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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO TAXATION -- SALES AND USE TAXES -- LIABILITY AND  
COMPUTATION

Introduced By: Senators de la Cruz, Rogers, Paolino, Ciccone, Dimitri, and Tikoian

Date Introduced: February 26, 2025

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 44-18-30 of the General Laws in Chapter 44-18 entitled "Sales and  
2 Use Taxes — Liability and Computation" is hereby amended to read as follows:

3           **44-18-30. Gross receipts exempt from sales and use taxes.**

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

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

9           (2) Newspapers.

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

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

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

16           (3) School meals. From the sale and from the storage, use, or other consumption in this  
17 state of meals served by public, private, or parochial schools, school districts, colleges, universities,  
18 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 student  
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  
13 of: (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, urns, shrouds and burial garments. From the sale and from the  
4 storage, use, or other consumption in this state of coffins, caskets, burial containers, urns, urn liners,  
5 urn vaults, grave liners, grave vaults, burial tent setups, prayer cards, shrouds, and other burial  
6 garments that are ordinarily sold by a funeral director as part of the business of funeral directing.

7 (13) Motor vehicles sold to nonresidents.

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

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

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

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

34 (15) Air and water pollution control facilities. From the sale, storage, use, or other

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

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

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

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

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

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

33 (ii) For the purpose of this subsection the term “special adaptations” includes, but is not  
34 limited to: wheelchair lifts, wheelchair carriers, wheelchair ramps, wheelchair securements, hand

1 controls, steering devices, extensions, relocations, and crossovers of operator controls, power-  
2 assisted controls, raised tops or dropped floors, raised entry doors, or alternative signaling devices  
3 to auditory signals.

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

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

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

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

15 (22) Manufacturing machinery and equipment.

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

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

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

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

13 (23) Trade-in value of motor vehicles. From the sale and from the storage, use, or other  
14 consumption in this state of so much of the purchase price paid for a new or used automobile as is  
15 allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller, or of  
16 the proceeds applicable only to the automobile as are received from the manufacturer of  
17 automobiles for the repurchase of the automobile whether the repurchase was voluntary or not  
18 towards the purchase of a new or used automobile by the buyer. For the purpose of this subdivision,  
19 the word "automobile" means a private passenger automobile not used for hire, or a pickup truck  
20 with a gross vehicle weight of under eight thousand eight hundred pounds (8,800 lbs.), and used  
21 exclusively for personal use and does not refer to any other type of motor vehicle.

22 (24) Precious metal bullion.

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

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

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

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



1 vessels.

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

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

1 requires remote sellers to collect and remit sales and use taxes.

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

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

8 (30) Boats.

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

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

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

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

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

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

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

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

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

32 (37) Tangible personal property and supplies used in on-site hazardous waste recycling,  
33 reuse, or treatment. From the sale, storage, use, or other consumption in this state of tangible  
34 personal property or supplies used or consumed in the operation of equipment, the exclusive

1 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as  
2 defined in subdivision (24)(ii) of this section) from the treatment of “hazardous wastes,” as defined  
3 in § 23-19.1-4, where the “hazardous wastes” are generated in Rhode Island solely by the same  
4 taxpayer and where the personal property is located at, in, or adjacent to a generating facility of the  
5 taxpayer in Rhode Island. The taxpayer shall procure an order from the director of the department  
6 of environmental management certifying that the equipment and/or supplies as used or consumed,  
7 qualify for the exemption under this subdivision. If any information relating to secret processes or  
8 methods of manufacture, production, or treatment is disclosed to the department of environmental  
9 management only to procure an order, and is a “trade secret” as defined in § 28-21-10(b), it is not  
10 open to public inspection or publicly disclosed unless disclosure is required under chapter 21 of  
11 title 28 or chapter 24.4 of title 23.

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

17 (39) Food items paid for by food stamps. From the sale and from the storage, use, or other  
18 consumption in this state of eligible food items payment for which is properly made to the retailer  
19 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of 1977,  
20 7 U.S.C. § 2011 et seq.

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

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

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

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

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

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

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

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

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

30           (49) Banks and regulated investment companies interstate toll-free calls. Notwithstanding  
31 the provisions of this chapter, the tax imposed by this chapter does not apply to the furnishing of  
32 interstate and international, toll-free terminating telecommunication service that is used directly  
33 and exclusively by or for the benefit of an eligible company as defined in this subdivision; provided  
34 that an eligible company employs on average during the calendar year no less than five hundred

1 (500) “full-time equivalent employees” as that term is defined in § 42-64.5-2. For purposes of this  
2 section, an “eligible company” means a “regulated investment company” as that term is defined in  
3 the Internal Revenue Code of 1986, 26 U.S.C. § 851, or a corporation to the extent the service is  
4 provided, directly or indirectly, to or on behalf of a regulated investment company, an employee  
5 benefit plan, a retirement plan or a pension plan, or a state-chartered bank.

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

9 (51) Manufacturing business reconstruction materials.

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

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

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

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

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

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

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

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

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

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

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

32 (55) Sprinkler and fire alarm systems in existing buildings. From the sale in this state of  
33 sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials  
34 necessary and attendant to the installation of those systems that are required in buildings and

1 occupancies existing therein in July 2003 in order to comply with any additional requirements for  
2 such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003  
3 and that are not required by any other provision of law or ordinance or regulation adopted pursuant  
4 to that act. The exemption provided in this subdivision shall expire on December 31, 2008.

5 (56) Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-  
6 18-18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other  
7 consumption in this state of any new or used aircraft or aircraft parts.

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

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

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

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

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

34 (62) Diesel emission control technology. From the sale and use of diesel retrofit



1 technology that is required by § 31-47.3-4.

2 (63) Feed for certain animals used in commercial farming. From the sale of feed for  
3 animals as described in subsection (61) of this section.

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

9 (65) Seeds and plants used to grow food and food ingredients. From the sale, storage, use,  
10 or other consumption in this state of seeds and plants used to grow food and food ingredients as  
11 defined in § 44-18-7.1(l)(i). “Seeds and plants used to grow food and food ingredients” shall not  
12 include marijuana seeds or plants.

13 (66) Feminine hygiene products. From the sale and from the storage, use, or other  
14 consumption of tampons, panty liners, menstrual cups, sanitary napkins, and other similar products  
15 the principal use of which is feminine hygiene in connection with the menstrual cycle.

16 (67) “Breast pump collection and storage supplies” means items of tangible personal  
17 property used in conjunction with a breast pump to collect milk expressed from a human breast and  
18 to store collected milk until it is ready for consumption. “Breast pump collection and storage  
19 supplies” include, but are not limited to, breast shields and breast shield connectors; breast pump  
20 tubes and tubing adaptors; breast pump valves and membranes; backflow protectors and backflow  
21 protector adaptors; bottles and bottle caps specific to the operation of the breast pump; breast milk  
22 storage bags; and related items sold as part of a breast pump kit pre-packaged by the breast pump  
23 manufacturer. “Breast pump collection and storage supplies” does not include: bottles and bottle  
24 caps not specific to the operation of the breast pump; breast pump travel bags and other similar  
25 carrying accessories, including ice packs, labels, and other similar products, unless sold as part of  
26 a breast pump kit pre-packed by the breast pump manufacturer; breast pump cleaning supplies,  
27 unless sold as part of a breast pump kit pre-packaged by the breast pump manufacturer; nursing  
28 bras, bra pads, breast shells, and other similar products; and creams, ointments, and other similar  
29 products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples.

30 (68) Trade-in value of motorcycles. From the sale and from the storage, use, or other  
31 consumption in this state of so much of the purchase price paid for a new or used motorcycle as is  
32 allocated for a trade-in allowance on the motorcycle of the buyer given in trade to the seller, or of  
33 the proceeds applicable only to the motorcycle as are received from the manufacturer of  
34 motorcycles for the repurchase of the motorcycle whether the repurchase was voluntary or not

1 towards the purchase of a new or used motorcycle by the buyer. For the purpose of this subsection,  
2 the word “motorcycle” means a motorcycle not used for hire and does not refer to any other type  
3 of motor vehicle.

4 SECTION 2. This act shall take effect upon passage.

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LC001723  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO TAXATION -- SALES AND USE TAXES -- LIABILITY AND  
COMPUTATION

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- 1           This act would exempt the trade-in value of pickup trucks under eight thousand eight
- 2 hundred pounds (8,800 lbs.) gross weight, used exclusively for personal use, from sales tax.
- 3           This act would take effect upon passage.

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LC001723  
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