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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: Senators Satchell, and Gallo

Date Introduced: February 26, 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 town of West Warwick which is
20 important to promote and revitalize and which is distinct from that in the cities of Providence,
21 Pawtucket, Newport, Warwick and Woonsocket and the towns of Westerly, Warren and Tiverton.

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

1 falls into one of the 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 who is a resident of and has a principal place of
20 business situated in those areas within the city of Newport or the town of Little Compton, which
21 are zoned "general business," "waterfront business," or "limited business," or have been
22 designated by the city of Newport as part of the arts district, or who is a resident of and has a
23 principal place of business situated in those areas within the town of Warren which are zoned
24 "waterfront district," "special district," "village business district," "manufacturing district,"
25 "business district" or "Warren historic district," or who is a resident or has a principal place of
26 business situated in those areas within the town of Tiverton which are zoned "business
27 commercial," "business waterfront" or "village commercial-," or who is a resident or has a
28 principal place of business situated in the town of West Warwick which is zoned "village,"
29 "design control district" or "mill reuse district." For the purposes of this section, the Providence
30 arts and entertainment district in Providence is defined as the area bounded by Pine Street to the
31 southeast, Dorrance Street to the northeast, Sabin Street to the northwest and Empire Street to the
32 southwest. Said Providence arts and entertainment district also includes the area beginning at the
33 point of intersection of Acorn Street and Harris Avenue, then turning east onto Atwells Avenue to
34 Service Road 7, then turning southerly onto Service Road 7 to Westminster Street, then turning

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

1 Road, then turning southeasterly on Manville Road and proceeding to its intersection with
2 Davison Avenue, then turning northeasterly on Davison Avenue and proceeding to a point on the
3 south/west bank of the Blackstone River, then turning northerly, following the southerly
4 riverbank to the point of beginning. The abovementioned streets are included in the district. The
5 Warwick arts district is defined as that area known as Pontiac Village, beginning on Route 5 at
6 the Warwick/Cranston municipal boundary, then south to the intersection of Route 5 and the
7 Pawtuxet River, then following the Pawtuxet River in an easterly and northerly direction to the
8 municipal boundary in the vicinity of Knight Street, then from the intersection of Knight Street
9 and the municipal boundary westerly along the Warwick/Cranston municipal boundary to the
10 intersection of Route 5 and Greenwich Avenue. The above named streets are included in the
11 district.

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

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

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

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

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

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

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

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

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

13 (h) Notwithstanding the provisions of this section, any individual to whom this section
14 may apply shall comply with all the administration, collection, and other provisions of chapters
15 18 and 19 of this title.

16 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
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- 1 This act would create tax exempt artistic community districts within the town of West
- 2 Warwick, Rhode Island.
- 3 This act would take effect upon passage.

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