

2017 -- H 6074

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO TAXATION - LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Representative Robert A. Nardolillo

Date Introduced: April 05, 2017

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-5-3 of the General Laws in Chapter 44-5 entitled "Levy and
2 Assessment of Local Taxes" is hereby amended to read as follows:

3 ~~44-5-3. Ratable property of a city or town -- Definitions. Ratable property of a city~~
4 ~~or town -- Definition.~~

5 ~~(a) The ratable property of the city or town consists of the ratable real estate, and the~~
6 ~~ratable tangible personal property (which do not include manufacturer's manufacturing machinery~~
7 ~~and equipment of a manufacturer) and the ratable tangible personal property of manufacturers~~
8 ~~consisting of manufacturer's manufacturing machinery and equipment of a manufacturer.~~

9 ~~(b) (1) For the purposes of this section and §§ 44-5-20, 44-5-22, 44-5-38, and § 9 of~~
10 ~~chapter 245, public laws of Rhode Island, 1966, "manufacturing" includes the handling and~~
11 ~~storage of manufacturer's inventories as defined in § 44-3-3(20)(i).~~

12 ~~(2) "Manufacturer's machinery and equipment" or "manufacturing machinery and~~
13 ~~equipment" is defined as:~~

14 ~~(i) Machinery and equipment which is used exclusively in the actual manufacture or~~
15 ~~conversion of materials or goods in the process of manufacture by a manufacturer as defined in §~~
16 ~~44-3-3(20) and machinery, fixtures, and equipment used exclusively by a manufacturer for~~
17 ~~research and development or for quality assurance of its manufactured products; and~~

18 ~~(ii) Machinery and equipment which is partially used in the actual manufacture or~~
19 ~~conversion of raw materials or goods in the process of manufacture by a manufacturer as defined~~

1 ~~in § 44-3-3(20) and machinery, fixtures, and equipment used by a manufacturer for research and~~
2 ~~development or for quality assurance of its manufactured products, to the extent to which the~~
3 ~~machinery and equipment is used for the manufacturing processes, research, and development or~~
4 ~~quality assurance. In the instances where machinery and equipment is used in both manufacturing~~
5 ~~activities, the assessment on machinery and equipment is prorated by applying the percentage of~~
6 ~~usage of the equipment for manufacturing, research, and development and quality assurance~~
7 ~~activity to the value of the machinery and equipment for purposes of taxation, and the portion of~~
8 ~~the value used for manufacturing, research, and development and quality assurance is exempt~~
9 ~~from taxation. The burden of demonstrating this percentage usage of machinery and equipment~~
10 ~~for manufacturing and for research and development and/or quality assurance of its manufactured~~
11 ~~products rests with the manufacturer.~~

12 ~~(3) This definition of "manufacturing" or "manufacturer's machinery and equipment"~~
13 ~~does not include:~~

14 ~~(i) Motor vehicles required by law to be registered with the division of motor vehicles;~~

15 ~~(ii) Store fixtures and other equipment situated in or upon a retail store or other similar~~
16 ~~selling place operated by a manufacturer, whether or not the retail establishment store or other~~
17 ~~similar selling place is located in the same building in which the manufacturer operates his or her~~
18 ~~manufacturing plant; and~~

19 ~~(iii) Fixtures or other equipment situated in or upon premises used to conduct a business~~
20 ~~which is unrelated to the manufacture of finished products for trade and their sale by the~~
21 ~~manufacturer of the products, whether or not the premises where the unrelated business is~~
22 ~~conducted is in the same building in which the manufacturer has his or her manufacturing plant.~~
23 ~~The levy on tangible personal property of manufacturers consisting of manufacturer's~~
24 ~~manufacturing machinery and equipment of a manufacturer is at the rate provided in § 44-5-38.~~

25 ~~(e) Notwithstanding any exemption provided by this section, and except for the~~
26 ~~exemptions created by §§ 44-3-3(a)(22), 44-3-3(a)(48) and 44-3-3(a)(49), which exemptions shall~~
27 ~~remain intact, cities and towns may, by ordinance or resolution, tax any renewable energy~~
28 ~~resources, as defined in § 39-26-5, and associated equipment only pursuant to rules and~~
29 ~~regulations that will be established by the office of energy resources in consultation with the~~
30 ~~division of taxation after the rules are adopted, no later than November 30, 2016. The rules will~~
31 ~~provide consistent and foreseeable tax treatment of renewable energy to facilitate and promote~~
32 ~~installation of grid-connected generation of renewable energy and shall consider the following~~
33 ~~criteria in adopting appropriate and reasonable, tangible property tax rates for commercial~~
34 ~~renewable energy systems:~~

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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- 1 This act would abolish city and town taxes on tangible personal property, and provide for
- 2 the state to reimburse each municipality for the lost revenue.
- 3 This act would take effect upon passage.

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