

2016 -- S 2530

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO TAXATION - PROPERTY SUBJECT TO TAXATION

Introduced By: Senators Miller, Goodwin, Ruggerio, Goldin, and Ciccone

Date Introduced: February 25, 2016

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.** -- (a) The following property is exempt from taxation.

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

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

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

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

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

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

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

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

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

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

25 (10) Property especially exempt by charter unless the exemption has been waived in  
26 whole or in part; provided, however, that no property or estate owned by any educational  
27 institution or university is hereafter exempt from taxation in any case where any of the property's  
28 income or profits are derived from any activity not involving education, or any part of the  
29 property's income or profits or of the business carried on there is divided among its owners or  
30 stockholders, even if the non-educational activity in question, or the income or profits derived  
31 therefrom, are related or deemed necessary for the accomplishment of the purposes of the exempt  
32 educational institution or university.

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

34 (12) Property, real and personal, held for, or by, an incorporated library, society, or any

1 free public library, or any free public library society, so far as the property is held exclusively for  
2 library purposes, or for the aid or support of the aged poor, or poor friendless children, or the poor  
3 generally, or for a nonprofit hospital for the sick or disabled; but no property or estate whatever  
4 is hereafter exempt from taxation in any case where any of its income or profits are derived from  
5 any activity not involving said activities, or any part of the property's income or profits or of the  
6 business carried on there is divided among its owners or stockholders, even if the activity in  
7 question, or the income or profits derived therefrom, are related or deemed necessary for the  
8 accomplishment of the purposes of the exempt entity;

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

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

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

27 (16) The estate of any person who, in the judgment of the assessors, is unable from  
28 infirmity or poverty to pay the tax; providing, that in the town of Burrillville the tax shall  
29 constitute a lien for five (5) years on the property where the owner is entitled to the exemption. At  
30 the expiration of five (5) years, the lien shall be abated in full. Provided, if the property is sold or  
31 conveyed, or if debt secured by the property is refinanced during the five (5) year period, the lien  
32 immediately becomes due and payable; any person claiming the exemption aggrieved by an  
33 adverse decision of an assessor shall appeal the decision to the local board of tax review and  
34 thereafter according to the provisions of § 44-5-26;

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

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

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

12 (20) Manufacturer's inventory

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

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

31 (iii) For the purpose of § 44-11-2, a "manufacturer" is a person whose principal business  
32 in this state consists of transforming raw materials into a finished product for trade through any or  
33 all of the operations described in paragraph (i) of this subdivision. A person will be deemed to be  
34 principally engaged if the gross receipts that person derived from the manufacturing operations in

1 this state during the calendar year or fiscal year mentioned in § 44-11-1 amounted to more than  
2 fifty percent (50%) of the total gross receipts that person derived from all the business activities  
3 in which that person engaged in this state during the taxable year. For the purpose of computing  
4 the percentage, gross receipts derived by a manufacturer from the sale, lease, or rental of finished  
5 products manufactured by the manufacturer in this state, even though the manufacturer's store or  
6 other selling place may be at a different location from the location of the manufacturer's  
7 manufacturing plant in this state, are deemed to have been derived from manufacturing;

8 (iv) Within the meaning of the preceding paragraphs of this subdivision, the term  
9 "manufacturer" also includes persons who are principally engaged in any of the general activities  
10 coded and listed as establishments engaged in manufacturing in the Standard Industrial  
11 Classification Manual prepared by the Technical Committee on Industrial Classification, Office  
12 of Statistical Standards, Executive Office of the President, United States Bureau of the Budget, as  
13 revised from time to time, but eliminating as manufacturers those persons, who, because of their  
14 limited type of manufacturing activities, are classified in the manual as falling within the trade  
15 rather than an industrial classification of manufacturers. Among those thus eliminated, and  
16 accordingly also excluded as manufacturers within the meaning of this paragraph, are persons  
17 primarily engaged in selling, to the general public, products produced on the premises from which  
18 they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and  
19 custom tailors, except, that a person who manufactures bakery products for sale primarily for  
20 home delivery, or through one or more non-baking retail outlets, and whether or not retail outlets  
21 are operated by person, is a manufacturer within the meaning of this paragraph;

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

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

26 (21) Real and tangible personal property acquired to provide a treatment facility used  
27 primarily to control the pollution or contamination of the waters or the air of the state, as defined  
28 in chapter 12 of title 46 and chapter 25 of title 23, respectively, the facility having been  
29 constructed, reconstructed, erected, installed, or acquired in furtherance of federal or state  
30 requirements or standards for the control of water or air pollution or contamination, and certified  
31 as approved in an order entered by the director of environmental management. The property is  
32 exempt as long as it is operated properly in compliance with the order of approval of the director  
33 of environmental management; provided, that any grant of the exemption by the director of  
34 environmental management in excess of ten (10) years is approved by the city or town in which

1 the property is situated. This provision applies only to water and air pollution control properties  
2 and facilities installed for the treatment of waste waters and air contaminants resulting from  
3 industrial processing; furthermore, it applies only to water or air pollution control properties and  
4 facilities placed in operation for the first time after April 13, 1970;

5 (22) New manufacturing machinery and equipment acquired or used by a manufacturer  
6 and purchased after December 31, 1974. Manufacturing machinery and equipment is defined as:

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

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

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

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

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

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

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

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

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

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

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

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

12 (32) The buildings, personal property, and land upon which the buildings stand, located  
13 on Pomham Island, East Providence, currently identified as Assessor's Map 211, Block 01, Parcel  
14 001.00, that consists of approximately twenty-one thousand three hundred (21,300) square feet  
15 and is located approximately eight hundred sixty feet (860'), more or less, from the shore, and  
16 limited exclusively to these said buildings personal estate and land, provided that said property is  
17 owned by a qualified 501(c)(3) organization, such as the American Lighthouse Foundation, and is  
18 used exclusively for a lighthouse.

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

22 (34) Real and tangible personal property of St. Mary Academy -- Bay View, located in  
23 East Providence, Rhode Island.

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

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

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

31 (38) Real and personal property located within the city of East Providence of Lodge  
32 2337 BPO Elks, a Rhode Island nonprofit corporation.

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



1 (40) Real and personal property located within the city of East Providence of the  
2 Trustees of Methodist Health and Welfare service a/k/a United Methodist Elder Care, a Rhode  
3 Island nonprofit corporation.

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

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

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

13 (44) Real and personal property of the Rhode Island Philharmonic Orchestra and Music  
14 School; provided, that the organization is qualified as a tax exempt corporation under § 501(c)(3)  
15 of the United States Internal Revenue Code.

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

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

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

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

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

10           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 - PROPERTY SUBJECT TO TAXATION

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1           This act would exclude from tax exemption any property, income or profits owned by  
2 any educational institution or library, where any of the property, income or profits are derived  
3 from any activity not involving education.

4           This act would take effect upon passage.

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