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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 - PERSONAL INCOME TAX - ESTABLISHMENT OF ARTS
DISTRICT

Introduced By: Senators Crowley, Sheehan, Lynch, Hodgson, and Goodwin

Date Introduced: January 16, 2013

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-18-30.B 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 **44-18-30.B. 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 [\(12\) There is a separate artistic community in the city of Central Falls and the town of](#)
20 [Cumberland which is important to promote and revitalize and which is distinct from that in the](#)
21 [cities of Providence, Pawtucket, Newport, Warwick, and Woonsocket and the towns of Westerly,](#)
22 [Tiverton, and Warren.](#)

23 (b) (1) This section only applies to sales by writers, composers and artists residing in and
24 conducting a business within a section of the defined economic development zone in the cities of
25 Providence or Pawtucket, or the defined economic development zone in the town of Westerly or
26 the defined economic zone in the city of Woonsocket, or the defined economic zone in the city of
27 Warwick, or in those areas within the city of Newport, and the town of Little Compton, which are
28 zoned "general business," "waterfront business," or "limited business" or have been designated
29 by the city of Newport as part of the arts district, or in those areas of the town of Warren which
30 are zoned "waterfront district," "special district," "village business district," "manufacturing
31 district," "business district" or "Warren historic district," or in those areas of the town of Tiverton
32 which are zoned "business commercial," "business waterfront" or "village commercial." For the
33 purposes of this section, a "work" means an original and creative work, whether written,
34 composed or executed for "one-of-a-kind limited" production and which falls into one of the

1 following categories:

2 (i) A book or other writing;

3 (ii) A play or the performance of said play;

4 (iii) A musical composition or the performance of said composition;

5 (iv) A painting or other like picture;

6 (v) A sculpture;

7 (vi) Traditional and fine crafts;

8 (vii) The creation of a film or the acting within the film;

9 (viii) The creation of a dance or the performance of the dance.

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

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

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

15 (i) Who is a resident of and has a principal place of business situated in the section of the
16 economic development zone designated as the arts and entertainment district in the downtown
17 area of the city of Providence or in the city of Pawtucket, or the defined economic development
18 zone in the town of Westerly or the defined economic zone in the city of Woonsocket, or the
19 defined economic zone in the city of Warwick, [or the arts district in the city of Central Falls and](#)
20 [the town of Cumberland defined in this section below](#), or who is a resident of and has a principal
21 place of business situated in those areas within the city of Newport or the town of Little Compton,
22 which are zoned "general business," "waterfront business," or "limited business," or have been
23 designated by the city of Newport as part of the arts district, or who is a resident of and has a
24 principal place of business situated in those areas within the town of Warren which are zoned
25 "waterfront district," "special district," "village business district," "manufacturing district,"
26 "business district" or "Warren historic district," or who is a resident or has a principal place of
27 business situated in those areas within the town of Tiverton which are zoned "business
28 commercial," "business waterfront" or "village commercial." For the purposes of this section, the
29 Providence arts and entertainment district in Providence is defined as the area bounded by Pine
30 Street to the southeast, Dorrance Street to the northeast, Sabin Street to the northwest and Empire
31 Street to the southwest. Said Providence arts and entertainment district also includes the area
32 beginning at the point of intersection of Acorn Street and Harris Avenue, then turning east onto
33 Atwells Avenue to Service Road 7, then turning southerly onto Service Road 7 to Westminster
34 Street, then turning westerly onto Westminster Street, continuing until Bridgham, then turning

1 south onto Bridgham to Cranston Street, then turning southwesterly onto Cranston Street, then
2 continuing to Messer Street, then turning north onto Messer Street to Westminster Street, turning
3 west onto Westminster Street to US Hwy 6 off ramp, then heading west on US Hwy 6 to Sheridan
4 Street, then heading northeast on Sheridan Street to Aleppo Street, then turning southeast along
5 Aleppo Street to Pelham Street, then heading northeast on Pelham Street to Manton Avenue, then
6 continuing southeast on Manton Avenue until Delaine Street, then heading northeast on Delaine
7 Street until Appleton Street, then continuing northwesterly on Appleton Street until Bowdoin
8 Street, then heading north on Bowdoin Street until Barstow Street, then heading east on Barstow
9 until Valley Street, then heading northeast on Valley Street to Hemlock Street, then turning
10 southeast on Hemlock Street until Promenade Street, then heading east on Promenade Street to
11 Acorn Street, then heading south on Acorn Street to the intersection of Acorn Street and Harris
12 Avenue. The named streets are included in the Providence district; and in Pawtucket is defined as
13 the area beginning at the point of intersection of Dexter Street and the Central Falls line, then east
14 along the Central Falls line to the Blackstone River, then north along the city boundary on the
15 Blackstone River to the Cumberland line, then west along the Pawtucket city boundary line to I-
16 95, then south along I-95 to Pine Street, then north on Pine Street to AMTRAK Right of Way,
17 then northwest along the AMTRAK Right of Way to Dexter Street, then north on Dexter Street to
18 the Central Falls line. The named streets are included in the district. The Westerly arts and
19 entertainment district is defined as assessor's plat 56, lots 1 through 24, lot 48, lots 50 through 62,
20 and lots 71 through 82, and assessors plat 66, lots 22 through 26, and lots 29 through 36 the
21 Woonsocket arts and entertainment district is defined as the area beginning at a point of land on
22 the southwest bank of the Blackstone River abutting the bridge for the Providence & Worcester
23 Railroad and proceeding northerly to a point at the intersection of Worrall Street, Clinton Street
24 and Harry S. Truman Drive, then proceeding northwesterly along Worrall Street to its intersection
25 with Social Street, then turning westerly on Social Street proceeding to its intersection with Main
26 Street, Blackstone Street and North Main Street, then turning northwesterly and proceeding along
27 Blackstone Street to its intersection with River Street, then turning northerly and proceeding
28 along River Street to its intersection with the north/east bank of Blackstone River, then following
29 the riverbank southerly to the bridge at Bernon Street and turning easterly crossing the Blackstone
30 River via Bernon Street and proceeding to its intersection with Front Street, then turning
31 northeasterly on Front Street and proceeding to its intersection with Hamlet Avenue, and to
32 include the former courthouse on the southerly side of Front Street at its intersection with Hamlet
33 Avenue, then turning easterly on Hamlet Avenue and proceeding to its intersection with Manville
34 Road, then turning southeasterly on Manville Road and proceeding to its intersection with

1 Davison Avenue, then turning northeasterly on Davison Avenue and proceeding to a point on the
2 south/west bank of the Blackstone River, then turning northerly, following the southerly
3 riverbank to the point of beginning. The abovementioned streets are included in the district. The
4 Warwick arts district is defined as that area known as Pontiac Village, beginning on Route 5 at
5 the Warwick/Cranston municipal boundary, then south to the intersection of Route 5 and the
6 Pawtuxet River, then following the Pawtuxet River in an easterly and northerly direction to the
7 municipal boundary in the vicinity of Knight Street, then from the intersection of Knight Street
8 and the municipal boundary westerly along the Warwick/Cranston municipal boundary to the
9 intersection of Route 5 and Greenwich Avenue. The above named streets are included in the
10 district. The Central Falls-Cumberland arts district is defined as encompassing the whole of the
11 city of Central Falls, and in the town of Cumberland, it is defined as including portions of Broad
12 Street, High Street, Martin Street, and Mendon Road, and shall include the following tax
13 assessor's plat maps: 1,2,3,4,7,9,11,12,13,14,15,16,34,39 and 58. The above-named streets are
14 included in the district.

15 (ii) Who is determined by the tax administrator, after consideration of any evidence he or
16 she deems necessary or which is submitted to him or her by the individual, to have written,
17 composed, or executed, either solely or jointly, a work or works which would fall into one of the
18 categories listed in subsection (b)(1).

19 (2) This section also applies to sales by any other gallery located in the arts and
20 entertainment district described in subsection (c)(1)(i) as well as any other arts and entertainment
21 district designated by the general assembly, as well as to sales by any other gallery located in
22 those areas within the city of Newport, or the town of Little Compton, which are zoned "general
23 business," "waterfront business," or "limited business" or have been designated by the city of
24 Newport as part of the arts district, as well as to sales by any other gallery located in those areas
25 within the town of Warren which are zoned "waterfront district," "special district," "village
26 business district," "manufacturing district," "business district" or "Warren historic district," as
27 well as to sales by any other gallery located in those areas within the town of Tiverton which are
28 zoned "business commercial," "business waterfront" or "village commercial."

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

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

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

34 (d) Any individual to whom this section applies and who makes an application to the tax

1 administrator is entitled to a sales tax exemption for the sale of a work or works sold from the
2 individual's business located in the economic development zone which would, apart from this
3 section, be subject to the tax rate imposed by the state of Rhode Island.

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

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

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

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

19 SECTION 2. Section 44-30-1.1 of the General Laws in Chapter 44-30 entitled "Personal
20 Income Tax" is hereby amended to read as follows:

21 **44-30-1.1. Exemption from tax for writers, composers and artists.** -- (a) This section
22 shall only apply to writers, composers and artists residing within a section of the defined
23 economic development zone within the city of Providence, Pawtucket, Woonsocket or Warwick,
24 or the economic development zone within the town of Westerly as defined in section 44-18-
25 30B(c)(1)(i), [or the arts district within the city of Central Falls and/or the town of Cumberland as](#)
26 [defined in paragraph \(b\)\(1\)\(i\) below,](#) or within the city of Newport or within the town of Tiverton
27 or the town of Little Compton, or within those areas of the town of Warren which are zoned
28 "waterfront district," "special district," "village business district," "manufacturing district,"
29 "business district" or "Warren historic district", or a tax pass-through entity wholly owned by one
30 or more such individuals and who create such work while residing in the zone, or in the case of
31 Newport or the town of Little Compton, within those areas of the city or town which are zoned
32 "general business," "waterfront business" or "limited business" or have been designated by the
33 city of Newport as part of the arts district, or in the case of Warren, within those areas of the town
34 which are zoned "waterfront district," "special district," "village business district,"

1 "manufacturing district," "business district" or "Warren historic district," or in the case of
2 Tiverton with those areas of the town which are zoned "business commercial," "business
3 waterfront" or "village commercial." For the purposes of this section, a "work" means an original
4 and creative work, whether written, composed, created or executed for "one-of-a-kind, limited"
5 production, before or after the passing of this section, which falls into one of the following
6 categories: (1) a book or other writing; (2) a play or the performance of said play; (3) a musical
7 composition or the performance of said composition; (4) a painting or other like picture; (5) a
8 sculpture; (6) traditional and fine crafts; (7) the creation of a film or the acting of said film; (8)
9 the creation of a dance or the performance of said dance. For purposes of this section, a "work"
10 does not apply to any piece or performance created or executed for industry oriented or related
11 production.

12 (b) (1) This section shall apply to any individual:

13 (i) Who is a resident within the section of the economic development zone designated as
14 the arts and entertainment district in the downtown areas of the cities of Providence, Woonsocket
15 or Pawtucket, and deriving the income exempted from within said district while a resident of said
16 zone, or who is a resident within the section of the arts and entertainment district in the town of
17 Westerly, as defined in section 44-18-30B(c)(1)(i) and who derives the income exempted from
18 within said district while a resident of said zone. For the purposes of this section, the "Providence
19 arts and entertainment district" is defined as the area bounded by Pine Street to the southeast,
20 Dorrance Street to the northeast, Sabin Street to the northwest and Empire Street to the southwest.
21 Said Providence arts and entertainment district also includes the area beginning at the point of
22 intersection of Acorn Street and Harris Avenue, then turning east onto Atwells Avenue to Service
23 Road 7, then turning southerly onto Service Road 7 to Westminster Street, then turning westerly
24 onto Westminster Street, continuing until Bridgham, then turning south onto Bridgham to
25 Cranston Street, then turning southwesterly onto Cranston Street, then continuing to Messer
26 Street, then turning north onto Messer Street to Westminster Street, turning west onto
27 Westminster Street to US Hwy 6 off ramp, then heading west on US Hwy 6 to Sheridan Street,
28 then heading northeast on Sheridan Street to Aleppo Street, then turning southeast along Aleppo
29 Street to Pelham Street, then heading northeast on Pelham Street to Manton Avenue, then
30 continuing southeast on Manton Avenue until Delaine Street, then heading northeast on Delaine
31 Street until Appleton Street, then continuing northwesterly on Appleton Street until Bowdoin
32 Street, then heading north on Bowdoin Street until Barstow Street, then heading east on Barstow
33 until Valley Street, then heading northeast on Valley Street to Hemlock Street, then turning
34 southeast on Hemlock Street until Promenade Street, then heading east on Promenade Street to

1 Acorn Street, then heading south on Acorn Street to the intersection of Acorn Street and Harris
2 Avenue. The abovementioned streets shall be included in the district. The "Westerly arts and
3 entertainment district" is defined in section 44-18-30B(c)(1)(i). The "Pawtucket arts and
4 entertainment district" shall be defined as the area beginning at the point of intersection of Dexter
5 Street and the Central Falls line, then east along the Central Falls Line to the Blackstone River,
6 then north along the city boundary on the Blackstone River to the Cumberland line, then west
7 along the Pawtucket city boundary line to I-95, then south along I-95 to Pine Street, then north on
8 Pine Street to AMTRAK Right of Way, then northwest along the AMTRAK Right of Way to
9 Dexter Street, then north on Dexter Street to the Central Falls line. The abovementioned streets
10 shall be included in the district. The "Woonsocket arts and entertainment district" shall be defined
11 as the area beginning at a point of land on the southwest bank of the Blackstone River abutting
12 the bridge for the Providence & Worcester Railroad and proceeding northerly to a point at the
13 intersection of Worrall Street, Clinton Street and Harry S. Truman Drive, then proceeding
14 northwesterly along Worrall Street to its intersection with Social Street, then turning westerly on
15 Social Street proceeding to its intersection with Main Street, Blackstone Street and North Main
16 Street, then turning northwesterly and proceeding along Blackstone Street to its intersection with
17 River Street, then turning northerly and proceeding along River Street to its intersection with the
18 northeast bank of Blackstone River, then following the riverbank southerly to the bridge at
19 Bernon Street and turning easterly crossing the Blackstone River via Bernon Street and
20 proceeding to its intersection with Front Street, then turning northeasterly on Front Street and
21 proceeding to its intersection with Hamlet Avenue, and to include the former Courthouse on the
22 southerly side of Front Street at its intersection with Hamlet Avenue, then turning easterly on
23 Hamlet Avenue and proceeding to its intersection with Manville Road, then turning southeasterly
24 on Manville Road and proceeding to its intersection with Davison Avenue, then turning
25 northeasterly on Davison Avenue and proceeding to a point on the southwest bank of the
26 Blackstone River, then turning northerly, following the southerly riverbank to the point of
27 beginning. The abovementioned streets are included in the district. The Warwick arts district is
28 defined as that area known as Pontiac Village, beginning on Route 5 at the Warwick/Cranston
29 municipal boundary, then south to the intersection of Route 5 and the Pawtuxet River, then
30 following the Pawtuxet River in an easterly and northerly direction to the municipal boundary in
31 the vicinity of Knight Street, then from the intersection of Knight Street and the municipal
32 boundary westerly along the Warwick/Cranston municipal boundary to the intersection of Route
33 5 and Greenwich Avenue. The above named streets are included in the district. [The Central Falls-
34 Cumberland arts district is defined as encompassing the whole of the city of Central Falls, and in](#)

1 [the town of Cumberland, it is defined as including portions of Broad Street, High Street, Martin](#)
2 [Street, and Mendon Road, and shall include the following tax assessor's plat maps:](#)
3 [1,2,3,4,7,9,11,12,13,14,15,16,34,39 and 58. The above-named streets are included in the district.](#)

4 This section shall also apply to any individual who is a resident of the city of Newport or
5 the town of Tiverton or the town of Little Compton and whose income otherwise qualifies for an
6 exemption as provided for in this section.

7 This section shall also apply to any individual who is a resident of the town of Warren
8 and whose income otherwise qualifies for an exemption as provided for in this section.

9 (ii) Who is determined by the tax administrator, after consideration of any evidence in
10 relation to the matter which the individual submits to him or her and after such consultation as
11 may seem to him or her to be necessary with such person or body of persons as in his or her
12 opinion may be of assistance to him or her, to have written, composed or executed either solely or
13 jointly with another individual, a work or works that would fall into one of the categories listed in
14 subsection (a) of this section.

15 (c) (1) An individual to whom this section applies and who duly makes a claim to the tax
16 administrator in that behalf shall, subject to subdivision (2) of this subsection, be entitled to have
17 the profits or gains arising to him or her from the publication, production or sale of a work or
18 works in relation to which the tax administrator has made a determination under paragraph
19 (b)(1)(ii) of this section to be taken as a modification reducing federal adjusted gross income.

20 (2) The modification authorized by this section shall apply to the year in which the profit
21 or gain from the publication, production or sale of a work is realized.

22 (d) The tax administrator may serve on an individual who makes a claim under this
23 subsection a notice or notices, in writing, requiring him or her to make available within any time
24 that may be specified in the notice of all such books, accounts and documents in his or her
25 possession or power as may be requested, being books, accounts and documents relating to the
26 publication, production or sale of the work in respect of the profits or gains of which exemption is
27 claimed.

28 (e) For the purpose of determining the amount of profits or gains subject to modification
29 under this section, the tax administrator may make any apportionment of receipts and expenses
30 that may be necessary.

31 (f) Notwithstanding any other provisions of this chapter, any individual seeking relief
32 under this section shall file a Rhode Island personal income tax return listing the modification
33 reducing federal adjusted gross income relating to profits or gains realized from the works as
34 defined in this section.

1 SECTION 3. 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 - PERSONAL INCOME TAX - ESTABLISHMENT OF ARTS
DISTRICT

1 This act would establish a new arts district within the city of Central Falls and the town
2 of Cumberland for purposes of the tax exemption provided to writers, composers, and other
3 artists.

4 This act would take effect upon passage.

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