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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

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A N A C T

RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION

Introduced By: Senator Tiara T. Mack

Date Introduced: March 30, 2023

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

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

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

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

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

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

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

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

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

16 (6) Dwellings houses and the land on which they stand, not exceeding one acre in size, or  
17 the minimum lot size for zone in which the dwelling house is located, whichever is the greater,  
18 owned by, or held in trust for, any religious organization and actually used by its officiating clergy;  
19 provided, further, that in the town of Charlestown, where the property previously described in this

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

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

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

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

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

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

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

29 (13) Real or personal estate belonging to, or held in trust for, the benefit of incorporated  
30 organizations of veterans of any war in which the United States has been engaged, the parent body  
31 of which has been incorporated by act of Congress, to the extent of four hundred thousand dollars  
32 (\$400,000) if actually used and occupied by the association; provided, that the city council of the  
33 city of Cranston may by ordinance exempt the real or personal estate as previously described in  
34 this subdivision located within the city of Cranston to the extent of five hundred thousand dollars

1 (\$500,000);

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

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

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

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

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

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

32 (20) **Manufacturer's inventory.**

33 (i) For the purposes of §§ 44-4-10, 44-5-3, 44-5-20, and 44-5-38, a person is deemed to be  
34 a manufacturer within a city or town within this state if that person uses any premises, room, or

1 place in it primarily for the purpose of transforming raw materials into a finished product for trade  
2 through any or all of the following operations: adapting, altering, finishing, making, and  
3 ornamenting; provided, that public utilities; non-regulated power producers commencing  
4 commercial operation by selling electricity at retail or taking title to generating facilities on or after  
5 July 1, 1997; building and construction contractors; warehousing operations, including distribution  
6 bases or outlets of out-of-state manufacturers; and fabricating processes incidental to warehousing  
7 or distribution of raw materials, such as alteration of stock for the convenience of a customer; are  
8 excluded from this definition;

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

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

28 (iv) Within the meaning of the preceding paragraphs of this subdivision, the term  
29 “manufacturer” also includes persons who are principally engaged in any of the general activities  
30 coded and listed as establishments engaged in manufacturing in the Standard Industrial  
31 Classification Manual prepared by the Technical Committee on Industrial Classification, Office of  
32 Statistical Standards, Executive Office of the President, United States Bureau of the Budget, as  
33 revised from time to time, but eliminating as manufacturers those persons, who, because of their  
34 limited type of manufacturing activities, are classified in the manual as falling within the trade

1 rather than an industrial classification of manufacturers. Among those thus eliminated, and  
2 accordingly also excluded as manufacturers within the meaning of this paragraph, are persons  
3 primarily engaged in selling, to the general public, products produced on the premises from which  
4 they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and  
5 custom tailors, except, that a person who manufactures bakery products for sale primarily for home  
6 delivery, or through one or more non-baking retail outlets, and whether or not retail outlets are  
7 operated by the person, is a manufacturer within the meaning of this paragraph;

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

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

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

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

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

31 (ii) Machinery and equipment that is partially used in the actual manufacture or conversion  
32 of raw materials or goods in process of manufacture by a manufacturer, as defined in subdivision  
33 (20), and machinery, fixtures, and equipment used by a manufacturer for research and development  
34 or for quality assurance of its manufactured products, to the extent to which the machinery and

1 equipment is used for the manufacturing processes, research and development, or quality assurance.  
2 In the instances where machinery and equipment is used in both manufacturing and/or research and  
3 development and/or quality assurance activities and non-manufacturing activities, the assessment  
4 on machinery and equipment is prorated by applying the percentage of usage of the equipment for  
5 the manufacturing, research and development, and quality-assurance activity to the value of the  
6 machinery and equipment for purposes of taxation, and the portion of the value used for  
7 manufacturing, research and development, and quality assurance is exempt from taxation. The  
8 burden of demonstrating this percentage usage of machinery and equipment for manufacturing and  
9 for research and development and/or quality assurance of its manufactured products rests with the  
10 manufacturer; and

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

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

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

32 (25) Subject to authorization by formal action of the council of any city or town, any real  
33 or personal property owned by, held in trust for, or leased to an organization incorporated under  
34 chapter 6 of title 7, as amended, or an organization meeting the definition of “charitable trust” set

1 out in § 18-9-4, as amended, or an organization incorporated under the not-for-profits statutes of  
2 another state or the District of Columbia, the purpose of which is the conserving of open space, as  
3 that term is defined in chapter 36 of title 45, as amended, provided the property is used exclusively  
4 for the purposes of the organization;

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

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

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

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

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

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

32 (32) The buildings, personal property, and land upon which the buildings stand, located on  
33 Pomham Island, East Providence, currently identified as Assessor’s Map 211, Block 01, Parcel  
34 001.00, that consists of approximately twenty-one thousand three hundred (21,300) square feet and

1 is located approximately eight hundred sixty feet (860'), more or less, from the shore, and limited  
2 exclusively to these said buildings, personal estate and land, provided that said property is owned  
3 by a qualified 501(c)(3) organization, such as the American Lighthouse Foundation, and is used  
4 exclusively for a lighthouse;

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

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

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

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

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

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

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

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

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

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

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

33 (44) Real and personal property of the Rhode Island Philharmonic Orchestra and Music  
34 School; provided, that the organization is qualified as a tax-exempt corporation under § 501(c)(3)



1 of the United States Internal Revenue Code;

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

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

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

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

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

15 (50) Real and personal property located at 415 Tower Hill Road within the town of North  
16 Kingstown, of South County Community Action, Inc., a qualified tax-exempt corporation under §  
17 501(c)(3) of the United States Internal Revenue Code;

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

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

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

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

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

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

1 (57) Real and personal property located within the town of Middletown of Lucy’s Hearth,  
2 a Rhode Island nonprofit corporation;

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

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

8 (60) Real and personal property located at 321 Main Street, within the town of South  
9 Kingstown, of the Contemporary Theatre Company, a qualified, tax-exempt corporation under §  
10 501(c)(3) of the United States Internal Revenue Code;

11 (61) Real and personal property of The Samaritans, Inc., a Rhode Island nonprofit §  
12 501(c)(3) corporation located at 67 Park Place, Pawtucket, Rhode Island, to the extent the city  
13 council of Pawtucket may from time to time determine;

14 (62) Real and personal property of North Kingstown, Exeter Animal Protection League,  
15 Inc., dba “Pet Refuge,” 500 Stony Lane, a Rhode Island nonprofit corporation, located in North  
16 Kingstown, Rhode Island;

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

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

23 (65) Real and tangible personal property of Providence Country Day School, a Rhode  
24 Island nonprofit corporation, located in East Providence, Rhode Island and further identified as plat  
25 406, block 6, lot 6, and plat 506, block 1, lot 8;

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

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

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

1 108, lot 83;

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

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

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

15 (72) Real and tangible personal property of the American Legion Riverside Post Holding  
16 Company, d/b/a American Legion Post 10, a Rhode Island nonprofit corporation, located at 830  
17 Willet Avenue, within the city of East Providence on Map 513, Block 27, Parcel 001.00 as long as  
18 said property is owned by American Legion Post 10;

19 (73) Real and tangible personal property of the Holy Rosary Band Society, a Rhode Island  
20 nonprofit corporation, located at 328 Taunton Avenue, within the city of East Providence on Map  
21 306, Block 01, Parcel 012.00;

22 (74) Real and tangible personal property of Foster Forward, a Rhode Island domestic  
23 nonprofit corporation, located within the city of Pawtucket, at 16 North Bend Street, and further  
24 identified as assessor's plat 21, lot 312;

25 (75) Real and tangible personal property of the Old and Ancient Rowers Society of Rhode  
26 Island, a Rhode Island domestic nonprofit corporation, located at 166 Walmsley Lane, within the  
27 town of North Kingstown on Plat 004/Lot 019;

28 (76) Real and tangible personal property of the Rhode Island Public Health Foundation, a  
29 domestic nonprofit corporation or any other entity formed by the Rhode Island Public Health  
30 Foundation in connection with, or to facilitate the acquisition of, one property to be owned by the  
31 Rhode Island Public Health Foundation or such entity, located in the city of Providence;

32 (77) Real and tangible personal property of the Manissean Tribal Council, a Rhode Island  
33 nonprofit corporation, located in the town of New Shoreham, Rhode Island;

34 (78) Real and tangible personal property of Sophia Academy located at 582 Elmwood

1 Avenue, the San Miguel Education Center located at 525 Branch Avenue, and the Community  
2 Preparatory School, Inc. located at 135 Prairie Avenue, all of which are domestic nonprofit  
3 corporations, and all of which are located within the city of Providence; ~~and~~

4 (79) Real and tangible personal property of Cape Verdean Museum Exhibit, a Rhode Island  
5 domestic nonprofit corporation, located at 617 Prospect Street, within the city of Pawtucket on  
6 Assessors' Plat 37, Lot 434; ~~and~~

7 (80) Real and tangible personal property of urban and small farmers.

8 (i) For purposes of this subsection:

9 (A) An "urban farmer" is a taxpayer that produces or grows food in a city or other heavily  
10 populated areas; and

11 (B) A "small farmer" is a taxpayer that farms agricultural land up to five (5) acres.

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

22 A "for-profit hospital facility" includes all real and personal property affiliated with any  
23 hospital as identified in an application filed pursuant to chapter 17 or 17.14 of title 23.  
24 Notwithstanding the above, a city or town may enter into a stabilization agreement with a for-profit  
25 hospital facility under § 44-3-9 or other laws specific to the particular city or town relating to  
26 stabilization agreements. In a year in which a nonprofit hospital facility converts to, or otherwise  
27 becomes, a for-profit hospital facility, or a for-profit hospital facility is otherwise established, in  
28 that year only the amount levied by the city or town and/or the amount payable under the  
29 stabilization agreement for that year related to the for-profit hospital facility shall not be counted  
30 towards determining the maximum tax levy permitted under § 44-5-2.

31 (c) Notwithstanding any other provision of law to the contrary, in an effort to provide relief  
32 for businesses, including small businesses, and to promote economic development, a city, town, or  
33 fire district may establish an exemption for tangible personal property within its geographic limits  
34 by formal action of the appropriate governing body within the city, town, or fire district, which

1 exemptions shall be uniformly applied and in compliance with local tax classification requirements.  
2 Exemptions established pursuant to this subsection shall conform to the requirements of § 44-5-  
3 12.2.

4 SECTION 2. Section 44-11-11 of the General Laws in Chapter 44-11 entitled "Business  
5 Corporation Tax" is hereby amended to read as follows:

6 **44-11-11. "Net income" defined.**

7 (a)(1) "Net income" means, for any taxable year and for any corporate taxpayer, the taxable  
8 income of the taxpayer for that taxable year under the laws of the United States, plus:

9 (i) Any interest not included in the taxable income;

10 (ii) Any specific exemptions;

11 (iii) The tax imposed by this chapter;

12 (iv) For any taxable year beginning on or after January 1, 2020, the amount of any Paycheck  
13 Protection Program loan forgiven for federal income tax purposes as authorized by the Coronavirus  
14 Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act, 2021 and/or  
15 any other subsequent federal stimulus relief packages enacted by law, to the extent that the amount  
16 of the loan forgiven exceeds \$250,000; and minus:

17 (v) Interest on obligations of the United States or its possessions, and other interest exempt  
18 from taxation by this state; ~~and~~

19 (vi) The federal net operating loss deduction; ~~and~~

20 (vii) Income from the production of food by urban and small farmers.

21 (A) For purposes of this subsection:

22 (I) An "urban farmer" is a taxpayer that produces or grows food in a city or other heavily  
23 populated areas; and

24 (II) A "small farmer" is a taxpayer that farms agricultural land up to five (5) acres.

25 (2) All binding federal elections made by or on behalf of the taxpayer applicable either  
26 directly or indirectly to the determination of taxable income shall be binding on the taxpayer except  
27 where this chapter or its attendant regulations specifically modify or provide otherwise. Rhode  
28 Island taxable income shall not include the "gross-up of dividends" required by the federal Internal  
29 Revenue Code to be taken into taxable income in connection with the taxpayer's election of the  
30 foreign tax credit.

31 (b) A net operating loss deduction shall be allowed, which shall be the same as the net  
32 operating loss deduction allowed under 26 U.S.C. § 172, except that:

33 (1) Any net operating loss included in determining the deduction shall be adjusted to reflect  
34 the inclusions and exclusions from entire net income required by subsection (a) of this section and

1 § 44-11-11.1;

2 (2) The deduction shall not include any net operating loss sustained during any taxable year  
3 in which the taxpayer was not subject to the tax imposed by this chapter; and

4 (3) The deduction shall not exceed the deduction for the taxable year allowable under 26  
5 U.S.C. § 172; provided, that the deduction for a taxable year may not be carried back to any other  
6 taxable year for Rhode Island purposes but shall only be allowable on a carry forward basis for the  
7 five (5) succeeding taxable years.

8 (c) “Domestic international sales corporations” (referred to as DISCs), for the purposes of  
9 this chapter, will be treated as they are under federal income tax law and shall not pay the amount  
10 of the tax computed under § 44-11-2(a). Any income to shareholders of DISCs is to be treated in  
11 the same manner as it is treated under federal income tax law as it exists on December 31, 1984.

12 (d) A corporation that qualifies as a “foreign sales corporation” (FSC) under the provisions  
13 of subchapter N, 26 U.S.C. § 861 et seq., and that has in effect for the entire taxable year a valid  
14 election under federal law to be treated as a FSC, shall not pay the amount of the tax computed  
15 under § 44-11-2(a). Any income to shareholders of FSCs is to be treated in the same manner as it  
16 is treated under federal income tax law as it exists on January 1, 1985.

17 (e) For purposes of a corporation’s state tax liability, any deduction to income allowable  
18 under 26 U.S.C. § 1400Z-2(c) may be claimed in the case of any investment held by the taxpayer  
19 for at least seven years. The division of taxation shall promulgate, in its discretion, rules and  
20 regulations relative to the accelerated application of deductions under 26 U.S.C. § 1400Z-2(c).

21 SECTION 3. Section 44-18-30 of the General Laws in Chapter 44-18 entitled "Sales and  
22 Use Taxes — Liability and Computation" is hereby amended to read as follows:

23 **44-18-30. Gross receipts exempt from sales and use taxes.**

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

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

29 (2) Newspapers.

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

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

34 (iii) “Newspaper” does not include a magazine, handbill, circular, flyer, sales catalog, or

1 similar item unless the item is printed for, and distributed as, a part of a newspaper.

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

7 (4) Containers.

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

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

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

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

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

19 (ii) As used in this subdivision, the term “returnable containers” means containers of a kind  
20 customarily returned by the buyer of the contents for reuse. All other containers are “non-returnable  
21 containers.”

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

1 of and by the Industrial Foundation of Burrillville, a Rhode Island domestic nonprofit corporation.

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

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

16 (6) Gasoline. From the sale and from the storage, use, or other consumption in this state  
17 of: (i) Gasoline and other products taxed under chapter 36 of title 31 and (ii) Fuels used for the  
18 propulsion of airplanes.

19 (7) Purchase for manufacturing purposes.

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

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

29 (iii) "Consumed" includes mere obsolescence.

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

32 (v) "Process of manufacturing" means and includes all production operations performed in  
33 the producing or processing room, shop, or plant, insofar as the operations are a part of and  
34 connected with the manufacturing for resale of tangible personal property, electricity, natural gas,



1 artificial gas, steam, refrigeration, or water and all production operations performed insofar as the  
2 operations are a part of and connected with the manufacturing for resale of computer software.

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

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

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

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

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

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

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

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

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

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

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

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

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

11           (13) Motor vehicles sold to nonresidents.

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

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

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

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

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

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

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

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

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

31 (i) From the sale of: (A) Special adaptations; (B) The component parts of the special  
32 adaptations; or (C) A specially adapted motor vehicle; provided that the owner furnishes to the tax  
33 administrator an affidavit of a licensed physician to the effect that the specially adapted motor  
34 vehicle is necessary to transport a family member with a disability or where the vehicle has been

1 specially adapted to meet the specific needs of the person with a disability. This exemption applies  
2 to not more than one motor vehicle owned and registered for personal, noncommercial use.

3 (ii) For the purpose of this subsection the term “special adaptations” includes, but is not  
4 limited to: wheelchair lifts, wheelchair carriers, wheelchair ramps, wheelchair securements, hand  
5 controls, steering devices, extensions, relocations, and crossovers of operator controls, power-  
6 assisted controls, raised tops or dropped floors, raised entry doors, or alternative signaling devices  
7 to auditory signals.

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

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

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

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

19 (22) Manufacturing machinery and equipment.

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

32 (ii) Machinery and equipment and related items are not deemed to be used in connection  
33 with the actual manufacture, conversion, or processing of tangible personal property, or in  
34 connection with the actual manufacture, conversion, or processing of computer software as that

1 term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification  
2 manual prepared by the Technical Committee on Industrial Classification, Office of Statistical  
3 Standards, Executive Office of the President, United States Bureau of the Budget, as revised from  
4 time to time, to be sold to the extent the property is used in administration or distribution operations;

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

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

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

25 (24) Precious metal bullion.

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

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

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

34 (25) Commercial vessels. From sales made to a commercial ship, barge, or other vessel of

1 fifty (50) tons burden or over, primarily engaged in interstate or foreign commerce, and from the  
2 repair, alteration, or conversion of the vessels, and from the sale of property purchased for the use  
3 of the vessels including provisions, supplies, and material for the maintenance and/or repair of the  
4 vessels.

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

27 (27) Clothing and footwear. From the sales of articles of clothing, including footwear,  
28 intended to be worn or carried on or about the human body for sales prior to October 1, 2012.  
29 Effective October 1, 2012, the exemption will apply to the sales of articles of clothing, including  
30 footwear, intended to be worn or carried on or about the human body up to two hundred and fifty  
31 dollars (\$250) of the sales price per item. For the purposes of this section, “clothing or footwear”  
32 does not include clothing accessories or equipment or special clothing or footwear primarily  
33 designed for athletic activity or protective use as these terms are defined in § 44-18-7.1(f). In  
34 recognition of the work being performed by the streamlined sales and use tax governing board,

1 upon passage of any federal law that authorizes states to require remote sellers to collect and remit  
2 sales and use taxes, this unlimited exemption will apply as it did prior to October 1, 2012. The  
3 unlimited exemption on sales of clothing and footwear shall take effect on the date that the state  
4 requires remote sellers to collect and remit sales and use taxes.

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

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

11 (30) Boats.

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

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

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

27 (32) Farm equipment. From the sale and from the storage or use of machinery and  
28 equipment used directly for commercial farming and agricultural production; including, but not  
29 limited to: tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,  
30 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,  
31 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and  
32 other farming equipment, including replacement parts appurtenant to or used in connection with  
33 commercial farming and tools and supplies used in the repair and maintenance of farming  
34 equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or the

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

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

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

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

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



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

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

20           (39) Food items paid for by food stamps. From the sale and from the storage, use, or other  
21 consumption in this state of eligible food items payment for which is properly made to the retailer  
22 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of 1977,  
23 7 U.S.C. § 2011 et seq.

24           (40) Transportation charges. From the sale or hiring of motor carriers as defined in § 39-  
25 12-2(12) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed  
26 with the Rhode Island public utilities commission on the number of miles driven or by the number  
27 of hours spent on the job.

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

33           (42) Equipment used for research and development. From the sale and from the storage,  
34 use, or other consumption of equipment to the extent used for research and development purposes

1 by a qualifying firm. For the purposes of this subsection, “qualifying firm” means a business for  
2 which the use of research and development equipment is an integral part of its operation and  
3 “equipment” means scientific equipment, computers, software, and related items.

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

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

12 (45) Telecommunications carrier access service. Carrier access service or  
13 telecommunications service when purchased by a telecommunications company from another  
14 telecommunications company to facilitate the provision of telecommunications service.

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

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

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

33 (49) Banks and regulated investment companies interstate toll-free calls. Notwithstanding  
34 the provisions of this chapter, the tax imposed by this chapter does not apply to the furnishing of

1 interstate and international, toll-free terminating telecommunication service that is used directly  
2 and exclusively by or for the benefit of an eligible company as defined in this subdivision; provided  
3 that an eligible company employs on average during the calendar year no less than five hundred  
4 (500) “full-time equivalent employees” as that term is defined in § 42-64.5-2. For purposes of this  
5 section, an “eligible company” means a “regulated investment company” as that term is defined in  
6 the Internal Revenue Code of 1986, 26 U.S.C. § 851, or a corporation to the extent the service is  
7 provided, directly or indirectly, to or on behalf of a regulated investment company, an employee  
8 benefit plan, a retirement plan or a pension plan, or a state-chartered bank.

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

12 (51) Manufacturing business reconstruction materials.

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

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

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

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

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

34 (53) Horse food products. From the sale and from the storage, use, or other consumption

1 in this state of horse food products purchased by a person engaged in the business of the boarding  
2 of horses.

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

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

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

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

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

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

8 (56) Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-  
9 18-18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other  
10 consumption in this state of any new or used aircraft or aircraft parts.

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

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

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

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

33 (61) Agricultural products for human consumption. From the sale and from the storage,  
34 use, or other consumption of livestock and poultry of the kinds of products that ordinarily constitute

1 food for human consumption and of livestock of the kind the products of which ordinarily constitute  
2 fibers for human use.

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

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

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

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

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

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

33 (68) Trade-in value of motorcycles. From the sale and from the storage, use, or other  
34 consumption in this state of so much of the purchase price paid for a new or used motorcycle as is

1 allocated for a trade-in allowance on the motorcycle of the buyer given in trade to the seller, or of  
2 the proceeds applicable only to the motorcycle as are received from the manufacturer of  
3 motorcycles for the repurchase of the motorcycle whether the repurchase was voluntary or not  
4 towards the purchase of a new or used motorcycle by the buyer. For the purpose of this subsection,  
5 the word “motorcycle” means a motorcycle not used for hire and does not refer to any other type  
6 of motor vehicle.

7 [\(69\) From the sale, storage, use, or other consumption in this state of farm products used](#)  
8 [to grow food by urban and small farmers.](#)

9 [\(i\) For purposes of this subsection:](#)

10 [\(A\) An “urban farmer” is a taxpayer that produces or grows food in a city or other heavily](#)  
11 [populated areas; and](#)

12 [\(B\) A “small farmer” is a taxpayer that farms agricultural land up to five \(5\) acres.](#)

13 SECTION 4. Section 44-30-12 of the General Laws in Chapter 44-30 entitled "Personal  
14 Income Tax" is hereby amended to read as follows:

15 **44-30-12. Rhode Island income of a resident individual.**

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

18 (b) **Modifications increasing federal adjusted gross income.** There shall be added to  
19 federal adjusted gross income:

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

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

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

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

30 (A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal  
31 Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-  
32 6.1; and

33 (B) A withdrawal or distribution that is:

34 (I) Not applied on a timely basis to pay “qualified higher education expenses” as defined

1 in § 16-57-3(12) of the beneficiary of the account from which the withdrawal is made;

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

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

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

13 (A) The amount equal to the nonqualified withdrawal reduced by the sum of any  
14 administrative fee or penalty imposed under the tuition savings program in connection with the  
15 nonqualified withdrawal plus the earnings portion thereof, if any, includible in computing the  
16 person's federal adjusted gross income for the taxable year; and

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

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

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

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

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

34 (c) **Modifications reducing federal adjusted gross income.** There shall be subtracted



1 from federal adjusted gross income:

2 (1) Any interest income on obligations of the United States and its possessions to the extent  
3 includible in gross income for federal income tax purposes, and any interest or dividend income on  
4 obligations, or securities of any authority, commission, or instrumentality of the United States to  
5 the extent includible in gross income for federal income tax purposes but exempt from state income  
6 taxes under the laws of the United States; provided, that the amount to be subtracted shall in any  
7 case be reduced by any interest on indebtedness incurred or continued to purchase or carry  
8 obligations or securities the income of which is exempt from Rhode Island personal income tax, to  
9 the extent the interest has been deducted in determining federal adjusted gross income or taxable  
10 income;

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

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

15 (4) Contributions made to an account under the tuition savings program, including the  
16 “contributions carryover” pursuant to subsection (c)(4)(iv) of this section, if any, subject to the  
17 following limitations, restrictions and qualifications:

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

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

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

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

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

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

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

34 (A) The total of the subtractions under this subdivision allowable to the taxpayer for all

1 such preceding taxable years; and

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

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

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

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

16 **(7) Modification for organ transplantation.**

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

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

26 (A) Travel expenses.

27 (B) Lodging expenses.

28 (C) Lost wages.

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

31 **(8) Modification for taxable Social Security income.**

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

33 (A) For a person who has attained the age used for calculating full or unreduced Social  
34 Security retirement benefits who files a return as an unmarried individual, head of household, or

1 married filing separate whose federal adjusted gross income for the taxable year is less than eighty  
2 thousand dollars (\$80,000); or

3 (B) A married individual filing jointly or individual filing qualifying widow(er) who has  
4 attained the age used for calculating full or unreduced Social Security retirement benefits whose  
5 joint federal adjusted gross income for the taxable year is less than one hundred thousand dollars  
6 (\$100,000), an amount equal to the Social Security benefits includible in federal adjusted gross  
7 income.

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

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

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

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

18 (iv) For the purpose of this section the term “consumer price index” means the last  
19 consumer price index for all urban consumers published by the department of labor. For the purpose  
20 of this section the revision of the consumer price index which is most consistent with the consumer  
21 price index for calendar year 1986 shall be used.

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

27 **(9) Modification of taxable retirement income from certain pension plans or**  
28 **annuities.**

29 (i) For tax years beginning on or after January 1, 2017, until the tax year beginning January  
30 1, 2022, a modification shall be allowed for up to fifteen thousand dollars (\$15,000), and for tax  
31 years beginning on or after January 1, 2023, a modification shall be allowed for up to twenty  
32 thousand dollars (\$20,000), of taxable pension and/or annuity income that is included in federal  
33 adjusted gross income for the taxable year:

34 (A) For a person who has attained the age used for calculating full or unreduced Social

1 Security retirement benefits who files a return as an unmarried individual, head of household, or  
2 married filing separate whose federal adjusted gross income for such taxable year is less than the  
3 amount used for the modification contained in subsection (c)(8)(i)(A) of this section an amount not  
4 to exceed \$15,000 for tax years beginning on or after January 1, 2017, until the tax year beginning  
5 January 1, 2022, and an amount not to exceed twenty thousand dollars (\$20,000) for tax years  
6 beginning on or after January 1, 2023, of taxable pension and/or annuity income includible in  
7 federal adjusted gross income; or

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

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

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

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

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

27 (iv) For the purpose of this section, the term “consumer price index” means the last  
28 consumer price index for all urban consumers published by the department of labor. For the purpose  
29 of this section, the revision of the consumer price index which is most consistent with the consumer  
30 price index for calendar year 1986 shall be used.

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

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

2 (vi) For tax years beginning on or after January 1, 2022, the dollar amount contained by  
3 reference in subsection (c)(9)(i)(A) shall be adjusted to equal the dollar amount contained in  
4 subsection (c)(8)(i)(A), as adjusted for inflation, and the dollar amount contained by reference in  
5 subsection(c)(9)(i)(B) shall be adjusted to equal the dollar amount contained in subsection  
6 (c)(8)(i)(B), as adjusted for inflation;

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

12 (11) **Modification for military service pensions.**

13 (i) For purposes of a taxpayer’s state tax liability, a modification to income shall be allowed  
14 as follows:

15 (A) For the tax years beginning on January 1, 2023, a taxpayer may subtract from federal  
16 adjusted gross income the taxpayer’s military service pension benefits included in federal adjusted  
17 gross income;

18 (ii) As used in this subsection, the term “military service” shall have the same meaning as  
19 set forth in 20 C.F.R. § 212.2;

20 (iii) At no time shall the modification allowed under this subsection alone or in conjunction  
21 with subsection (c)(9) exceed the amount of the military service pension received in the tax year  
22 for which the modification is claimed; ~~and~~

23 (12) Any rebate issued to the taxpayer pursuant to § 44-30-103 to the extent included in  
24 gross income for federal tax purposes; ~~and~~

25 (13) Modification for urban and small farmers income. For tax years beginning on or after  
26 January 1, 2024, a modification shall be allowed for the taxable income that is included in federal  
27 adjusted gross income for urban and small farmers.

28 (i) For purposes of this subsection:

29 (A) An “urban farmer” is a taxpayer that produces or grows food in a city or other heavily  
30 populated areas; and

31 (B) A “small farmer” is a taxpayer that farms agricultural land up to five (5) acres.

32 (d) **Modification for Rhode Island fiduciary adjustment.** There shall be added to, or  
33 subtracted from, federal adjusted gross income (as the case may be) the taxpayer’s share, as  
34 beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under § 44-

1 30-17.

2 (e) **Partners.** The amounts of modifications required to be made under this section by a  
3 partner, which relate to items of income or deduction of a partnership, shall be determined under §  
4 44-30-15.

5 SECTION 5. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION

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- 1           This act would exempt urban and small farmers from sales taxes, real, tangible and personal
- 2 property taxes and income taxes. This act would also define urban and small farmers.
- 3           This act would take effect upon passage.

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