>75%</del> <u>79%</u>
20 2023	<del>70%</del> <u>67.5%</u>

21 In the event that no such clean retail value is reported, the presumptive value shall not  
22 exceed the above percentages of the following:

23 (A) Manufacturer's suggested retail price (MSRP) for new model year vehicles as reported  
24 by the National Automobile Dealers Association Guides; or

25 (B) Average retail value for those vehicles reported by the National Automobile Dealers  
26 Association Official Used Car Guide National Edition and  
27 Motorcycle/Snowmobile/ATV/Personal Watercraft Appraisal Guide; or

28 (C) Used retail value for those vehicles reported in the National Association of Automobile  
29 Dealers Recreational Vehicle Appraisal Guide; or

30 (D) Low value for those vehicles reported in the National Automobile Dealers Association  
31 Classic, Collectible, Exotic and Muscle Car Appraisal Guide & Directory.

32 (2) On or before February 1 of each year, it shall adopt a list of values for vehicles and  
33 trailers of the same make, model, type, and year of manufacture as of the preceding December 31  
34 in accordance with the methodology adopted between September 30 and December 31; the list shall

1 be subject to a public hearing at least five (5) business days prior to the date of its adoption.

2 (3) Nothing in this section shall be deemed to require the commission to determine the  
3 presumptive value of vehicles and trailers that are unique, to which special equipment has been  
4 added or to which special modifications have been made, or for which adequate information is not  
5 available from the sources referenced in subdivision (1) of this subsection; provided, that the  
6 commission may consider those factors in its lists or regulations.

7 (4) The commission shall annually provide the list of presumptive values of vehicles and  
8 trailers to each tax assessor on or before February 15 of each year.

9 (d) The commission shall adopt rules governing its organization and the conduct of its  
10 business; prior to the adoption of the rules, the chair shall have the power to call meetings, and a  
11 simple majority of the members of the commission, as provided for in subsection (b) of this section,  
12 is necessary for a quorum, which quorum by majority vote shall have the power to conduct business  
13 in the name of the commission. The commission may adopt rules and elect from among its members  
14 such other officers as it deems necessary.

15 (e) The commission shall have the power to contract for professional services that it deems  
16 necessary for the development of the methodology for determining presumptive values; for  
17 calculating presumptive values according to the methodology; and for preparing the list of  
18 presumptive values in a form and format that is generally usable by cities and towns in their  
19 preparation of tax bills. The commission shall also have the power to incur reasonable expenses in  
20 the conduct of its business as required by this chapter and to authorize payments for the expenses.

21 (f) Commission members shall receive no compensation for the performance of their duties  
22 but may be reimbursed for their reasonable expenses incurred in carrying out such duties.

23 (g) The commission shall respond to petitions of appeal by local boards of review in  
24 accordance with the provisions of § 44-34-9.

25 (h) The commission shall establish, by rule, procedures for adopting an annual budget and  
26 for administering its finances. After July 1, 1986, one-half (1/2) of the cost of the commission's  
27 operations shall be borne by the state and one-half (1/2) shall be borne by cities and towns within  
28 the state, with the city and town share distributed among cities and towns on a per capita basis.

29 (i) Within ninety (90) days after the end of each fiscal year, the commission shall approve  
30 and submit an annual report to the governor, the speaker of the house of representatives, the  
31 president of the senate, and the secretary of state of its activities during that fiscal year. The report  
32 shall provide: an operating statement summarizing meetings or hearings held, meeting minutes if  
33 requested, subjects addressed, decisions rendered, rules or regulations promulgated, studies  
34 conducted, policies and plans developed, approved, or modified, and programs administered or

1 initiated; a consolidated financial statement of all funds received and expended including the source  
2 of the funds, a listing of any staff supported by these funds, and a summary of any clerical,  
3 administrative or technical support received; a summary of performance during the previous fiscal  
4 year including accomplishments, shortcomings and remedies; a synopsis of hearings, complaints,  
5 suspensions, or other legal matters related to the authority of the commission; a summary of any  
6 training courses held pursuant to this subsection, a briefing on anticipated activities in the upcoming  
7 fiscal year; and findings and recommendations for improvements. The report shall be posted  
8 electronically on the general assembly and the secretary of state's websites as prescribed in § 42-  
9 20-8.2. The director of the department of revenue shall be responsible for the enforcement of this  
10 provision.

11 SECTION 3. Section 44-34.1-1 of the General Laws in Chapter 44-34.1 entitled "Motor  
12 Vehicle and Trailer Excise Tax Elimination Act of 1998" is hereby amended to read as follows:

13 **44-34.1-1. Excise tax phase-out.**

14 (a)(1) Notwithstanding the provisions of chapter 34 of this title or any other provisions to  
15 the contrary, the motor vehicle and trailer excise tax established by § 44-34-1 may be phased out.  
16 The phase-out shall apply to all motor vehicles and trailers, including leased vehicles.

17 (2) Lessors of vehicles that pay excise taxes directly to municipalities shall provide lessees,  
18 at the time of entering into the lease agreement, an estimate of annual excise taxes payable  
19 throughout the term of the lease. In the event the actual excise tax is less than the estimated excise  
20 tax, the lessor shall annually rebate to the lessee the difference between the actual excise tax and  
21 the estimated excise tax.

22 (b) Pursuant to the provisions of this section, all motor vehicles shall be assessed a value  
23 by the vehicle value commission. That value shall be assessed according to the provisions of § 44-  
24 34-11(c)(1) and in accordance with the terms as defined in subsection (d) of this section; provided,  
25 however, that the maximum taxable value percentage applicable to model year values as of  
26 December 31, 1997, shall continue to be applicable in future year valuations aged by one year in  
27 each succeeding year.

28 (c)(1) The motor vehicle excise tax phase-out shall commence with the excise tax bills  
29 mailed to taxpayers for the fiscal year 2000. The phase-out, beyond fiscal year 2003, shall be  
30 subject to annual review and appropriation by the general assembly. The tax assessors of the various  
31 cities and towns and fire districts shall reduce the average retail value of each vehicle assessed by  
32 using the prorated exemptions from the following table:

Local Fiscal Year Exempt from value	Local Exemption	State fiscal year Reimbursement
fiscal year 1999	0	\$1,500

1	fiscal year 2000	\$1,500	\$2,500
2	fiscal year 2001	\$2,500	\$3,500
3	fiscal year 2002	\$3,500	\$4,500
4	fiscal years 2003, 2004 and 2005	\$4,500	\$4,500
5	for fiscal year 2006 and	\$5,000	\$5,000
6	for fiscal year 2007	\$6,000	\$6,000

7 for fiscal years 2008, 2009 and 2010 the exemption and the state fiscal year reimbursement  
8 shall be increased, at a minimum, to the maximum amount to the nearest two hundred and fifty  
9 dollar (\$250) increment within the allocation of one and twenty-two hundredths percent (1.22%) of  
10 net terminal income derived from video lottery games pursuant to the provisions of § 42-61-15,  
11 and in no event shall the exemption in any fiscal year be less than the prior fiscal year.

12 (i) For fiscal year 2011 through fiscal year 2017, the exemption shall be five hundred  
13 dollars (\$500). Cities and towns may provide an additional exemption; provided, however, any  
14 such additional exemption shall not be subject to reimbursement.

15 (ii) For fiscal year 2018, cities, towns, and fire districts shall provide an exemption equal  
16 to the greater of one thousand dollars (\$1,000) or the exemption in effect in fiscal year 2017.

17 (iii) For fiscal year 2019, cities, towns, and fire districts shall provide an exemption equal  
18 to the greater of two thousand dollars (\$2,000) or the exemption in effect in fiscal year 2017.

19 (iv) For fiscal year 2020, cities, towns, and fire districts shall provide an exemption equal  
20 to the greater of ~~three thousand dollars (\$3,000)~~ two thousand eight hundred dollars (\$2,800) (or  
21 the exemption in effect in fiscal year 2017.

22 (v) For fiscal year 2021, cities, towns, and fire districts shall provide an exemption equal  
23 to the greater of ~~four thousand dollars (\$4,000)~~ three thousand eight hundred dollars (\$3,800) or  
24 the exemption in effect in fiscal year 2017.

25 (vi) For fiscal year 2022, cities, towns, and fire districts shall provide an exemption equal  
26 to the greater of ~~five thousand dollars (\$5,000)~~ four thousand eight hundred dollars (\$4,800) or the  
27 exemption in effect in fiscal year 2017.

28 (vii) For fiscal year 2023, cities, towns, and fire districts shall provide an exemption equal  
29 to the greater of six thousand dollars (\$6,000) or the exemption in effect in fiscal year 2017.

30 (viii) For fiscal year 2024 and thereafter, no tax shall be levied.

31 (2) The excise tax phase-out shall provide levels of assessed value reductions until the tax  
32 is eliminated or reduced as provided in this chapter.

33 (3) Current exemptions shall remain in effect as provided in this chapter.

34 (4) The excise tax rates and ratios of assessment shall be maintained at a level identical to

1 the level in effect for fiscal year 1998 for each city, town, and fire district; provided, in the town of  
 2 Johnston, the excise tax rate and ratios of assessment shall be maintained at a level identical to the  
 3 level in effect for fiscal year 1999 levels and the levy of a city, town, or fire district shall be limited  
 4 to the lesser of the maximum taxable value or net assessed value for purposes of collecting the tax  
 5 in any given year. Provided, however, for fiscal year 2011 through fiscal year 2017, the rates and  
 6 ratios of assessment may be less than but not more than the rates described in this subsection (4).

7 (5) For fiscal year 2018 and thereafter, the excise tax rate applied by a city, town, or fire  
 8 district, shall not exceed the rate in effect in fiscal year 2017 and shall not exceed the rate set forth  
 9 below:

10 Fiscal Year	Tax Rate (Per \$1,000 of Value)
11 2018	\$60.00
12 2019	\$50.00
13 2020	<del>\$35.00</del> <u>\$40.00</u>
14 2021	\$35.00
15 2022	\$30.00
16 2023	<del>\$20.00</del> <u>\$25.00</u>

17 (6) In no event shall a taxpayer be billed more than the prior year for a vehicle owned up  
 18 to the same number of days unless an increased bill is the result of no longer being eligible for a  
 19 local tax exemption.

20 (d) Definitions.

21 (1) "Maximum taxable value" means the value of vehicles as prescribed by § 44-34-11  
 22 reduced by the percentage of assessed value applicable to model year values as determined by the  
 23 Rhode Island vehicle value commission as of December 31, 1997, for the vehicles valued by the  
 24 commission as of December 31, 1997. For all vehicle value types not valued by the Rhode Island  
 25 vehicle value commission as of December 31, 1997, the maximum taxable value shall be the latest  
 26 value determined by a local assessor from an appropriate pricing guide, multiplied by the ratio of  
 27 assessment used by that city, town, or fire district for a particular model year as of December 31,  
 28 1997. The maximum taxable value shall be determined in such a manner as to incorporate the  
 29 application of the percentage corresponding with the appropriate fiscal year as specified in § 44-  
 30 34-11(c)(1)(iii).

31 (2) "Net assessed value" means the motor vehicle values as determined in accordance with  
 32 § 44-34-11 less all personal exemptions allowed by cities, towns, fire districts, and the state of  
 33 Rhode Island exemption value as provided for in subsection (c)(1) of this section.

34 (e) If any provision of this chapter shall be held invalid by any court of competent

1 jurisdiction, the remainder of this chapter and the applications of the provisions hereof shall not be  
2 effected thereby.

3 SECTION 4. This article shall take effect upon passage.