

2014 -- S 3090

=====  
LC005878  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

—————  
A N A C T

RELATING TO TOWNS AND CITIES - TAXATION

Introduced By: Senators Ruggerio, Goodwin, Jabour, Metts, and Miller

Date Introduced: June 11, 2014

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 45-13 of the General Laws entitled "State Aid" is hereby amended  
2 by adding thereto the following section:

3 **45-13-5.3. Municipal services pro rata reimbursement.** – Notwithstanding any general  
4 or public law to the contrary, municipalities shall be authorized to charge any non-profit hospital  
5 facility with licensed bed capacity of over five hundred (500) for essential services on a pro rata  
6 basis according to the assessed value of the property serviced. The municipality in which the  
7 property lies is hereby authorized to charge a sum equal to not more than twenty-five percent  
8 (25%) of all taxes that would have been collected had the property been taxable. For the purposes  
9 of this section, “essential services” shall include, but, not be limited to, police, fire and rescue.  
10 Nothing contained in this section shall be construed to limit or decrease appropriations to  
11 municipalities as provided under section 45-13-5.1 or in any other source of law.

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

14 **44-3-3. Property exempt.** -- The following property is exempt from taxation.

15 (1) Property belonging to the state except as provided in section 44-4-4.1;

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

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

19 (4) Real estate, used exclusively for military purposes, owned by chartered or

1 incorporated organizations approved by the adjutant general, and composed of members of the  
2 national guard, the naval militia, or the independent chartered military organizations;

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

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

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

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

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

33 ~~(10)~~ (9) Property especially exempt by charter unless the exemption has been waived in  
34 whole or in part, provided, however, that no property or estate owned by any non-profit hospital

1 facility with licensed bed capacity of over five hundred (500) is hereafter exempt from taxation in  
2 any case where any of the property's income or profits are derived from any activity not involving  
3 healthcare or any part of the property's income or profits or of the business carried on there is  
4 divided among its owners or stockholders, even if the non-healthcare activity in question, or the  
5 income or profit derived therefrom, are related or deemed necessary for the accomplishments of  
6 the purposes of the exempt healthcare institution.

7 ~~(11)~~ (10) Lots of land exclusively for burial grounds;

8 ~~(12)~~ (11) Property, real and personal, held for or by an incorporated library, society, or  
9 any free public library, or any free public library society, so far as the property is held exclusively  
10 for library purposes, or for the aid or support of the aged poor, or poor friendless children, or the  
11 poor generally, or for a hospital for the sick or disabled;

12 ~~(13)~~ (12) Real or personal estate belonging to or held in trust for the benefit of  
13 incorporated organizations of veterans of any war in which the United States has been engaged,  
14 the parent body of which has been incorporated by act of congress, to the extent of four hundred  
15 thousand dollars (\$ 400,000) if actually used and occupied by the association; provided, that the  
16 city council of the city of Cranston may by ordinance exempt the real or personal estate as  
17 previously described in this subdivision located within the city of Cranston to the extent of five  
18 hundred thousand dollars (\$500,000);

19 ~~(14)~~ (13) Property, real and personal, held for or by the fraternal corporation, association,  
20 or body created to build and maintain a building or buildings for its meetings or the meetings of  
21 the general assembly of its members, or subordinate bodies of the fraternity, and for the  
22 accommodation of other fraternal bodies or associations, the entire net income of which real and  
23 personal property is exclusively applied or to be used to build, furnish, and maintain an asylum or  
24 asylums, a home or homes, a school or schools, for the free education or relief of the members of  
25 the fraternity, or the relief, support, and care of worthy and indigent members of the fraternity,  
26 their wives, widows, or orphans, and any fund given or held for the purpose of public education,  
27 almshouses, and the land and buildings used in connection therewith;

28 ~~(15)~~ (14) Real estate and personal property of any incorporated volunteer fire engine  
29 company or incorporated volunteer ambulance or rescue corps in active service;

30 ~~(16)~~ (15) The estate of any person who in the judgment of the assessors is unable from  
31 infirmity or poverty to pay the tax; providing, that in the town of Burrillville the tax shall  
32 constitute a lien for five (5) years on the property where the owner is entitled to the exemption. At  
33 the expiration of five (5) years, the lien shall be abated in full. Provided, if the property is sold or  
34 conveyed or if debt secured by the property is refinanced during the five (5) year period, the lien

1 immediately becomes due and payable; any person claiming the exemption aggrieved by an  
2 adverse decision of an assessor shall appeal the decision to the local board of tax review, and  
3 thereafter according to the provisions of section 44-5-26;

4 ~~(17)~~ (16) Household furniture and family stores of a housekeeper in the whole, including  
5 clothing, bedding, and other white goods, books, and all other tangible personal property items  
6 which are common to the normal household;

7 ~~(18)~~ (17) Improvements made to any real property to provide a shelter and fallout  
8 protection from nuclear radiation, to the amount of one thousand five hundred dollars (\$ 1,500);  
9 provided, that the improvements meet applicable standards for shelter construction established  
10 from time to time by the Rhode Island emergency management agency. The improvements are  
11 deemed to comply with the provisions of any building code or ordinance with respect to the  
12 materials or the methods of construction used and any shelter or its establishment is deemed to  
13 comply with the provisions of any zoning code or ordinance;

14 ~~(19)~~ (18) Aircraft for which the fee required by section 1-4-6 has been paid to the tax  
15 administrator;

16 ~~(20)~~ (19) Manufacturer's inventory

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

27 (ii) For the purposes of sections 44-3-3, 44-4-10, and 44-5-38, the term "manufacturer's  
28 inventory" or any similar term means and includes the manufacturer's raw materials, the  
29 manufacturer's work in process, and finished products manufactured by the manufacturer in this  
30 state, and not sold, leased, or traded by the manufacturer or its title or right to possession  
31 divested; provided, that the term does not include any finished products held by the manufacturer  
32 in any retail store or other similar selling place operated by the manufacturer whether or not the  
33 retail establishment is located in the same building in which the manufacturer operates the  
34 manufacturing plant.

1 (iii) For the purpose of section 44-11-2, a "manufacturer" is a person whose principal  
2 business in this state consists of transforming raw materials into a finished product for trade  
3 through any or all of the operations described in paragraph (i) of this subdivision. A person will  
4 be deemed to be principally engaged if the gross receipts which that person derived from the  
5 manufacturing operations in this state during the calendar year or fiscal year mentioned in section  
6 44-11-1 amounted to more than fifty percent (50%) of the total gross receipts which that person  
7 derived from all the business activities in which that person engaged in this state during the  
8 taxable year. For the purpose of computing the percentage, gross receipts derived by a  
9 manufacturer from the sale, lease, or rental of finished products manufactured by the  
10 manufacturer in this state, even though the manufacturer's store or other selling place may be at a  
11 different location from the location of the manufacturer's manufacturing plant in this state, are  
12 deemed to have been derived from manufacturing.

13 (iv) Within the meaning of the preceding paragraphs of this subdivision, the term  
14 "manufacturer" also includes persons who are principally engaged in any of the general activities  
15 coded and listed as establishments engaged in manufacturing in the standard industrial  
16 classification manual prepared by the technical committee on industrial classification, office of  
17 statistical standards, executive office of the president, United States bureau of the budget, as  
18 revised from time to time, but eliminating as manufacturers those persons, who, because of their  
19 limited type of manufacturing activities, are classified in the manual as falling within the trade  
20 rather than an industrial classification of manufacturers. Among those thus eliminated, and  
21 accordingly also excluded as manufacturers within the meaning of this paragraph, are persons  
22 primarily engaged in selling, to the general public, products produced on the premises from which  
23 they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and  
24 custom tailors, except, that a person who manufactures bakery products for sale primarily for  
25 home delivery, or through one or more non-baking retail outlets, and whether or not retail outlets  
26 are operated by person, is a manufacturer within the meaning of this paragraph.

27 (v) The term "Person" means and includes, as appropriate, a person, partnership, or  
28 corporation.

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

31 ~~(21)~~ (20) Real and tangible personal property acquired to provide a treatment facility  
32 used primarily to control the pollution or contamination of the waters or the air of the state, as  
33 defined in chapter 12 of title 46 and chapter 25 of title 23, respectively, the facility having been  
34 constructed, reconstructed, erected, installed, or acquired in furtherance of federal or state

1 requirements or standards for the control of water or air pollution or contamination, and certified  
2 as approved in an order entered by the director of environmental management. The property is  
3 exempt as long as it is operated properly in compliance with the order of approval of the director  
4 of environmental management; provided, that any grant of the exemption by the director of  
5 environmental management in excess of ten (10) years is approved by the city or town in which  
6 the property is situated. This provision applies only to water and air pollution control properties  
7 and facilities installed for the treatment of waste waters and air contaminants resulting from  
8 industrial processing; furthermore, it applies only to water or air pollution control properties and  
9 facilities placed in operation for the first time after April 13, 1970;

10 ~~(22)~~ (21) New manufacturing machinery and equipment acquired or used by a  
11 manufacturer and purchased after December 31, 1974. Manufacturing machinery and equipment  
12 is defined as:

13 (i) Machinery and equipment used exclusively in the actual manufacture or conversion  
14 of raw materials or goods in the process of manufacture by a manufacturer as defined in  
15 subdivision (20) of this section, and machinery, fixtures, and equipment used exclusively by a  
16 manufacturer for research and development or for quality assurance of its manufactured products;

17 (ii) Machinery and equipment which is partially used in the actual manufacture or  
18 conversion of raw materials or goods in process of manufacture by a manufacturer as defined in  
19 subdivision (20) of this section, and machinery, fixtures, and equipment used by a manufacturer  
20 for research and development or for quality assurance of its manufactured products, to the extent  
21 to which the machinery and equipment is used for the manufacturing processes, research and  
22 development or quality assurance. In the instances where machinery and equipment is used in  
23 both manufacturing and/or research, and development, and/or quality assurance activities and  
24 non-manufacturing activities, the assessment on machinery and equipment is prorated by  
25 applying the percentage of usage of the equipment for the manufacturing, research, and  
26 development and quality assurance activity to the value of the machinery and equipment for  
27 purposes of taxation, and the portion of the value used for manufacturing, research, and  
28 development, and quality assurance is exempt from taxation. The burden of demonstrating this  
29 percentage usage of machinery and equipment for manufacturing and for research, and  
30 development and/or quality assurance of its manufactured products rests with the manufacturer;  
31 and

32 (iii) Machinery and equipment described in section 44-18-30(7) and (22) that was  
33 purchased after July 1, 1997; provided that the city or town council of the city or town in which  
34 the machinery and equipment is located adopts an ordinance exempting the machinery and

1 equipment from taxation. For purposes of this subsection, city councils and town councils of any  
2 municipality may by ordinance wholly or partially exempt from taxation the machinery and  
3 equipment discussed in this subsection for the period of time established in the ordinance and  
4 may by ordinance establish the procedures for taxpayers to avail themselves of the benefit of any  
5 exemption permitted under this section; provided, that the ordinance does not apply to any  
6 machinery or equipment of a business, subsidiary or any affiliated business which locates or  
7 relocates from a city or town in this state to another city or town in the state.

8 ~~(23)~~ (22) Precious metal bullion, meaning any elementary metal which has been put  
9 through a process of melting or refining, and which is in a state or condition that its value  
10 depends upon its content and not its form. The term does not include fabricated precious metal  
11 which has been processed or manufactured for some one or more specific and customary  
12 industrial, professional, or artistic uses;

13 ~~(24)~~ (23) Hydroelectric power generation equipment, which includes, but is not limited  
14 to, turbines, generators, switchgear, controls, monitoring equipment, circuit breakers,  
15 transformers, protective relaying, bus bars, cables, connections, trash racks, headgates, and  
16 conduits. The hydroelectric power generation equipment must have been purchased after July 1,  
17 1979, and acquired or used by a person or corporation who owns or leases a dam and utilizes the  
18 equipment to generate hydroelectric power;

19 ~~(25)~~ (24) Subject to authorization by formal action of the council of any city or town,  
20 any real or personal property owned by, held in trust for, or leased to an organization incorporated  
21 under chapter 6 of title 7, as amended, or an organization meeting the definition of "charitable  
22 trust" set out in section 18-9-4, as amended, or an organization incorporated under the not for  
23 profits statutes of another state or the District of Columbia, the purpose of which is the  
24 conserving of open space, as that term is defined in chapter 36 of title 45, as amended, provided  
25 the property is used exclusively for the purposes of the organization;

26 ~~(26)~~ (25) Tangible personal property, the primary function of which is the recycling,  
27 reuse, or recovery of materials (other than precious metals, as defined in section 44-18-30(24)(ii)  
28 and (iii)), from or the treatment of "hazardous wastes", as defined in section 23-19.1-4, where the  
29 "hazardous wastes" are generated primarily by the same taxpayer and where the personal property  
30 is located at, in, or adjacent to a generating facility of the taxpayer. The taxpayer may, but need  
31 not, procure an order from the director of the department of environmental management  
32 certifying that the tangible personal property has this function, which order effects a conclusive  
33 presumption that the tangible personal property qualifies for the exemption under this  
34 subdivision. If any information relating to secret processes or methods of manufacture,

1 production, or treatment is disclosed to the department of environmental management only to  
2 procure an order, and is a "trade secret" as defined in section 28-21-10(b), it shall not be open to  
3 public inspection or publicly disclosed unless disclosure is otherwise required under chapter 21 of  
4 title 28 or chapter 24.4 of title 23;

5 ~~(27)~~ (26) Motorboats as defined in section 46-22-2 for which the annual fee required in  
6 section 46-22-4 has been paid;

7 ~~(28)~~ (27) Real and personal property of the Providence performing arts center, a non-  
8 business corporation as of December 31, 1986;

9 ~~(29)~~ (28) Tangible personal property owned by, and used exclusively for the purposes of,  
10 any religious organization located in the city of Cranston;

11 ~~(30)~~ (29) Real and personal property of the Travelers Aid Society of Rhode Island, a  
12 nonprofit corporation, the Union Mall Real Estate Corporation, and any limited partnership or  
13 limited liability company which is formed in connection with, or to facilitate the acquisition of,  
14 the Providence YMCA Building; and

15 ~~(31)~~ (30) Real and personal property of Meeting Street Center or MSC Realty, Inc., both  
16 not-for-profit Rhode Island corporations, and any other corporation, limited partnership, or  
17 limited liability company which is formed in connection with, or to facilitate the acquisition of,  
18 the properties designated as the Meeting Street National Center of Excellence on Eddy Street in  
19 Providence, Rhode Island.

20 ~~(32)~~ (31) The buildings, personal property and land upon which the buildings stand,  
21 located on Pomham Island, East Providence, currently identified as Assessor's Map 211, Block  
22 01, Parcel 001.00, which consists of approximately twenty-one thousand three hundred (21,300)  
23 square feet and is located approximately eight hundred sixty feet (860'), more or less, from the  
24 shore, and limited exclusively to these said buildings personal estate and land, provided that said  
25 property is owned by a qualified 501(c)(3) organization, such as the American Lighthouse  
26 Foundation, and is used exclusively for a lighthouse.

27 ~~(33)~~ (32) The Stadium Theatre Performing Arts Centre building located in Monument  
28 Square, Woonsocket, Rhode Island, so long as said Stadium Theatre Performing Arts Center is  
29 owned by the Stadium Theatre Foundation, a Rhode Island nonprofit corporation.

30 ~~(34)~~ (33) Real and tangible personal property of St. Mary Academy -- Bay View, located  
31 in East Providence, Rhode Island.

32 ~~(35)~~ (34) Real and personal property of East Bay Community Action Program and its  
33 predecessor, Self Help, Inc; provided, that the organization is qualified as a tax exempt  
34 corporation under section 501(c)(3) of the United States Internal Revenue Code.



1           ~~(36)~~ (35) Real and personal property, located within the city of East Providence of the  
2 Columbus Club of East Providence, a Rhode Island charitable nonprofit corporation.

3           ~~(37)~~ (36) Real and personal property, located within the city of East Providence of the  
4 Columbus Club of Barrington, a Rhode Island charitable nonprofit corporation.

5           ~~(38)~~ (37) Real and personal property, located within the city of East Providence of Lodge  
6 2337 BPO Elks, a Rhode Island nonprofit corporation.

7           ~~(39)~~ (38) Real and personal property, located within the city of East Providence of the St.  
8 Andrews Lodge No. 39, a Rhode Island charitable nonprofit corporation.

9           ~~(40)~~ (39) Real and personal property, located within the city of East Providence of the  
10 Trustees of Methodist Health and Welfare service a/k/a United Methodist Elder Care, a Rhode  
11 Island nonprofit corporation.

12           ~~(41)~~ (40) Real and personal property, located on the first floor of 90 Leonard Avenue,  
13 within the city of East Providence of the Zion Gospel Temple, Inc., a religious nonprofit  
14 corporation.

15           ~~(42)~~ (41) Real and personal property, located within the city of East Providence of the  
16 Cape Verdean Museum Exhibit, a Rhode Island nonprofit corporation.

17           ~~(43)~~ (42) The real and personal property owned by a qualified 501(c)(3) organization  
18 that is affiliated and in good standing with a national congressionally chartered organization and  
19 thereby adheres to that organization's standards and provides activities designed for recreational,  
20 educational and character building purposes for children from ages six (6) years to seventeen (17)  
21 years.

22           ~~(44)~~ (43) Real and personal property of the Rhode Island Philharmonic Orchestra and  
23 Music School; provided, that the organization is qualified as a tax exempt corporation under  
24 section 501(c)(3) of the United States Internal Revenue Code.

25           SECTION 4. This act shall take effect upon passage.

=====  
LC005878  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TOWNS AND CITIES - TAXATION

\*\*\*

1           This act would provide that no property owned by any non-profit hospital facility with  
2 licensed bed capacity of over five hundred (500) would be exempt from taxation if the property's  
3 income were derived from activity not involving healthcare. It would also remove an exemption  
4 for the president and professors of Brown University.

5           This act would take effect upon passage.

=====  
LC005878  
=====