

1 **ARTICLE 6**

2 RELATING TO TAXES AND REVENUES

3 SECTION 1. Section 23-17-38.1 of the General Laws in Chapter 23-17 entitled "Licensing
4 of Health Care Facilities" is hereby amended to read as follows:

5 **23-17-38.1. Hospitals -- Licensing fee.**

6 ~~(a) There is imposed a hospital licensing fee at the rate of six percent (6%) upon the net~~
7 ~~patient services revenue of every hospital for the hospital's first fiscal year ending on or after~~
8 ~~January 1, 2018, except that the license fee for all hospitals located in Washington County, Rhode~~
9 ~~Island shall be discounted by thirty seven percent (37%). The discount for Washington County~~
10 ~~hospitals is subject to approval by the Secretary of the U.S. Department of Health and Human~~
11 ~~Services of a state plan amendment submitted by the executive office of health and human services~~
12 ~~for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This~~
13 ~~licensing fee shall be administered and collected by the tax administrator, division of taxation~~
14 ~~within the department of revenue, and all the administration, collection, and other provisions of~~
15 ~~Chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator~~
16 ~~on or before July 13, 2020, and payments shall be made by electronic transfer of monies to the~~
17 ~~general treasurer and deposited to the general fund. Every hospital shall, on or before June 15,~~
18 ~~2020, make a return to the tax administrator containing the correct computation of net patient~~
19 ~~services revenue for the hospital fiscal year ending September 30, 2018, and the licensing fee due~~
20 ~~upon that amount. All returns shall be signed by the hospital's authorized representative, subject to~~
21 ~~the pains and penalties of perjury.~~

22 (b) (a) There is also imposed a hospital licensing fee for state fiscal year 2021 against each
23 hospital in the state. The hospital licensing fee is equal to five percent (5.0%) of the net patient-
24 services revenue of every hospital for the hospital's first fiscal year ending on or after January 1,
25 2019, except that the license fee for all hospitals located in Washington County, Rhode Island shall
26 be discounted by thirty-seven percent (37%). The discount for Washington County hospitals is
27 subject to approval by the Secretary of the U.S. Department of Health and Human Services of a
28 state plan amendment submitted by the executive office of health and human services for the
29 purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This
30 licensing fee shall be administered and collected by the tax administrator, division of taxation

1 within the department of revenue, and all the administration, collection, and other provisions of
2 Chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator
3 on or before July 13, 2021, and payments shall be made by electronic transfer of monies to the
4 general treasurer and deposited to the general fund. Every hospital shall, on or before June 15,
5 2020, make a return to the tax administrator containing the correct computation of net patient-
6 services revenue for the hospital fiscal year ending September 30, 2019, and the licensing fee due
7 upon that amount. All returns shall be signed by the hospital's authorized representative, subject to
8 the pains and penalties of perjury.

9 ~~(e)~~ (b) There is also imposed a hospital licensing fee for state fiscal year 2022 against each
10 hospital in the state. The hospital licensing fee is equal to ~~five and seven hundred twenty five~~
11 ~~thousandths percent (5.725%)~~ five and six hundred fifty-six thousandths percent (5.656%) of the
12 net patient-services revenue of every hospital for the hospital's first fiscal year ending on or after
13 January 1, 2020, except that the license fee for all hospitals located in Washington County, Rhode
14 Island shall be discounted by thirty-seven percent (37%). The discount for Washington County
15 hospitals is subject to approval by the Secretary of the U.S. Department of Health and Human
16 Services of a state plan amendment submitted by the executive office of health and human services
17 for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This
18 licensing fee shall be administered and collected by the tax administrator, division of taxation
19 within the department of revenue, and all the administration, collection, and other provisions of
20 Chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator
21 on or before July 13, 2022, and payments shall be made by electronic transfer of monies to the
22 general treasurer and deposited to the general fund. Every hospital shall, on or before June 15,
23 2022, make a return to the tax administrator containing the correct computation of net patient-
24 services revenue for the hospital fiscal year ending September 30, 2020, and the licensing fee due
25 upon that amount. All returns shall be signed by the hospital's authorized representative, subject to
26 the pains and penalties of perjury.

27 (c) There is also imposed a hospital licensing fee for state fiscal year 2023 against each
28 hospital in the state. The hospital licensing fee is equal to five and forty-two hundredths percent
29 (5.42%) of the net patient-services revenue of every hospital for the hospital's first fiscal year
30 ending on or after January 1, 2021, except that the license fee for all hospitals located in Washington
31 County, Rhode Island shall be discounted by thirty-seven percent (37%). The discount for
32 Washington County hospitals is subject to approval by the Secretary of the U.S. Department of
33 Health and Human Services of a state plan amendment submitted by the executive office of health
34 and human services for the purpose of pursuing a waiver of the uniformity requirement for the

1 hospital license fee. This licensing fee shall be administered and collected by the tax administrator,
2 division of taxation within the department of revenue, and all the administration, collection, and
3 other provisions of Chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to
4 the tax administrator on or before July 13, 2023, and payments shall be made by electronic transfer
5 of monies to the general treasurer and deposited to the general fund. Every hospital shall, on or
6 before June 15, 2023, make a return to the tax administrator containing the correct computation of
7 net patient-services revenue for the hospital fiscal year ending September 30, 2020, and the
8 licensing fee due upon that amount. All returns shall be signed by the hospital's authorized
9 representative, subject to the pains and penalties of perjury.

10 (d) For purposes of this section the following words and phrases have the following
11 meanings:

12 (1) "Hospital" means the actual facilities and buildings in existence in Rhode Island,
13 licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on
14 that license, regardless of changes in licensure status pursuant to chapter 17.14 of title 23 (hospital
15 conversions) and § 23-17-6(b) (change in effective control), that provides short-term acute inpatient
16 and/or outpatient care to persons who require definitive diagnosis and treatment for injury, illness,
17 disabilities, or pregnancy. Notwithstanding the preceding language, the negotiated Medicaid
18 managed care payment rates for a court-approved purchaser that acquires a hospital through
19 receivership, special mastership, or other similar state insolvency proceedings (which court-
20 approved purchaser is issued a hospital license after January 1, 2013) shall be based upon the newly
21 negotiated rates between the court-approved purchaser and the health plan, and such rates shall be
22 effective as of the date that the court-approved purchaser and the health plan execute the initial
23 agreement containing the newly negotiated rate. The rate-setting methodology for inpatient hospital
24 payments and outpatient hospital payments set forth in §§ 40-8-13.4(b) and 40-8-13.4(b)(2),
25 respectively, shall thereafter apply to negotiated increases for each annual twelve-month (12)
26 period as of July 1 following the completion of the first full year of the court-approved purchaser's
27 initial Medicaid managed care contract.

28 (2) "Gross patient-services revenue" means the gross revenue related to patient care
29 services.

30 (3) "Net patient-services revenue" means the charges related to patient care services less
31 (i) Charges attributable to charity care; (ii) Bad debt expenses; and (iii) Contractual allowances.

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

1 (f) The licensing fee imposed by subsection ~~(a)~~ (a) shall apply to hospitals as defined herein
2 that are duly licensed on July 1, 2020, and shall be in addition to the inspection fee imposed by §
3 23-17-38 and to any licensing fees previously imposed in accordance with this section.

4 (g) The licensing fee imposed by subsection ~~(b)~~ (b) shall apply to hospitals as defined
5 herein that are duly licensed on July 1, 2021, and shall be in addition to the inspection fee imposed
6 by § 23-17-38 and to any licensing fees previously imposed in accordance with this section.

7 (e) The licensing fee imposed by subsection (c) shall apply to hospitals as defined herein
8 that are duly licensed on July 1, 2022, and shall be in addition to the inspection fee imposed by §
9 23-17-38 and to any licensing fees previously imposed in accordance with this section.

10 SECTION 2. Section 31-6-1 of the General Laws in Chapter 31-6 entitled "Registration
11 Fees" is hereby amended to read as follows:

12 **31-6-1. Amount of registration and miscellaneous fees.**

13 The following registration fees shall be paid to the division of motor vehicles for the
14 registration of motor vehicles, trailers, semi-trailers, and school buses subject to registration for
15 each year of registration:

16 (1) For the registration of every automobile, when equipped with pneumatic tires, the gross
17 weight of which is not more than four thousand pounds (4,000 lbs.): thirty dollars (\$30.00).

18 (2) For the registration of every motor truck or tractor when equipped with pneumatic tires,
19 the gross weight of which is not more than four thousand pounds (4,000 lbs.): thirty-four dollars
20 (\$34.00).

21 (3) For the registration of every automobile, motor truck or tractor, when equipped with
22 pneumatic tires, the gross weight of which is:

23 (i) More than four thousand pounds (4,000 lbs.), but not more than five thousand pounds
24 (5,000 lbs.): forty dollars (\$40.00);

25 (ii) More than five thousand pounds (5,000 lbs.), but not more than six thousand pounds
26 (6,000 lbs.): forty-eight dollars (\$48.00);

27 (iii) More than six thousand pounds (6,000 lbs.), but not more than seven thousand pounds
28 (7,000 lbs.): fifty-six dollars (\$56.00);

29 (iv) More than seven thousand pounds (7,000 lbs.), but not more than eight thousand
30 pounds (8,000 lbs.): sixty-four dollars (\$64.00);

31 (v) More than eight thousand pounds (8,000 lbs.), but not more than nine thousand pounds
32 (9,000 lbs.): seventy dollars (\$70.00);

33 (vi) More than nine thousand pounds (9,000 lbs.), but not more than ten thousand pounds
34 (10,000 lbs.): seventy-eight dollars (\$78.00);

- 1 (vii) More than ten thousand pounds (10,000 lbs.), but not more than twelve thousand
2 pounds (12,000 lbs.): one hundred six dollars (\$106);
- 3 (viii) More than twelve thousand pounds (12,000 lbs.), but not more than fourteen thousand
4 pounds (14,000 lbs.): one hundred twenty-four dollars (\$124);
- 5 (ix) More than fourteen thousand pounds (14,000 lbs.), but not more than sixteen thousand
6 pounds (16,000 lbs.): one hundred forty dollars (\$140);
- 7 (x) More than sixteen thousand pounds (16,000 lbs.), but not more than eighteen thousand
8 pounds (18,000 lbs.): one hundred fifty-eight dollars (\$158);
- 9 (xi) More than eighteen thousand pounds (18,000 lbs.), but not more than twenty thousand
10 pounds (20,000 lbs.): one hundred seventy-six dollars (\$176);
- 11 (xii) More than twenty thousand pounds (20,000 lbs.), but not more than twenty-two
12 thousand pounds (22,000 lbs.): one hundred ninety-four dollars (\$194);
- 13 (xiii) More than twenty-two thousand pounds (22,000 lbs.), but not more than twenty-four
14 thousand pounds (24,000 lbs.): two hundred ten dollars (\$210);
- 15 (xiv) More than twenty-four thousand pounds (24,000 lbs.), but not more than twenty-six
16 thousand pounds (26,000 lbs.): two hundred thirty dollars (\$230);
- 17 (xv) More than twenty-six thousand pounds (26,000 lbs.), but not more than twenty-eight
18 thousand pounds (28,000 lbs.): two hundred ninety-six dollars (\$296);
- 19 (xvi) More than twenty-eight thousand pounds (28,000 lbs.), but not more than thirty
20 thousand pounds (30,000 lbs.): three hundred sixteen dollars (\$316);
- 21 (xvii) More than thirty thousand pounds (30,000 lbs.), but not more than thirty-two
22 thousand pounds (32,000 lbs.): four hundred and twenty-two dollars (\$422);
- 23 (xviii) More than thirty-two thousand pounds (32,000 lbs.), but not more than thirty-four
24 thousand pounds (34,000 lbs.): four hundred and forty-eight dollars (\$448);
- 25 (xix) More than thirty-four thousand pounds (34,000 lbs.), but not more than thirty-six
26 thousand pounds (36,000 lbs.): four hundred and seventy-six dollars (\$476);
- 27 (xx) More than thirty-six thousand pounds (36,000 lbs.), but not more than thirty-eight
28 thousand pounds (38,000 lbs.): five hundred and two dollars (\$502);
- 29 (xxi) More than thirty-eight thousand pounds (38,000 lbs.), but not more than forty
30 thousand pounds (40,000 lbs.): five hundred and twenty-eight dollars (\$528);
- 31 (xxii) More than forty thousand pounds (40,000 lbs.), but not more than forty-two thousand
32 pounds (42,000 lbs.): five hundred and fifty-four dollars (\$554);
- 33 (xxiii) More than forty-two thousand pounds (42,000 lbs.), but not more than forty-six
34 thousand pounds (46,000 lbs.): six hundred and eight dollars (\$608);

1 (xxiv) More than forty-six thousand pounds (46,000 lbs.), but not more than fifty thousand
2 pounds (50,000 lbs.): six hundred and sixty dollars (\$660);

3 (xxv) More than fifty thousand pounds (50,000 lbs.), but not more than fifty-four thousand
4 pounds (54,000 lbs.): seven hundred and twelve dollars (\$712);

5 (xxvi) More than fifty-four thousand pounds (54,000 lbs.), but not more than fifty-eight
6 thousand pounds (58,000 lbs.): seven hundred and sixty-eight dollars (\$768);

7 (xxvii) More than fifty-eight thousand pounds (58,000 lbs.), but not more than sixty-two
8 thousand pounds (62,000 lbs.): eight hundred and sixteen dollars (\$816);

9 (xxviii) More than sixty-two thousand pounds (62,000 lbs.), but not more than sixty-six
10 thousand pounds (66,000 lbs.): eight hundred and seventy-six dollars (\$876);

11 (xxix) More than sixty-six thousand pounds (66,000 lbs.), but not more than seventy
12 thousand pounds (70,000 lbs.): nine hundred and twenty-four dollars (\$924);

13 (xxx) More than seventy thousand pounds (70,000 lbs.), but not more than seventy-four
14 thousand pounds (74,000 lbs.): nine hundred and seventy-two dollars (\$972);

15 (xxxi) Over seventy-four thousand pounds (74,000 lbs.): nine hundred and seventy-two
16 dollars (\$972), plus twenty-four dollars (\$24.00) per two thousand pounds (2,000 lbs.) gross
17 weight.

18 (4) For the registration of every semi-trailer to be used with a truck-tractor, as defined in §
19 31-1-4(f), shall be as follows: an annual fee of twelve dollars (\$12.00) for a one-year registration;
20 for multi-year registrations the fee of fifty dollars (\$50.00) for a five-year (5) registration; and
21 eighty dollars (\$80.00) for an eight-year (8) registration. However, when in use, the weight of the
22 resulting semi-trailer unit and its maximum carrying capacity shall not exceed the gross weight of
23 the original semi-trailer unit from which the gross weight of the tractor was determined. A
24 registration certificate and registration plate shall be issued for each semi-trailer so registered.
25 There shall be no refund of payment of such fee, except that when a plate is returned prior to ninety
26 (90) days before the effective date of that year's registration, the pro rate amount, based on the
27 unused portion of the multi-year registration plate period at time of surrender, shall be refunded. A
28 multi-year semi-trailer registration may be transferred to another semi-trailer subject to the
29 provisions and fee set forth in § 31-6-11. Thirty percent (30%) of the semi-trailer registration fee
30 shall be retained by the division of motor vehicles to defray the costs of implementation of the
31 international registration plan (IRP) and fleet registration section.

32 (5) For the registration of every automobile, motor truck, or tractor, when equipped with
33 other than pneumatic tires, there shall be added to the above gross weight fees a charge of ten cents
34 (10¢) for each one hundred pounds (100 lbs.) of gross weight.

1 (6) For the registration of every public bus, the rates provided for motor vehicles for hire
2 plus two dollars (\$2.00) for each passenger that bus is rated to carry, the rating to be determined by
3 the administrator of the division of motor vehicles.

4 (7) For the registration of every motorcycle, or motor-driven cycle, thirteen dollars
5 (\$13.00). Three dollars (\$3.00) from that sum shall be turned over to the department of education
6 to assist in the payment of the cost of the motorcycle driver's education program as enumerated in
7 § 31-10.1-1.1.

8 (8) For the registration of every trailer, not including semi-trailers used with a truck-tractor
9 as defined in § 31-1-4(d), with a gross weight of three thousand pounds (3,000 lbs.) or less, five
10 dollars (\$5.00). Trailers with a gross weight of more than three thousand pounds (3,000 lbs.) shall
11 be assessed a registration fee of one dollar and fifty cents (\$1.50) per thousand pounds (1,000 lbs.).

12 (9) The annual registration fee for a motor vehicle, commonly described as a boxcar and/or
13 locomotive, and used only by La Societe Des 40 Hommes et 8 Chevaux for civic demonstration,
14 parades, convention purposes, or social welfare work, shall be two dollars (\$2.00).

15 (10) For the registration of every motor vehicle, trailer, or semi-trailer owned by any
16 department or agency of any city or town or district, provided the name of the city or town or
17 district or state department or agency owning the same shall be plainly printed on two (2) sides of
18 the vehicle, two dollars (\$2.00).

19 (11) For the registration of motor vehicles used for racing, fifteen dollars (\$15.00).

20 (12) For every duplicate registration certificate, seventeen dollars (\$17.00).

21 (13) For every certified copy of a registration certificate or application, ten dollars (\$10.00).

22 (14) For every certificate assigning a special identification number or mark as provided in
23 § 31-3-37, one dollar (\$1.00).

24 (15) For every replacement of number plates or additional pair of number plates, without
25 changing the number, thirty dollars (\$30.00).

26 (16) For the registration of every farm vehicle, used in farming as provided in § 31-3-31:
27 ten dollars (\$10.00).

28 (17) For the registration of antique motor vehicles, five dollars (\$5.00).

29 (18) For the registration of a suburban vehicle, when used as a pleasure vehicle and the
30 gross weight of which is not more than four thousand pounds (4,000 lbs.), the same rates as charged
31 in subsection (1) of this section shall be applicable and when used as a commercial vehicle and the
32 gross weight of which is not more than four thousand pounds (4,000 lbs.), the same rates as
33 provided in subsection (2) of this section shall be applicable. The rates in subsection (3) of this
34 section shall be applicable when the suburban vehicle has a gross weight of more than four thousand

1 pounds (4,000 lbs.), regardless of the use of the vehicle.

2 (19) For the registration of every motor bus that is used exclusively under contract with a
3 political subdivision or school district of the state for the transportation of school children, twenty-
4 five dollars (\$25); provided that the motor bus may also be used for the transportation of persons
5 to and from church and Sunday school services, and for the transportation of children to and from
6 educational or recreational projects sponsored by a city or town or by any association or
7 organization supported wholly or in part by public or private donations for charitable purposes,
8 without the payment of additional registration fee.

9 (20) For the registration of every motorized bicycle, ten dollars (\$10.00).

10 (21) For the registration of every motorized tricycle, ten dollars (\$10.00).

11 (22) For the replacement of number plates with a number change, twenty dollars (\$20.00).

12 (23) For the initial issuance and each reissuance of fully reflective plates, as required by §§
13 31-3-10, 31-3-32, and 31-3-33, an additional eight dollars (\$8.00); [provided, however, for the initial](#)
14 [issuance of new license plates as required by § 31-3-33\(c\) that feature the 2022 approved design,](#)
15 [the fee shall be waived when the plate is issued for a vehicle with an existing registration.](#)

16 (24) For the issuance of a trip permit under the International Registration Plan, twenty-five
17 dollars (\$25.00) per vehicle. The division of motor vehicles is authorized to issue seventy-two-hour
18 (72) trip permits for vehicles required to be registered in the International Registration Plan that
19 have not been apportioned with the state of Rhode Island.

20 (25) For the issuance of a hunter's permit under the International Registration Plan, twenty-
21 five dollars (\$25.00) per vehicle. The division of motor vehicles is authorized to issue hunter's
22 permits for motor vehicles based in the state of Rhode Island and otherwise required to be registered
23 in the International Registration Plan. These permits are valid for thirty (30) days.

24 (26) For the registration of a specially adapted motor vehicle necessary to transport a family
25 member with a disability for personal, noncommercial use, a fee of thirty dollars (\$30.00) assessed.

26 SECTION 3. Section 42-61-15 of the General Laws in Chapter 42-61 entitled "State
27 Lottery" is hereby amended to read as follows:

28 **42-61-15. State lottery fund.**

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

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

4 (i) The amount of payments of prize awards to holders of winning lottery tickets shall be
5 determined by the division, but shall not be less than forty-five percent (45%) nor more than ~~sixty-~~
6 ~~five percent (65%)~~ seventy-one percent (71%) of the total revenue accruing from the sale of lottery
7 tickets;

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

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

25 (3) Payment into the general revenue fund of all revenues remaining in the state lottery
26 fund after the payments specified in subsections (a)(1) -- (a)(2) of this section.

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

34 (c) Payments into the state's general fund specified in subsection (a)(3) of this section shall

1 be made on an estimated quarterly basis. Payment shall be made on the tenth business day following
2 the close of the quarter except for the fourth quarter when payment shall be on the last business
3 day.

4 SECTION 4. Section 44-1-7 of the General Laws in Chapter 44-1 entitled "State Tax
5 Officials" is hereby amended to read as follows:

6 **44-1-7. Interest on delinquent payments.**

7 (a) Whenever the full amount of any state tax or any portion or deficiency, as finally
8 determined by the tax administrator, has not been paid on the date when it is due and payable,
9 whether the time has been extended or not, there shall be added as part of the tax or portion or
10 deficiency interest at the rate as determined in accordance with subsection (b) of this section,
11 notwithstanding any general or specific statute to the contrary.

12 (b) Each January 1 the tax administrator shall compute the rate of interest to be in effect
13 for that calendar year by adding two percent (2%) to the prime rate, which was in effect on October
14 1 of the preceding year, except:

15 (1) Before January 1, 2023, in no event shall the rate of interest exceed twenty-one percent
16 (21%) per annum nor be less than eighteen percent (18%) per annum;

17 (2) On and after January 1, 2023, in no event shall the rate of interest exceed twenty-one
18 percent (21%) per annum nor be less than twelve percent (12%) per annum except:

19 (A) for trust fund taxes as established by §§ 44-19-35 and 44-30-76, in no event shall the
20 rate of interest exceed twenty-one percent (21%) per annum nor be less than eighteen percent (18%)
21 per annum.

22 (c) "Prime rate" as used in subsection (b) of this section means the predominant prime rate
23 quoted by commercial banks to large businesses as determined by the board of governors of the
24 Federal Reserve System.

25 (d) Notwithstanding any provisions of the general laws to the contrary, the tax
26 administrator shall waive interest and penalty on the taxable portion of each Paycheck Protection
27 Program loan taxed pursuant to §§ 44-11-11(a)(1)(iv), 44-14-11, and 44-30-12(b)(8) and forgiven
28 during tax year 2020 provided that the tax on that portion is paid in full on or before March 31,
29 2022. The tax administrator shall make available suitable forms with instructions for making tax
30 payments on the taxable portion of such forgiven Paycheck Protection Program loans.

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

33 **44-1-31.2. Electronic filing of large entity tax returns, electronic payments, and**
34 **penalties..**

1 (a) For the purposes of this chapter, "larger business registrant" means any person who:

2 (1) Operates as a business whose combined annual liability for all taxes administered by
3 the division of taxation for the entity is or exceeds five thousand dollars (\$5,000); or

4 (2) Operated as a business whose annual gross income is over one hundred thousand dollars
5 (\$100,000) for the entity.

6 (b) Beginning on January 1, 2023, any larger business registrant is required to file returns
7 and remit taxes to the State of Rhode Island electronically.

8 (c) Beginning on January 1, 2023, if any larger business registrant fails to pay said taxes
9 by electronic funds transfer or other electronic means defined by the tax administrator as required
10 hereunder, there shall be added to the amount of tax the lesser of five percent (5%) of the tax
11 liability amount that was not filed electronically or five hundred dollars (\$500), whichever is less,
12 unless there was reasonable cause for the failure and such failure was not due to negligence or
13 willful neglect.

14 (d) Notwithstanding the provisions of subsection (c) of this section, beginning on January
15 1, 2023, if any larger business registrant fails to file a return by electronic means defined by the tax
16 administrator as required hereunder, there shall be added to the amount of tax equal to fifty dollars
17 (\$50.00), unless there was reasonable cause for the failure and such failure was not due to
18 negligence or willful neglect.

19 SECTION 6. Section 44-3-3 of the General Laws in Chapter 44-3 entitled "Property
20 Subject to Taxation" is hereby amended to read as follows:

21 **44-3-3. Property exempt. [Effective January 1, 2022.]**

22 (a) The following property is exempt from taxation:

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

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

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

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

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

34 (6) Dwellings houses and the land on which they stand, not exceeding one acre in size, or

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

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

11 (8) Buildings and personal estate owned by any corporation used for a school, academy, or
12 seminary of learning, and of any incorporated public charitable institution, and the land upon which
13 the buildings stand and immediately surrounding them to an extent not exceeding one acre, so far
14 as they are used exclusively for educational purposes, but no property or estate whatever is hereafter
15 exempt from taxation in any case where any part of its income or profits, or of the business carried
16 on there, is divided among its owners or stockholders; provided, however, that unless any private
17 nonprofit corporation organized as a college or university located in the town of Smithfield reaches
18 a memorandum of agreement with the town of Smithfield, the town of Smithfield shall bill the
19 actual costs for police, fire, and rescue services supplied, unless otherwise reimbursed, to said
20 corporation commencing March 1, 2014;

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

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

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

28 (12) Property, real and personal, held for, or by, an incorporated library, society, or any
29 free public library, or any free public library society, so far as the property is held exclusively for
30 library purposes, or for the aid or support of the aged poor, or poor friendless children, or the poor
31 generally, or for a nonprofit hospital for the sick or disabled;

32 (13) Real or personal estate belonging to, or held in trust for, the benefit of incorporated
33 organizations of veterans of any war in which the United States has been engaged, the parent body
34 of which has been incorporated by act of Congress, to the extent of four hundred thousand dollars

1 (\$400,000) if actually used and occupied by the association; provided, that the city council of the
2 city of Cranston may by ordinance exempt the real or personal estate as previously described in
3 this subdivision located within the city of Cranston to the extent of five hundred thousand dollars
4 (\$500,000);

5 (14) Property, real and personal, held for, or by, the fraternal corporation, association, or
6 body created to build and maintain a building or buildings for its meetings or the meetings of the
7 general assembly of its members, or subordinate bodies of the fraternity, and for the
8 accommodation of other fraternal bodies or associations, the entire net income of which real and
9 personal property is exclusively applied or to be used to build, furnish, and maintain an asylum or
10 asylums, a home or homes, a school or schools, for the free education or relief of the members of
11 the fraternity, or the relief, support, and care of worthy and indigent members of the fraternity, their
12 wives, widows, or orphans, and any fund given or held for the purpose of public education,
13 almshouses, and the land and buildings used in connection therewith;

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

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

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

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

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

1 (20) Manufacturer's inventory.

2 (i) For the purposes of §§ 44-4-10, 44-5-3, 44-5-20, and 44-5-38, a person is deemed to be
3 a manufacturer within a city or town within this state if that person uses any premises, room, or
4 place in it primarily for the purpose of transforming raw materials into a finished product for trade
5 through any or all of the following operations: adapting, altering, finishing, making, and
6 ornamenting; provided, that public utilities; non-regulated power producers commencing
7 commercial operation by selling electricity at retail or taking title to generating facilities on or after
8 July 1, 1997; building and construction contractors; warehousing operations, including distribution
9 bases or outlets of out-of-state manufacturers; and fabricating processes incidental to warehousing
10 or distribution of raw materials, such as alteration of stock for the convenience of a customer; are
11 excluded from this definition;

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

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

31 (iv) Within the meaning of the preceding paragraphs of this subdivision, the term
32 "manufacturer" also includes persons who are principally engaged in any of the general activities
33 coded and listed as establishments engaged in manufacturing in the Standard Industrial
34 Classification Manual prepared by the Technical Committee on Industrial Classification, Office of

1 Statistical Standards, Executive Office of the President, United States Bureau of the Budget, as
2 revised from time to time, but eliminating as manufacturers those persons, who, because of their
3 limited type of manufacturing activities, are classified in the manual as falling within the trade
4 rather than an industrial classification of manufacturers. Among those thus eliminated, and
5 accordingly also excluded as manufacturers within the meaning of this paragraph, are persons
6 primarily engaged in selling, to the general public, products produced on the premises from which
7 they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and
8 custom tailors, except, that a person who manufactures bakery products for sale primarily for home
9 delivery, or through one or more non-baking retail outlets, and whether or not retail outlets are
10 operated by the person, is a manufacturer within the meaning of this paragraph;

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

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

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

28 (22) Manufacturing machinery and equipment acquired or used by a manufacturer after
29 December 31, 1974. Manufacturing machinery and equipment is defined as:

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

34 (ii) Machinery and equipment that is partially used in the actual manufacture or conversion

1 of raw materials or goods in process of manufacture by a manufacturer, as defined in subdivision
2 (20), and machinery, fixtures, and equipment used by a manufacturer for research and development
3 or for quality assurance of its manufactured products, to the extent to which the machinery and
4 equipment is used for the manufacturing processes, research and development, or quality assurance.
5 In the instances where machinery and equipment is used in both manufacturing and/or research and
6 development and/or quality assurance activities and non-manufacturing activities, the assessment
7 on machinery and equipment is prorated by applying the percentage of usage of the equipment for
8 the manufacturing, research and development, and quality-assurance activity to the value of the
9 machinery and equipment for purposes of taxation, and the portion of the value used for
10 manufacturing, research and development, and quality assurance is exempt from taxation. The
11 burden of demonstrating this percentage usage of machinery and equipment for manufacturing and
12 for research and development and/or quality assurance of its manufactured products rests with the
13 manufacturer; and

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

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

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

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

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

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

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

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

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

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

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

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

11 (34) Real and tangible personal property of St. Mary Academy — Bay View, located in
12 East Providence, Rhode Island;

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

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

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

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

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

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

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

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

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

1 years;

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

5 (45) The real and personal property located within the town of West Warwick at 211
6 Cowesett Avenue, Plat 29-Lot 25, which consists of approximately twenty-eight thousand seven
7 hundred fifty (28,750) square feet and is owned by the Station Fire Memorial Foundation of East
8 Greenwich, a Rhode Island nonprofit corporation;

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

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

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

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

18 (50) Real and personal property located at 415 Tower Hill Road within the town of North
19 Kingstown, of South County Community Action, Inc., a qualified tax-exempt corporation under §
20 501(c)(3) of the United States Internal Revenue Code;

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

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

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

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

34 (55) Real and personal property located within the town of West Warwick of Tides Family

1 Services, Inc., a Rhode Island nonprofit corporation;

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

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

6 (58) Real and tangible personal property of Habitat for Humanity of Rhode Island—
7 Greater Providence, Inc., a Rhode Island nonprofit corporation, located in Providence, Rhode
8 Island;

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

11 (60) Real and personal property located at 321 Main Street, within the town of South
12 Kingstown, of the Contemporary Theatre Company, a qualified, tax-exempt corporation under §
13 501(c)(3) of the United States Internal Revenue Code;

14 (61) Real and personal property of The Samaritans, Inc., a Rhode Island nonprofit §
15 501(c)(3) corporation located at 67 Park Place, Pawtucket, Rhode Island, to the extent the city
16 council of Pawtucket may from time to time determine;

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

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

23 (64) Real and personal property located at 54 Kelly Avenue within the town of East
24 Providence, of the Associated Radio Amateurs of Southern New England, a Rhode Island nonprofit
25 corporation;

26 (65) Real and tangible personal property of Providence Country Day School, a Rhode
27 Island nonprofit corporation, located in East Providence, Rhode Island and further identified as plat
28 406, block 6, lot 6, and plat 506, block 1, lot 8;

29 (66) As an effort to promote business growth, tangible business or personal property, in
30 whole or in part, within the town of Bristol's community limits, subject to authorization by formal
31 action of the town council of the town of Bristol;

32 (67) Real and tangible personal property of the Heritage Harbor Foundation, a Rhode
33 Island nonprofit corporation, located at 1445 Wampanoag Trail, Suites 103 and 201, within the city
34 of East Providence;

1 (68) Real property of Ocean State Community Wellness, Inc., a qualified tax-exempt
2 corporation under § 501(c)(3) of the United States Internal Revenue Code, located in North
3 Kingstown, Rhode Island, with a physical address of 7450 Post Road, and further identified as plat
4 108, lot 83;

5 (69) Real and tangible personal property of St. John Baptist De La Salle Institute, d/b/a La
6 Salle Academy, a Rhode Island domestic nonprofit corporation, located in Providence, Rhode
7 Island denominated at the time this subsection was adopted as Plat 83 Lot 276 by the tax assessor
8 for the city of Providence comprising approximately 26.08 acres of land along with all buildings
9 and improvements that have been or may be made;

10 (70) Real and tangible personal property of The Providence Community Health Centers,
11 Inc., a Rhode Island domestic nonprofit corporation, located in Providence, Rhode Island; and

12 (71) In the city of Central Falls and the city of Pawtucket, real property and tangible
13 personal property located on or in the premise acquired or leased by a railroad entity and for the
14 purpose of providing boarding and disembarking of railroad passengers and the supporting
15 passenger railroad operations and services. For the purpose of this section, a railroad entity shall be
16 any incorporated entity that has been duly authorized by the Rhode Island public utilities
17 commission to provide passenger railroad services.

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) Notwithstanding any other provision of law to the contrary, in an effort to provide relief
4 for businesses, including small businesses, and to promote economic development, a city, town, or
5 fire district may establish an exemption for tangible personal property within its geographic limits
6 by formal action of the appropriate governing body within the city, town, or fire district, which
7 exemptions shall be uniformly applied and in compliance with local tax classification requirements.
8 Exemptions established pursuant to this subsection shall conform to the requirements of § 44-5-
9 12.2.

10 SECTION 7. Chapter 44-5 of the General Laws entitled " Levy and Assessment of Local
11 Taxes" is hereby amended by adding thereto the following sections:

12 **44-5-11.16. Division of Municipal Finance Classification Exemption Authority.**

13 Notwithstanding any other provision of law to the contrary, the Division of Municipal
14 Finance (Division) within the Department of Revenue shall have the authority to grant a one-year
15 exemption to any city or town authorized to have a property tax classification structure under this
16 chapter, where in the absence of such an exemption, the city or town would not be in compliance
17 with its applicable tax classification structure. Any city or town seeking such an exemption shall
18 provide the Division with any documentation that the Division deems necessary to grant an
19 exemption. Such exemption, if approved by the Division, shall be limited to one year. The city or
20 town, if granted such an exemption, shall be required to either have applicable state legislation
21 approved amending the specific section of law for which the exemption was sought or adjust its
22 class tax rates so that the city or town is in compliance for its next fiscal year.

23 **44-5-12.2. Tangible personal property exemption -- Tax rate cap.**

24 Notwithstanding any other provision of law to the contrary, the tax rate for the class of
25 property that includes tangible personal property for any city, town, or fire district that also
26 establishes a tangible personal property assessment exemption, pursuant to subsections (a)(51),
27 (a)(66), or (c) of § 44-3-3, § 44-3-47, § 44-3-65, or any other provision of law that enables a city,
28 town, or fire district to establish a tangible personal property assessment exemption, shall be capped
29 at the tax rate in effect for the assessment date immediately preceding the assessment date on which
30 the exemption takes effect or the assessment date immediately following the effective date of this
31 section, whichever is later.

32 SECTION 8. Section 44-18-30 of the General Laws in Chapter 44-18 entitled "Sales and
33 Use Taxes - Liability and Computation" is hereby amended to read as follows:

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

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

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

6 (2) Newspapers.

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

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

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

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

18 (4) Containers.

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

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

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

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

28 (D) Keg and barrel containers, whether returnable or not, when sold to alcoholic beverage
29 producers who place the alcoholic beverages in the containers.

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

33 (5)(i) Charitable, educational, and religious organizations. From the sale to, as in defined
34 in this section, and from the storage, use, and other consumption in this state, or any other state of

1 the United States of America, of tangible personal property by hospitals not operated for a profit;
2 "educational institutions" as defined in subdivision (18) not operated for a profit; churches,
3 orphanages, and other institutions or organizations operated exclusively for religious or charitable
4 purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting
5 leagues and associations and bands for boys and girls under the age of nineteen (19) years; the
6 following vocational student organizations that are state chapters of national vocational student
7 organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of
8 America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers
9 of America/Home Economics Related Occupations (FHA/HERD); Vocational Industrial Clubs of
10 America (VICA); organized nonprofit golden age and senior citizens clubs for men and women;
11 and parent-teacher associations; and from the sale, storage, use, and other consumption in this state,
12 of and by the Industrial Foundation of Burrillville, a Rhode Island domestic nonprofit corporation.

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

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

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

28 (i) Gasoline and other products taxed under chapter 36 of title 31 and (ii) Fuels used for the
29 propulsion of airplanes.

30 (7) Purchase for manufacturing purposes.

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

1 manufactured, compounded, processed, assembled, or prepared product, or if the property or
2 service is consumed in the process of manufacturing for resale computer software, tangible personal
3 property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

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

6 (iii) "Consumed" includes mere obsolescence.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (12) Coffins, caskets, urns, shrouds and burial garments. From the sale and from the
19 storage, use, or other consumption in this state of coffins, caskets, [burial containers](#), urns, [urn liners](#),
20 [urn vaults](#), [grave liners](#), [grave vaults](#), [burial tent setups](#), [prayer cards](#), shrouds, and other burial
21 garments that are ordinarily sold by a funeral director as part of the business of funeral directing.

22 (13) Motor vehicles sold to nonresidents.

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

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

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

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

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

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

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

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

32 (18) Educational institutions. From the rental charged by any educational institution for
33 living quarters, or sleeping, or housekeeping accommodations or other rooms or accommodations
34 to any student or teacher necessitated by attendance at an educational institution. "Educational

1 institution" as used in this section means an institution of learning not operated for profit that is
2 empowered to confer diplomas, educational, literary, or academic degrees; that has a regular
3 faculty, curriculum, and organized body of pupils or students in attendance throughout the usual
4 school year; that keeps and furnishes to students and others records required and accepted for
5 entrance to schools of secondary, collegiate, or graduate rank; and no part of the net earnings of
6 which inures to the benefit of any individual.

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

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

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

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

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

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

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

30 (22) Manufacturing machinery and equipment.

31 (i) From the sale and from the storage, use, or other consumption in this state of tools, dies,
32 molds, machinery, equipment (including replacement parts), and related items to the extent used in
33 an industrial plant in connection with the actual manufacture, conversion, or processing of tangible
34 personal property, or to the extent used in connection with the actual manufacture, conversion, or

1 processing of computer software as that term is utilized in industry numbers 7371, 7372, and 7373
2 in the standard industrial classification manual prepared by the Technical Committee on Industrial
3 Classification, Office of Statistical Standards, Executive Office of the President, United States
4 Bureau of the Budget, as revised from time to time, to be sold, or that machinery and equipment
5 used in the furnishing of power to an industrial manufacturing plant. For the purposes of this
6 subdivision, "industrial plant" means a factory at a fixed location primarily engaged in the
7 manufacture, conversion, or processing of tangible personal property to be sold in the regular
8 course of business;

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

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

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

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

1 to any other type of motor vehicle.

2 (24) Precious metal bullion.

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

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

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

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

16 (26) Commercial fishing vessels. From the sale and from the storage, use, or other
17 consumption in this state of vessels and other watercraft that are in excess of five (5) net tons and
18 that are used exclusively for "commercial fishing," as defined in this subdivision, and from the
19 repair, alteration, or conversion of those vessels and other watercraft, and from the sale of property
20 purchased for the use of those vessels and other watercraft including provisions, supplies, and
21 material for the maintenance and/or repair of the vessels and other watercraft and the boats nets,
22 cables, tackle, and other fishing equipment appurtenant to or used in connection with the
23 commercial fishing of the vessels and other watercraft. "Commercial fishing" means taking or
24 attempting to take any fish, shellfish, crustacea, or bait species with the intent of disposing of it for
25 profit or by sale, barter, trade, or in commercial channels. The term does not include subsistence
26 fishing, i.e., the taking for personal use and not for sale or barter; or sport fishing; but shall include
27 vessels and other watercraft with a Rhode Island party and charter boat license issued by the
28 department of environmental management pursuant to § 20-2-27.1 that meet the following criteria:

29 (i) The operator must have a current United States Coast Guard (U.S.C.G.) license to carry
30 passengers for hire; (ii) U.S.C.G. vessel documentation in the coast wide fishery trade; (iii)
31 U.S.C.G. vessel documentation as to proof of Rhode Island home port status or a Rhode Island boat
32 registration to prove Rhode Island home port status; and (iv) The vessel must be used as a
33 commercial passenger carrying fishing vessel to carry passengers for fishing. The vessel must be
34 able to demonstrate that at least fifty percent (50%) of its annual gross income derives from charters

1 or provides documentation of a minimum of one hundred (100) charter trips annually; and (v) The
2 vessel must have a valid Rhode Island party and charter boat license. The tax administrator shall
3 implement the provisions of this subdivision by promulgating rules and regulations relating thereto.

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

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

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

22 (30) Boats.

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

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

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

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

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

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

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

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

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

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

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

31 (39) Food items paid for by food stamps. From the sale and from the storage, use, or other
32 consumption in this state of eligible food items payment for which is properly made to the retailer
33 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of 1977,
34 7 U.S.C. § 2011 et seq.

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

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

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

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

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

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

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

34 (47) Jewelry display product. From the sale and from the storage, use, or other consumption

1 in this state of tangible personal property used to display any jewelry product; provided that title to
2 the jewelry display product is transferred by the jewelry manufacturer or seller and that the jewelry
3 display product is shipped out of state for use solely outside the state and is not returned to the
4 jewelry manufacturer or seller.

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

10 (49) Banks and regulated investment companies interstate toll-free calls. Notwithstanding
11 the provisions of this chapter, the tax imposed by this chapter does not apply to the furnishing of
12 interstate and international, toll-free terminating telecommunication service that is used directly
13 and exclusively by or for the benefit of an eligible company as defined in this subdivision; provided
14 that an eligible company employs on average during the calendar year no less than five hundred
15 (500) "full-time equivalent employees" as that term is defined in § 42-64.5-2. For purposes of this
16 section, an "eligible company" means a "regulated investment company" as that term is defined in
17 the Internal Revenue Code of 1986, 26 U.S.C. § 851, or a corporation to the extent the service is
18 provided, directly or indirectly, to or on behalf of a regulated investment company, an employee
19 benefit plan, a retirement plan or a pension plan, or a state-chartered bank.

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

23 (51) Manufacturing business reconstruction materials.

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

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

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

34 (iv) To the extent that the costs of the reconstruction materials are reimbursed by insurance,

1 this exemption does not apply.

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

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

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

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

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

1 had in his or her possession a valid out-of-state non-motorized recreational vehicle registration or
2 a valid out-of-state driver's license.

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

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

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

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

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

1 hot water system or a solar space heating system. If the tank comes with an external heat exchanger
2 it shall also be tax exempt, but a standard hot water tank is not exempt from state sales tax.

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

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

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

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

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

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

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

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

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

29 [\(67\) Breast pump products. From the sale and from the storage, use, or other consumption](#)
30 [of breast pumps and breast pump collection and storage supplies, when sold to individuals for home](#)
31 [use and any repair or replacement parts for such products.](#)

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

34 **44-30-12 Rhode Island income of a resident individual.**

1 (a) General. The Rhode Island income of a resident individual means his or her adjusted
2 gross income for federal income tax purposes, with the modifications specified in this section.

3 (b) Modifications increasing federal adjusted gross income. There shall be added to federal
4 adjusted gross income:

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

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

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

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

15 (A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal
16 Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-
17 6.1; and

18 (B) A withdrawal or distribution that is:

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

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

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

29 (ii) In the event of a nonqualified withdrawal under subsection (b)(4)(i)(A) or (b)(4)(i)(B)
30 of this section, there shall be added to the federal adjusted gross income of that person for the
31 taxable year of the withdrawal an amount equal to the lesser of:

32 (A) The amount equal to the nonqualified withdrawal reduced by the sum of any
33 administrative fee or penalty imposed under the tuition savings program in connection with the
34 nonqualified withdrawal plus the earnings portion thereof, if any, includible in computing the

1 person's federal adjusted gross income for the taxable year; and

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

8 (5) The modification described in § 44-30-25.1(d)(3)(i);

9 (6) The amount equal to any unemployment compensation received but not included in
10 federal adjusted gross income;

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

13 (8) For any taxable year beginning on or after January 1, 2020, the amount of any Paycheck
14 Protection Program loan forgiven for federal income tax purposes as authorized by the Coronavirus
15 Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act, 2021 and/or
16 any other subsequent federal stimulus relief packages enacted by law, to the extent that the amount
17 of the loan forgiven exceeds \$250,000, including an individual's distributive share of the amount
18 of a pass-through entity's loan forgiveness in excess of \$250,000.

19 (c) Modifications reducing federal adjusted gross income. There shall be subtracted from
20 federal adjusted gross income:

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

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

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

34 (4) Contributions made to an account under the tuition savings program, including the

1 "contributions carryover" pursuant to subsection (c)(4)(iv) of this section, if any, subject to the
2 following limitations, restrictions and qualifications:

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

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

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

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

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

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

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

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

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

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

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

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

1 (7) Modification for organ transplantation.

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

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

11 (A) Travel expenses.

12 (B) Lodging expenses.

13 (C) Lost wages.

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

16 (8) Modification for taxable Social Security income.

17 (i) For tax years beginning on or after January 1, 2016:

18 (A) For a person who has attained the age used for calculating full or unreduced social
19 security retirement benefits who files a return as an unmarried individual, head of household, or
20 married filing separate whose federal adjusted gross income for the taxable year is less than eighty
21 thousand dollars (\$80,000); or

22 (B) A married individual filing jointly or individual filing qualifying widow(er) who has
23 attained the age used for calculating full or unreduced social security retirement benefits whose
24 joint federal adjusted gross income for the taxable year is less than one hundred thousand dollars
25 (\$100,000), an amount equal to the social security benefits includible in federal adjusted gross
26 income.

27 (ii) Adjustment for inflation. The dollar amount contained in subsections (c)(8)(i)(A) and
28 (c)(8)(i)(B) of this section shall be increased annually by an amount equal to:

29 (A) Such dollar amount contained in subsections (c)(8)(i)(A) and (c)(8)(i)(B) of this section
30 adjusted for inflation using a base tax year of 2000, multiplied by;

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

32 (iii) For the purposes of this section the cost-of-living adjustment for any calendar year is
33 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
34 the consumer price index for the base year. The consumer price index for any calendar year is the

1 average of the consumer price index as of the close of the twelve-month (12) period ending on
2 August 31, of such calendar year.

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

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

12 (9) Modification ~~for up to fifteen thousand dollars (\$15,000)~~ of taxable retirement income
13 from certain pension plans or annuities.

14 (i) For tax years beginning on or after January 1, 2017 until tax year beginning January 1,
15 2022, a modification shall be allowed for up to fifteen thousand dollars (\$15,000), and for tax years
16 beginning on or after January 1, 2023 a modification shall be allowed for up to twenty thousand
17 dollars (\$20,000), of taxable pension and/or annuity income that is included in federal adjusted
18 gross income for the taxable year:

19 (A) For a person who has attained the age used for calculating full or unreduced social
20 security retirement benefits who files a return as an unmarried individual, head of household, or
21 married filing separate whose federal adjusted gross income for such taxable year is less than the
22 amount used for the modification contained in subsection (c)(8)(i)(A) of this section an amount not
23 to exceed \$15,000 for tax years beginning on or after January 1, 2017 until tax year beginning
24 January 1, 2022, and an amount not to exceed twenty thousand dollars (\$20,000) for tax years
25 beginning on or after January 1, 2023, of taxable pension and/or annuity income includible in
26 federal adjusted gross income; or

27 (B) For a married individual filing jointly or individual filing qualifying widow(er) who
28 has attained the age used for calculating full or unreduced social security retirement benefits whose
29 joint federal adjusted gross income for such taxable year is less than the amount used for the
30 modification contained in subsection (c)(8)(i)(B) of this section an amount not to exceed \$15,000
31 for tax years beginning on or after January 1, 2017 until tax year beginning January 1, 2022, and
32 an amount not to exceed twenty thousand dollars (\$20,000) for tax years beginning on or after
33 January 1, 2023, of taxable pension and/or annuity income includible in federal adjusted gross
34 income.

1 (ii) Adjustment for inflation. The dollar amount contained by reference in subsections
2 (c)(9)(i)(A) and (c)(9)(i)(B) of this section shall be increased annually for tax years beginning on
3 or after January 1, 2018, by an amount equal to:

4 (A) Such dollar amount contained by reference in subsections (c)(9)(i)(A) and (c)(9)(i)(B)
5 of this section adjusted for inflation using a base tax year of 2000, multiplied by;

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

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

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

16 (v) If any increase determined under this section is not a multiple of fifty dollars (\$50.00),
17 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
18 married individual filing a separate return, if any increase determined under this section is not a
19 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple
20 of twenty-five dollars (\$25.00); and

21 (vi) For tax years beginning on or after January 1, 2022, the dollar amount contained by
22 reference in subsection (c)(9)(i)(A) shall be adjusted to equal the dollar amount contained in
23 subsection (c)(8)(i)(A), as adjusted for inflation, and the dollar amount contained by reference in
24 subsection(c)(9)(i)(B) shall be adjusted to equal the dollar amount contained in subsection
25 (c)(8)(i)(B), as adjusted for inflation.

26 (10) Modification for Rhode Island investment in opportunity zones. For purposes of a
27 taxpayer's state tax liability, in the case of any investment in a Rhode Island opportunity zone by
28 the taxpayer for at least seven (7) years, a modification to income shall be allowed for the
29 incremental difference between the benefit allowed under 26 U.S.C. § 1400Z-2(b)(2)(B)(iv) and
30 the federal benefit allowed under 26 U.S.C. § 1400Z-2(c); and

31 (11) Modification for military service pensions.

32 (i) For purposes of a taxpayer's state tax liability, a modification to income shall be allowed
33 as follows:

34 (A) For the tax year beginning on January 1, 2023, a taxpayer may subtract from federal

1 adjusted gross income the taxpayer's military service pension benefits included in federal adjusted
2 gross income;

3 (ii) As used in this subsection, the term "military service" shall have the same meaning as
4 set forth in 20 CFR Section 212.2.

5 (iii) At no time shall the modification allowed under this subsection alone or in conjunction
6 with subsection (c)(9) exceed the amount of the military service pension received in the tax year
7 for which the modification is claimed.

8 (12) Any rebate issued to the taxpayer pursuant to § 44-30-103 to the extent included in
9 gross income for federal tax purposes.

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

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

17 SECTION 10. Chapter 30 of Title 44 of the General Laws entitled "Personal Income Tax"
18 is amended to add Section 103 as follows:

19 **44-30-103. Child Tax Rebates.**

20 (a) As used in this section, (1) "child" means an individual who is eighteen years of age or
21 under as of December 31, 2021, and (2) "eligible taxpayer" means any natural person domiciled in
22 this state who filed a Rhode Island state personal income tax return for the 2021 taxable year by
23 the due date for filing said return either as a:

24 (1) Single, married filing separately, head of household, or qualifying widow/widower
25 taxpayer with a federal adjusted gross income of \$100,000.00 or less for the 2021 taxable year; or

26 (2) Married filing jointly with a federal adjusted gross income of \$200,000.00 or less.

27 (b) (1) An eligible taxpayer will be issued a rebate payment in the amount of two hundred
28 fifty dollars for each child, up to a maximum of three children, who the eligible taxpayer validly
29 claims as a dependent on such taxpayer's Rhode Island state personal income tax return properly
30 filed with this state for the 2021 taxable year by the due date for filing said return.

31 (2) The rebate amount shall be determined by the division of taxation based on the eligible
32 taxpayer's Rhode Island state personal income tax return filed for the 2021 taxable year in
33 accordance with this section and no determination shall be based on amended filings received by
34 the division of taxation after August 31, 2022.

1 (3) In the case of a married couple filing separately, the rebate payment will be made to the
2 eligible taxpayer making the filing and in the case of a married couple filing jointly, the rebate
3 payment will be made jointly to the eligible taxpayers.

4 (4) Rebate payments made under this subsection shall not be subject to offset pursuant to
5 chapter 44-30.1 and shall not be considered income for the purposes of state personal income tax
6 under chapter 44-30 or for determining eligibility for any state program.

7 (5) In no event shall the rebate amount provided for in this section accrue interest for the
8 benefit of any eligible taxpayer.

9 (6) In addition to all other penalties provided under Rhode Island state law, any eligible
10 taxpayer that fraudulently claims a dependent on the taxpayer's Rhode Island state personal income
11 tax return shall pay a ten thousand dollar (\$10,000) penalty for each dependent fraudulently claimed
12 and shall pay any rebate amount fraudulently received. The tax administrator shall have the same
13 powers to collect payment under this subsection as under title 44 of the general laws.

14 SECTION 11. Section 44-33-9 of the General Laws in Chapter 44-33 entitled "Property
15 Tax Relief" is hereby amended to read as follows:

16 **44-33-9. Computation of credit.**

17 The amount of any claim made pursuant to this chapter shall be determined as follows:

18 (1) For any taxable year, a claimant is entitled to a credit against his or her tax liability
19 equal to the amount by which the property taxes accrued or rent constituting property taxes accrued
20 upon the claimant's homestead for the taxable year exceeds a certain percentage of the claimant's
21 total household income for that taxable year, which percentage is based upon income level and
22 household size. The credit shall be computed in accordance with the following table:

| Income Range | 1 Person | 2 or More Persons |
|--|----------|-------------------|
| less than \$6000 | 3% | 3% |
| \$6001-9000 | 4% | 4% |
| \$9001-12000 | 5% | 5% |
| \$12001-15000 | 6% | 5% |
| \$15001- 30000 <u>35000</u> | 6% | 6% |

29 (2) The maximum amount of the credit granted under this chapter will be as follows:

| Year | Credit Maximum |
|----------------------|----------------|
| Commencing July 1977 | \$55.00 |
| Commencing July 1978 | \$150.00 |
| Commencing July 1979 | \$175.00 |
| Commencing July 1980 | \$200.00 |

1 Commencing on July 1997 and subsequent years \$250.00

2 Commencing on July 2006 \$300.00

3 Commencing July 2007 ~~and subsequent years~~ until July 2022, the credit shall be increased,
4 at a minimum, to the maximum amount to the nearest five dollars (\$5.00) increment within the
5 allocation of five one-hundredths of one percent (0.05%) of net terminal income derived from video
6 lottery games up to a maximum of five million dollars (\$5,000,000) until a maximum credit of five
7 hundred dollars (\$500) is obtained pursuant to the provisions of § 42-61-15. In no event shall the
8 exemption in any fiscal year be less than the prior fiscal year.

9 Commencing July 2022 the maximum credit shall be six hundred dollars (\$600).

10 Commencing July 2023 and subsequent years, the income range provided pursuant to
11 subsection (1) of this section and the maximum credit granted pursuant to subsection (2) of this
12 section shall be adjusted by the percentage increase in the Consumer Price Index for all Urban
13 Consumers (CPI-U) as published by the United States Department of Labor Statistics determined
14 as of September 30 of the prior calendar years. Said adjustment shall be compounded annually and
15 shall be rounded up to the nearest five dollar (\$5.00) increment. In no event shall the income range
16 or the maximum credit in any fiscal year be less than the prior fiscal year.

17 SECTION 12. Chapter 44-34.1 of the General Laws entitled "Motor Vehicle and Trailer
18 Excise Tax Elimination Act of 1998" is hereby amended by adding thereto the following section:

19 **44-34.1-5. Excise tax elimination.**

20 (a) Notwithstanding any provisions of the general or public laws to the contrary, for each
21 city, town, and fire district, except for the city of East Providence:

22 (1) The motor vehicle and trailer excise tax established by § 44-34-1 shall be repealed
23 effective July 1, 2022. For fiscal year 2023 and thereafter, no tax shall be levied.

24 (2) For fiscal year 2023, each city, town, and fire district shall receive a reimbursement
25 equal to the amount it received in fiscal year 2017 plus its FY 2018 baseline amount ("FY 2023
26 reimbursement amount"). A city, town, or fire district is entitled to receive additional
27 reimbursement in fiscal year 2023 as follows:

28 (i) If the department of revenue certifies that a city, town, or fire district's budgeted motor
29 vehicle levy for the assessment date of December 31, 2021 is in excess of its FY 2023
30 reimbursement amount, the city, town, or fire district shall be reimbursed the difference between
31 such motor vehicle levy and its FY2023 reimbursement amount.

32 (3) Any fire district reimbursement amounts outstanding as of the effective date of this act
33 shall be distributed by August 1, 2022.

34 (4) For fiscal year 2024 and thereafter, cities, towns, and fire districts shall receive

1 [reimbursements in accordance with § 44-34.1-2.](#)

2 [\(b\) Notwithstanding any provisions of the general or public laws to the contrary, for the](#)
3 [city of East Providence the following shall apply:](#)

4 [\(1\) It shall levy the excise tax in its fiscal year 2022 because its implementation of the](#)
5 [phase out was delayed by one year to match its fiscal year.](#)

6 [\(2\) The motor vehicle and trailer excise tax established by § 44-34-1 shall be repealed](#)
7 [effective July 1, 2023.](#)

8 [\(3\) For its fiscal year 2023 and thereafter, no tax shall be levied, and the city of East](#)
9 [Providence shall receive reimbursements in accordance with § 44-34.1-2.](#)

10 SECTION 13. Section 45-13-14 of the General Laws in Chapter 45-13 entitled "State Aid"
11 is hereby amended to read as follows:

12 **45-13-14. Adjustments to tax levy, assessed value, and full value when computing state**
13 **aid.**

14 (a) Whenever the director of revenue computes the relative wealth of municipalities for the
15 purpose of distributing state aid in accordance with title 16 and the provisions of § 45-13-12, he or
16 she shall base it on the full value of all property except:

17 (1) That exempted from taxation by acts of the general assembly and reimbursed under §
18 45-13-5.1 of the general laws, which shall have its value calculated as if the payment in lieu of tax
19 revenues received pursuant to § 45-13-5.1, has resulted from a tax levy;

20 (2) That whose tax levy or assessed value is based on a tax treaty agreement authorized by
21 a special public law or by reason of agreements between a municipality and the economic
22 development corporation in accordance with § 42-64-20 prior to May 15, 2005, which shall not
23 have its value included;

24 (3) That whose tax levy or assessed value is based on tax treaty agreements or tax
25 stabilization agreements in force prior to May 15, 2005, which shall not have its value included;

26 (4) That which is subject to a payment in lieu of tax agreement in force prior to May 15,
27 2005;

28 (5) Any other property exempt from taxation under state law; ~~or~~

29 (6) Any property subject to chapter 27 of title 44, taxation of Farm, Forest, and Open Space
30 Land; ~~or~~

31 [\(7\) Any property exempt from taxation, in whole or in part, under the provisions of](#)
32 [subsections \(a\)\(51\), \(a\)\(66\), or \(c\) of § 44-3-3, § 44-3-47, § 44-3-65, or any other provision of law](#)
33 [that enables a city, town, or fire district to establish a tangible personal property exemption, which](#)
34 [shall have its value calculated as the full value of the property minus the exemption amount.](#)

1 (b) The tax levy of each municipality and fire district shall be adjusted for any real estate
2 and personal property exempt from taxation by act of the general assembly by the amount of
3 payment in lieu of property tax revenue anticipated to be received pursuant to § 45-13-5.1 relating
4 to property tax from certain exempt private and state properties, and for any property subject to any
5 payment in lieu of tax agreements, any tax treaty agreements or tax stabilization agreements in
6 force after May 15, 2005, by the amount of the payment in lieu of taxes pursuant to such
7 agreements.

8 (c) Fire district tax levies within a city or town shall be included as part of the total levy
9 attributable to that city or town.

10 (d) The changes as required by subsections (a) through (c) of this section shall be
11 incorporated into the computation of entitlements effective for distribution in fiscal year 2007-2008
12 and thereafter.

13 SECTION 14. Section 8 of this article shall take effect on October 1, 2022. Sections 1
14 through 7 and Sections 9 through 13 shall take effect upon passage.