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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

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

Introduced By: Representatives Walsh, Cimini, Lally, Tomasso, and Ferri

Date Introduced: March 06, 2013

Referred To: House Finance

It is enacted by the General Assembly as follows:

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

3 **44-18-30B. Exemption from sales tax for sales by writers, composers, artists --**

4 **Findings.** -- (a) The general assembly makes the following findings of facts:

5 ~~(1) The downtown area of the city of Providence has been characterized by blighted~~
6 ~~areas, and dilapidated and abandoned structures;~~

7 ~~(2) As a result, the downtown area has been designated an economic development zone~~
8 ~~in order to stop the deterioration and stimulate economic activity;~~

9 ~~(3) The capitol center area of the city of Providence has become an attractive location,~~
10 ~~especially with the construction of the Providence Place Mall;~~

11 ~~(4) In order to promote, revitalize and redevelop the "Old Downtown" area of the city of~~
12 ~~Providence it is necessary to provide tax exemptions to this area as it has been designated as an~~
13 ~~economic development zone;~~

14 ~~(5) In order to promote, revitalize, and redevelop the "Downtown or other industrial or~~
15 ~~manufacturing buildings" located in the City of Pawtucket, it is necessary to provide tax~~
16 ~~exemptions to this area as it has been designated as an economic development zone;~~

17 ~~(6) The development of an active artistic community, including "artists in residence", in~~
18 ~~this area would promote economic development, revitalization, tourism, employment~~

1 ~~opportunities, and encourage business development by providing alternative commercial~~
2 ~~enterprises while in Providence creating a link between the Old Downtown and the Capital Center~~
3 ~~Area;~~

4 ~~(7) There is a separate artistic community in the town of Westerly which is important to~~
5 ~~preserve, promote, and revitalize, and which is distinct from that in the city of Providence;~~

6 ~~(8) There is a separate artistic community in the city of Woonsocket which is important~~
7 ~~to promote and revitalize and which is distinct from that in the cities of Providence and Pawtucket~~
8 ~~and the town of Westerly;~~

9 ~~(9) There is a separate artistic community in the city of Warwick which is important to~~
10 ~~preserve, promote, and revitalize and which is distinct from that in the cities of Providence,~~
11 ~~Pawtucket, Woonsocket and the town of Westerly;~~

12 ~~(10) There are separate artistic communities in the city of Newport and in the town of~~
13 ~~Tiverton which are important to promote and revitalize and which are distinct from those in the~~
14 ~~cities of Providence, Pawtucket, Warwick and Woonsocket and the towns of Westerly and Little~~
15 ~~Compton;~~

16 ~~(11) There is a separate artistic community in the town of Warren which is important to~~
17 ~~promote and revitalize and which is distinct from that in the cities of Providence, Pawtucket,~~
18 ~~Newport, Warwick and Woonsocket and the towns of Westerly and Tiverton.~~

19 (1) The arts and culture are a significant asset for Rhode Island, one which generates
20 revenue through increased tourism and economic activity, creates jobs and economic
21 opportunities, revitalizes communities adding to quality of life and property values, and fosters
22 creativity, innovation, and entrepreneurship.

23 (2) Since 1998 the establishment of arts districts where "one-of-a-kind limited
24 production" works of art may be sold exempt from state sales tax has resulted in an increased
25 presence for the arts in designated cities and towns, with benefits to those communities and to the
26 state.

27 (3) Since the establishment of arts districts, many communities have sought legislation to
28 expand the program to their city or town.

29 (4) There is value in expanding the arts district program statewide, providing incentives
30 for the sale and purchase of art. This is a unique opportunity for Rhode Island to shape history,
31 and gain an advantage over other states, by becoming the first and only state in the country to
32 declare a statewide sales tax exemption on art. This will strengthen Rhode Island's identity as an
33 arts-friendly destination and "State of the Arts".

34 (b) (1) This section only applies to sales by writers, composers and artists residing in and

1 conducting a business within the state of Rhode Island, ~~a section of the defined economic~~
2 ~~development zone in the cities of Providence or Pawtucket, or the defined economic development~~
3 ~~zone in the town of Westerly or the defined economic zone in the city of Woonsocket, or the~~
4 ~~defined economic zone in the city of Warwick, or in those areas within the city of Newport, and~~
5 ~~the town of Little Compton, which are zoned "general business," "waterfront business," or~~
6 ~~"limited business" or have been designated by the city of Newport as part of the arts district, or in~~
7 ~~those areas of the town of Warren which are zoned "waterfront district," "special district,"~~
8 ~~"village business district," "manufacturing district," "business district" or "Warren historic~~
9 ~~district," or in those areas of the town of Tiverton which are zoned "business commercial,"~~
10 ~~"business waterfront" or "village commercial."~~ For the purposes of this section, a "work" means
11 an original and creative work, whether written, composed or executed for "one-of-a-kind limited"
12 production and which falls into one of the following categories:

- 13 (i) A book or other writing;
- 14 (ii) A play or the performance of said play;
- 15 (iii) A musical composition or the performance of said composition;
- 16 (iv) A painting, print, photograph or other like picture;
- 17 (v) A sculpture;
- 18 (vi) Traditional and fine crafts;
- 19 (vii) The creation of a film or the acting within the film;
- 20 (viii) The creation of a dance or the performance of the dance.

21 (2) For the purposes of this section, a "work" includes any product generated as a result
22 of any of the above categories.

23 (3) For the purposes of this section, a "work" does not apply to any piece or performance
24 created or executed for industry oriented, commercial or related production.

25 (c) (1) This section applies to sales by any individual:

- 26 (i) Who is a resident of and has a principal place of business situated in the state of
27 Rhode Island, ~~section of the economic development zone designated as the arts and entertainment~~
28 ~~district in the downtown area of the city of Providence or in the city of Pawtucket, or the defined~~
29 ~~economic development zone in the town of Westerly or the defined economic zone in the city of~~
30 ~~Woonsocket, or the defined economic zone in the city of Warwick, or who is a resident of and has~~
31 ~~a principal place of business situated in those areas within the city of Newport or the town of~~
32 ~~Little Compton, which are zoned "general business," "waterfront business," or "limited business,"~~
33 ~~or have been designated by the city of Newport as part of the arts district, or who is a resident of~~
34 ~~and has a principal place of business situated in those areas within the town of Warren which are~~

1 ~~zoned "waterfront district," "special district," "village business district," "manufacturing district,"~~
2 ~~"business district" or "Warren historic district," or who is a resident or has a principal place of~~
3 ~~business situated in those areas within the town of Tiverton which are zoned "business~~
4 ~~commercial," "business waterfront" or "village commercial." For the purposes of this section, the~~
5 ~~Providence arts and entertainment district in Providence is defined as the area bounded by Pine~~
6 ~~Street to the southeast, Dorrance Street to the northeast, Sabin Street to the northwest and Empire~~
7 ~~Street to the southwest. Said Providence arts and entertainment district also includes the area~~
8 ~~beginning at the point of intersection of Acorn Street and Harris Avenue, then turning east onto~~
9 ~~Atwells Avenue to Service Road 7, then turning southerly onto Service Road 7 to Westminster~~
10 ~~Street, then turning westerly onto Westminster Street, continuing until Bridgham, then turning~~
11 ~~south onto Bridgham to Cranston Street, then turning southwesterly onto Cranston Street, then~~
12 ~~continuing to Messer Street, then turning north onto Messer Street to Westminster Street, turning~~
13 ~~west onto Westminster Street to US Hwy 6 off ramp, then heading west on US Hwy 6 to Sheridan~~
14 ~~Street, then heading northeast on Sheridan Street to Aleppo Street, then turning southeast along~~
15 ~~Aleppo Street to Pelham Street, then heading northeast on Pelham Street to Manton Avenue, then~~
16 ~~continuing southeast on Manton Avenue until Delaine Street, then heading northeast on Delaine~~
17 ~~Street until Appleton Street, then continuing northwesterly on Appleton Street until Bowdoin~~
18 ~~Street, then heading north on Bowdoin Street until Barstow Street, then heading east on Barstow~~
19 ~~until Valley Street, then heading northeast on Valley Street to Hemlock Street, then turning~~
20 ~~southeast on Hemlock Street until Promenade Street, then heading east on Promenade Street to~~
21 ~~Acorn Street, then heading south on Acorn Street to the intersection of Acorn Street and Harris~~
22 ~~Avenue. The named streets are included in the Providence district; and in Pawtucket is defined as~~
23 ~~the area beginning at the point of intersection of Dexter Street and the Central Falls line, then east~~
24 ~~along the Central Falls line to the Blackstone River, then north along the city boundary on the~~
25 ~~Blackstone River to the Cumberland line, then west along the Pawtucket city boundary line to I-~~
26 ~~95, then south along I 95 to Pine Street, then north on Pine Street to AMTRAK Right of Way,~~
27 ~~then northwest along the AMTRAK Right of Way to Dexter Street, then north on Dexter Street to~~
28 ~~the Central Falls line. The named streets are included in the district. The Westerly arts and~~
29 ~~entertainment district is defined as assessor's plat 56, lots 1 through 24, lot 48, lots 50 through 62,~~
30 ~~and lots 71 through 82, and assessors plat 66, lots 22 through 26, and lots 29 through 36 the~~
31 ~~Woonsocket arts and entertainment district is defined as the area beginning at a point of land on~~
32 ~~the southwest bank of the Blackstone River abutting the bridge for the Providence & Worcester~~
33 ~~Railroad and proceeding northerly to a point at the intersection of Worrall Street, Clinton Street~~
34 ~~and Harry S. Truman Drive, then proceeding northwesterly along Worrall Street to its intersection~~

1 ~~with Social Street, then turning westerly on Social Street proceeding to its intersection with Main~~
2 ~~Street, Blackstone Street and North Main Street, then turning northwesterly and proceeding along~~
3 ~~Blackstone Street to its intersection with River Street, then turning northerly and proceeding~~
4 ~~along River Street to its intersection with the north/east bank of Blackstone River, then following~~
5 ~~the riverbank southerly to the bridge at Bernon Street and turning easterly crossing the Blackstone~~
6 ~~River via Bernon Street and proceeding to its intersection with Front Street, then turning~~
7 ~~northeasterly on Front Street and proceeding to its intersection with Hamlet Avenue, and to~~
8 ~~include the former courthouse on the southerly side of Front Street at its intersection with Hamlet~~
9 ~~Avenue, then turning easterly on Hamlet Avenue and proceeding to its intersection with Manville~~
10 ~~Road, then turning southeasterly on Manville Road and proceeding to its intersection with~~
11 ~~Davison Avenue, then turning northeasterly on Davison Avenue and proceeding to a point on the~~
12 ~~south/west bank of the Blackstone River, then turning northerly, following the southerly~~
13 ~~riverbank to the point of beginning. The abovementioned streets are included in the district. The~~
14 ~~Warwick arts district is defined as that area known as Pontiac Village, beginning on Route 5 at~~
15 ~~the Warwick/Cranston municipal boundary, then south to the intersection of Route 5 and the~~
16 ~~Pawtuxet River, then following the Pawtuxet River in an easterly and northerly direction to the~~
17 ~~municipal boundary in the vicinity of Knight Street, then from the intersection of Knight Street~~
18 ~~and the municipal boundary westerly along the Warwick/Cranston municipal boundary to the~~
19 ~~intersection of Route 5 and Greenwich Avenue. The above named streets are included in the~~
20 ~~district.~~

21 (ii) Who is determined by the tax administrator [in consultation with the Rhode Island](#)
22 [council on the arts](#), after consideration of any evidence he or she deems necessary or which is
23 submitted to him or her by the individual, to have written, composed, or executed, either solely or
24 jointly, a work or works which would fall into one of the categories listed in subsection (b)(1).

25 (2) This section also applies to sales by any other gallery located in the [state of Rhode](#)
26 [Island](#). ~~arts and entertainment district described in subsection (c)(1)(i) as well as any other arts~~
27 ~~and entertainment district designated by the general assembly, as well as to sales by any other~~
28 ~~gallery located in those areas within the city of Newport, or the town of Little Compton, which~~
29 ~~are zoned "general business," "waterfront business," or "limited business" or have been~~
30 ~~designated by the city of Newport as part of the arts district, as well as to sales by any other~~
31 ~~gallery located in those areas within the town of Warren which are zoned "waterfront district,"~~
32 ~~"special district," "village business district," "manufacturing district," "business district" or~~
33 ~~"Warren historic district," as well as to sales by any other gallery located in those areas within the~~
34 ~~town of Tiverton which are zoned "business commercial," "business waterfront" or "village~~

1 ~~commercial."~~

2 (3) The tax administrator shall not make a determination unless:

3 (i) The individual(s) concerned duly make(s) an application to the tax administrator for
4 the sales tax exemption which applies to the works defined in this section; and

5 (ii) The individual has complied and continues to comply with any and all requests made
6 by the tax administrator.

7 (d) Any individual to whom this section applies and who makes an application to the tax
8 administrator is entitled to a sales tax exemption for the sale of a work or works sold from the
9 individual's business located in the ~~economic development zone~~ [State of Rhode Island](#) which
10 would, apart from this section, be subject to the tax rate imposed by the state of Rhode Island.

11 (e) When an individual makes a request for the exemption, the tax administrator is
12 entitled to all books, documents, or other evidence relating to the publication, production or
13 creation of the works that may be deemed necessary by the tax administrator for the purposes of
14 the exemption. The time period in which to provide this information is in the sole discretion of
15 the tax administrator and specified in the notice.

16 (f) In addition to the information required in subsection (e), the tax administrator may
17 require the individual(s) to submit an annual certified accounting of the numbers of works sold,
18 the type of work sold, and the date of the sale. Failure to file this report may, in the sole discretion
19 of the tax administrator, terminate the individual's eligibility for the exemption.

20 (g) Any person storing, using, or otherwise consuming in this state any work or works
21 which is deemed to be exempt from the sales tax pursuant to this section is not liable for the use
22 tax on the work or works.

23 (h) Notwithstanding the provisions of this section, any individual to whom this section
24 may apply shall comply with all the administration, collection, and other provisions of chapters
25 18 and 19 of this title.

26 [\(4\) The Rhode Island council on the arts will oversee the transition to a statewide arts](#)
27 [district program and work with the state tourism agencies, local chambers of commerce, and](#)
28 [advertising/marketing agencies to promote this program, and will coordinate its efforts with the](#)
29 [city and town governments. The Rhode Island council on the arts may request and shall receive](#)
30 [from any department, division, board, bureau, commission, or agency of the state any data,](#)
31 [assistance, and resources, including additional personnel, that will enable it to properly carry out](#)
32 [this program.](#)

33 [\(5\) The tax administrator, in cooperation with the Rhode Island council on the arts, will](#)
34 [gather data to assess the overall impact of the statewide arts district program, and issue an annual](#)

1 [report, including, but not be limited to, the impact of the tax exemption on employment, tourism,](#)
2 [sales and spending within the arts sector and adjacent businesses, and any other factors that](#)
3 [describe the impact of the program.](#)

4 SECTION 2. 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 - SALES AND USE TAXES - LIABILITY AND
COMPUTATION

- 1 This act would expand the tax exemption on art to create a statewide sales tax exemption
- 2 with respect to the purchase and sale of art.
- 3 This act would take effect upon passage.

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