

ARTICLE 4 AS AMENDED

RELATING TO TAXES AND REVENUE

SECTION 1. Sections 42-61-4 and 42-61-15 of the General Laws in Chapter 61 entitled "State Lottery" are hereby amended to read as follows:

42-61-4. Powers and duties of director.

The director shall have the power and it shall be his or her duty to:

(1) Supervise and administer the operation of lotteries in accordance with this chapter, chapter 61.2 of this title and with the rules and regulations of the division;

(2) Act as the chief administrative officer having general charge of the office and records and to employ necessary personnel to serve at his or her pleasure and who shall be in the unclassified service and whose salaries shall be set by the director of the department of revenue, pursuant to the provisions of § 42-61-3.

(3) In accordance with this chapter and the rules and regulations of the division, license as agents to sell lottery tickets those persons, as in his or her opinion, who will best serve the public convenience and promote the sale of tickets or shares. The director may require a bond from every licensed agent, in an amount provided in the rules and regulations of the division. Every licensed agent shall prominently display his or her license, or a copy of their license, as provided in the rules and regulations of the committee;

(4) Confer regularly as necessary or desirable, and not less than nine (9) times per year, with the permanent joint committee on state lottery on the operation and administration of the lotteries; make available for inspection by the committee, upon request, all books, records, files, and other information, and documents of the division; advise the committee and recommend those matters that he or she deems necessary and advisable to improve the operation and administration of the lotteries;

(5) Suspend or revoke any license issued pursuant to this chapter, chapter 61.2 of this title or the rules and regulations promulgated under this chapter and chapter 61.2 of this title;

(6) Enter into contracts for the operation of the lotteries, or any part of the operation of the lotteries, and into contracts for the promotion of the lotteries;

(7) Ensure that monthly financial reports are prepared providing gross monthly revenues, prize disbursements, other expenses, net income, and the amount transferred to the state general

1 fund for keno and for all other lottery operations; submit this report to the state budget officer, the
2 auditor general, the permanent joint committee on state lottery, the legislative fiscal advisors, and
3 the governor no later than the twentieth business day following the close of the month; the monthly
4 report shall be prepared in a manner prescribed by the members of the revenues estimating
5 conference; at the end of each fiscal year the director shall submit an annual report based upon an
6 accrual system of accounting which shall include a full and complete statement of lottery revenues,
7 prize disbursements and expenses, to the governor and the general assembly, which report shall be
8 a public document and shall be filed with the secretary of state;

9 (8) Carry on a continuous study and investigation of the state lotteries throughout the state,
10 and the operation and administration of similar laws, which may be in effect in other states or
11 countries; and the director shall continue to exercise his authority to study, evaluate and where
12 deemed feasible and advisable by the director, implement lottery-related initiatives, including but
13 not limited to, pilot programs for limited periods of time, with the goal of generating additional
14 revenues to be transferred by the Lottery to the general fund pursuant to § 42-61-15(3). Each such
15 initiative shall be objectively evaluated from time to time using measurable criteria to determine
16 whether the initiative is generating revenue to be transferred by the Lottery to the general fund.
17 Nothing herein shall be deemed to permit the implementation of an initiative that would constitute
18 an expansion of gambling requiring voter approval under applicable Rhode Island law.

19 (9) Implement the creation and sale of commercial advertising space on lottery tickets as
20 authorized by § 42-61-4 of this chapter as soon as practicable after June 22, 1994;

21 (10) Promulgate rules and regulations, which shall include, but not be limited to:

22 (i) The price of tickets or shares in the lotteries;

23 (ii) The number and size of the prizes on the winning tickets or shares;

24 (iii) The manner of selecting the winning tickets or shares;

25 (iv) The manner of payment of prizes to the holders of winning tickets or shares;

26 (v) The frequency of the drawings or selections of winning tickets or shares;

27 (vi) The number and types of location at which tickets or shares may be sold;

28 (vii) The method to be used in selling tickets or shares;

29 (viii) The licensing of agents to sell tickets or shares, except that a person under the age of
30 eighteen

31 (18) shall not be licensed as an agent;

32 (ix) The license fee to be charged to agents;

33 (x) The manner in which the proceeds of the sale of lottery tickets or shares are maintained,
34 reported, and otherwise accounted for;

1 (xi) The manner and amount of compensation to be paid licensed sales agents necessary to
2 provide for the adequate availability of tickets or shares to prospective buyers and for the
3 convenience of the general public;

4 (xii) The apportionment of the total annual revenue accruing from the sale of lottery tickets
5 or shares and from all other sources for the payment of prizes to the holders of winning tickets or
6 shares, for the payment of costs incurred in the operation and administration of the lotteries,
7 including the expense of the division and the costs resulting from any contract or contracts entered
8 into for promotional, advertising, consulting, or operational services or for the purchase or lease of
9 facilities, lottery equipment, and materials, for the repayment of moneys appropriated to the lottery
10 fund;

11 (xiii) The superior court upon petition of the director after a hearing may issue subpoenas
12 to compel the attendance of witnesses and the production of documents, papers, books, records,
13 and other evidence in any matter over which it has jurisdiction, control or supervision. If a person
14 subpoenaed to attend in the proceeding or hearing fails to obey the command of the subpoena
15 without reasonable cause, or if a person in attendance in the proceeding or hearing refuses without
16 lawful cause to be examined or to answer a legal or pertinent question or to exhibit any book,
17 account, record, or other document when ordered to do so by the court, that person may be punished
18 for contempt of the court;

19 (xiv) The manner, standards, and specification for the process of competitive bidding for
20 division purchases and contracts; and

21 (xv) The sale of commercial advertising space on the reverse side of, or in other available
22 areas upon, lottery tickets provided that all net revenue derived from the sale of the advertising
23 space shall be deposited immediately into the state's general fund and shall not be subject to the
24 provisions of § 42-61-15.

25 **42-61-15. State lottery fund.**

26 (a) There is created the state lottery fund, into which shall be deposited all revenues
27 received by the division from the sales of lottery tickets and license fees. The fund shall be in the
28 custody of the general treasurer, subject to the direction of division for the use of the division, and
29 money shall be disbursed from it on the order of the controller of the state, pursuant to vouchers or
30 invoices signed by the director and certified by the director of administration. The moneys in the
31 state lottery fund shall be allotted in the following order, and only for the following purposes:

32 (1) Establishing a prize fund from which payments of the prize awards shall be disbursed
33 to holders of winning lottery tickets on checks signed by the director and countersigned by the
34 controller of the state or his or her designee.

1 (i) The amount of payments of prize awards to holders of winning lottery tickets shall be
2 determined by the division, but shall not be less than forty-five percent (45%) nor more than sixty-
3 five percent (65%) of the total revenue accruing from the sale of lottery tickets.

4 (ii) For the lottery game commonly known as "Keno", the amount of prize awards to
5 holders of winning Keno tickets shall be determined by the division, but shall not be less than forty-
6 five percent (45%) nor more than seventy-two percent (72%) of the total revenue accruing from
7 the sale of Keno tickets.

8 (2) Payment of expenses incurred by the division in the operation of the state lotteries
9 including, but not limited to, costs arising from contracts entered into by the director for
10 promotional, consulting, or operational services, salaries of professional, technical, and clerical
11 assistants, and purchases or lease of facilities, lottery equipment, and materials; provided however,
12 solely for the purpose of determining revenues remaining and available for transfer to the state's
13 general fund, ~~beginning in fiscal year 2015~~ expenses incurred by the division in the operation of
14 state lotteries shall reflect (i) Beginning in fiscal year 2015, the actuarially determined employer
15 contribution to the Employees' Retirement System consistent with the state's adopted funding
16 policy; and (ii) Beginning in fiscal year 2018, the actuarially determined employer contribution to
17 the State Employees and Electing Teachers' OPEB System consistent with the state's adopted
18 funding policy. For financial reporting purposes, the state lottery fund financial statements shall be
19 prepared in accordance with generally accepted accounting principles as promulgated by the
20 Governmental Accounting Standards Board; and

21 (3) Payment into the general revenue fund of all revenues remaining in the state lottery
22 fund after the payments specified in subdivisions (a)(1) – (a)(2) of this section.

23 (b) The auditor general shall conduct an annual post audit of the financial records and
24 operations of the lottery for the preceding year in accordance with generally accepted auditing
25 standards and government auditing standards. In connection with the audit, the auditor general may
26 examine all records, files, and other documents of the division, and any records of lottery sales
27 agents that pertain to their activities as agents, for purposes of conducting the audit. The auditor
28 general, in addition to the annual post audit, may require or conduct any other audits or studies he
29 or she deems appropriate, the costs of which shall be borne by the division.

30 (c) Payments into the state's general fund specified in subsection (a)(3) of this section shall
31 be made on an estimated quarterly basis. Payment shall be made on the tenth business day following
32 the close of the quarter except for the fourth quarter when payment shall be on the last business
33 day.

34 SECTION 2. Purpose.

1 (a) Article VI, Section 22 of the Rhode Island Constitution provides that "[n]o act
2 expanding the types or locations of gambling permitted within the state or within any city or town
3 . . . shall take effect until it has been approved by the majority of those electors voting in a statewide
4 referendum and by the majority of those electors voting in said referendum in the municipality in
5 which the proposed gambling would be allowed . . ."

6 (b) In the 2012 general election, a majority of Rhode Island voters statewide and in the
7 Town of Lincoln approved the following referendum question (among others):

8 "Shall an act be approved which would authorize the facility known as "Twin River" in the
9 town of Lincoln to add state-operated casino gaming, such as table games, to the types of gambling
10 it offers?"

11 (c) Similarly, in the 2016 general election, a majority of Rhode Island voters statewide and
12 in the Town of Tiverton approved the following referendum question (among others):

13 "Shall an act be approved which would authorize a facility owned by Twin River-Tiverton,
14 LLC, located in the Town of Tiverton at the intersection of William S. Canning Boulevard and
15 Stafford Road, to be licensed as a pari-mutuel facility and offer state-operated video-lottery games
16 and state-operated casino gaming, such as table games?"

17 (d) In the voter information handbooks setting forth and explaining the question in each
18 instance, "casino gaming" was defined to include games "within the definition of Class III gaming
19 as that term is defined in section 2703(8) of Title 25 of the United States Code and which is
20 approved by the State of Rhode Island through the Lottery Division." "Casino gaming" is also
21 defined to include games within the definition of class III gaming in section 42-61.2-1 of the general
22 laws.

23 (e) Section 2703(8) of Title 25 US Code (part of the Indian Gaming Regulatory Act, or
24 "IGRA") provides that the term "class III gaming" means "all forms of gaming that are not class I
25 gaming or class II gaming." The regulations promulgated under IGRA (25 CFR 502.4) expressly
26 state that Class III gaming includes sports wagering.

27 (f) Thus, voters state-wide and locally approved state-operated sports wagering to be
28 offered by the Twin River and Tiverton gaming facilities. Voter approval of sports wagering shall
29 be implemented by providing an infrastructure for state-operated sports wagering offered by the
30 Twin River gaming facilities in Lincoln and Tiverton, by authorizing necessary amendments to
31 certain contracts and by authorizing the division of lotteries to promulgate regulations to direct and
32 control state-operated sports wagering.

33 (g) State operated sports wagering shall be operated by the state through the division of
34 lotteries. Sports wagering may be conducted at (i) the Twin River Gaming Facility, located in

1 Lincoln at 100 Twin River Road and owned by UTGR, Inc., a licensed video lottery and table game
2 retailer, and at (ii) the Tiverton Gaming Facility, located in Tiverton at the intersection of William
3 S. Canning Boulevard and Stafford Road, and owned by Twin River-Tiverton, once Twin River-
4 Tiverton is licensed as a video lottery and table game retailer.

5 (h) The state through the division of lotteries shall exercise its existing authority to
6 implement, operate, conduct and control sports wagering at the Twin River gaming facility and the
7 Twin River-Tiverton gaming facility in accordance with the provisions of this chapter and the rules
8 and regulations of the division of lotteries.

9 (i) Notwithstanding the provisions of this section, sports wagering shall be prohibited in
10 connection with any collegiate sports or athletic event that takes place in Rhode Island or a sports
11 contest or athletic event in which any Rhode Island college team participates, regardless of where
12 the event takes place.

13 (j) No other law providing any penalty or disability for conducting, hosting, maintaining,
14 supporting or participating in sports wagering, or any acts done in connection with sports wagering,
15 shall apply to the conduct, hosting, maintenance, support or participation in sports wagering
16 pursuant to this chapter.

17 SECTION 3. The title of Chapter 42-61.2 of the General Laws entitled "Video-Lottery
18 Terminal" is hereby amended to read as follows:

19 ~~CHAPTER 42-61.2~~

20 ~~Video Lottery Terminal~~

21 CHAPTER 42-61.2

22 VIDEO-LOTTERY GAMES, TABLE GAMES AND SPORTS WAGERING

23 SECTION 4. Section 42-61.2-1, 42-61.2-3.2, 42-61.2-4, 42-61.2-6, 42-61.2-10, 42-61.2-
24 11, 42-61.2-13, 42-61.2-14 and 42-61.2-15 of the General Laws in Chapter 42-61.2 entitled "Video-
25 Lottery Terminal" are hereby amended to read as follows:

26 **42-61.2-1. Definitions.**

27 For the purpose of this chapter, the following words shall mean:

28 (1) "Central communication system" means a system approved by the lottery division,
29 linking all video-lottery machines at a licensee location to provide auditing program information
30 and any other information determined by the lottery. In addition, the central communications
31 system must provide all computer hardware and related software necessary for the establishment
32 and implementation of a comprehensive system as required by the division. The central
33 communications licensee may provide a maximum of fifty percent (50%) of the video-lottery
34 terminals.

1 (2) "Licensed, video-lottery retailer" means a pari-mutuel licensee specifically licensed by
2 the director subject to the approval of the division to become a licensed, video-lottery retailer.

3 (3) "Net terminal income" means currency placed into a video-lottery terminal less credits
4 redeemed for cash by players.

5 (4) "Pari-mutuel licensee" means:

6 (i) An entity licensed pursuant to § 41-3.1-3; and/or

7 (ii) An entity licensed pursuant to § 41-7-3.

8 (5) "Technology provider" means any individual, partnership, corporation, or association
9 that designs, manufactures, installs, maintains, distributes, or supplies video-lottery machines or
10 associated equipment for the sale or use in this state.

11 (6) "Video-lottery games" means lottery games played on video-lottery terminals
12 controlled by the lottery division.

13 (7) "Video-lottery terminal" means any electronic computerized video game machine that,
14 upon the insertion of cash or any other representation of value that has been approved by the
15 division of lotteries, is available to play a video game authorized by the lottery division, and that
16 uses a video display and microprocessors in which, by chance, the player may receive free games
17 or credits that can be redeemed for cash. The term does not include a machine that directly dispenses
18 coins, cash, or tokens.

19 (8) "Casino gaming" means any and all table and casino-style games played with cards,
20 dice, or equipment, for money, credit, or any representative of value; including, but not limited to,
21 roulette, blackjack, big six, craps, poker, baccarat, paigow, any banking or percentage game, or any
22 other game of device included within the definition of Class III gaming as that term is defined in
23 Section 2703(8) of Title 25 of the United States Code and that is approved by the state through the
24 division of state lottery.

25 (9) "Net, table-game revenue" means win from table games minus counterfeit currency.

26 (10) "Rake" means a set fee or percentage of cash and chips representing cash wagered in
27 the playing of a nonbanking table game assessed by a table games retailer for providing the services
28 of a dealer, gaming table or location, to allow the play of any nonbanking table game.

29 (11) "Table game" or "Table gaming" means that type of casino gaming in which table
30 games are played for cash or chips representing cash, or any other representation of value that has
31 been approved by the division of lotteries, using cards, dice, or equipment and conducted by one
32 or more live persons.

33 (12) "Table-game retailer" means a retailer authorized to conduct table gaming pursuant to
34 §§ 42-61.2-2.1 or 42-61.2-2.3.

1 (13) "Credit facilitator" means any employee of a licensed, video-lottery retailer approved
2 in writing by the division whose responsibility is to, among other things, review applications for
3 credit by players, verify information on credit applications, grant, deny, and suspend credit,
4 establish credit limits, increase and decrease credit limits, and maintain credit files, all in
5 accordance with this chapter and rules and regulations approved by the division.

6 (14) "Newport Grand" means Newport Grand, LLC, a Rhode Island limited-liability
7 company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and assignee
8 of Newport Grand, LLC under the Newport Grand Master Contract, including, but not limited to,
9 Premier Entertainment II, LLC and/or Twin River-Tiverton, LLC, provided it is a pari-mutuel
10 licensee as defined in § 42-61.2-1 et seq.; provided, further, however, where the context indicates
11 that the term is referring to the physical facility, then it shall mean the gaming and entertainment
12 facility located at 150 Admiral Kalbfus Road, Newport, Rhode Island.

13 (15) "Newport Grand Marketing Year" means each fiscal year of the state or a portion
14 thereof between November 23, 2010, and the termination date of the Newport Grand Master
15 Contract.

16 (16) "Newport Grand Master Contract" means that certain master video-lottery terminal
17 contract made as of November 23, 2005, by and between the Division of Lotteries of the Rhode
18 Island department of administration and Newport Grand, as amended and extended from time to
19 time as authorized therein and/or as such Newport Grand Master Contract may be assigned as
20 permitted therein.

21 (17) "Premier" means Premier Entertainment II, LLC and/or its successor in interest by
22 reason of the acquisition of the stock, membership interests, or substantially all of the assets of such
23 entity.

24 (18) "Twin River-Tiverton" means Twin River-Tiverton, LLC and/or its successor in
25 interest by reason of the acquisition of the stock, membership interests, or substantially all of the
26 assets of such entity.

27 (19) "Sports wagering revenue" means:

28 (1) The total of cash or cash equivalents received from sports wagering minus the total of:

29 (i) Cash or cash equivalents paid to players as a result of sports wagering;

30 (ii) The annual flat fee to the host communities as defined by § 42-61.2-2.4(c) of the general
31 laws;

32 (iii) Marketing expenses related to sports wagering as agreed to by the division, the sports
33 wagering vendor, and the host facilities, as approved by the division of the lottery; and

34 (iv) Any federal excise taxes (if applicable).

1 (2) The term does not include any of the following:

2 (i) Counterfeit cash.

3 (ii) Coins or currency of other countries received as a result of sports wagering, except to
4 the extent that the coins or currency are readily convertible to cash.

5 (iii) Cash taken in a fraudulent act perpetrated against a hosting facility or sports wagering
6 vendor for which the hosting facility or sports wagering vendor is not reimbursed.

7 (iv) Free play provided by the hosting facility or sports wagering vendor as authorized by
8 the division of lottery to a patron and subsequently "won back" by the hosting facility or sports
9 wagering vendor, for which the hosting facility or sports wagering vendor can demonstrate that it
10 or its affiliate has not been reimbursed in cash.

11 (20) "Sporting event" means any professional sport or athletic event, any Olympic or
12 international sports competition event and any collegiate sport or athletic event, or any portion
13 thereof, including, but not limited to, the individual performance statistics of athletes in a sports
14 event or combination of sports events, except "sports event" shall not include a prohibited sports
15 event.

16 (21) "Collegiate sports or athletic event" shall not include a collegiate sports contest or
17 collegiate athletic event that takes place in Rhode Island or a sports contest or athletic event in
18 which any Rhode Island college team participates regardless of where the event takes place.

19 (22) "Sports wagering" means the business of accepting wagers on sporting events or a
20 combination of sporting events, or on the individual performance statistics of athletes in a sporting
21 event or combination of sporting events, by any system or method of wagering. The term includes,
22 but is not limited to, exchange wagering, parlays, over-under, moneyline, pools and straight bets,
23 and the term includes the placement of such bets and wagers. However, the term does not include,
24 without limitation, the following:

25 (1) Lotteries, including video lottery games and other types of casino gaming operated by
26 the state, through the division, on the date this act is enacted.

27 (2) Pari-mutuel betting on the outcome of thoroughbred or harness horse racing, or
28 greyhound dog racing, including but not limited to pari-mutuel wagering on a race that is
29 "simulcast" (as defined in section 41-11-1 of the general laws), as regulated elsewhere pursuant to
30 the general laws, including in chapters 41-3, 41-3.1, 41-4 and 41-11 of the general laws.

31 (3) Off-track betting on racing events, as regulated elsewhere pursuant to the general laws,
32 including in chapter 41-10 of the general laws.

33 (4) Wagering on the respective scores or points of the game of jai alai or pelota and the
34 sale of pari-mutuel pools related to such games, as regulated elsewhere pursuant to the general

1 laws, including in chapter 41-7 of the general laws.

2 (5) Lotteries, charitable gaming, games of chance, bingo games, raffles and pull-tab lottery
3 tickets, to the extent permitted and regulated pursuant to chapter 11-19 of the general laws.

4 (23) "Sports wagering device" means any mechanical, electrical or computerized
5 contrivance, terminal, machine or other device, apparatus, equipment or supplies approved by the
6 division and used to conduct sports wagering.

7 (24) "Sports wagering vendor" means any entity authorized by the division of lottery to
8 operate sports betting on the division's behalf in accordance with this chapter.

9 (25) "Payoff" when used in connection with sports wagering, means cash or cash
10 equivalents paid to a player as a result of the player's winning a sports wager. A "payoff" is a type
11 of "prize," as the term "prize" is used in chapter 42-61, chapter 42-61.2 and in chapter 42-61.3.

12 (26) "Tiverton gaming facility" (sometimes referred to as "Twin River-Tiverton") means
13 the gaming and entertainment facility located in the Town of Tiverton at the intersection of William
14 S. Canning Boulevard and Stafford Road.

15 (27) "Twin River" (sometimes referred to as "UTGR") means UTGR, Inc., a Delaware
16 corporation, and each permitted successor to and assignee of UTGR, Inc.; provided further,
17 however, where the context indicates that the term is referring to a physical facility, then "Twin
18 River" or "Twin River gaming facility" shall mean the gaming and entertainment facility located at
19 100 Twin River Road in Lincoln, Rhode Island.

20 (28) "Hosting facility" refers to Twin River and the Tiverton gaming facility.

21 (29) "DBR" means the department of business regulation, division of licensing and gaming
22 and athletics, and/or any successor in interest thereto.

23 (30) "Division," "division of lottery," "division of lotteries" or "lottery division" means the
24 division of lotteries within the department of revenue and/or any successor in interest thereto.

25 (31) "Director" means the director of the division.

26 **42-61.2-3.2. Gaming credit authorized.**

27 (a) Authority. In addition to the powers and duties of the state lottery director under §§ 42-
28 61-4, 42-61.2-3, 42-61.2-3.1 and 42-61.2-4, the division shall authorize each licensed, video-lottery
29 retailer to extend credit to players pursuant to the terms and conditions of this chapter.

30 (b) Credit. Notwithstanding any provision of the general laws to the contrary, including,
31 without limitation, § 11-19-17, except for applicable licensing laws and regulations, each licensed,
32 video-lottery retailer may extend interest-free, unsecured credit to its patrons for the sole purpose
33 of such patrons making wagers at table games and/or video-lottery terminals and/or for the purpose
34 of making sports wagering bets, at the licensed, video-lottery retailer's facility subject to the terms

1 and conditions of this chapter.

2 (c) Regulations. Each licensed, video-lottery retailer shall be subject to rules and
3 regulations submitted by licensed, video-lottery retailers and subject to the approval of the division
4 of lotteries regarding procedures governing the extension of credit and requirements with respect
5 to a credit applicant's financial fitness, including, without limitation: annual income; debt-to-
6 income ratio; prior credit history; average monthly bank balance; and/or level of play. The division
7 of lotteries may approve, approve with modification, or disapprove any portion of the policies and
8 procedures submitted for review and approval.

9 (d) Credit applications. Each applicant for credit shall submit a written application to the
10 licensed, video-lottery retailer that shall be maintained by the licensed, video-lottery retailer for
11 three (3) years in a confidential credit file. The application shall include the patron's name; address;
12 telephone number; social security number; comprehensive bank account information; the requested
13 credit limit; the patron's approximate amount of current indebtedness; the amount and source of
14 income in support of the application; the patron's signature on the application; a certification of
15 truthfulness; and any other information deemed relevant by the licensed, video-lottery retailer or
16 the division of lotteries.

17 (e) Credit application verification. As part of the review of a credit application and before
18 an application for credit is approved, the licensed, video-lottery retailer shall verify:

19 (1) The identity, creditworthiness, and indebtedness information of the applicant by
20 conducting a comprehensive review of:

21 (i) The information submitted with the application;

22 (ii) Indebtedness information regarding the applicant received from a credit bureau; and/or

23 (iii) Information regarding the applicant's credit activity at other licensed facilities that the
24 licensed, video-lottery retailer may obtain through a casino credit bureau and, if appropriate,
25 through direct contact with other casinos.

26 (2) That the applicant's name is not included on an exclusion or self-exclusion list
27 maintained by the licensed, video-lottery retailer and/or the division of lotteries.

28 (3) As part of the credit application, the licensed, video-lottery retailer shall notify each
29 applicant in advance that the licensed, video-lottery retailer will verify the information in
30 subsections (e)(1) and (e)(2) and may verify any other information provided by the applicant as
31 part of the credit application. The applicant is required to acknowledge in writing that he or she
32 understands that the verification process will be conducted as part of the application process and
33 that he or she consents to having said verification process conducted.

34 (f) Establishment of credit. After a review of the credit application, and upon completion

1 of the verification required under subsection (e), and subject to the rules and regulations approved
2 by the division of lotteries, a credit facilitator may approve or deny an application for credit to a
3 player. The credit facilitator shall establish a credit limit for each patron to whom credit is granted.
4 The approval or denial of credit shall be recorded in the applicant's credit file that shall also include
5 the information that was verified as part of the review process, and the reasons and information
6 relied on by the credit facilitator in approving or denying the extension of credit and determining
7 the credit limit. Subject to the rules and regulations approved by the division of lotteries, increases
8 to an individual's credit limit may be approved by a credit facilitator upon receipt of written request
9 from the player after a review of updated financial information requested by the credit facilitator
10 and re-verification of the player's credit information.

11 (g) Recordkeeping. Detailed information pertaining to all transactions affecting an
12 individual's outstanding indebtedness to the licensed, video-lottery retailer shall be recorded in
13 chronological order in the individual's credit file. The financial information in an application for
14 credit and documents related thereto shall be confidential. All credit application files shall be
15 maintained by the licensed, video-lottery retailer in a secure manner and shall not be accessible to
16 anyone not a credit facilitator or a manager or officer of a licensed, video-lottery retailer responsible
17 for the oversight of the extension of credit program.

18 (h) Reduction or suspension of credit. A credit facilitator may reduce a player's credit limit
19 or suspend his or her credit to the extent permitted by the rules and regulations approved by the
20 division of lotteries and shall reduce a player's credit limit or suspend a player's credit limit as
21 required by said rules and regulations.

22 (i) Voluntary credit suspension. A player may request that the licensed, video-lottery
23 retailer suspend or reduce his or her credit. Upon receipt of a written request to do so, the player's
24 credit shall be reduced or suspended as requested. A copy of the request and the action taken by
25 the credit facilitator shall be placed in the player's credit application file.

26 (j) Liability. In the event that a player fails to repay a debt owed to a licensed, video-lottery
27 retailer resulting from the extension of credit by that licensed, video-lottery retailer, neither the
28 state of Rhode Island nor the division of lotteries shall be responsible for the loss and said loss shall
29 not affect net, table-game revenue or net terminal income. A licensed, video-lottery retailer, the
30 state of Rhode Island, the division of lotteries, and/or any employee of a licensed, video-lottery
31 retailer, shall not be liable in any judicial or administrative proceeding to any player, any individual,
32 or any other party, including table game players or individuals on the voluntary suspension list, for
33 any harm, monetary or otherwise, that may arise as a result of:

34 (1) Granting or denial of credit to a player;

- 1 (2) Increasing the credit limit of a player;
- 2 (3) Allowing a player to exercise his or her right to use credit as otherwise authorized;
- 3 (4) Failure of the licensed, video-lottery retailer to increase a credit limit;
- 4 (5) Failure of the licensed, video-lottery retailer to restore credit privileges that have been
- 5 suspended, whether involuntarily or at the request of the table game patron; or
- 6 (6) Permitting or prohibiting an individual whose credit privileges have been suspended,
- 7 whether involuntarily or at the request of the player, to engage in gaming activity in a licensed
- 8 facility while on the voluntary credit suspension list.
- 9 (k) Limitations. Notwithstanding any other provision of this chapter, for any extensions of
- 10 credit, the maximum amount of outstanding credit per player shall be fifty thousand dollars
- 11 (\$50,000).

12 **42-61.2-4. Additional powers and duties of director and lottery division.**

13 In addition to the powers and duties set forth in §§ 42-61-4 and 42-61.2-3, the director shall

14 have the power to:

15 (1) Supervise and administer the operation of video lottery games [and sports wagering](#) in

16 accordance with this chapter and with the rules and regulations of the division;

17 (2) Suspend or revoke upon a hearing any license issued pursuant to this chapter or the

18 rules and regulations promulgated under this chapter; ~~and~~

19 (3) In compliance with the provisions of chapter 2 of title 37, enter into contracts for the

20 operation of a central communications system and technology providers, or any part thereof; ~~;~~

21 [\(4\) In compliance with the provisions of chapter 2 of title 37, enter into contracts for the](#)

22 [provision of sports wagering systems, facilities and related technology necessary and/or desirable](#)

23 [for the state-operated sports wagering to be hosted at Twin River and the Tiverton gaming facilities,](#)

24 [including technology related to the operation of on-premises remote sports wagering, or any part](#)

25 [thereof; and](#)

26 ~~(4)~~(5) Certify monthly to the budget officer, the auditor general, the permanent joint

27 committee on state lottery, and to the governor a full and complete statement of lottery revenues,

28 prize disbursements and other expenses for the preceding month; ensure that monthly financial

29 reports are prepared providing gross monthly revenues, prize disbursements, other expenses, and

30 net income for keno and for all other lottery operations; submit this report to the state budget officer,

31 the auditor general, the permanent joint committee on state lottery, the legislative fiscal advisors,

32 and the governor no later than the twentieth business day following the close of the month; at the

33 end of each fiscal year the director shall submit an annual report based upon an accrual system of

34 accounting which shall include a full and complete statement of lottery revenues, prize

1 disbursements and expenses, to the governor and the general assembly, which report shall be a
2 public document and shall be filed with the secretary of state. The monthly report shall be prepared
3 in a manner prescribed by the members of the revenue estimating conference.

4 **42-61.2-6. When games may be played.**

5 (a) Video-lottery games authorized by this chapter may be played at the licensed, video-
6 lottery retailer's facilities with the approval of the ~~lottery commission~~ division, even if that facility
7 is not conducting a pari-mutuel event.

8 (b) Sports wagering authorized by this chapter, including accepting sports wagers and
9 administering payoffs of winning sports wagers, may be conducted at the Twin River and the
10 Tiverton gaming facilities, with the approval of the division, even if that facility is not conducting
11 a pari-mutuel event.

12 **42-61.2-10. Prizes exempt from taxation.**

13 ~~The prizes received pursuant to this chapter shall be exempt from the state sales or use tax.~~
14 The prizes, including payoffs, received pursuant to this chapter shall be exempt from the state sales
15 or use tax but shall be applicable to personal income tax laws.

16 **42-61.2-11. Effect of other laws and local ordinances.**

17 (a) No other law providing any penalty or disability for operating, hosting, maintaining,
18 supporting or playing video lottery games, or any acts done in connection with video lottery games,
19 shall apply to operating, hosting, maintaining, supporting or playing video lottery games pursuant
20 to this chapter.

21 (b) No other law providing any penalty or disability for conducting, hosting, maintaining,
22 supporting or participating in sports wagering, or any acts done in connection with sports wagering,
23 shall apply to conducting, hosting, maintaining, supporting or participating in sports wagering
24 pursuant to this chapter.

25 (c) The provisions of §§ 41-9-4 and 41-9-6 shall not apply to this chapter, and the
26 provisions of this chapter shall take precedence over any local ordinances to the contrary. It is
27 specifically acknowledged that the installation, operation and use of video-lottery terminals by a
28 pari-mutuel licensee, as authorized in this chapter, shall for all purposes be deemed a permitted use
29 as defined in § 45-24-31. No city or town where video-lottery terminals are authorized may seek to
30 prevent the installation and use of said video-lottery terminals by defining such as a prohibited use.

31 **42-61.2-13. Table game enforcement. [See Applicability notes.] Enforcement.**

32 (a) Whoever violates § 42-61.2-2.1 or § 42-61.2-3.1, or any rule or regulation, policy or
33 procedure, duly promulgated thereunder, or any administrative order issued pursuant to § 42-61.2-
34 2.1 or § 42-61.2-3.1, shall be punishable as follows:

1 (1) In the Division director's discretion, the Division director may impose an administrative
2 penalty of not more than one thousand dollars (\$1,000) for each violation. Each day of continued
3 violation shall be considered as a separate violation if the violator has knowledge of the facts
4 constituting the violation and knows or should know that such facts constitute or may constitute a
5 violation. Lack of knowledge regarding such facts or violation shall not be a defense to a continued
6 violation with respect to the first day of its occurrence. Written notice detailing the nature of the
7 violation, the penalty amount, and effective date of the penalty will be provided by the Division
8 director. Penalties shall take effect upon notification. A written request for a hearing must be
9 submitted in writing to the Division director within thirty (30) days of notification of violation.

10 (2) In the Division director's discretion, the Division director may endeavor to obtain
11 compliance with requirements of this chapter by written administrative order. Such order shall be
12 provided to the responsible party, shall specify the complaint, and propose a time for correction of
13 the violation.

14 (b) The Division director shall enforce this chapter. Such enforcement shall include, but
15 not be limited to, referral of suspected criminal activity to the Rhode Island state police for
16 investigation.

17 (c) Any interest, costs or expense collected under this section shall be appropriated to the
18 Division for administrative purposes.

19 (d) Any penalty imposed by the Division pursuant to this § 42-61.2-13 shall be appealable
20 to Superior Court.

21 **42-61.2-14. Compulsive and problem gambling program. [See Applicability notes.].**

22 The Division and the State acknowledge that the vast majority of gaming patrons can enjoy
23 gambling games responsibly, but that there are certain societal costs associated with gaming by
24 some individuals who have problems handling the product or services provided. The Division and
25 the State further understand that it is their duty to act responsibly toward those who cannot
26 participate conscientiously in gaming. Pursuant to the foregoing, Twin River and Newport Grand,
27 in cooperation with the State, shall offer compulsive and problem gambling programs that include,
28 but are not limited to (a) problem gambling awareness programs for employees; (b) player self-
29 exclusion program; and (c) promotion of a problem gambling hotline. Twin River and Newport
30 Grand (and its successor in interest, Twin River-Tiverton) shall modify their existing compulsive
31 and problem-gambling programs to include table games and sports wagering to the extent such
32 games are authorized at such facilities. Twin River and Newport Grand (and its successor in
33 interest, Twin River-Tiverton) shall reimburse and pay to the Division no less than ~~one hundred~~
34 ~~thousand dollars (\$100,000)~~ one hundred twenty-five thousand dollars (\$125,000) in aggregate

1 annually for compulsive and problem gambling programs established by the Division. The
2 contribution from each facility shall be determined by the Division.

3 **42-61.2-15. Table game hours of operation Table game and sports wagering hours of**
4 **operation.**

5 (a) To the extent table games are authorized at the premises of a table-game retailer, such
6 table games may be offered at the premises of a table-game retailer for all or a portion of the days
7 and times that video-lottery games are offered.

8 (b) To the extent sports wagering is authorized at the premises of a table-game retailer,
9 such sports wagering may be offered at the premises of such table-game retailer for all or a portion
10 of the days and times that video-lottery games are offered.

11 SECTION 5. Chapter 42-61.2 of the General Laws entitled "Video-Lottery Terminal" is
12 hereby amended by adding thereto the following sections:

13 **42-61.2-2.4. State to conduct sports wagering hosted by Twin River and the Tiverton**
14 **Gaming Facility.**

15 (a) The state, through the division of lotteries, shall implement, operate, conduct and
16 control sports wagering at the Twin River gaming facility and the Twin River-Tiverton gaming
17 facility, once Twin River-Tiverton is licensed as a video lottery and table game retailer. In
18 furtherance thereof, the state, through the division, shall have full operational control to operate
19 such sports wagering, including, without limitation, the power and authority to:

20 (1) Establish with respect to sports wagering one or more systems for linking, tracking,
21 depositing and reporting of receipts, audits, annual reports, prohibited conduct and other such
22 matters determined by the division from time to time;

23 (2) Collect all sports wagering revenue indirectly through Twin River and Tiverton gaming
24 facilities, require that the Twin River and Tiverton gaming facilities collect all sports wagering
25 revenue in trust for the state (through the division), deposit such sports wagering revenue into an
26 account or accounts of the division's choice, allocate such sports wagering revenue according to
27 law, and otherwise maintain custody and control over all sports wagering revenue;

28 (3) Hold and exercise sufficient powers over the Twin River and Tiverton gaming facilities'
29 accounting and finances to allow for adequate oversight and verification of the financial aspects of
30 sports wagering hosted at their respective facilities in Lincoln and Tiverton, including, without
31 limitation:

32 (i) The right to require the Twin River and Tiverton gaming facilities to maintain an annual
33 balance sheet, profit and loss statement, and any other necessary information or reports;

34 (ii) The authority and power to conduct periodic compliance or special or focused audits

1 of the information or reports provided, as well as the premises within the facilities containing
2 records of sports wagering or in which the sports wagering activities are conducted; and

3 (4) Monitor the sports wagering operations hosted by the Twin River and Tiverton gaming
4 facilities and have the power to terminate or suspend any sports wagering activities in the event of
5 an integrity concern or other threat to the public trust, and in furtherance thereof, require Twin
6 River and Tiverton, respectively, to provide a specified area or areas from which to conduct such
7 monitoring activities;

8 (5) Through the use of a sports wagering vendor, define and limit the rules of play and odds
9 of authorized sports wagering games, including, without limitation, the minimum and maximum
10 wagers for each sports wagering game. Sports wagering payoffs shall not be subject to any
11 limitation or restriction related to sports wagering revenue or lottery revenue.

12 (6) Establish compulsive gambling treatment programs;

13 (7) Promulgate, or propose for promulgation, any legislative, interpretive and procedural
14 rules necessary for the successful implementation, administration and enforcement of this chapter;
15 and

16 (8) Hold all other powers necessary and proper to fully effectively execute and administer
17 the provisions of this chapter for the purpose of allowing the state to operate sports wagering hosted
18 by the Twin River and Tiverton gaming facilities.

19 (b) The state, through the division and/or the DBR, shall have approval rights over matters
20 relating to the employment of individuals to be involved, directly or indirectly, with the operation
21 of sports wagering at the Twin River and Tiverton gaming facilities.

22 (c) Nothing in this chapter 42-61.2 or elsewhere in the general laws shall be construed to
23 create a separate license governing the hosting of sports wagering in Rhode Island by licensed video
24 lottery and table game retailers.

25 (d) The state, through the division, shall have authority to issue such regulations as it deems
26 appropriate pertaining to the control, operation and management of sports wagering. The state,
27 through DBR shall have authority to issue such regulations as it deems appropriate pertaining to
28 the employment of individuals to be involved, directly or indirectly, with the operations of sports
29 wagering as set forth in subsection (b) of this section.

30 (e) Any list or other identifiable data of sports wagering players generated or maintained
31 by the sports wagering vendor or the hosting facility as a result of sports wagering shall be the
32 exclusive property of the division, provided that the hosting facilities shall be permitted to use any
33 such list or other identifiable data for marketing purposes to the extent it currently uses similar data
34 as approved by the division and for marketing purposes to directly or indirectly generate additional

1 gaming revenue, as approved by the division.

2 **42-61.2-3.3. Sports wagering regulation.**

3 (a) In addition to the powers and duties of the division director under §§ 42-61-4, 42-61.2-
4 3, 42-61.2-4 and 42-61.2-3.1, and pursuant to § 42-61.2-2.4, the division director shall promulgate
5 rules and regulations relating to sports wagering and set policy therefor. These rules and regulations
6 shall establish standards and procedures for sports wagering and associated devices, equipment and
7 accessories, and shall include, but not be limited to:

8 (1) Approve standards, rules and regulations to govern the conduct of sports wagering and
9 the system of wagering associated with sports wagering, including without limitation:

10 (i) The objects of the sports wagering (i.e., the sporting events upon which sports wagering
11 bets may be accepted) and methods of play, including what constitutes win, loss or tie bets;

12 (ii) The manner in which sports wagering bets are received, payoffs are remitted and point
13 spreads, lines and odds are determined for each type of available sports wagering bet;

14 (iii) Physical characteristics of any devices, equipment and accessories related to sports
15 wagering;

16 (iv) The applicable inspection procedures for any devices, equipment and accessories
17 related to sports wagering;

18 (v) Procedures for the collection of bets and payoffs, including but not limited to
19 requirements for internal revenue service purposes;

20 (vi) Procedures for handling suspected cheating and sports wagering irregularities; and

21 (vii) Procedures for handling any defective or malfunctioning devices, equipment and
22 accessories related to sports wagering.

23 (2) Establishing the method for calculating sports wagering revenue and standards for the
24 daily counting and recording of cash and cash equivalents received in the conduct of sports
25 wagering, and ensuring that internal controls are followed and financial books and records are
26 maintained and audits are conducted;

27 (3) Establishing the number and type of sports wagering bets authorized at the hosting
28 facility, including any new sports wagering bets or variations or composites of approved sports
29 wagering bets, and all rules related thereto;

30 (4) Establishing any sports wagering rule changes, sports wagering minimum and
31 maximum bet changes, and changes to the types of sports wagering products offered at a particular
32 hosting facility, including but not limited to any new sports wagering bets or variations or
33 composites of approved sports wagering bets, and including all rules related thereto;

34 (5) Requiring the hosting facility and/or sports wagering vendor to:

1 (i) Provide written information at each sports wagering location within the hosting facility
2 about wagering rules, payoffs on winning sports wagers and other information as the division may
3 require.

4 (ii) Provide specifications approved by the division to integrate and update the hosting
5 facility's surveillance system to cover all areas within the hosting facility where sports wagering is
6 conducted and other areas as required by the division. The specifications shall include provisions
7 providing the division and other persons authorized by the division with onsite access to the system.

8 (iii) Designate one or more locations within the hosting facility where sports wagering bets
9 are received.

10 (iv) Ensure that visibility in a hosting facility is not obstructed in any way that could
11 interfere with the ability of the division, the sports wagering vendor or other persons authorized
12 under this section or by the division to oversee the surveillance of the conduct of sports wagering.

13 (v) Ensure that the count rooms for sports wagering has appropriate security for the
14 counting and storage of cash.

15 (vi) Ensure that drop boxes are brought into or removed from an area where sports
16 wagering is conducted or locked or unlocked in accordance with procedures established by the
17 division.

18 (vii) Designate secure locations for the inspection, service, repair or storage of sports
19 wagering equipment and for employee training and instruction to be approved by the division.

20 (vii) Establish standards prohibiting persons under eighteen (18) of age from participating
21 in sports wagering.

22 (ix) Establish compulsive and problem gambling standards and/or programs pertaining to
23 sports wagering consistent with general laws chapter 42-61.2.

24 (6) Establishing the minimal proficiency requirements for those individuals accepting
25 sports wagers and administering payoffs on winning sports wagers. The foregoing requirements of
26 this subsection may be in addition to any rules or regulations of the DBR requiring licensing of
27 personnel of state-operated gaming facilities;

28 (7) Establish appropriate eligibility requirements and standards for traditional sports
29 wagering equipment suppliers; and

30 (8) Any other matters necessary for conducting sports wagering.

31 (b) The hosting facility shall provide secure, segregated facilities as required by the
32 division on the premises for the exclusive use of the division staff and the gaming enforcement unit
33 of the state police. Such space shall be located proximate to the gaming floor and shall include
34 surveillance equipment, monitors with full camera control capability, as well as other office

1 equipment that may be deemed necessary by the division. The location and size of the space and
2 necessary equipment shall be subject to the approval of the division.

3 **42-61.2-5. Allocation of sports wagering revenue.**

4 (a) Notwithstanding the provisions of § 42-61-15, the division of lottery is authorized to
5 enter into an agreement, limited to in-person on-site sports wagering, to allocate sports wagering
6 revenue derived from sports wagering at the Twin River and Tiverton gaming facilities, (the hosting
7 facilities) between the state, the state's authorized sports wagering vendor, and the host facilities.
8 The allocation of sports wagering revenue shall be:

9 (1) To the state, fifty-one percent (51%) of sports wagering revenue;

10 (2) To the state's authorized sports wagering vendor, thirty-two percent (32%) of sports
11 wagering revenue; and

12 (3) To the host facilities, seventeen percent (17%) of sports wagering revenue.

13 (b) Sports wagering revenue allocated to the state shall be deposited into the state lottery
14 fund for administrative purposes and then the balance remaining into the general fund.

15 (c) The town of Lincoln shall be paid an annual flat fee of one hundred thousand dollars
16 (\$100,000) and the town of Tiverton shall be paid an annual flat fee of one hundred thousand dollars
17 (\$100,000) in compensation for serving as the host communities for sports wagering.

18 **42-61.2-9. Unclaimed prize money, including unclaimed sports wagering payoffs.**

19 Unclaimed prize money for prizes in connection with the play of a video lottery game and
20 an unclaimed payoff in connection with a sports wager shall be retained by the director for the
21 person entitled thereto for one year after, respectively, the completion of the applicable video
22 lottery game or the determination of the result of the sporting event that was the subject of the
23 applicable sports wager. If no claim is made for the prize money or payoff within that year, the
24 prize money or payoff shall automatically revert to the lottery fund and the winner shall have no
25 claim thereto.

26 SECTION 6. Section 42-61.3-2 of the General Laws in Chapter 42-61.3 entitled "Casino
27 Gaming" is hereby amended to read as follows:

28 **42-61.3-2. Casino gaming crimes.**

29 (a) Definitions as used in this chapter:

30 (1) "Casino gaming" shall have the meaning set forth in the Rhode Island general laws
31 subdivision 42-61.2-1(8).

32 (2) "Cheat" means to alter the element of chance, method of selection, or criteria which
33 determines:

34 (i) The result of the game;

1 (ii) The amount or frequency of payment in a game, including intentionally taking
2 advantage of a malfunctioning machine;

3 (iii) The value of a wagering instrument; or

4 (iv) The value of a wagering credit.

5 (3) "Cheating device" means any physical, mechanical, electromechanical, electronic,
6 photographic, or computerized device used in such a manner as to cheat, deceive or defraud a casino
7 game. This includes, but is not limited to:

8 (i) Plastic, tape, string or dental floss, or any other item placed inside a coin or bill acceptor
9 or any other opening in a video-lottery terminal in a manner to simulate coin or currency
10 acceptance;

11 (ii) Forged or stolen keys used to gain access to a casino game to remove its contents; and

12 (iii) Game cards or dice that have been tampered with, marked or loaded.

13 (4) "Gaming facility" means any facility authorized to conduct casino gaming as defined
14 in the Rhode Island general laws subdivision 42-61.2-1(8), including its parking areas and/or
15 adjacent buildings and structures.

16 (5) "Paraphernalia for the manufacturing of cheating devices" means the equipment,
17 products or materials that are intended for use in manufacturing, producing, fabricating, preparing,
18 testing, analyzing, packaging, storing or concealing a counterfeit facsimile of the chips, tokens,
19 debit instruments or other wagering devices approved by the division of state lottery or lawful coin
20 or currency of the United States of America. This term includes, but is not limited to:

21 (i) Lead or lead alloy molds, forms, or similar equipment capable of producing a likeness
22 of a gaming token or United States coin or currency;

23 (ii) Melting pots or other receptacles;

24 (iii) Torches, tongs, trimming tools or other similar equipment; and

25 (iv) Equipment that can be used to manufacture facsimiles of debit instruments or wagering
26 instruments approved by the division of state lottery.

27 (6) "Table game" shall have the meaning set forth in Rhode Island general laws subdivision
28 42-61.2-1(11).

29 (7) "Wager" means a sum of money or representative of value that is risked on an
30 occurrence for which the outcome is uncertain.

31 (b) Prohibited acts and penalties. It shall be unlawful for any person to:

32 (1) Use, or attempt to use, a cheating device in a casino game or to have possession of such
33 a device in a gaming facility. Any person convicted of violating this section shall be guilty of a
34 felony punishable by imprisonment for not more than ten (10) years or a fine of not more than one

1 hundred thousand dollars (\$100,000), or both;

2 (2) Use, acquire, or possess paraphernalia with intent to cheat, or attempt to use, acquire or
3 possess, paraphernalia with the intent to manufacture cheating devices. Any person convicted of
4 violating this section shall be guilty of a felony punishable by imprisonment for not more than ten
5 (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or both;

6 (3) Cheat, or attempt to cheat, in order to take or collect money or anything of value,
7 whether for one's self or another, in or from a casino game in a gaming facility. Any person
8 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not
9 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or
10 both;

11 (4) Conduct, carry on, operate, deal, or attempt to conduct, carry on, operate or deal, or
12 allow to be conducted, carried on, operated, or dealt, any cheating game or device. Any person
13 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not
14 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or
15 both;

16 (5) Manipulate or alter or attempt to manipulate or alter, with the intent to cheat, any
17 physical, mechanical, electromechanical, electronic, or computerized component of a casino game,
18 contrary to the designed and normal operational purpose for the component. Any person convicted
19 of violating this section shall be guilty of a felony punishable by imprisonment for not more than
20 ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or both;

21 (6) Use, sell or possess, or attempt to use, sell or possess, counterfeit: coins, slugs, tokens,
22 gaming chips, debit instruments, player rewards cards or any counterfeit wagering instruments
23 and/or devices resembling tokens, gaming chips, debit or other wagering instruments approved by
24 the division of state lottery for use in a casino game in a gaming facility. Any person convicted of
25 violating this section shall be guilty of a felony punishable by imprisonment for not more than ten
26 (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or both;

27 (7) (i) Place, increase, decrease, cancel or remove a wager or determine the course of play
28 of a table game, or attempt to place, increase, decrease, cancel or remove a wager or determine the
29 course of play of a table game, with knowledge of the outcome of the table game where such
30 knowledge is not available to all players; or

31 (ii) Aid, or attempt to aid anyone in acquiring such knowledge for the purpose of placing,
32 increasing, decreasing, cancelling or removing a wager or determining the course of play of the
33 table game. Any person convicted of violating this section shall be guilty of a felony punishable by
34 imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand

1 dollars (\$100,000), or both;

2 (8) Claim, collect or take, or attempt to claim, collect or take, money or anything of value
3 in or from a casino game or gaming facility, with intent to defraud, or to claim, collect or take an
4 amount greater than the amount won. Any person convicted of violating this section shall be guilty
5 of a felony punishable by imprisonment for not more than ten (10) years or a fine of not more than
6 one hundred thousand dollars (\$100,000), or both;

7 (9) For any employee of a gaming facility or anyone acting on behalf of or at the direction
8 of an employee of a gaming facility, to knowingly fail to collect, or attempt to fail to collect, a
9 losing wager or pay, or attempt to pay, an amount greater on any wager than required under the
10 rules of a casino game. Any person convicted of violating this section shall be guilty of a felony
11 punishable by imprisonment for not more than ten (10) years or a fine of not more than one hundred
12 thousand dollars (\$100,000), or both;

13 (10) Directly or indirectly offer, or attempt to offer, to conspire with another, or solicit, or
14 attempt to solicit, from another, anything of value, for the purpose of influencing the outcome of a
15 casino game. Any person convicted of violating this section shall be guilty of a felony punishable
16 by imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
17 dollars (\$100,000), or both;

18 (11) Use or possess, or attempt to use or possess, at a gaming facility, without the written
19 consent of the director of the division of state lottery, any electronic, electrical or mechanical device
20 designed, constructed or programmed to assist the user or another person with the intent to:

21 (i) Predict the outcome of a casino game;

22 (ii) Keep track of the cards played;

23 (iii) Analyze and/or predict the probability of an occurrence relating to the casino game;

24 and/or

25 (iv) Analyze and/or predict the strategy for playing or wagering to be used in the casino
26 game. Any person convicted of violating this section shall be guilty of a felony punishable by
27 imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
28 dollars (\$100,000), or both;

29 (12) Skim, or attempt to skim, casino gaming proceeds by excluding anything of value
30 from the deposit, counting, collection, or computation of:

31 (i) Gross revenues from gaming operations or activities;

32 (ii) Net gaming proceeds; and/or

33 (iii) Amounts due the state pursuant to applicable casino gaming-related laws. Any person
34 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not

1 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or
2 both;

3 (13) Cheat, or attempt to cheat, in the performance of his/her duties as a dealer or other
4 casino employee by conducting one's self in a manner that is deceptive to the public or alters the
5 normal random selection of characteristics or the normal chance or result of the game, including,
6 but not limited to, using cards, dice or any cheating device(s) which have been marked, tampered
7 with or altered. Any person convicted of violating this section shall be guilty of a felony punishable
8 by imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
9 dollars (\$100,000), or both;

10 (14) Possess or use, or attempt to use, without proper authorization from the state lottery
11 division, while in the gaming facility any key or device designed for the purpose of or suitable for
12 opening or entering any self-redemption unit (kiosk), vault, video-lottery terminal, drop box or any
13 secured area in the gaming facility that contains casino gaming and/or surveillance equipment,
14 computers, electrical systems, currency, cards, chips, dice, or any other thing of value. Any person
15 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not
16 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or
17 both;

18 (15) Tamper and/or interfere, or attempt to tamper and/or interfere, with any casino gaming
19 and/or surveillance equipment, including, but not limited to, related computers and electrical
20 systems. Any person convicted of violating this section shall be guilty of a felony punishable by
21 imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
22 dollars (\$100,000), or both;

23 (16) Access, interfere with, infiltrate, hack into or infect, or attempt to access, interfere
24 with, infiltrate, hack into or infect, any casino gaming-related computer, network, hardware and/or
25 software or other equipment. Any person convicted of violating this section shall be guilty of a
26 felony punishable by imprisonment for not more than ten (10) years or a fine of not more than one
27 hundred thousand dollars (\$100,000), or both;

28 (17) Sell, trade, barter, profit from or otherwise use to one's financial advantage, or attempt
29 to sell, trade, barter, profit from or otherwise use to one's financial advantage, any confidential
30 information related to casino-gaming operations, including, but not limited to, data (whether stored
31 on a computer's software, hardware, network or elsewhere), passwords, codes, surveillance and
32 security characteristics and/or vulnerabilities, and/or non-public internal controls, policies and
33 procedures related thereto. Any person convicted of violating this section shall be guilty of a felony
34 punishable by imprisonment for not more than ten (10) years or a fine of not more than one hundred

1 thousand dollars (\$100,000), or both;

2 (18) Conduct a gaming operation, or attempt to conduct a gaming operation, where
3 wagering is used or to be used without a license issued by [or authorization from](#) the division of
4 state lottery. Any person convicted of violating this section shall be guilty of a felony punishable
5 by imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
6 dollars (\$100,000), or both;

7 (19) Provide false information and/or testimony to the division of state lottery, department
8 of business regulation, or their authorized representatives and/or the state police while under oath.
9 Any person convicted of violating this section shall be guilty of a felony punishable by
10 imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
11 dollars (\$100,000), or both;

12 (20) Play a casino game and/or make a wager, or attempting to play a casino game and/or
13 make a wager, if under the age eighteen (18) years. Any person charged under this section shall be
14 referred to family court; or

15 (21) Permit, or attempt to permit, a person to play a casino game and/or accept, or attempt
16 to accept, a wager from a person, if he/she is under the age of eighteen (18) years. Any person
17 convicted of violating this section be guilty of a misdemeanor punishable by imprisonment for not
18 more than one year or a fine of not more than one thousand dollars (\$1,000), or both.

19 SECTION 7. Section 11-19-14 of the General Laws in Chapter 11-19 entitled "Gambling
20 and Lotteries" is hereby amended to read as follows:

21 **11-19-14. Bookmaking.**

22 Except as provided in chapter 4 of title 41 [and excluding activities authorized by the](#)
23 [division of lottery under chapters 61 and 61.2 of title 42](#), any person who shall engage in pool
24 selling or bookmaking, or shall occupy or keep any room, shed, tenement, tent, or building, or any
25 part of them, or shall occupy any place upon any public or private grounds within this state, with
26 books, apparatus, or paraphernalia for the purpose of recording or registering bets or wagers or of
27 buying or selling pools, or who shall record or register bets or wagers or sell pools upon the result
28 of any trial or contest of skill, speed or power of endurance of man or beast, or upon the result of
29 any political nomination, appointment, or election, or, being the owner or lessee or occupant of any
30 room, tent, tenement, shed, booth, or building, or part of them, knowingly shall permit it to be used
31 or occupied for any of these purposes, or shall keep, exhibit or employ any device or apparatus for
32 the purpose of recording or registering bets or wagers, or the selling of pools, or shall become the
33 custodian or depositary for gain, hire, or reward of any money, property, or thing of value staked,
34 wagered, or pledged or to be wagered or pledged upon the result, or who shall receive, register,

1 record, forward, or purport or pretend to forward to or for any race course, or person, within or
2 outside this state, any money, thing, or consideration of value bet or wagered, or money, thing, or
3 consideration of value offered for the purpose of being bet or wagered upon the speed or endurance
4 of any man or beast; or who shall occupy any place or building or part of it with books, papers,
5 apparatus, or paraphernalia for the purpose of receiving or pretending to receive, or for recording
6 or registering, or for forwarding or pretending or attempting to forward in any manner whatsoever,
7 any money, thing, or consideration of value bet or wagered or to be bet or wagered for any other
8 person, or who shall receive or offer to receive any money, thing, or consideration of value bet or
9 to be bet at any race track within or without this state, or who shall aid, assist or abet in any manner
10 in any of the acts forbidden by this section, shall upon conviction be punished by a fine not
11 exceeding five hundred dollars (\$500) or imprisonment not exceeding one year, and upon a second
12 conviction of a violation of this section shall be imprisoned for a period not less than one nor more
13 than five (5) years.

14 SECTION 8. Sections 42-142-1 and 42-142-2 of the General Laws in Chapter entitled
15 "Department of Revenue" are hereby amended to read as follows:

16 **42-142-1. Department of revenue.**

17 (a) There is hereby established within the executive branch of state government a
18 department of revenue.

19 (b) The head of the department shall be the director of revenue, who shall be appointed by
20 the governor, with the advice and consent of the senate, and shall serve at the pleasure of the
21 governor.

22 (c) The department shall contain the division of taxation (chapter 1 of title 44), the division
23 of motor vehicles (chapter 2 of title 31), the division of state lottery (chapter 61 of title 42), the
24 office of revenue analysis (chapter 142 of title 42), the division of municipal finance (chapter 142
25 of title 42), [and a collection unit \(chapter 142 of title 42\)](#). Any reference to the division of property
26 valuation, division of property valuation and municipal finance, or office of municipal affairs in
27 the Rhode Island general laws shall mean the division of municipal finance.

28 **42-142-2. Powers and duties of the department.**

29 The department of revenue shall have the following powers and duties:

30 (a) To operate a division of taxation~~;~~;

31 (b) To operate a division of motor vehicles;

32 (c) To operate a division of state lottery;

33 (d) To operate an office of revenue analysis; ~~and~~

34 (e) To operate a division of property valuation; [and](#)

1 (f) To operate a collection unit.

2 SECTION 9. Chapter 42-142 of the General Laws entitled "Department of Revenue" is
3 hereby amended by adding thereto the following section:

4 **42-142-8. Collection unit.**

5 (a) The director of the department of revenue is authorized to establish within the
6 department of revenue a collections unit for the purpose of assisting state agencies in the collection
7 of debts owed to the state. The director of the department of revenue may enter into an agreement
8 with any state agency(ies) to collect any delinquent debt owed to the state.

9 (b) The director of the department of revenue shall initially implement a pilot program to
10 assist the agency(ies) with the collection of delinquent debts owed to the state.

11 (c) The agency(ies) participating in the pilot program shall refer to the collection unit
12 within department of revenue, debts owed by delinquent debtors where the nature and amount of
13 the debt owed has been determined and reconciled by the agency and the debt is: (i) The subject of
14 a written settlement agreement and/or written waiver agreement and the delinquent debtor has
15 failed to timely make payments under said agreement and/or waiver and is therefore in violation of
16 the terms of said agreement and/or waiver; (ii) The subject of a final administrative order or
17 decision and the debtor has not timely appealed said order or decision; (iii) The subject of final
18 order, judgement or decision of a court of competent jurisdiction and the debtor has not timely
19 appealed said order, judgement or decision. The collections unit shall not accept a referral of any
20 delinquent debt unless it satisfies subsection (c)(i), (ii) or (iii) of this section.

21 (d) Any agency(ies) entering into an agreement with the department of revenue to allow
22 the collection unit of the department to collect a delinquent debt owed to the state shall indemnify
23 the department of revenue against injuries, actions, liabilities, or proceedings arising from the
24 collection, or attempted collection, by the collection unit of the debt owed to the state.

25 (e) Before referring a delinquent debt to the collection unit, the agency(ies) must notify the
26 debtor of its intention to submit the debt to the collection unit for collection and of the debtor's right
27 to appeal that decision not less than thirty (30) days before the debt is submitted to the collection
28 unit.

29 (f) At such time as the agency(ies) refers a delinquent debt to the collection unit, the agency
30 shall: (i) Represent in writing to the collection unit that it has complied with all applicable state and
31 federal laws and regulations relating to the collection of the debt, including, but not limited to, the
32 requirement to provide the debtor with the notice of referral to the collection unit under section (e)
33 of this section; and (ii) Provide the collection unit personnel with all relevant supporting
34 documentation including, not limited to notices, invoices, ledgers, correspondence, agreements,

1 waivers, decisions, orders and judgements necessary for the collection unit to attempt to collect the
2 delinquent debt.

3 (g) The referring agency(ies) shall assist the collection unit by providing any and all
4 information, expertise and resources deemed necessary by the collection unit to collect the
5 delinquent debts referred to the collection unit.

6 (h) Upon receipt of a referral of a delinquent debt from an agency(ies), the amount of the
7 delinquent debt shall accrue interest at an annual rate with such rate determined by adding two (2)
8 percent to the prime rate which was in effect on October 1 of the preceding year; provided however,
9 in no event shall the rate of interest exceed twenty-one (21%) per annum nor be less than eighteen
10 percent (18%) per annum.

11 (i) Upon receipt of a referral of a delinquent debt from the agency(ies), the collection unit
12 shall provide the delinquent debtor with a "Notice of Referral" advising the debtor that:

13 (1) The delinquent debt has been referred to the collection unit for collection; and

14 (2) The collection unit will initiate, in its names, any action that is available under state law
15 for the collection of the delinquent debt, including, but not limited to, referring the debt to a third
16 party to initiate said action.

17 (j) Upon receipt of a referral of a delinquent debt from an agency(ies), the director of the
18 department of revenue shall have the authority to institute, in its name, any action(s) that are
19 available under state law for collection of the delinquent debt and interest, penalties and/or fees
20 thereon and to, with or without suit, settle the delinquent debt.

21 (k) In exercising its authority under this section, the collection unit shall comply with all
22 state and federal laws and regulations related to the collection of debts.

23 (l) Upon of the receipt of payment from a delinquent debtor, whether a full or partial
24 payment, the collection unit shall disburse/deposit the proceeds of said payment in the following
25 order:

26 (1) To the appropriate federal account to reimburse the federal government funds owed to
27 them by the state from funds recovered; and

28 (2) The balance of the amount collected to the referring agency.

29 (m) Notwithstanding the above, the establishment of a collection unit within the department
30 of revenue shall be contingent upon an annual appropriation by the general assembly of amounts
31 necessary and sufficient to cover the costs and expenses to establish, maintain and operate the
32 collection unit including, but not limited, computer hardware and software, maintenance of the
33 computer system to manage the system and personnel perform work within the collection unit.

34 (n) In addition to the implementation of any pilot program, the collection unit shall comply

1 with the provisions of this section in the collection of all delinquent debts under to this section.

2 (o) The department of revenue is authorized to promulgate rules and regulations as it deems
3 appropriate with respect to the collection unit.

4 (p) By September 1, 2020 and each year thereafter, the department of revenue shall
5 specifically assess the performance, effectiveness, and revenue impact of the collections associated
6 with this section, including, but not limited to, the total amounts referred and collected by each
7 referring agency during the previous state fiscal year to the governor, the speaker of the house of
8 representatives, the president of the senate, and the chairpersons of the house and senate finance
9 committees, the house and senate fiscal advisors. Such report shall include the net revenue impact
10 to the state of the collections unit.

11 (q) No operations of a collections unit pursuant to this chapter shall be authorized after
12 June 30, 2021.

13 SECTION 10. Sections 44-18-7, 44-18-7.1, 44-18-7.3, 44-18-8, 44-18-15, 44-18-20, 44-
14 18-21, 44-18-22, 44-18-23, 44-18-25, and 44-18-30 of the General Laws in Chapter 44-18 entitled
15 "Sales and Use Taxes – Liability and Computation" are hereby amended to read as follows:

16 **44-18-7. Sales defined.**

17 "Sales" means and includes:

18 (1) Any transfer of title or possession, exchange, barter, lease, or rental, conditional or
19 otherwise, in any manner or by any means of tangible personal property for a consideration.
20 "Transfer of possession", "lease", or "rental" includes transactions found by the tax administrator
21 to be in lieu of a transfer of title, exchange, or barter.

22 (2) The producing, fabricating, processing, printing, or imprinting of tangible personal
23 property for a consideration for consumers who furnish either directly or indirectly the materials
24 used in the producing, fabricating, processing, printing, or imprinting.

25 (3) The furnishing and distributing of tangible personal property for a consideration by
26 social, athletic, and similar clubs and fraternal organizations to their members or others.

27 (4) The furnishing, preparing, or serving for consideration of food, meals, or drinks,
28 including any cover, minimum, entertainment, or other charge in connection therewith.

29 (5) A transaction whereby the possession of tangible personal property is transferred, but
30 the seller retains the title as security for the payment of the price.

31 (6) Any withdrawal, except a withdrawal pursuant to a transaction in foreign or interstate
32 commerce, of tangible personal property from the place where it is located for delivery to a point
33 in this state for the purpose of the transfer of title or possession, exchange, barter, lease, or rental,
34 conditional or otherwise, in any manner or by any means whatsoever, of the property for a

1 consideration.

2 (7) A transfer for a consideration of the title or possession of tangible personal property,
3 which has been produced, fabricated, or printed to the special order of the customer, or any
4 publication.

5 (8) The furnishing and distributing of electricity, natural gas, artificial gas, steam,
6 refrigeration, and water.

7 (9)(i) The furnishing for consideration of intrastate, interstate and international
8 telecommunications service sourced in this state in accordance with subsections 44-18.1(15) and
9 (16) and all ancillary services, any maintenance services of telecommunication equipment other
10 than as provided for in subdivision 44-18-12(b)(ii). For the purposes of chapters 18 and 19 of this
11 title only, telecommunication service does not include service rendered using a prepaid telephone
12 calling arrangement.

13 (ii) Notwithstanding the provisions of paragraph (i) of this subdivision, in accordance with
14 the Mobile Telecommunications Sourcing Act (4 U.S.C. §§ 116 – 126), subject to the specific
15 exemptions described in 4 U.S.C. § 116(c), and the exemptions provided in §§ 44-18-8 and 44-18-
16 12, mobile telecommunications services that are deemed to be provided by the customer's home
17 service provider are subject to tax under this chapter if the customer's place of primary use is in this
18 state regardless of where the mobile telecommunications services originate, terminate or pass
19 through. Mobile telecommunications services provided to a customer, the charges for which are
20 billed by or for the customer's home service provider, shall be deemed to be provided by the
21 customer's home service provider.

22 (10) The furnishing of service for transmission of messages by telegraph, cable, or radio
23 and the furnishing of community antenna television, subscription television, and cable television
24 services.

25 (11) The rental of living quarters in any hotel, rooming house, or tourist camp.

26 (12) The transfer for consideration of prepaid telephone calling arrangements and the
27 recharge of prepaid telephone calling arrangements sourced to this state in accordance with §§ 44-
28 18.1-11 and 44-18.1-15. "Prepaid telephone calling arrangement" means and includes prepaid
29 calling service and prepaid wireless calling service.

30 (13) The sale, storage, use or other consumption of over-the-counter drugs as defined in
31 paragraph 44-18-7.1(h)(ii).

32 (14) The sale, storage, use or other consumption of prewritten computer software delivered
33 electronically or by load and leave as defined in paragraph 44-18-7.1(g)(v).

34 [\(15\) The sale, storage, use or other consumption of vendor-hosted prewritten computer](#)

1 [software as defined in § 44-18-7.1\(g\)\(vii\).](#)

2 ~~(15)~~(16) The sale, storage, use or other consumption of medical marijuana as defined in §
3 21-28.6-3.

4 ~~(16)~~(17) The furnishing of services in this state as defined in § 44-18-7.3.

5 **44-18-7.1. Additional Definitions.**

6 (a) "Agreement" means the streamlined sales and use tax agreement.

7 (b) "Alcoholic beverages" means beverages that are suitable for human consumption and
8 contain one-half of one percent (.5%) or more of alcohol by volume.

9 (c) "Bundled transaction" is the retail sale of two or more products, except real property
10 and services to real property, where (1) The products are otherwise distinct and identifiable, and
11 (2) The products are sold for one non-itemized price. A "bundled transaction" does not include the
12 sale of any products in which the "sales price" varies, or is negotiable, based on the selection by
13 the purchaser of the products included in the transaction.

14 (i) "Distinct and identifiable products" does not include:

15 (A) Packaging – such as containers, boxes, sacks, bags, and bottles – or other materials –
16 such as wrapping, labels, tags, and instruction guides – that accompany the "retail sale" of the
17 products and are incidental or immaterial to the "retail sale" thereof. Examples of packaging that
18 are incidental or immaterial include grocery sacks, shoeboxes, dry cleaning garment bags, and
19 express delivery envelopes and boxes.

20 (B) A product provided free of charge with the required purchase of another product. A
21 product is "provided free of charge" if the "sales price" of the product purchased does not vary
22 depending on the inclusion of the products "provided free of charge."

23 (C) Items included in the member state's definition of "sales price," pursuant to appendix
24 C of the agreement.

25 (ii) The term "one non-itemized price" does not include a price that is separately identified
26 by product on binding sales or other supporting sales-related documentation made available to the
27 customer in paper or electronic form including, but not limited to, an invoice, bill of sale, receipt,
28 contract, service agreement, lease agreement, periodic notice of rates and services, rate card, or
29 price list.

30 (iii) A transaction that otherwise meets the definition of a "bundled transaction" as defined
31 above, is not a "bundled transaction" if it is:

32 (A) The "retail sale" of tangible personal property and a service where the tangible personal
33 property is essential to the use of the service, and is provided exclusively in connection with the
34 service, and the true object of the transaction is the service; or

1 (B) The "retail sale" of services where one service is provided that is essential to the use or
2 receipt of a second service and the first service is provided exclusively in connection with the
3 second service and the true object of the transaction is the second service; or

4 (C) A transaction that includes taxable products and nontaxable products and the "purchase
5 price" or "sales price" of the taxable products is de minimis.

6 1. De minimis means the seller's "purchase price" or "sales price" of the taxable products
7 is ten percent (10%) or less of the total "purchase price" or "sales price" of the bundled products.

8 2. Sellers shall use either the "purchase price" or the "sales price" of the products to
9 determine if the taxable products are de minimis. Sellers may not use a combination of the
10 "purchase price" and "sales price" of the products to determine if the taxable products are de
11 minimis.

12 3. Sellers shall use the full term of a service contract to determine if the taxable products
13 are de minimis; or

14 (D) The "retail sale" of exempt tangible personal property and taxable tangible personal
15 property where:

16 1. The transaction includes "food and food ingredients", "drugs", "durable medical
17 equipment", "mobility enhancing equipment", "over-the-counter drugs", "prosthetic devices" (all
18 as defined in this section) or medical supplies; and

19 2. Where the seller's "purchase price" or "sales price" of the taxable tangible personal
20 property is fifty percent (50%) or less of the total "purchase price" or "sales price" of the bundled
21 tangible personal property. Sellers may not use a combination of the "purchase price" and "sales
22 price" of the tangible personal property when making the fifty percent (50%) determination for a
23 transaction.

24 (d) "Certified automated system (CAS)" means software certified under the agreement to
25 calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit
26 to the appropriate state, and maintain a record of the transaction.

27 (e) "Certified service provider (CSP)" means an agent certified under the agreement to
28 perform all the seller's sales and use tax functions, other than the seller's obligation to remit tax on
29 its own purchases.

30 *(f) Clothing and Related Items*

31 (i) "Clothing" means all human wearing apparel suitable for general use.

32 (ii) "Clothing accessories or equipment" means incidental items worn on the person or in
33 conjunction with "clothing." "Clothing accessories or equipment" does not include "clothing",
34 "sport or recreational equipment", or "protective equipment."

1 (iii) "Protective equipment" means items for human wear and designed as protection of the
2 wearer against injury or disease or as protections against damage or injury of other persons or
3 property but not suitable for general use. "Protective equipment" does not include "clothing",
4 "clothing accessories or equipment", and "sport or recreational equipment."

5 (iv) "Sport or recreational equipment" means items designed for human use and worn in
6 conjunction with an athletic or recreational activity that are not suitable for general use. "Sport or
7 recreational equipment" does not include "clothing", "clothing accessories or equipment", and
8 "protective equipment."

9 (g) *Computer and Related Items*

10 (i) "Computer" means an electronic device that accepts information in digital or similar
11 form and manipulates it for a result based on a sequence of instructions.

12 (ii) "Computer software" means a set of coded instructions designed to cause a "computer"
13 or automatic data processing equipment to perform a task.

14 (iii) "Delivered electronically" means delivered to the purchaser by means other than
15 tangible storage media.

16 (iv) "Electronic" means relating to technology having electrical, digital, magnetic, wireless,
17 optical, electromagnetic, or similar capabilities.

18 (v) "Load and leave" means delivery to the purchaser by use of a tangible storage media
19 where the tangible storage media is not physically transferred to the purchaser.

20 (vi) "Prewritten computer software" means "computer software," including prewritten
21 upgrades, that is not designed and developed by the author or other creator to the specifications of
22 a specific purchaser. The combining of two (2) or more "prewritten computer software" programs
23 or prewritten portions thereof does not cause the combination to be other than "prewritten computer
24 software." "Prewritten computer software" includes software designed and developed by the author
25 or other creator to the specifications of a specific purchaser when it is sold to a person other than
26 the specific purchaser. Where a person modifies or enhances "computer software" of which the
27 person is not the author or creator, the person shall be deemed to be the author or creator only of
28 such person's modifications or enhancements. "Prewritten computer software" or a prewritten
29 portion thereof that is modified or enhanced to any degree, where such modification or
30 enhancement is designed and developed to the specifications of a specific purchaser, remains
31 "prewritten computer software"; provided, however, that where there is a reasonable, separately
32 stated charge or an invoice or other statement of the price given to the purchaser for such
33 modification or enhancement, such modification or enhancement shall not constitute "prewritten
34 computer software."

1 (vii) "Vendor-hosted prewritten computer software" means prewritten computer software
2 that is accessed through the Internet and/or a vendor-hosted server regardless of whether the access
3 is permanent or temporary and regardless of whether any downloading occurs.

4 *(h) Drugs and Related Items*

5 (i) "Drug" means a compound, substance, or preparation, and any component of a
6 compound, substance, or preparation, other than "food and food ingredients," "dietary
7 supplements" or "alcoholic beverages":

8 (A) Recognized in the official United States Pharmacopoeia, official Homeopathic
9 Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;

10 or

11 (B) Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease;

12 or

13 (C) Intended to affect the structure or any function of the body.

14 "Drug" shall also include insulin and medical oxygen whether or not sold on prescription.

15 (ii) "Over-the-counter drug" means a drug that contains a label that identifies the product
16 as a drug as required by 21 C.F.R. § 201.66. The "over-the-counter drug" label includes:

17 (A) A "Drug Facts" panel; or

18 (B) A statement of the "active ingredient(s)" with a list of those ingredients contained in
19 the compound, substance, or preparation.

20 "Over-the-counter drug" shall not include "grooming and hygiene products."

21 (iii) "Grooming and hygiene products" are soaps and cleaning solutions, shampoo,
22 toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the
23 items meet the definition of "over-the-counter drugs."

24 (iv) "Prescription" means an order, formula, or recipe issued in any form of oral, written,
25 electronic, or other means of transmission by a duly licensed practitioner authorized by the laws of
26 the member state.

27 (i) "Delivery charges" means charges by the seller of personal property or services for
28 preparation and delivery to a location designated by the purchaser of personal property or services
29 including, but not limited to: transportation, shipping, postage, handling, crating, and packing.

30 "Delivery charges" shall not include the charges for delivery of "direct mail" if the charges
31 are separately stated on an invoice or similar billing document given to the purchaser.

32 (j) "Direct mail" means printed material delivered or distributed by United States mail or
33 other delivery service to a mass audience or to addressees on a mailing list provided by the
34 purchaser or at the direction of the purchaser when the cost of the items are not billed directly to

1 the recipients. "Direct mail" includes tangible personal property supplied directly or indirectly by
2 the purchaser to the direct mail seller for inclusion in the package containing the printed material.
3 "Direct mail" does not include multiple items of printed material delivered to a single address.

4 (k) "Durable medical equipment" means equipment including repair and replacement parts
5 for same which:

- 6 (i) Can withstand repeated use; and
- 7 (ii) Is primarily and customarily used to serve a medical purpose; and
- 8 (iii) Generally is not useful to a person in the absence of illness or injury; and
- 9 (iv) Is not worn in or on the body.

10 Durable medical equipment does not include mobility enhancing equipment.

11 *(l) Food and Related Items*

12 (i) "Food and food ingredients" means substances, whether in liquid, concentrated, solid,
13 frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are
14 consumed for their taste or nutritional value ~~and seeds and plants used to grow food and food~~
15 ~~ingredients.~~ "Food and food ingredients" does not include "alcoholic beverages", "tobacco",
16 "candy", "dietary supplements", and "soft drinks." ~~or "marijuana seeds or plants."~~

17 (ii) "Prepared food" means:

- 18 (A) Food sold in a heated state or heated by the seller;
- 19 (B) Two (2) or more food ingredients mixed or combined by the seller for sale as a single
20 item; or
- 21 (C) Food sold with eating utensils provided by the seller, including: plates, knives, forks,
22 spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to
23 transport the food.

24 "Prepared food" in (B) does not include food that is only cut, repackaged, or pasteurized
25 by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring
26 cooking by the consumer as recommended by the Food and Drug Administration in chapter 3, part
27 401.11 of its Food Code so as to prevent food borne illnesses.

28 (iii) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners
29 in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars,
30 drops, or pieces. "Candy" shall not include any preparation containing flour and shall require no
31 refrigeration.

32 (iv) "Soft drinks" means non-alcoholic beverages that contain natural or artificial
33 sweeteners. "Soft drinks" do not include beverages that contain milk or milk products, soy, rice, or
34 similar milk substitutes, or greater than fifty percent (50%) of vegetable or fruit juice by volume.

1 (v) "Dietary supplement" means any product, other than "tobacco", intended to supplement
2 the diet that:

3 (A) Contains one or more of the following dietary ingredients:

4 1. A vitamin;

5 2. A mineral;

6 3. An herb or other botanical;

7 4. An amino acid;

8 5. A dietary substance for use by humans to supplement the diet by increasing the total
9 dietary intake; or

10 6. A concentrate, metabolite, constituent, extract, or combination of any ingredient
11 described above; and

12 (B) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or
13 if not intended for ingestion in such a form, is not represented as conventional food and is not
14 represented for use as a sole item of a meal or of the diet; and

15 (C) Is required to be labeled as a dietary supplement, identifiable by the "supplemental
16 facts" box found on the label and as required pursuant to 21 C.F.R. § 101.36.

17 (m) "Food sold through vending machines" means food dispensed from a machine or other
18 mechanical device that accepts payment.

19 (n) "Hotel" means every building or other structure kept, used, maintained, advertised as,
20 or held out to the public to be a place where living quarters are supplied for pay to transient or
21 permanent guests and tenants and includes a motel.

22 (i) "Living quarters" means sleeping rooms, sleeping or housekeeping accommodations, or
23 any other room or accommodation in any part of the hotel, rooming house, or tourist camp that is
24 available for or rented out for hire in the lodging of guests.

25 (ii) "Rooming house" means every house, boat, vehicle, motor court, or other structure
26 kept, used, maintained, advertised, or held out to the public to be a place where living quarters are
27 supplied for pay to transient or permanent guests or tenants, whether in one or adjoining buildings.

28 (iii) "Tourist camp" means a place where tents or tent houses, or camp cottages, or cabins
29 or other structures are located and offered to the public or any segment thereof for human
30 habitation.

31 (o) "Lease or rental" means any transfer of possession or control of tangible personal
32 property for a fixed or indeterminate term for consideration. A lease or rental may include future
33 options to purchase or extend. Lease or rental does not include:

34 (i) A transfer of possession or control of property under a security agreement or deferred

1 payment plan that requires the transfer of title upon completion of the required payments;

2 (ii) A transfer of possession or control of property under an agreement that requires the
3 transfer of title upon completion of required payments and payment of an option price does not
4 exceed the greater of one hundred dollars (\$100) or one percent of the total required payments; or

5 (iii) Providing tangible personal property along with an operator for a fixed or
6 indeterminate period of time. A condition of this exclusion is that the operator is necessary for the
7 equipment to perform as designed. For the purpose of this subsection, an operator must do more
8 than maintain, inspect, or set-up the tangible personal property.

9 (iv) Lease or rental does include agreements covering motor vehicles and trailers where the
10 amount of consideration may be increased or decreased by reference to the amount realized upon
11 sale or disposition of the property as defined in 26 U.S.C. § 7701(h)(1).

12 (v) This definition shall be used for sales and use tax purposes regardless if a transaction
13 is characterized as a lease or rental under generally accepted accounting principles, the Internal
14 Revenue Code, the Uniform Commercial Code, or other provisions of federal, state, or local law.

15 (vi) This definition will be applied only prospectively from the date of adoption and will
16 have no retroactive impact on existing leases or rentals. This definition shall neither impact any
17 existing sale-leaseback exemption or exclusions that a state may have, nor preclude a state from
18 adopting a sale-leaseback exemption or exclusion after the effective date of the agreement.

19 (p) "Mobility enhancing equipment" means equipment, including repair and replacement
20 parts to same, that:

21 (i) Is primarily and customarily used to provide or increase the ability to move from one
22 place to another and that is appropriate for use either in a home or a motor vehicle; and

23 (ii) Is not generally used by persons with normal mobility; and

24 (iii) Does not include any motor vehicle or equipment on a motor vehicle normally
25 provided by a motor vehicle manufacturer.

26 Mobility enhancing equipment does not include durable medical equipment.

27 (q) "Model 1 Seller" means a seller that has selected a CSP as its agent to perform all the
28 seller's sales and use tax functions, other than the seller's obligation to remit tax on its own
29 purchases.

30 (r) "Model 2 Seller" means a seller that has selected a CAS to perform part of its sales and
31 use tax functions, but retains responsibility for remitting the tax.

32 (s) "Model 3 Seller" means a seller that has sales in at least five member states, has total
33 annual sales revenue of at least five hundred million dollars (\$500,000,000), has a proprietary
34 system that calculates the amount of tax due each jurisdiction, and has entered into a performance

1 agreement with the member states that establishes a tax performance standard for the seller. As
2 used in this definition, a seller includes an affiliated group of sellers using the same proprietary
3 system.

4 (t) "Prosthetic device" means a replacement, corrective, or supportive device including
5 repair and replacement parts for same worn on or in the body to:

6 (i) Artificially replace a missing portion of the body;

7 (ii) Prevent or correct physical deformity or malfunction; or

8 (iii) Support a weak or deformed portion of the body.

9 (u) "Purchaser" means a person to whom a sale of personal property is made or to whom a
10 service is furnished.

11 (v) "Purchase price" applies to the measure subject to use tax and has the same meaning as
12 sales price.

13 (w) "Seller" means a person making sales, leases, or rentals of personal property or
14 services.

15 (x) "State" means any state of the United States and the District of Columbia.

16 (y) "Telecommunications" tax base/exemption terms

17 (i) Telecommunication terms shall be defined as follows:

18 (A) "Ancillary services" means services that are associated with or incidental to the
19 provision of "telecommunications services", including, but not limited to, "detailed
20 telecommunications billing", "directory assistance", "vertical service", and "voice mail services".

21 (B) "Conference bridging service" means an "ancillary service" that links two (2) or more
22 participants of an audio or video conference call and may include the provision of a telephone
23 number. "Conference bridging service" does not include the "telecommunications services" used
24 to reach the conference bridge.

25 (C) "Detailed telecommunications billing service" means an "ancillary service" of
26 separately stating information pertaining to individual calls on a customer's billing statement.

27 (D) "Directory assistance" means an "ancillary service" of providing telephone number
28 information, and/or address information.

29 (E) "Vertical service" means an "ancillary service" that is offered in connection with one
30 or more "telecommunications services", which offers advanced calling features that allow
31 customers to identify callers and to manage multiple calls and call connections, including
32 "conference bridging services".

33 (F) "Voice mail service" means an "ancillary service" that enables the customer to store,
34 send, or receive recorded messages. "Voice mail service" does not include any "vertical services"

1 that the customer may be required to have in order to utilize the "voice mail service".

2 (G) "Telecommunications service" means the electronic transmission, conveyance, or
3 routing of voice, data, audio, video, or any other information or signals to a point, or between or
4 among points. The term "telecommunications service" includes such transmission, conveyance, or
5 routing in which computer processing applications are used to act on the form, code, or protocol of
6 the content for purposes of transmission, conveyance, or routing without regard to whether such
7 service is referred to as voice over internet protocol services or is classified by the Federal
8 Communications Commission as enhanced or value added. "Telecommunications service" does not
9 include:

10 (1) Data processing and information services that allow data to be generated, acquired,
11 stored, processed, or retrieved and delivered by an electronic transmission to a purchaser where
12 such purchaser's primary purpose for the underlying transaction is the processed data or
13 information;

14 (2) Installation or maintenance of wiring or equipment on a customer's premises;

15 (3) Tangible personal property;

16 (4) Advertising, including, but not limited to, directory advertising;

17 (5) Billing and collection services provided to third parties;

18 (6) Internet access service;

19 (7) Radio and television audio and video programming services, regardless of the medium,
20 including the furnishing of transmission, conveyance, and routing of such services by the
21 programming service provider. Radio and television audio and video programming services shall
22 include, but not be limited to, cable service as defined in 47 U.S.C. § 522(6) and audio and video
23 programming services delivered by commercial mobile radio service providers as defined in 47
24 C.F.R. § 20.3;

25 (8) "Ancillary services"; or

26 (9) Digital products "delivered electronically", including, but not limited to: software,
27 music, video, reading materials or ring tones.

28 (H) "800 service" means a "telecommunications service" that allows a caller to dial a toll-
29 free number without incurring a charge for the call. The service is typically marketed under the
30 name "800", "855", "866", "877", and "888" toll-free calling, and any subsequent numbers
31 designated by the Federal Communications Commission.

32 (I) "900 service" means an inbound toll "telecommunications service" purchased by a
33 subscriber that allows the subscriber's customers to call in to the subscriber's prerecorded
34 announcement or live service. "900 service" does not include the charge for: collection services

1 provided by the seller of the "telecommunications services" to the subscriber, or service or product
2 sold by the subscriber to the subscriber's customer. The service is typically marketed under the
3 name "900 service," and any subsequent numbers designated by the Federal Communications
4 Commission.

5 (J) "Fixed wireless service" means a "telecommunications service" that provides radio
6 communication between fixed points.

7 (K) "Mobile wireless service" means a "telecommunications service" that is transmitted,
8 conveyed, or routed regardless of the technology used, whereby the origination and/or termination
9 points of the transmission, conveyance, or routing are not fixed, including, by way of example only,
10 "telecommunications services" that are provided by a commercial mobile radio service provider.

11 (L) "Paging service" means a "telecommunications service" that provides transmission of
12 coded radio signals for the purpose of activating specific pagers; such transmissions may include
13 messages and/or sounds.

14 (M) "Prepaid calling service" means the right to access exclusively "telecommunications
15 services", which must be paid for in advance and that enables the origination of calls using an
16 access number or authorization code, whether manually or electronically dialed, and that is sold in
17 predetermined units or dollars of which the number declines with use in a known amount.

18 (N) "Prepaid wireless calling service" means a "telecommunications service" that provides
19 the right to utilize "mobile wireless service", as well as other non-telecommunications services,
20 including the download of digital products "delivered electronically", content and "ancillary
21 services" which must be paid for in advance that is sold in predetermined units of dollars of which
22 the number declines with use in a known amount.

23 (O) "Private communications service" means a telecommunications service that entitles the
24 customer to exclusive or priority use of a communications channel or group of channels between
25 or among termination points, regardless of the manner in which such channel or channels are
26 connected, and includes switching capacity, extension lines, stations, and any other associated
27 services that are provided in connection with the use of such channel or channels.

28 (P) "Value-added non-voice data service" means a service that otherwise meets the
29 definition of "telecommunications services" in which computer processing applications are used to
30 act on the form, content, code, or protocol of the information or data primarily for a purpose other
31 than transmission, conveyance, or routing.

32 (ii) "Modifiers of Sales Tax Base/Exemption Terms" – the following terms can be used to
33 further delineate the type of "telecommunications service" to be taxed or exempted. The terms
34 would be used with the broader terms and subcategories delineated above.

1 (A) "Coin-operated telephone service" means a "telecommunications service" paid for by
2 inserting money into a telephone accepting direct deposits of money to operate.

3 (B) "International" means a "telecommunications service" that originates or terminates in
4 the United States and terminates or originates outside the United States, respectively. United States
5 includes the District of Columbia or a U.S. territory or possession.

6 (C) "Interstate" means a "telecommunications service" that originates in one United States
7 state, or a United States territory or possession, and terminates in a different United States state or
8 a United States territory or possession.

9 (D) "Intrastate" means a "telecommunications service" that originates in one United States
10 state or a United States territory or possession, and terminates in the same United States state or a
11 United States territory or possession.

12 (E) "Pay telephone service" means a "telecommunications service" provided through any
13 pay telephone.

14 (F) "Residential telecommunications service" means a "telecommunications service" or
15 "ancillary services" provided to an individual for personal use at a residential address, including an
16 individual dwelling unit such as an apartment. In the case of institutions where individuals reside,
17 such as schools or nursing homes, "telecommunications service" is considered residential if it is
18 provided to and paid for by an individual resident rather than the institution.

19 The terms "ancillary services" and "telecommunications service" are defined as a broad
20 range of services. The terms "ancillary services" and "telecommunications service" are broader
21 than the sum of the subcategories. Definitions of subcategories of "ancillary services" and
22 "telecommunications service" can be used by a member state alone or in combination with other
23 subcategories to define a narrower tax base than the definitions of "ancillary services" and
24 "telecommunications service" would imply. The subcategories can also be used by a member state
25 to provide exemptions for certain subcategories of the more broadly defined terms.

26 A member state that specifically imposes tax on, or exempts from tax, local telephone or
27 local telecommunications service may define "local service" in any manner in accordance with §
28 44-18.1-28, except as limited by other sections of this Agreement.

29 (z) "Tobacco" means cigarettes, cigars, chewing, or pipe tobacco, or any other item that
30 contains tobacco.

31 **44-18-7.3. Services defined.**

32 (a) "Services" means all activities engaged in for other persons for a fee, retainer,
33 commission, or other monetary charge, which activities involve the performance of a service in this
34 state as distinguished from selling property.

1 (b) The following businesses and services performed in this state, along with the applicable
2 2007 North American Industrial Classification System (NAICS) codes, are included in the
3 definition of services:

4 (1) Taxicab and limousine services including but not limited to:

5 (i) Taxicab services including taxi dispatchers (485310); and
6 (ii) Limousine services (485320).

7 (2) Other road transportation service including but not limited to:

8 (i) Charter bus service (485510);
9 (ii) "Transportation network companies" (TNC) defined as an entity that uses a digital
10 network to connect transportation network company riders to transportation network operators who
11 provide prearranged rides. Any TNC operating in this state is a retailer as provided in § 44-18-15
12 and is required to file a business application and registration form and obtain a permit to make sales
13 at retail with the tax administrator, to charge, collect, and remit Rhode Island sales and use tax; and
14 (iii) All other transit and ground passenger transportation (485999).

15 (3) Pet care services (812910) except veterinary and testing laboratories services.

16 (4)(i) "Room reseller" or "reseller" means any person, except a tour operator as defined in
17 § 42-63.1-2, having any right, permission, license, or other authority from or through a hotel as
18 defined in § 42-63.1-2, to reserve, or arrange the transfer of occupancy of, accommodations the
19 reservation or transfer of which is subject to this chapter, such that the occupant pays all or a portion
20 of the rental and other fees to the room reseller or reseller, room reseller or reseller shall include,
21 but not be limited to, sellers of travel packages as defined in this section. Notwithstanding the
22 provisions of any other law, where said reservation or transfer of occupancy is done using a room
23 reseller or reseller, the application of the sales and use tax under §§ 44-18-18 and 44-18-20, and
24 the hotel tax under § 44-18-36.1 shall be as follows: The room reseller or reseller is required to
25 register with, and shall collect and pay to, the tax administrator the sales and use and hotel taxes,
26 with said taxes being calculated upon the amount of rental and other fees paid by the occupant to
27 the room reseller or reseller, less the amount of any rental and other fees paid by the room reseller
28 or reseller to the hotel. The hotel shall collect and pay to the tax administrator said taxes upon the
29 amount of rental and other fees paid to the hotel by the room reseller or reseller and/or the occupant.
30 No assessment shall be made by the tax administrator against a hotel because of an incorrect
31 remittance of the taxes under this chapter by a room reseller or reseller. No assessment shall be
32 made by the tax administrator against a room reseller or reseller because of an incorrect remittance
33 of the taxes under this chapter by a hotel. If the hotel has paid the taxes imposed under this chapter,
34 the occupant and/or room reseller or reseller, as applicable, shall reimburse the hotel for said taxes.

1 If the room reseller or reseller has paid said taxes, the occupant shall reimburse the room reseller
2 or reseller for said taxes. Each hotel and room reseller or reseller shall add and collect, from the
3 occupant or the room reseller or the reseller, the full amount of the taxes imposed on the rental and
4 other fees. When added to the rental and other fees, the taxes shall be a debt owed by the occupant
5 to the hotel or room reseller or reseller, as applicable, and shall be recoverable at law in the same
6 manner as other debts. The amount of the taxes collected by the hotel and/or room reseller or
7 reseller from the occupant under this chapter shall be stated and charged separately from the rental
8 and other fees, and shall be shown separately on all records thereof, whether made at the time the
9 transfer of occupancy occurs, or on any evidence of the transfer issued or used by the hotel or the
10 room reseller or the reseller. A room reseller or reseller shall not be required to disclose to the
11 occupant the amount of tax charged by the hotel; provided, however, the room reseller or reseller
12 shall represent to the occupant that the separately stated taxes charged by the room reseller or
13 reseller include taxes charged by the hotel. No person shall operate a hotel in this state, or act as a
14 room reseller or reseller for any hotel in the state, unless the tax administrator has issued a permit
15 pursuant to § 44-19-1.

16 (ii) "Travel package" means a room, or rooms, bundled with one or more other, separate
17 components of travel such as air transportation, car rental, or similar items, which travel package
18 is charged to the customer or occupant for a single, retail price. When the room occupancy is
19 bundled for a single consideration, with other property, services, amusement charges, or any other
20 items, the separate sale of which would not otherwise be subject to tax under this chapter, the entire
21 single consideration shall be treated as the rental or other fees for room occupancy subject to tax
22 under this chapter; provided, however, that where the amount of the rental, or other fees for room
23 occupancy is stated separately from the price of such other property, services, amusement charges,
24 or other items, on any sales slip, invoice, receipt, or other statement given the occupant, and such
25 rental and other fees are determined by the tax administrator to be reasonable in relation to the
26 value of such other property, services, amusement charges, or other items, only such separately
27 stated rental and other fees will be subject to tax under this chapter. The value of the transfer of any
28 room, or rooms, bundled as part of a travel package may be determined by the tax administrator
29 from the room reseller's and/or reseller's and/or hotel's books and records that are kept in the regular
30 course of business.

31 [\(5\) Investigation, Guard, and Armored Car Services \(56161\).](#)

32 (c) All services as defined herein are required to file a business application and registration
33 form and obtain a permit to make sales at retail with the tax administrator, to charge, collect, and
34 remit Rhode Island sales and use tax.

1 (d) The tax administrator is authorized to promulgate rules and regulations in accordance
2 with the provisions of chapter 42-35 to carry out the provisions, policies, and purposes of this
3 chapter.

4 **44-18-8. Retail sale or sale at retail defined.**

5 A "retail sale" or "sale at retail" means any sale, lease or rentals of tangible personal
6 property, prewritten computer software delivered electronically or by load and leave, [vendor-hosted](#)
7 [prewritten computer software](#), or services as defined in § 44-18-7.3 for any purpose other than
8 resale, sublease or subrent in the regular course of business. The sale of tangible personal property
9 to be used for purposes of rental in the regular course of business is considered to be a sale for
10 resale. In regard to telecommunications service as defined in § 44-18-7(9), retail sale does not
11 include the purchase of telecommunications service by a telecommunications provider from
12 another telecommunication provider for resale to the ultimate consumer; provided, that the
13 purchaser submits to the seller a certificate attesting to the applicability of this exclusion, upon
14 receipt of which the seller is relieved of any tax liability for the sale.

15 **44-18-15. "Retailer" defined.**

16 (a) "Retailer" includes:

17 (1) Every person engaged in the business of making sales at retail including prewritten
18 computer software delivered electronically or by load and leave, [vendor-hosted prewritten](#)
19 [computer software](#), sales of services as defined in § 44-18-7.3, and sales at auction of tangible
20 personal property owned by the person or others.

21 (2) Every person making sales of tangible personal property including prewritten computer
22 software delivered electronically or by load and leave, [or vendor-hosted prewritten computer](#)
23 [software](#), or sales of services as defined in § 44-18-7.3, through an independent contractor or other
24 representative, if the retailer enters into an agreement with a resident of this state, under which the
25 resident, for a commission or other consideration, directly or indirectly refers potential customers,
26 whether by a link on an Internet website or otherwise, to the retailer, provided the cumulative gross
27 receipts from sales by the retailer to customers in the state who are referred to the retailer by all
28 residents with this type of an agreement with the retailer, is in excess of five thousand dollars
29 (\$5,000) during the preceding four (4) quarterly periods ending on the last day of March, June,
30 September and December. Such retailer shall be presumed to be soliciting business through such
31 independent contractor or other representative, which presumption may be rebutted by proof that
32 the resident with whom the retailer has an agreement did not engage in any solicitation in the state
33 on behalf of the retailer that would satisfy the nexus requirement of the United States Constitution
34 during such four (4) quarterly periods.

1 (3) Every person engaged in the business of making sales for storage, use, or other
2 consumption of: ~~(i)~~(i) tangible personal property, (ii) sales at auction of tangible personal property
3 owned by the person or others, ~~(iii)~~ (iii) prewritten computer software delivered electronically or by
4 load and leave, ~~(iv)~~ (iv) vendor-hosted prewritten computer software, and ~~(v)~~ (v) services as defined in
5 § 44-18-7.3.

6 (4) A person conducting a horse race meeting with respect to horses, which are claimed
7 during the meeting.

8 (5) Every person engaged in the business of renting any living quarters in any hotel as
9 defined in § 42-63.1-2, rooming house, or tourist camp.

10 (6) Every person maintaining a business within or outside of this state who engages in the
11 regular or systematic solicitation of sales of tangible personal property, prewritten computer
12 software delivered electronically or by load and leave, vendor-hosted prewritten computer
13 software:

14 (i) Advertising in newspapers, magazines, and other periodicals published in this state, sold
15 over the counter in this state or sold by subscription to residents of this state, billboards located in
16 this state, airborne advertising messages produced or transported in the airspace above this state,
17 display cards and posters on common carriers or any other means of public conveyance
18 incorporated or operated primarily in this state, brochures, catalogs, circulars, coupons, pamphlets,
19 samples, and similar advertising material mailed to, or distributed within this state to residents of
20 this state;

21 (ii) Telephone;

22 (iii) Computer assisted shopping networks; and

23 (iv) Television, radio or any other electronic media, which is intended to be broadcast to
24 consumers located in this state.

25 (b) When the tax administrator determines that it is necessary for the proper administration
26 of chapters 18 and 19 of this title to regard any salespersons, representatives, truckers, peddlers, or
27 canvassers as the agents of the dealers, distributors, supervisors, employers, or persons under whom
28 they operate or from whom they obtain the tangible personal property sold by them, irrespective of
29 whether they are making sales on their own behalf or on behalf of the dealers, distributors,
30 supervisors, or employers, the tax administrator may so regard them and may regard the dealers,
31 distributors, supervisors, or employers as retailers for purposes of chapters 18 and 19 of this title.

32 **44-18-20. Use tax imposed.**

33 (a) An excise tax is imposed on the storage, use, or other consumption in this state of
34 tangible personal property; prewritten computer software delivered electronically or by load and

1 leave; vendor-hosted prewritten computer software; or services as defined in § 44-18-7.3, including
2 a motor vehicle, a boat, an airplane, or a trailer, purchased from any retailer at the rate of six percent
3 (6%) of the sale price of the property.

4 (b) An excise tax is imposed on the storage, use, or other consumption in this state of a
5 motor vehicle, a boat, an airplane, or a trailer purchased from other than a licensed motor vehicle
6 dealer or other than a retailer of boats, airplanes, or trailers respectively, at the rate of six percent
7 (6%) of the sale price of the motor vehicle, boat, airplane, or trailer.

8 (c) The word "trailer," as used in this section and in § 44-18-21, means and includes those
9 defined in § 31-1-5(a) – (e) and also includes boat trailers, camping trailers, house trailers, and
10 mobile homes.

11 (d) Notwithstanding the provisions contained in this section and in § 44-18-21 relating to
12 the imposition of a use tax and liability for this tax on certain casual sales, no tax is payable in any
13 casual sale:

14 (1) When the transferee or purchaser is the spouse, mother, father, brother, sister, or child
15 of the transferor or seller;

16 (2) When the transfer or sale is made in connection with the organization, reorganization,
17 dissolution, or partial liquidation of a business entity, provided:

18 (i) The last taxable sale, transfer, or use of the article being transferred or sold was subjected
19 to a tax imposed by this chapter;

20 (ii) The transferee is the business entity referred to or is a stockholder, owner, member, or
21 partner; and

22 (iii) Any gain or loss to the transferor is not recognized for income tax purposes under the
23 provisions of the federal income tax law and treasury regulations and rulings issued thereunder;

24 (3) When the sale or transfer is of a trailer, other than a camping trailer, of the type
25 ordinarily used for residential purposes and commonly known as a house trailer or as a mobile
26 home; or

27 (4) When the transferee or purchaser is exempt under the provisions of § 44-18-30 or other
28 general law of this state or special act of the general assembly of this state.

29 (e) The term "casual" means a sale made by a person other than a retailer, provided, that in
30 the case of a sale of a motor vehicle, the term means a sale made by a person other than a licensed
31 motor vehicle dealer or an auctioneer at an auction sale. In no case is the tax imposed under the
32 provisions of subsections (a) and (b) of this section on the storage, use, or other consumption in
33 this state of a used motor vehicle less than the product obtained by multiplying the amount of the
34 retail dollar value at the time of purchase of the motor vehicle by the applicable tax rate; provided,

1 that where the amount of the sale price exceeds the amount of the retail dollar value, the tax is
2 based on the sale price. The tax administrator shall use as his or her guide the retail dollar value as
3 shown in the current issue of any nationally recognized, used-vehicle guide for appraisal purposes
4 in this state. On request within thirty (30) days by the taxpayer after payment of the tax, if the tax
5 administrator determines that the retail dollar value as stated in this subsection is inequitable or
6 unreasonable, he or she shall, after affording the taxpayer reasonable opportunity to be heard, re-
7 determine the tax.

8 (f) Every person making more than five (5) retail sales of tangible personal property or
9 prewritten computer software delivered electronically or by load and leave, [or vendor-hosted](#)
10 [prewritten computer software](#), or services as defined in § 44-18-7.3 during any twelve-month (12)
11 period, including sales made in the capacity of assignee for the benefit of creditors or receiver or
12 trustee in bankruptcy, is considered a retailer within the provisions of this chapter.

13 (g)(1) "Casual sale" includes a sale of tangible personal property not held or used by a
14 seller in the course of activities for which the seller is required to hold a seller's permit or permits
15 or would be required to hold a seller's permit or permits if the activities were conducted in this
16 state, provided that the sale is not one of a series of sales sufficient in number, scope, and character
17 (more than five (5) in any twelve-month (12) period) to constitute an activity for which the seller
18 is required to hold a seller's permit or would be required to hold a seller's permit if the activity were
19 conducted in this state.

20 (2) Casual sales also include sales made at bazaars, fairs, picnics, or similar events by
21 nonprofit organizations, that are organized for charitable, educational, civic, religious, social,
22 recreational, fraternal, or literary purposes during two (2) events not to exceed a total of six (6)
23 days duration each calendar year. Each event requires the issuance of a permit by the division of
24 taxation. Where sales are made at events by a vendor that holds a sales tax permit and is not a
25 nonprofit organization, the sales are in the regular course of business and are not exempt as casual
26 sales.

27 (h) The use tax imposed under this section for the period commencing July 1, 1990, is at
28 the rate of seven percent (7%). In recognition of the work being performed by the streamlined sales
29 and use tax governing board, upon passage of any federal law that authorizes states to require
30 remote sellers to collect and remit sales and use taxes, effective the first (1st) day of the first (1st)
31 state fiscal quarter following the change, the rate imposed under § 44-18-18 shall be reduced from
32 seven percent (7.0%) to six and one-half percent (6.5%). The six and one-half percent (6.5%) rate
33 shall take effect on the date that the state requires remote sellers to collect and remit sales and use
34 taxes.

1 **44-18-21. Liability for use tax.**

2 (a) Every person storing, using, or consuming in this state tangible personal property,
3 including a motor vehicle, boat, airplane, or trailer, purchased from a retailer, and a motor vehicle,
4 boat, airplane, or trailer, purchased from other than a licensed motor vehicle dealer or other than a
5 retailer of boats, airplanes, or trailers respectively; or storing, using or consuming specified
6 prewritten computer software delivered electronically or by load and leave, [or vendor-hosted](#)
7 [prewritten computer software](#), or services as defined in § 44-18-7.3 is liable for the use tax. The
8 person's liability is not extinguished until the tax has been paid to this state, except that a receipt
9 from a retailer engaging in business in this state or from a retailer who is authorized by the tax
10 administrator to collect the tax under rules and regulations that he or she may prescribe, given to
11 the purchaser pursuant to the provisions of § 44-18-22, is sufficient to relieve the purchaser from
12 further liability for the tax to which the receipt refers.

13 (b) Each person before obtaining an original or transferral registration for any article or
14 commodity in this state, which article or commodity is required to be licensed or registered in the
15 state, shall furnish satisfactory evidence to the tax administrator that any tax due under this chapter
16 with reference to the article or commodity has been paid, and for the purpose of effecting
17 compliance, the tax administrator, in addition to any other powers granted to him or her, may invoke
18 the provisions of § 31-3-4 in the case of a motor vehicle. The tax administrator, when he or she
19 deems it to be for the convenience of the general public, may authorize any agency of the state
20 concerned with the licensing or registering of these articles or commodities to collect the use tax
21 on any articles or commodities which the purchaser is required by this chapter to pay before
22 receiving an original or transferral registration. The general assembly shall annually appropriate a
23 sum that it deems necessary to carry out the purposes of this section. Notwithstanding the
24 provisions of §§ 44-18-19, 44-18-22, and 44-18-24, the sales or use tax on any motor vehicle and/or
25 recreational vehicle requiring registration by the administrator of the division of motor vehicles
26 shall not be added by the retailer to the sale price or charge but shall be paid directly by the
27 purchaser to the tax administrator, or his or her authorized deputy or agent as provided in this
28 section.

29 (c) In cases involving total loss or destruction of a motor vehicle occurring within one
30 hundred twenty (120) days from the date of purchase and upon which the purchaser has paid the
31 use tax, the amount of the tax constitutes an overpayment. The amount of the overpayment may be
32 credited against the amount of use tax on any subsequent vehicle which the owner acquires to
33 replace the lost or destroyed vehicle or may be refunded, in whole or in part.

34 **44-18-22. Collection of use tax by retailer.**

1 Every retailer engaging in business in this state and making sales of tangible personal
2 property or prewritten computer software delivered electronically or by load and leave, [or vendor-](#)
3 [hosted prewritten computer software](#), or services as defined in § 44-18-7.3, for storage, use, or other
4 consumption in this state, not exempted under this chapter shall, at the time of making the sales, or
5 if the storage, use, or other consumption of the tangible personal property, prewritten computer
6 software delivered electronically or by load and leave, [vendor-hosted prewritten computer](#)
7 [software](#), or services as defined in § 44-18-7.3, is not then taxable under this chapter, at the time
8 the storage, use, or other consumption becomes taxable, collect the tax from the purchaser and give
9 to the purchaser a receipt in the manner and form prescribed by the tax administrator.

10 **44-18-23. "Engaging in business" defined.**

11 As used in §§ 44-18-21 and 44-18-22 the term "engaging in business in this state" means
12 the selling or delivering in this state, or any activity in this state related to the selling or delivering
13 in this state of tangible personal property or prewritten computer software delivered electronically
14 or by load and leave, [or vendor-hosted prewritten computer software](#), for storage, use, or other
15 consumption in this state; or services as defined in § 44-18-7.3 in this state. This term includes, but
16 is not limited to, the following acts or methods of transacting business:

17 (1) Maintaining, occupying, or using in this state permanently or temporarily, directly or
18 indirectly or through a subsidiary, representative, or agent by whatever name called and whether or
19 not qualified to do business in this state, any office, place of distribution, sales or sample room or
20 place, warehouse or storage place, or other place of business;

21 (2) Having any subsidiary, representative, agent, salesperson, canvasser, or solicitor
22 permanently or temporarily, and whether or not the subsidiary, representative, or agent is qualified
23 to do business in this state, operate in this state for the purpose of selling, delivering, or the taking
24 of orders for any tangible personal property, or prewritten computer software delivered
25 electronically or by load and leave, [or vendor-hosted prewritten computer software](#), or services as
26 defined in § 44-18-7.3;

27 (3) The regular or systematic solicitation of sales of tangible personal property, or
28 prewritten computer software delivered electronically or by load and leave, [or vendor-hosted](#)
29 [prewritten computer software](#), or services as defined in § 44-18-7.3, in this state by means of:

30 (i) Advertising in newspapers, magazines, and other periodicals published in this state, sold
31 over the counter in this state or sold by subscription to residents of this state, billboards located in
32 this state, airborne advertising messages produced or transported in the air space above this state,
33 display cards and posters on common carriers or any other means of public conveyance
34 incorporated or operating primarily in this state, brochures, catalogs, circulars, coupons, pamphlets,

1 samples, and similar advertising material mailed to, or distributed within this state to residents of
2 this state;

3 (ii) Telephone;

4 (iii) Computer-assisted shopping networks; and

5 (iv) Television, radio or any other electronic media, which is intended to be broadcast to
6 consumers located in this state.

7 **44-18-25. Presumption that sale is for storage, use, or consumption – Resale**
8 **certificate.**

9 It is presumed that all gross receipts are subject to the sales tax, and that the use of all
10 tangible personal property, or prewritten computer software delivered electronically or by load and
11 leave, [or vendor-hosted prewritten computer software](#), or services as defined in § 44-18-7.3, are
12 subject to the use tax, and that all tangible personal property, or prewritten computer software
13 delivered electronically or by load and leave, [or vendor-hosted prewritten computer software](#), or
14 services as defined in § 44-18-7.3, sold or in processing or intended for delivery or delivered in this
15 state is sold or delivered for storage, use, or other consumption in this state, until the contrary is
16 established to the satisfaction of the tax administrator. The burden of proving the contrary is upon
17 the person who makes the sale and the purchaser, unless the person who makes the sale takes from
18 the purchaser a certificate to the effect that the purchase was for resale. The certificate shall contain
19 any information and be in the form that the tax administrator may require.

20 **44-18-30. Gross receipts exempt from sales and use taxes.**

21 There are exempted from the taxes imposed by this chapter the following gross receipts:

22 (1) Sales and uses beyond constitutional power of state. From the sale and from the storage,
23 use, or other consumption in this state of tangible personal property the gross receipts from the sale
24 of which, or the storage, use, or other consumption of which, this state is prohibited from taxing
25 under the Constitution of the United States or under the constitution of this state.

26 (2) Newspapers.

27 (i) From the sale and from the storage, use, or other consumption in this state of any
28 newspaper.

29 (ii) "Newspaper" means an unbound publication printed on newsprint that contains news,
30 editorial comment, opinions, features, advertising matter, and other matters of public interest.

31 (iii) "Newspaper" does not include a magazine, handbill, circular, flyer, sales catalog, or
32 similar item unless the item is printed for, and distributed as, a part of a newspaper.

33 (3) School meals. From the sale and from the storage, use, or other consumption in this
34 state of meals served by public, private, or parochial schools, school districts, colleges, universities,

1 student organizations, and parent-teacher associations to the students or teachers of a school,
2 college, or university whether the meals are served by the educational institutions or by a food
3 service or management entity under contract to the educational institutions.

4 (4) Containers.

5 (i) From the sale and from the storage, use, or other consumption in this state of:

6 (A) Non-returnable containers, including boxes, paper bags, and wrapping materials that
7 are biodegradable and all bags and wrapping materials utilized in the medical and healing arts,
8 when sold without the contents to persons who place the contents in the container and sell the
9 contents with the container.

10 (B) Containers when sold with the contents if the sale price of the contents is not required
11 to be included in the measure of the taxes imposed by this chapter.

12 (C) Returnable containers when sold with the contents in connection with a retail sale of
13 the contents or when resold for refilling.

14 [\(D\) Keg and barrel containers, whether returnable or not, when sold to alcoholic beverage](#)
15 [producers who place the alcoholic beverages in the containers.](#)

16 (ii) As used in this subdivision, the term "returnable containers" means containers of a kind
17 customarily returned by the buyer of the contents for reuse. All other containers are "non-returnable
18 containers".

19 (5) (i) Charitable, educational, and religious organizations. From the sale to, as in defined
20 in this section, and from the storage, use, and other consumption in this state, or any other state of
21 the United States of America, of tangible personal property by hospitals not operated for a profit;
22 "educational institutions" as defined in subdivision (18) not operated for a profit; churches,
23 orphanages, and other institutions or organizations operated exclusively for religious or charitable
24 purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting
25 leagues and associations and bands for boys and girls under the age of nineteen (19) years; the
26 following vocational student organizations that are state chapters of national vocational students
27 organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of
28 America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers
29 of America/Home Economics Related Occupations (FHA/HERD); Vocational Industrial Clubs of
30 America (VICA); organized nonprofit golden age and senior citizens clubs for men and women;
31 and parent-teacher associations; and from the sale, storage, use, and other consumption in this state,
32 of and by the Industrial Foundation of Burrillville, a Rhode Island domestic nonprofit corporation.

33 (ii) In the case of contracts entered into with the federal government, its agencies, or
34 instrumentalities, this state, or any other state of the United States of America, its agencies, any

1 city, town, district, or other political subdivision of the states; hospitals not operated for profit;
2 educational institutions not operated for profit; churches, orphanages, and other institutions or
3 organizations operated exclusively for religious or charitable purposes, the contractor may purchase
4 such materials and supplies (materials and/or supplies are defined as those that are essential to the
5 project) that are to be utilized in the construction of the projects being performed under the contracts
6 without payment of the tax.

7 (iii) The contractor shall not charge any sales or use tax to any exempt agency, institution,
8 or organization but shall in that instance provide his or her suppliers with certificates in the form
9 as determined by the division of taxation showing the reason for exemption and the contractor's
10 records must substantiate the claim for exemption by showing the disposition of all property so
11 purchased. If any property is then used for a nonexempt purpose, the contractor must pay the tax
12 on the property used.

13 (6) Gasoline. From the sale and from the storage, use, or other consumption in this state of:

14 (i) gasoline and other products taxed under chapter 36 of title 31 and (ii) fuels used for the
15 propulsion of airplanes.

16 (7) Purchase for manufacturing purposes.

17 (i) From the sale and from the storage, use, or other consumption in this state of computer
18 software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, and
19 water, when the property or service is purchased for the purpose of being manufactured into a
20 finished product for resale and becomes an ingredient, component, or integral part of the
21 manufactured, compounded, processed, assembled, or prepared product, or if the property or
22 service is consumed in the process of manufacturing for resale computer software, tangible personal
23 property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

24 (ii) "Consumed" means destroyed, used up, or worn out to the degree or extent that the
25 property cannot be repaired, reconditioned, or rendered fit for further manufacturing use.

26 (iii) "Consumed" includes mere obsolescence.

27 (iv) "Manufacturing" means and includes: manufacturing, compounding, processing,
28 assembling, preparing, or producing.

29 (v) "Process of manufacturing" means and includes all production operations performed in
30 the producing or processing room, shop, or plant, insofar as the operations are a part of and
31 connected with the manufacturing for resale of tangible personal property, electricity, natural gas,
32 artificial gas, steam, refrigeration, or water and all production operations performed insofar as the
33 operations are a part of and connected with the manufacturing for resale of computer software.

34 (vi) "Process of manufacturing" does not mean or include administration operations such

1 as general office operations, accounting, collection, or sales promotion, nor does it mean or include
2 distribution operations that occur subsequent to production operations, such as handling, storing,
3 selling, and transporting the manufactured products, even though the administration and
4 distribution operations are performed by, or in connection with, a manufacturing business.

5 (8) State and political subdivisions. From the sale to, and from the storage, use, or other
6 consumption by, this state, any city, town, district, or other political subdivision of this state. Every
7 redevelopment agency created pursuant to chapter 31 of title 45 is deemed to be a subdivision of
8 the municipality where it is located.

9 (9) Food and food ingredients. From the sale and storage, use, or other consumption in this
10 state of food and food ingredients as defined in § 44-18-7.1(l).

11 For the purposes of this exemption "food and food ingredients" shall not include candy,
12 soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending
13 machines, or prepared food, as those terms are defined in § 44-18-7.1, unless the prepared food is:

14 (i) Sold by a seller whose primary NAICS classification is manufacturing in sector 311,
15 except sub-sector 3118 (bakeries);

16 (ii) Sold in an unheated state by weight or volume as a single item;

17 (iii) Bakery items, including: bread, rolls, buns, biscuits, bagels, croissants, pastries,
18 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas; and

19 is not sold with utensils provided by the seller, including: plates, knives, forks, spoons,
20 glasses, cups, napkins, or straws.

21 (10) Medicines, drugs, and durable medical equipment. From the sale and from the storage,
22 use, or other consumption in this state, of:

23 (i) "Drugs" as defined in § 44-18-7.1(h)(i), sold on prescriptions, medical oxygen, and
24 insulin whether or not sold on prescription. For purposes of this exemption drugs shall not include
25 over-the-counter drugs and grooming and hygiene products as defined in § 44-18-7.1(h)(iii).

26 (ii) Durable medical equipment as defined in § 44-18-7.1(k) for home use only, including,
27 but not limited to: syringe infusers, ambulatory drug delivery pumps, hospital beds, convalescent
28 chairs, and chair lifts. Supplies used in connection with syringe infusers and ambulatory drug
29 delivery pumps that are sold on prescription to individuals to be used by them to dispense or
30 administer prescription drugs, and related ancillary dressings and supplies used to dispense or
31 administer prescription drugs, shall also be exempt from tax.

32 (11) Prosthetic devices and mobility enhancing equipment. From the sale and from the
33 storage, use, or other consumption in this state, of prosthetic devices as defined in § 44-18-7.1(t),
34 sold on prescription, including, but not limited to: artificial limbs, dentures, spectacles, eyeglasses,

1 and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on prescription;
2 and mobility enhancing equipment as defined in § 44-18-7.1(p), including wheelchairs, crutches
3 and canes.

4 (12) Coffins, caskets, and burial garments. From the sale and from the storage, use, or other
5 consumption in this state of coffins or caskets, and shrouds or other burial garments that are
6 ordinarily sold by a funeral director as part of the business of funeral directing.

7 (13) Motor vehicles sold to nonresidents.

8 (i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide nonresident
9 of this state who does not register the motor vehicle in this state, whether the sale or delivery of the
10 motor vehicle is made in this state or at the place of residence of the nonresident. A motor vehicle
11 sold to a bona fide nonresident whose state of residence does not allow a like exemption to its
12 nonresidents is not exempt from the tax imposed under § 44-18-20. In that event, the bona fide
13 nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate that would be imposed
14 in his or her state of residence not to exceed the rate that would have been imposed under § 44-18-
15 20. Notwithstanding any other provisions of law, a licensed motor vehicle dealer shall add and
16 collect the tax required under this subdivision and remit the tax to the tax administrator under the
17 provisions of chapters 18 and 19 of this title. When a Rhode Island licensed, motor vehicle dealer
18 is required to add and collect the sales and use tax on the sale of a motor vehicle to a bona fide
19 nonresident as provided in this section, the dealer in computing the tax takes into consideration the
20 law of the state of the nonresident as it relates to the trade-in of motor vehicles.

21 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
22 require any licensed motor vehicle dealer to keep records of sales to bona fide nonresidents as the
23 tax administrator deems reasonably necessary to substantiate the exemption provided in this
24 subdivision, including the affidavit of a licensed motor vehicle dealer that the purchaser of the
25 motor vehicle was the holder of, and had in his or her possession a valid out-of-state motor vehicle
26 registration or a valid out-of-state driver's license.

27 (iii) Any nonresident who registers a motor vehicle in this state within ninety (90) days of
28 the date of its sale to him or her is deemed to have purchased the motor vehicle for use, storage, or
29 other consumption in this state, and is subject to, and liable for, the use tax imposed under the
30 provisions of § 44-18-20.

31 (14) Sales in public buildings by blind people. From the sale and from the storage, use, or
32 other consumption in all public buildings in this state of all products or wares by any person
33 licensed under § 40-9-11.1.

34 (15) Air and water pollution control facilities. From the sale, storage, use, or other

1 consumption in this state of tangible personal property or supplies acquired for incorporation into
2 or used and consumed in the operation of a facility, the primary purpose of which is to aid in the
3 control of the pollution or contamination of the waters or air of the state, as defined in chapter 12
4 of title 46 and chapter 25 of title 23, respectively, and that has been certified as approved for that
5 purpose by the director of environmental management. The director of environmental management
6 may certify to a portion of the tangible personal property or supplies acquired for incorporation
7 into those facilities or used and consumed in the operation of those facilities to the extent that that
8 portion has as its primary purpose the control of the pollution or contamination of the waters or air
9 of this state. As used in this subdivision, "facility" means any land, facility, device, building,
10 machinery, or equipment.

11 (16) Camps. From the rental charged for living quarters, or sleeping, or housekeeping
12 accommodations at camps or retreat houses operated by religious, charitable, educational, or other
13 organizations and associations mentioned in subsection (5), or by privately owned and operated
14 summer camps for children.

15 (17) Certain institutions. From the rental charged for living or sleeping quarters in an
16 institution licensed by the state for the hospitalization, custodial, or nursing care of human beings.

17 (18) Educational institutions. From the rental charged by any educational institution for
18 living quarters, or sleeping, or housekeeping accommodations or other rooms or accommodations
19 to any student or teacher necessitated by attendance at an educational institution. "Educational
20 institution" as used in this section means an institution of learning not operated for profit that is
21 empowered to confer diplomas, educational, literary, or academic degrees; that has a regular
22 faculty, curriculum, and organized body of pupils or students in attendance throughout the usual
23 school year; that keeps and furnishes to students and others records required and accepted for
24 entrance to schools of secondary, collegiate, or graduate rank; and no part of the net earnings of
25 which inures to the benefit of any individual.

26 (19) Motor vehicle and adaptive equipment for persons with disabilities.

27 (i) From the sale of: (A) Special adaptations; (B) The component parts of the special
28 adaptations; or (C) A specially adapted motor vehicle; provided that the owner furnishes to the tax
29 administrator an affidavit of a licensed physician to the effect that the specially adapted motor
30 vehicle is necessary to transport a family member with a disability or where the vehicle has been
31 specially adapted to meet the specific needs of the person with a disability. This exemption applies
32 to not more than one motor vehicle owned and registered for personal, noncommercial use.

33 (ii) For the purpose of this subsection the term "special adaptations" includes, but is not
34 limited to: wheelchair lifts, wheelchair carriers, wheelchair ramps, wheelchair securements, hand

1 controls, steering devices, extensions, relocations, and crossovers of operator controls, power-
2 assisted controls, raised tops or dropped floors, raised entry doors, or alternative signaling devices
3 to auditory signals.

4 (iii) From the sale of: (a) Special adaptations, (b) The component parts of the special
5 adaptations, for a "wheelchair accessible taxicab" as defined in § 39-14-1, and/or a "wheelchair
6 accessible public motor vehicle" as defined in § 39-14.1-1.

7 (iv) For the purpose of this subdivision the exemption for a "specially adapted motor
8 vehicle" means a use tax credit not to exceed the amount of use tax that would otherwise be due on
9 the motor vehicle, exclusive of any adaptations. The use tax credit is equal to the cost of the special
10 adaptations, including installation.

11 (20) Heating fuels. From the sale and from the storage, use, or other consumption in this
12 state of every type of heating fuel.

13 (21) Electricity and gas. From the sale and from the storage, use, or other consumption in
14 this state of electricity and gas.

15 (22) Manufacturing machinery and equipment.

16 (i) From the sale and from the storage, use, or other consumption in this state of tools, dies,
17 molds, machinery, equipment (including replacement parts), and related items to the extent used in
18 an industrial plant in connection with the actual manufacture, conversion, or processing of tangible
19 personal property, or to the extent used in connection with the actual manufacture, conversion, or
20 processing of computer software as that term is utilized in industry numbers 7371, 7372, and 7373
21 in the standard industrial classification manual prepared by the Technical Committee on Industrial
22 Classification, Office of Statistical Standards, Executive Office of the President, United States
23 Bureau of the Budget, as revised from time to time, to be sold, or that machinery and equipment
24 used in the furnishing of power to an industrial manufacturing plant. For the purposes of this
25 subdivision, "industrial plant" means a factory at a fixed location primarily engaged in the
26 manufacture, conversion, or processing of tangible personal property to be sold in the regular
27 course of business;

28 (ii) Machinery and equipment and related items are not deemed to be used in connection
29 with the actual manufacture, conversion, or processing of tangible personal property, or in
30 connection with the actual manufacture, conversion, or processing of computer software as that
31 term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification
32 manual prepared by the Technical Committee on Industrial Classification, Office of Statistical
33 Standards, Executive Office of the President, United States Bureau of the Budget, as revised from
34 time to time, to be sold to the extent the property is used in administration or distribution operations;

1 (iii) Machinery and equipment and related items used in connection with the actual
2 manufacture, conversion, or processing of any computer software or any tangible personal property
3 that is not to be sold and that would be exempt under subdivision (7) or this subdivision if purchased
4 from a vendor or machinery and equipment and related items used during any manufacturing,
5 converting, or processing function is exempt under this subdivision even if that operation, function,
6 or purpose is not an integral or essential part of a continuous production flow or manufacturing
7 process;

8 (iv) Where a portion of a group of portable or mobile machinery is used in connection with
9 the actual manufacture, conversion, or processing of computer software or tangible personal
10 property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under
11 this subdivision even though the machinery in that group is used interchangeably and not otherwise
12 identifiable as to use.

13 (23) Trade-in value of motor vehicles. From the sale and from the storage, use, or other
14 consumption in this state of so much of the purchase price paid for a new or used automobile as is
15 allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller, or of
16 the proceeds applicable only to the automobile as are received from the manufacturer of
17 automobiles for the repurchase of the automobile whether the repurchase was voluntary or not
18 towards the purchase of a new or used automobile by the buyer. For the purpose of this subdivision,
19 the word "automobile" means a private passenger automobile not used for hire and does not refer
20 to any other type of motor vehicle.

21 (24) Precious metal bullion.

22 (i) From the sale and from the storage, use, or other consumption in this state of precious
23 metal bullion, substantially equivalent to a transaction in securities or commodities.

24 (ii) For purposes of this subdivision, "precious metal bullion" means any elementary
25 precious metal that has been put through a process of smelting or refining, including, but not limited
26 to: gold, silver, platinum, rhodium, and chromium, and that is in a state or condition that its value
27 depends upon its content and not upon its form.

28 (iii) The term does not include fabricated precious metal that has been processed or
29 manufactured for some one or more specific and customary industrial, professional, or artistic uses.

30 (25) Commercial vessels. From sales made to a commercial ship, barge, or other vessel of
31 fifty (50) tons burden or over, primarily engaged in interstate or foreign commerce, and from the
32 repair, alteration, or conversion of the vessels, and from the sale of property purchased for the use
33 of the vessels including provisions, supplies, and material for the maintenance and/or repair of the
34 vessels.

1 (26) Commercial fishing vessels. From the sale and from the storage, use, or other
2 consumption in this state of vessels and other watercraft that are in excess of five (5) net tons and
3 that are used exclusively for "commercial fishing", as defined in this subdivision, and from the
4 repair, alteration, or conversion of those vessels and other watercraft, and from the sale of property
5 purchased for the use of those vessels and other watercraft including provisions, supplies, and
6 material for the maintenance and/or repair of the vessels and other watercraft and the boats nets,
7 cables, tackle, and other fishing equipment appurtenant to or used in connection with the
8 commercial fishing of the vessels and other watercraft. "Commercial fishing" means taking or
9 attempting to take any fish, shellfish, crustacea, or bait species with the intent of disposing of it for
10 profit or by sale, barter, trade, or in commercial channels. The term does not include subsistence
11 fishing, i.e., the taking for personal use and not for sale or barter; or sport fishing; but shall include
12 vessels and other watercraft with a Rhode Island party and charter boat license issued by the
13 department of environmental management pursuant to § 20-2-27.1 that meet the following criteria:
14 (i) The operator must have a current U.S.C.G. license to carry passengers for hire; (ii) U.S.C.G.
15 vessel documentation in the coast wide fishery trade; (iii) U.S.C.G. vessel documentation as to
16 proof of Rhode Island home port status or a Rhode Island boat registration to prove Rhode Island
17 home port status; and (iv) The vessel must be used as a commercial passenger carrying fishing
18 vessel to carry passengers for fishing. The vessel must be able to demonstrate that at least fifty
19 percent (50%) of its annual gross income derives from charters or provides documentation of a
20 minimum of one hundred (100) charter trips annually; and (v) The vessel must have a valid Rhode
21 Island party and charter boat license. The tax administrator shall implement the provisions of this
22 subdivision by promulgating rules and regulations relating thereto.

23 (27) Clothing and footwear. From the sales of articles of clothing, including footwear,
24 intended to be worn or carried on or about the human body for sales prior to October 1, 2012.
25 Effective October 1, 2012, the exemption will apply to the sales of articles of clothing, including
26 footwear, intended to be worn or carried on or about the human body up to two hundred and fifty
27 dollars (\$250) of the sales price per item. For the purposes of this section, "clothing or footwear"
28 does not include clothing accessories or equipment or special clothing or footwear primarily
29 designed for athletic activity or protective use as these terms are defined in section 44-18-7.1(f). In
30 recognition of the work being performed by the streamlined sales and use tax governing board,
31 upon passage of any federal law that authorizes states to require remote sellers to collect and remit
32 sales and use taxes, this unlimited exemption will apply as it did prior to October 1, 2012. The
33 unlimited exemption on sales of clothing and footwear shall take effect on the date that the state
34 requires remote sellers to collect and remit sales and use taxes.

1 (28) Water for residential use. From the sale and from the storage, use, or other
2 consumption in this state of water furnished for domestic use by occupants of residential premises.

3 (29) Bibles. [Unconstitutional; see Ahlburn v. Clark, 728 A.2d 449 (R.I. 1999); see Notes
4 to Decisions.] From the sale and from the storage, use, or other consumption in the state of any
5 canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited
6 to, the Old Testament and the New Testament versions.

7 (30) Boats.

8 (i) From the sale of a boat or vessel to a bona fide nonresident of this state who does not
9 register the boat or vessel in this state or document the boat or vessel with the United States
10 government at a home port within the state, whether the sale or delivery of the boat or vessel is
11 made in this state or elsewhere; provided, that the nonresident transports the boat within thirty (30)
12 days after delivery by the seller outside the state for use thereafter solely outside the state.

13 (ii) The tax administrator, in addition to the provisions of §§ 44-19-17 and 44-19-28, may
14 require the seller of the boat or vessel to keep records of the sales to bona fide nonresidents as the
15 tax administrator deems reasonably necessary to substantiate the exemption provided in this
16 subdivision, including the affidavit of the seller that the buyer represented himself or herself to be
17 a bona fide nonresident of this state and of the buyer that he or she is a nonresident of this state.

18 (31) Youth activities equipment. From the sale, storage, use, or other consumption in this
19 state of items for not more than twenty dollars (\$20.00) each by nonprofit Rhode Island
20 eleemosynary organizations, for the purposes of youth activities that the organization is formed to
21 sponsor and support; and by accredited elementary and secondary schools for the purposes of the
22 schools or of organized activities of the enrolled students.

23 (32) Farm equipment. From the sale and from the storage or use of machinery and
24 equipment used directly for commercial farming and agricultural production; including, but not
25 limited to: tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,
26 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,
27 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and
28 other farming equipment, including replacement parts appurtenant to or used in connection with
29 commercial farming and tools and supplies used in the repair and maintenance of farming
30 equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or the
31 production within this state of agricultural products, including, but not limited to, field or orchard
32 crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or production
33 provides at least two thousand five hundred dollars (\$2,500) in annual gross sales to the operator,
34 whether an individual, a group, a partnership, or a corporation for exemptions issued prior to July

1 1, 2002. For exemptions issued or renewed after July 1, 2002, there shall be two (2) levels. Level I
2 shall be based on proof of annual, gross sales from commercial farming of at least twenty-five
3 hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption provided in this
4 subdivision except for motor vehicles with an excise tax value of five thousand dollars (\$5,000) or
5 greater. Level II shall be based on proof of annual gross sales from commercial farming of at least
6 ten thousand dollars (\$10,000) or greater and shall be valid for purchases subject to the exemption
7 provided in this subdivision including motor vehicles with an excise tax value of five thousand
8 dollars (\$5,000) or greater. For the initial issuance of the exemptions, proof of the requisite amount
9 of annual gross sales from commercial farming shall be required for the prior year; for any renewal
10 of an exemption granted in accordance with this subdivision at either level I or level II, proof of
11 gross annual sales from commercial farming at the requisite amount shall be required for each of
12 the prior two (2) years. Certificates of exemption issued or renewed after July 1, 2002, shall clearly
13 indicate the level of the exemption and be valid for four (4) years after the date of issue. This
14 exemption applies even if the same equipment is used for ancillary uses, or is temporarily used for
15 a non-farming or a non-agricultural purpose, but shall not apply to motor vehicles acquired after
16 July 1, 2002, unless the vehicle is a farm vehicle as defined pursuant to § 31-1-8 and is eligible for
17 registration displaying farm plates as provided for in § 31-3-31.

18 (33) Compressed air. From the sale and from the storage, use, or other consumption in the
19 state of compressed air.

20 (34) Flags. From the sale and from the storage, consumption, or other use in this state of
21 United States, Rhode Island or POW-MIA flags.

22 (35) Motor vehicle and adaptive equipment to certain veterans. From the sale of a motor
23 vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or
24 the loss of use of a leg, foot, hand, or arm, or any veteran who is a double amputee, whether service
25 connected or not. The motor vehicle must be purchased by and especially equipped for use by the
26 qualifying veteran. Certificate of exemption or refunds of taxes paid is granted under rules or
27 regulations that the tax administrator may prescribe.

28 (36) Textbooks. From the sale and from the storage, use, or other consumption in this state
29 of textbooks by an "educational institution", as defined in subsection (18) of this section, and any
30 educational institution within the purview of § 16-63-9(4), and used textbooks by any purveyor.

31 (37) Tangible personal property and supplies used in on-site hazardous waste recycling,
32 reuse, or treatment. From the sale, storage, use, or other consumption in this state of tangible
33 personal property or supplies used or consumed in the operation of equipment, the exclusive
34 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as

1 defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes", as defined
2 in § 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely by the same
3 taxpayer and where the personal property is located at, in, or adjacent to a generating facility of the
4 taxpayer in Rhode Island. The taxpayer shall procure an order from the director of the department
5 of environmental management certifying that the equipment and/or supplies as used or consumed,
6 qualify for the exemption under this subdivision. If any information relating to secret processes or
7 methods of manufacture, production, or treatment is disclosed to the department of environmental
8 management only to procure an order, and is a "trade secret" as defined in § 28-21-10(b), it is not
9 open to public inspection or publicly disclosed unless disclosure is required under chapter 21 of
10 title 28 or chapter 24.4 of title 23.

11 (38) Promotional and product literature of boat manufacturers. From the sale and from the
12 storage, use, or other consumption of promotional and product literature of boat manufacturers
13 shipped to points outside of Rhode Island that either: (i) Accompany the product that is sold; (ii)
14 Are shipped in bulk to out-of-state dealers for use in the sale of the product; or (iii) Are mailed to
15 customers at no charge.

16 (39) Food items paid for by food stamps. From the sale and from the storage, use, or other
17 consumption in this state of eligible food items payment for which is properly made to the retailer
18 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of 1977,
19 7 U.S.C. § 2011 et seq.

20 (40) Transportation charges. From the sale or hiring of motor carriers as defined in § 39-
21 12-2(1) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed with
22 the Rhode Island public utilities commission on the number of miles driven or by the number of
23 hours spent on the job.

24 (41) Trade-in value of boats. From the sale and from the storage, use, or other consumption
25 in this state of so much of the purchase price paid for a new or used boat as is allocated for a trade-
26 in allowance on the boat of the buyer given in trade to the seller or of the proceeds applicable only
27 to the boat as are received from an insurance claim as a result of a stolen or damaged boat, towards
28 the purchase of a new or used boat by the buyer.

29 (42) Equipment used for research and development. From the sale and from the storage,
30 use, or other consumption of equipment to the extent used for research and development purposes
31 by a qualifying firm. For the purposes of this subsection, "qualifying firm" means a business for
32 which the use of research and development equipment is an integral part of its operation and
33 "equipment" means scientific equipment, computers, software, and related items.

34 (43) Coins. From the sale and from the other consumption in this state of coins having

1 numismatic or investment value.

2 (44) Farm structure construction materials. Lumber, hardware, and other materials used in
3 the new construction of farm structures, including production facilities such as, but not limited to:
4 farrowing sheds, free stall and stanchion barns, milking parlors, silos, poultry barns, laying houses,
5 fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing rooms,
6 machinery storage, seasonal farm worker housing, certified farm markets, bunker and trench silos,
7 feed storage sheds, and any other structures used in connection with commercial farming.

8 (45) Telecommunications carrier access service. Carrier access service or
9 telecommunications service when purchased by a telecommunications company from another
10 telecommunications company to facilitate the provision of telecommunications service.

11 (46) Boats or vessels brought into the state exclusively for winter storage, maintenance,
12 repair, or sale. Notwithstanding the provisions of §§ 44-18-10, 44-18-11 and 44-18-20, the tax
13 imposed by § 44-18-20 is not applicable for the period commencing on the first day of October in
14 any year up to and including the 30th day of April next succeeding with respect to the use of any
15 boat or vessel within this state exclusively for purposes of: (i) Delivery of the vessel to a facility in
16 this state for storage, including dry storage and storage in water by means of apparatus preventing
17 ice damage to the hull, maintenance, or repair; (ii) The actual process of storage, maintenance, or
18 repair of the boat or vessel; or (iii) Storage for the purpose of selling the boat or vessel.

19 (47) Jewelry display product. From the sale and from the storage, use, or other consumption
20 in this state of tangible personal property used to display any jewelry product; provided that title to
21 the jewelry display product is transferred by the jewelry manufacturer or seller and that the jewelry
22 display product is shipped out of state for use solely outside the state and is not returned to the
23 jewelry manufacturer or seller.

24 (48) Boats or vessels generally. Notwithstanding the provisions of this chapter, the tax
25 imposed by §§ 44-18-20 and 44-18-18 shall not apply with respect to the sale and to the storage,
26 use, or other consumption in this state of any new or used boat. The exemption provided for in this
27 subdivision does not apply after October 1, 1993, unless prior to October 1, 1993, the federal ten
28 percent (10%) surcharge on luxury boats is repealed.

29 (49) Banks and regulated investment companies interstate toll-free calls. Notwithstanding
30 the provisions of this chapter, the tax imposed by this chapter does not apply to the furnishing of
31 interstate and international, toll-free terminating telecommunication service that is used directly
32 and exclusively by or for the benefit of an eligible company as defined in this subdivision; provided
33 that an eligible company employs on average during the calendar year no less than five hundred
34 (500) "full-time equivalent employees" as that term is defined in § 42-64.5-2. For purposes of this

1 section, an "eligible company" means a "regulated investment company" as that term is defined in
2 the Internal Revenue Code of 1986, 26 U.S.C. § ~~1-et-seq.~~ [851](#), or a corporation to the extent the
3 service is provided, directly or indirectly, to or on behalf of a regulated investment company, an
4 employee benefit plan, a retirement plan or a pension plan, or a state-chartered bank.

5 (50) Mobile and manufactured homes generally. From the sale and from the storage, use,
6 or other consumption in this state of mobile and/or manufactured homes as defined and subject to
7 taxation pursuant to the provisions of chapter 44 of title 31.

8 (51) Manufacturing business reconstruction materials.

9 (i) From the sale and from the storage, use, or other consumption in this state of lumber,
10 hardware, and other building materials used in the reconstruction of a manufacturing business
11 facility that suffers a disaster, as defined in this subdivision, in this state. "Disaster" means any
12 occurrence, natural or otherwise, that results in the destruction of sixty percent (60%) or more of
13 an operating manufacturing business facility within this state. "Disaster" does not include any
14 damage resulting from the willful act of the owner of the manufacturing business facility.

15 (ii) Manufacturing business facility includes, but is not limited to, the structures housing
16 the production and administrative facilities.

17 (iii) In the event a manufacturer has more than one manufacturing site in this state, the sixty
18 percent (60%) provision applies to the damages suffered at that one site.

19 (iv) To the extent that the costs of the reconstruction materials are reimbursed by insurance,
20 this exemption does not apply.

21 (52) Tangible personal property and supplies used in the processing or preparation of floral
22 products and floral arrangements. From the sale, storage, use, or other consumption in this state of
23 tangible personal property or supplies purchased by florists, garden centers, or other like producers
24 or vendors of flowers, plants, floral products, and natural and artificial floral arrangements that are
25 ultimately sold with flowers, plants, floral products, and natural and artificial floral arrangements
26 or are otherwise used in the decoration, fabrication, creation, processing, or preparation of flowers,
27 plants, floral products, or natural and artificial floral arrangements, including descriptive labels,
28 stickers, and cards affixed to the flower, plant, floral product, or arrangement, artificial flowers,
29 spray materials, floral paint and tint, plant shine, flower food, insecticide and fertilizers.

30 (53) Horse food products. From the sale and from the storage, use, or other consumption
31 in this state of horse food products purchased by a person engaged in the business of the boarding
32 of horses.

33 (54) Non-motorized recreational vehicles sold to nonresidents.

34 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to

1 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle
2 in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this
3 state or at the place of residence of the nonresident; provided that a non-motorized recreational
4 vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption to
5 its nonresidents is not exempt from the tax imposed under § 44-18-20; provided, further, that in
6 that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate
7 that would be imposed in his or her state of residence not to exceed the rate that would have been
8 imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed, non-motorized
9 recreational vehicle dealer shall add and collect the tax required under this subdivision and remit
10 the tax to the tax administrator under the provisions of chapters 18 and 19 of this title. Provided,
11 that when a Rhode Island licensed, non-motorized recreational vehicle dealer is required to add and
12 collect the sales and use tax on the sale of a non-motorized recreational vehicle to a bona fide
13 nonresident as provided in this section, the dealer in computing the tax takes into consideration the
14 law of the state of the nonresident as it relates to the trade-in of motor vehicles.

15 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
16 require any licensed, non-motorized recreational vehicle dealer to keep records of sales to bona fide
17 nonresidents as the tax administrator deems reasonably necessary to substantiate the exemption
18 provided in this subdivision, including the affidavit of a licensed, non-motorized recreational
19 vehicle dealer that the purchaser of the non-motorized recreational vehicle was the holder of, and
20 had in his or her possession a valid out-of-state non-motorized recreational vehicle registration or
21 a valid out-of-state driver's license.

22 (iii) Any nonresident who registers a non-motorized recreational vehicle in this state within
23 ninety (90) days of the date of its sale to him or her is deemed to have purchased the non-motorized
24 recreational vehicle for use, storage, or other consumption in this state, and is subject to, and liable
25 for, the use tax imposed under the provisions of § 44-18-20.

26 (iv) "Non-motorized recreational vehicle" means any portable dwelling designed and
27 constructed to be used as a temporary dwelling for travel, camping, recreational, and vacation use
28 that is eligible to be registered for highway use, including, but not limited to, "pick-up coaches" or
29 "pick-up campers," "travel trailers," and "tent trailers" as those terms are defined in chapter 1 of
30 title 31.

31 (55) Sprinkler and fire alarm systems in existing buildings. From the sale in this state of
32 sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials
33 necessary and attendant to the installation of those systems that are required in buildings and
34 occupancies existing therein in July 2003 in order to comply with any additional requirements for

1 such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003
2 and that are not required by any other provision of law or ordinance or regulation adopted pursuant
3 to that act. The exemption provided in this subdivision shall expire on December 31, 2008.

4 (56) Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-18-
5 18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other consumption
6 in this state of any new or used aircraft or aircraft parts.

7 (57) Renewable energy products. Notwithstanding any other provisions of Rhode Island
8 general laws, the following products shall also be exempt from sales tax: solar photovoltaic
9 modules or panels, or any module or panel that generates electricity from light; solar thermal
10 collectors, including, but not limited to, those manufactured with flat glass plates, extruded plastic,
11 sheet metal, and/or evacuated tubes; geothermal heat pumps, including both water-to-water and
12 water-to-air type pumps; wind turbines; towers used to mount wind turbines if specified by or sold
13 by a wind turbine manufacturer; DC to AC inverters that interconnect with utility power lines; and
14 manufactured mounting racks and ballast pans for solar collector, module, or panel installation. Not
15 to include materials that could be fabricated into such racks; monitoring and control equipment, if
16 specified or supplied by a manufacturer of solar thermal, solar photovoltaic, geothermal, or wind
17 energy systems or if required by law or regulation for such systems but not to include pumps, fans
18 or plumbing or electrical fixtures unless shipped from the manufacturer affixed to, or an integral
19 part of, another item specified on this list; and solar storage tanks that are part of a solar domestic
20 hot water system or a solar space heating system. If the tank comes with an external heat exchanger
21 it shall also be tax exempt, but a standard hot water tank is not exempt from state sales tax.

22 (58) Returned property. The amount charged for property returned by customers upon
23 rescission of the contract of sale when the entire amount exclusive of handling charges paid for the
24 property is refunded in either cash or credit, and where the property is returned within one hundred
25 twenty (120) days from the date of delivery.

26 (59) Dietary supplements. From the sale and from the storage, use, or other consumption
27 of dietary supplements as defined in § 44-18-7.1(l)(v), sold on prescriptions.

28 (60) Blood. From the sale and from the storage, use, or other consumption of human blood.

29 (61) Agricultural products for human consumption. From the sale and from the storage,
30 use, or other consumption of livestock and poultry of the kinds of products that ordinarily constitute
31 food for human consumption and of livestock of the kind the products of which ordinarily
32 constitutes fibers for human use.

33 (62) Diesel emission control technology. From the sale and use of diesel retrofit technology
34 that is required by § 31-47.3-4.

1 (63) Feed for certain animals used in commercial farming. From the sale of feed for animals
2 as described in subsection (61) of this section.

3 (64) Alcoholic beverages. From the sale and storage, use, or other consumption in this state
4 by a Class A licensee of alcoholic beverages, as defined in § 44-18-7.1, excluding beer and malt
5 beverages; provided, further, notwithstanding § 6-13-1 or any other general or public law to the
6 contrary, alcoholic beverages, as defined in § 44-18-7.1, shall not be subject to minimum markup.

7 (65) Seeds and plants used to grow food and food ingredients. From the sale, storage, use,
8 or other consumption in this state of seeds and plants used to grow food and food ingredients as
9 defined in § 44-18-7.1(1)(i). "Seeds and plants used to grow food and food ingredients" shall not
10 include marijuana seeds or plants.

11 SECTION 11. Section 44-19-7 of the General Laws in Chapter 44-19 entitled "Sales and
12 Use Taxes - Enforcement and Collection" is hereby amended to read as follows:

13 **44-19-7. Registration of retailers.**

14 Every retailer selling tangible personal property or prewritten computer software delivered
15 electronically or by load and leave [or vendor-hosted prewritten computer software](#) for storage, use,
16 or other consumption in this state, as well as services as defined in § 44-18-7.3, in this state, or
17 renting living quarters in any hotel as defined in § 42-63.1-2, rooming house, or tourist camp in
18 this state must register with the tax administrator and give the name and address of all agents
19 operating in this state, the location of all distribution or sales houses or offices, or of any hotel as
20 defined in § 42-63.1-2, rooming house, or tourist camp or other places of business in this state, and
21 other information that the tax administrator may require.

22 SECTION 12. Section 44-20-13.2 of the General Laws in Chapter 44-20 entitled "Cigarette
23 and Other Tobacco Products Tax" is hereby amended to read as follows:

24 **44-20-13.2. Tax imposed on other tobacco products, smokeless tobacco, cigars, and**
25 **pipe tobacco products.**

26 (a) A tax is imposed on all other tobacco products, smokeless tobacco, cigars, and pipe
27 tobacco products sold, or held for sale in the state by any person, the payment of the tax to be
28 accomplished according to a mechanism established by the administrator, division of taxation,
29 department of revenue. The tax imposed by this section shall be as follows:

30 (1) At the rate of eighty percent (80%) of the wholesale cost of other tobacco products,
31 cigars, pipe tobacco products, and smokeless tobacco other than snuff.

32 (2) Notwithstanding the eighty percent (80%) rate in subsection (a) above, in the case of
33 cigars, the tax shall not exceed fifty cents (\$.50) for each cigar.

34 (3) At the rate of one dollar (\$1.00) per ounce of snuff, and a proportionate tax at the like

1 rate on all fractional parts of an ounce thereof. Such tax shall be computed based on the net weight
2 as listed by the manufacturer; provided, however, that any product listed by the manufacturer as
3 having a net weight of less than 1.2 ounces shall be taxed as if the product has a net weight of 1.2
4 ounces.

5 (b) Any dealer having in his or her possession any other tobacco products with respect to
6 the storage or use of which a tax is imposed by this section shall, within five (5) days after coming
7 into possession of the other tobacco products in this state, file a return with the tax administrator in
8 a form prescribed by the tax administrator. The return shall be accompanied by a payment of the
9 amount of the tax shown on the form to be due. Records required under this section shall be
10 preserved on the premises described in the relevant license in such a manner as to ensure
11 permanency and accessibility for inspection at reasonable hours by authorized personnel of the
12 administrator.

13 (c) The proceeds collected are paid into the general fund.

14 SECTION 13. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal
15 Income Tax" is hereby amended to read as follows:

16 **44-30-2.6. Rhode Island taxable income -- Rate of tax.**

17 (a) "Rhode Island taxable income" means federal taxable income as determined under the
18 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-
19 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax
20 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of
21 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

22 (b) Notwithstanding the provisions of §§ 44-30-1 and 44-30-2, for tax years beginning on
23 or after January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island
24 taxable income of residents and nonresidents, including estates and trusts, at the rate of twenty-five
25 and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year 2002
26 and thereafter of the federal income tax rates, including capital gains rates and any other special
27 rates for other types of income, except as provided in § 44-30-2.7, which were in effect immediately
28 prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA);
29 provided, rate schedules shall be adjusted for inflation by the tax administrator beginning in taxable
30 year 2002 and thereafter in the manner prescribed for adjustment by the commissioner of Internal
31 Revenue in 26 U.S.C. § 1(f). However, for tax years beginning on or after January 1, 2006, a
32 taxpayer may elect to use the alternative flat tax rate provided in § 44-30-2.10 to calculate his or
33 her personal income tax liability.

34 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative

1 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island
2 alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by
3 multiplying the federal tentative minimum tax without allowing for the increased exemptions under
4 the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal form 6251
5 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%) for tax year
6 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing the product
7 to the Rhode Island tax as computed otherwise under this section. The excess shall be the taxpayer's
8 Rhode Island alternative minimum tax.

9 (1) For tax years beginning on or after January 1, 2005, and thereafter, the exemption
10 amount for alternative minimum tax, for Rhode Island purposes, shall be adjusted for inflation by
11 the tax administrator in the manner prescribed for adjustment by the commissioner of Internal
12 Revenue in 26 U.S.C. § 1(f).

13 (2) For the period January 1, 2007, through December 31, 2007, and thereafter, Rhode
14 Island taxable income shall be determined by deducting from federal adjusted gross income as
15 defined in 26 U.S.C. § 62 as modified by the modifications in § 44-30-12 the Rhode Island
16 itemized-deduction amount and the Rhode Island exemption amount as determined in this section.

17 (A) Tax imposed.

18 (1) There is hereby imposed on the taxable income of married individuals filing joint
19 returns and surviving spouses a tax determined in accordance with the following table:

20 If taxable income is:	The tax is:
21 Not over \$53,150	3.75% of taxable income
22 Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the excess over \$53,150
23 Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the excess over \$128,500
24 Over \$195,850 but not over \$349,700	\$12,487.25 plus 9.00% of the excess over \$195,850
25 Over \$349,700	\$26,333.75 plus 9.90% of the excess over \$349,700

26 (2) There is hereby imposed on the taxable income of every head of household a tax
27 determined in accordance with the following table:

28 If taxable income is:	The tax is:
29 Not over \$42,650	3.75% of taxable income
30 Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the excess over \$42,650
31 Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the excess over \$110,100
32 Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the excess over \$178,350
33 Over \$349,700	\$27,031.75 plus 9.90% of the excess over \$349,700

34 (3) There is hereby imposed on the taxable income of unmarried individuals (other than

1 surviving spouses and heads of households) a tax determined in accordance with the following
2 table:

3 If taxable income is:	The tax is:
4 Not over \$31,850	3.75% of taxable income
5 Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the excess over \$31,850
6 Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the excess over \$77,100
7 Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the excess over \$160,850
8 Over \$349,700	\$27,849.00 plus 9.90% of the excess over \$349,700

9 (4) There is hereby imposed on the taxable income of married individuals filing separate
10 returns and bankruptcy estates a tax determined in accordance with the following table:

11 If taxable income is:	The tax is:
12 Not over \$26,575	3.75% of taxable income
13 Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the excess over \$26,575
14 Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the excess over \$64,250
15 Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the excess over \$97,925
16 Over \$174,850	\$13,166.88 plus 9.90% of the excess over \$174,850

17 (5) There is hereby imposed a taxable income of an estate or trust a tax determined in
18 accordance with the following table:

19 If taxable income is:	The tax is:
20 Not over \$2,150	3.75% of taxable income
21 Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess over \$2,150
22 Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the excess over \$5,000
23 Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the excess over \$7,650
24 Over \$10,450	\$737.50 plus 9.90% of the excess over \$10,450

25 (6) Adjustments for inflation.

26 The dollars amount contained in paragraph (A) shall be increased by an amount equal to:

27 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;

28 (b) The cost-of-living adjustment determined under section (J) with a base year of 1993;

29 (c) The cost-of-living adjustment referred to in subparagraphs (a) and (b) used in making
30 adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall
31 be determined under section (J) by substituting "1994" for "1993."

32 (B) Maximum capital gains rates.

33 (1) In general.

34 If a taxpayer has a net capital gain for tax years ending prior to January 1, 2010, the tax

1 imposed by this section for such taxable year shall not exceed the sum of:

2 (a) 2.5 % of the net capital gain as reported for federal income tax purposes under section
3 26 U.S.C. 1(h)(1)(a) and 26 U.S.C. 1(h)(1)(b).

4 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
5 1(h)(1)(c).

6 (c) 6.25% of the net capital gain as reported for federal income tax purposes under 26
7 U.S.C. 1(h)(1)(d).

8 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
9 1(h)(1)(e).

10 (2) For tax years beginning on or after January 1, 2010, the tax imposed on net capital gain
11 shall be determined under subdivision 44-30-2.6(c)(2)(A).

12 (C) Itemized deductions.

13 (1) In general.

14 For the purposes of section (2), "itemized deductions" means the amount of federal
15 itemized deductions as modified by the modifications in § 44-30-12.

16 (2) Individuals who do not itemize their deductions.

17 In the case of an individual who does not elect to itemize his deductions for the taxable
18 year, they may elect to take a standard deduction.

19 (3) Basic standard deduction.

20 The Rhode Island standard deduction shall be allowed in accordance with the following
21 table:

22 Filing status	Amount
23 Single	\$5,350
24 Married filing jointly or qualifying widow(er)	\$8,900
25 Married filing separately	\$4,450
26 Head of Household	\$7,850

27 (4) Additional standard deduction for the aged and blind.

28 An additional standard deduction shall be allowed for individuals age sixty-five (65) or
29 older or blind in the amount of \$1,300 for individuals who are not married and \$1,050 for
30 individuals who are married.

31 (5) Limitation on basic standard deduction in the case of certain dependents.

32 In the case of an individual to whom a deduction under section (E) is allowable to another
33 taxpayer, the basic standard deduction applicable to such individual shall not exceed the greater of:

34 (a) \$850;

1 (b) The sum of \$300 and such individual's earned income;

2 (6) Certain individuals not eligible for standard deduction.

3 In the case of:

4 (a) A married individual filing a separate return where either spouse itemizes deductions;

5 (b) Nonresident alien individual;

6 (c) An estate or trust;

7 The standard deduction shall be zero.

8 (7) Adjustments for inflation.

9 Each dollar amount contained in paragraphs (3), (4) and (5) shall be increased by an amount
10 equal to:

11 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988, multiplied
12 by

13 (b) The cost-of-living adjustment determined under section (J) with a base year of 1988.

14 (D) Overall limitation on itemized deductions.

15 (1) General rule.

16 In the case of an individual whose adjusted gross income as modified by § 44-30-12
17 exceeds the applicable amount, the amount of the itemized deductions otherwise allowable for the
18 taxable year shall be reduced by the lesser of:

19 (a) Three percent (3%) of the excess of adjusted gross income as modified by § 44-30-12
20 over the applicable amount; or

21 (b) Eighty percent (80%) of the amount of the itemized deductions otherwise allowable for
22 such taxable year.

23 (2) Applicable amount.

24 (a) In general.

25 For purposes of this section, the term "applicable amount" means \$156,400 (\$78,200 in the
26 case of a separate return by a married individual)

27 (b) Adjustments for inflation.

28 Each dollar amount contained in paragraph (a) shall be increased by an amount equal to:

29 (i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by

30 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

31 (3) Phase-out of Limitation.

32 (a) In general.

33 In the case of taxable year beginning after December 31, 2005, and before January 1, 2010,
34 the reduction under section (1) shall be equal to the applicable fraction of the amount which would

1 be the amount of such reduction.

2 (b) Applicable fraction.

3 For purposes of paragraph (a), the applicable fraction shall be determined in accordance
4 with the following table:

5 For taxable years beginning in calendar year	The applicable fraction is
6 2006 and 2007	2/3
7 2008 and 2009	1/3

8 (E) Exemption amount.

9 (1) In general.

10 Except as otherwise provided in this subsection, the term "exemption amount" means
11 \$3,400.

12 (2) Exemption amount disallowed in case of certain dependents.

13 In the case of an individual with respect to whom a deduction under this section is allowable
14 to another taxpayer for the same taxable year, the exemption amount applicable to such individual
15 for such individual's taxable year shall be zero.

16 (3) Adjustments for inflation.

17 The dollar amount contained in paragraph (1) shall be increased by an amount equal to:

- 18 (a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by
- 19 (b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

20 (4) Limitation.

21 (a) In general.

22 In the case of any taxpayer whose adjusted gross income as modified for the taxable year
23 exceeds the threshold amount shall be reduced by the applicable percentage.

24 (b) Applicable percentage.

25 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the
26 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each
27 \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
28 exceeds the threshold amount. In the case of a married individual filing a separate return, the
29 preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the
30 applicable percentage exceed one hundred percent (100%).

31 (c) Threshold Amount.

32 For the purposes of this paragraph, the term "threshold amount" shall be determined with
33 the following table:

34 Filing status	Amount
------------------	--------

1	Single	\$156,400
2	Married filing jointly of qualifying widow(er)	\$234,600
3	Married filing separately	\$117,300
4	Head of Household	\$195,500

5 (d) Adjustments for inflation.

6 Each dollar amount contained in paragraph (b) shall be increased by an amount equal to:

- 7 (i) Such dollar amount contained in paragraph (b) in the year 1991, multiplied by
 - 8 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.
- 9 (5) Phase-out of limitation.

10 (a) In general.

11 In the case of taxable years beginning after December 31, 2005, and before January 1,
 12 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
 13 would be the amount of such reduction.

14 (b) Applicable fraction.

15 For the purposes of paragraph (a), the applicable fraction shall be determined in accordance
 16 with the following table:

17 For taxable years beginning in calendar year	The applicable fraction is
18 2006 and 2007	2/3
19 2008 and 2009	1/3

20 (F) Alternative minimum tax.

21 (1) General rule. There is hereby imposed (in addition to any other tax imposed by this
 22 subtitle) a tax equal to the excess (if any) of:

23 (a) The tentative minimum tax for the taxable year, over

24 (b) The regular tax for the taxable year.

25 (2) The tentative minimum tax for the taxable year is the sum of:

26 (a) 6.5 percent of so much of the taxable excess as does not exceed \$175,000, plus

27 (b) 7.0 percent of so much of the taxable excess above \$175,000.

28 (3) The amount determined under the preceding sentence shall be reduced by the alternative
 29 minimum tax foreign tax credit for the taxable year.

30 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so
 31 much of the federal alternative minimum taxable income as modified by the modifications in § 44-
 32 30-12 as exceeds the exemption amount.

33 (5) In the case of a married individual filing a separate return, subparagraph (2) shall be
 34 applied by substituting "\$87,500" for \$175,000 each place it appears.

1 (6) Exemption amount.

2 For purposes of this section "exemption amount" means:

3 Filing status	Amount
4 Single	\$39,150
5 Married filing jointly or qualifying widow(er)	\$53,700
6 Married filing separately	\$26,850
7 Head of Household	\$39,150
8 Estate or trust	\$24,650

9 (7) Treatment of unearned income of minor children

10 (a) In general.

11 In the case of a minor child, the exemption amount for purposes of section (6) shall not
12 exceed the sum of:

13 (i) Such child's earned income, plus

14 (ii) \$6,000.

15 (8) Adjustments for inflation.

16 The dollar amount contained in paragraphs (6) and (7) shall be increased by an amount
17 equal to:

18 (a) Such dollar amount contained in paragraphs (6) and (7) in the year 2004, multiplied by

19 (b) The cost-of-living adjustment determined under section (J) with a base year of 2004.

20 (9) Phase-out.

21 (a) In general.

22 The exemption amount of any taxpayer shall be reduced (but not below zero) by an amount
23 equal to twenty-five percent (25%) of the amount by which alternative minimum taxable income
24 of the taxpayer exceeds the threshold amount.

25 (b) Threshold amount.

26 For purposes of this paragraph, the term "threshold amount" shall be determined with the
27 following table:

28 Filing status	Amount
29 Single	\$123,250
30 Married filing jointly or qualifying widow(er)	\$164,350
31 Married filing separately	\$82,175
32 Head of Household	\$123,250
33 Estate or Trust	\$82,150

34 (c) Adjustments for inflation

1 Each dollar amount contained in paragraph (9) shall be increased by an amount equal to:

2 (i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by

3 (ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.

4 (G) Other Rhode Island taxes.

5 (1) General rule. There is hereby imposed (in addition to any other tax imposed by this
6 subtitle) a tax equal to twenty-five percent (25%) of:

7 (a) The Federal income tax on lump-sum distributions.

8 (b) The Federal income tax on parents' election to report child's interest and dividends.

9 (c) The recapture of Federal tax credits that were previously claimed on Rhode Island
10 return.

11 (H) Tax for children under 18 with investment income.

12 (1) General rule. There is hereby imposed a tax equal to twenty-five percent (25%) of:

13 (a) The Federal tax for children under the age of 18 with investment income.

14 (I) Averaging of farm income.

15 (1) General rule. At the election of an individual engaged in a farming business or fishing
16 business, the tax imposed in section 2 shall be equal to twenty-five percent (25%) of:

17 (a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. §
18 1301].

19 (J) Cost-of-living adjustment.

20 (1) In general.

21 The cost-of-living adjustment for any calendar year is the percentage (if any) by which:

22 (a) The CPI for the preceding calendar year exceeds

23 (b) The CPI for the base year.

24 (2) CPI for any calendar year.

25 For purposes of paragraph (1), the CPI for any calendar year is the average of the consumer
26 price index as of the close of the twelve (12) month period ending on August 31 of such calendar
27 year.

28 (3) Consumer price index.

29 For purposes of paragraph (2), the term "consumer price index" means the last consumer
30 price index for all urban consumers published by the department of labor. For purposes of the
31 preceding sentence, the revision of the consumer price index that is most consistent with the
32 consumer price index for calendar year 1986 shall be used.

33 (4) Rounding.

34 (a) In general.

1 If any increase determined under paragraph (1) is not a multiple of \$50, such increase shall
2 be rounded to the next lowest multiple of \$50.

3 (b) In the case of a married individual filing a separate return, subparagraph (a) shall be
4 applied by substituting "\$25" for \$50 each place it appears.

5 (K) Credits against tax. For tax years beginning on or after January 1, 2001, a taxpayer
6 entitled to any of the following federal credits enacted prior to January 1, 1996 shall be entitled to
7 a credit against the Rhode Island tax imposed under this section:

8 (1) [Deleted by P.L. 2007, ch. 73, art. 7, § 5].

9 (2) Child and dependent care credit;

10 (3) General business credits;

11 (4) Credit for elderly or the disabled;

12 (5) Credit for prior year minimum tax;

13 (6) Mortgage interest credit;

14 (7) Empowerment zone employment credit;

15 (8) Qualified electric vehicle credit.

16 (L) Credit against tax for adoption. For tax years beginning on or after January 1, 2006, a
17 taxpayer entitled to the federal adoption credit shall be entitled to a credit against the Rhode Island
18 tax imposed under this section if the adopted child was under the care, custody, or supervision of
19 the Rhode Island department of children, youth and families prior to the adoption.

20 (M) The credit shall be twenty-five percent (25%) of the aforementioned federal credits
21 provided there shall be no deduction based on any federal credits enacted after January 1, 1996,
22 including the rate reduction credit provided by the federal Economic Growth and Tax
23 Reconciliation Act of 2001 (EGTRRA). In no event shall the tax imposed under this section be
24 reduced to less than zero. A taxpayer required to recapture any of the above credits for federal tax
25 purposes shall determine the Rhode Island amount to be recaptured in the same manner as
26 prescribed in this subsection.

27 (N) Rhode Island earned-income credit.

28 (1) In general.

29 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-
30 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent
31 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode
32 Island income tax.

33 For tax years beginning on or after January 1, 2015, and before January 1, 2016, a taxpayer
34 entitled to a federal earned-income credit shall be allowed a Rhode Island earned-income credit

1 equal to ten percent (10%) of the federal earned-income credit. Such credit shall not exceed the
2 amount of the Rhode Island income tax.

3 For tax years beginning on or after January 1, 2016, a taxpayer entitled to a federal earned-
4 income credit shall be allowed a Rhode Island earned-income credit equal to twelve and one-half
5 percent (12.5%) of the federal earned-income credit. Such credit shall not exceed the amount of the
6 Rhode Island income tax.

7 For tax years beginning on or after January 1, 2017, a taxpayer entitled to a federal earned-
8 income credit shall be allowed a Rhode Island earned-income credit equal to fifteen percent (15%)
9 of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode Island
10 income tax.

11 (2) Refundable portion.

12 In the event the Rhode Island earned-income credit allowed under paragraph (N)(1) of this
13 section exceeds the amount of Rhode Island income tax, a refundable earned-income credit shall
14 be allowed as follows.

15 (i) For tax years beginning before January 1, 2015, for purposes of paragraph (2) refundable
16 earned-income credit means fifteen percent (15%) of the amount by which the Rhode Island earned-
17 income credit exceeds the Rhode Island income tax.

18 (ii) For tax years beginning on or after January 1, 2015, for purposes of paragraph (2)
19 refundable earned-income credit means one hundred percent (100%) of the amount by which the
20 Rhode Island earned-income credit exceeds the Rhode Island income tax.

21 (O) The tax administrator shall recalculate and submit necessary revisions to paragraphs
22 (A) through (J) to the general assembly no later than February 1, 2010 and every three (3) years
23 thereafter for inclusion in the statute.

24 (3) For the period January 1, 2011 through December 31, 2011, and thereafter, "Rhode
25 Island taxable income" means federal adjusted gross income as determined under the Internal
26 Revenue Code, 26 U.S.C. 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-
27 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph
28 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph
29 44-30-2.6(c)(3)(C).

30 (A) Tax imposed.

31 (I) There is hereby imposed on the taxable income of married individuals filing joint
32 returns, qualifying widow(er), every head of household, unmarried individuals, married individuals
33 filing separate returns and bankruptcy estates, a tax determined in accordance with the following
34 table:

1	RI Taxable Income			RI Income Tax
2	Over	But not over	Pay +% on Excess	on the amount over
3	\$0 -	\$ 55,000	\$ 0 + 3.75%	\$0
4	55,000 -	125,000	2,063 + 4.75%	55,000
5	125,000 -		5,388 + 5.99%	125,000

6 (II) There is hereby imposed on the taxable income of an estate or trust a tax determined in
7 accordance with the following table:

8	RI Taxable Income			RI Income Tax
9	Over	But not over	Pay + % on Excess	on the amount over
10	\$0 -	\$ 2,230	\$ 0 + 3.75%	\$0
11	2,230 -	7,022	84 + 4.75%	2,230
12	7,022 -		312 + 5.99%	7,022

13 (B) Deductions:

14 (I) Rhode Island Basic Standard Deduction. Only the Rhode Island standard deduction shall
15 be allowed in accordance with the following table:

16	Filing status:	Amount
17	Single	\$7,500
18	Married filing jointly or qualifying widow(er)	\$15,000
19	Married filing separately	\$7,500
20	Head of Household	\$11,250

21 (II) Nonresident alien individuals, estates and trusts are not eligible for standard
22 deductions.

23 (III) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
24 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand
25 dollars (\$175,000), the standard deduction amount shall be reduced by the applicable percentage.
26 The term "applicable percentage" means twenty (20) percentage points for each five thousand
27 dollars (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable
28 year exceeds one hundred seventy-five thousand dollars (\$175,000).

29 (C) Exemption Amount:

30 (I) The term "exemption amount" means three thousand five hundred dollars (\$3,500)
31 multiplied by the number of exemptions allowed for the taxable year for federal income tax
32 purposes. [For tax years beginning on or after 2018, the term "exemption amount" means the same](#)
33 [as it does in 26 USC § 151 and 26 USC § 152 just prior to the enactment of the Tax Cuts and Jobs](#)
34 [Act \(Pub. L. 115-97\) on December 22, 2017.](#)

1 (II) Exemption amount disallowed in case of certain dependents. In the case of an
2 individual with respect to whom a deduction under this section is allowable to another taxpayer for
3 the same taxable year, the exemption amount applicable to such individual for such individual's
4 taxable year shall be zero.

5 (III) Identifying information required.

6 (1) Except as provided in § 44-30-2.6(c)(3)(C)(II) of this section, no exemption shall be
7 allowed under this section with respect to any individual unless the Taxpayer Identification Number
8 of such individual is included on the federal return claiming the exemption for the same tax filing
9 period.

10 (2) Notwithstanding the provisions of § 44-30-2.6(c)(3)(C)(I) of this section, in the event
11 that the Taxpayer Identification Number for each individual is not required to be included on the
12 federal tax return for the purposes of claiming a person exemption(s), then the Taxpayer
13 Identification Number must be provided on the Rhode Island tax return for the purpose of claiming
14 said exemption(s).

15 (D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
16 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand
17 dollars (\$175,000), the exemption amount shall be reduced by the applicable percentage. The term
18 "applicable percentage" means twenty (20) percentage points for each five thousand dollars
19 (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
20 exceeds one hundred seventy-five thousand dollars (\$175,000).

21 (E) Adjustment for inflation. The dollar amount contained in subparagraphs 44-30-
22 2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount
23 equal to:

24 (I) Such dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-2.6(c)(3)(B)
25 and 44-30-2.6(c)(3)(C) adjusted for inflation using a base tax year of 2000, multiplied by;

26 (II) The cost-of-living adjustment with a base year of 2000.

27 (III) For the purposes of this section, the cost-of-living adjustment for any calendar year is
28 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
29 the consumer price index for the base year. The consumer price index for any calendar year is the
30 average of the consumer price index as of the close of the twelve-month (12) period ending on
31 August 31, of such calendar year.

32 (IV) For the purpose of this section the term "consumer price index" means the last
33 consumer price index for all urban consumers published by the department of labor. For the purpose
34 of this section the revision of the consumer price index that is most consistent with the consumer

1 price index for calendar year 1986 shall be used.

2 (V) If any increase determined under this section is not a multiple of fifty dollars (\$50.00),
3 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
4 married individual filing separate return, if any increase determined under this section is not a
5 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple
6 of twenty-five dollars (\$25.00).

7 (F) Credits against tax.

8 (I) Notwithstanding any other provisions of Rhode Island Law, for tax years beginning on
9 or after January 1, 2011, the only credits allowed against a tax imposed under this chapter shall be
10 as follows:

11 (a) Rhode Island earned-income credit: Credit shall be allowed for earned-income credit
12 pursuant to subparagraph 44-30-2.6(c)(2)(N).

13 (b) Property Tax Relief Credit: Credit shall be allowed for property tax relief as provided
14 in § 44-33-1 et seq.

15 (c) Lead Paint Credit: Credit shall be allowed for residential lead abatement income tax
16 credit as provided in § 44-30.3-1 et seq.

17 (d) Credit for income taxes of other states. Credit shall be allowed for income tax paid to
18 other states pursuant to § 44-30-74.

19 (e) Historic Structures Tax Credit: Credit shall be allowed for historic structures tax credit
20 as provided in § 44-33.2-1 et seq.

21 (f) Motion Picture Productions Tax Credit: Credit shall be allowed for motion picture
22 production tax credit as provided in § 44-31.2-1 et seq.

23 (g) Child and Dependent Care: Credit shall be allowed for twenty-five percent (25%) of
24 the federal child and dependent care credit allowable for the taxable year for federal purposes;
25 provided, however, such credit shall not exceed the Rhode Island tax liability.

26 (h) Tax credits for contributions to Scholarship Organizations: Credit shall be allowed for
27 contributions to scholarship organizations as provided in chapter 62 of title 44.

28 (i) Credit for tax withheld. Wages upon which tax is required to be withheld shall be taxable
29 as if no withholding were required, but any amount of Rhode Island personal income tax actually
30 deducted and withheld in any calendar year shall be deemed to have been paid to the tax
31 administrator on behalf of the person from whom withheld, and the person shall be credited with
32 having paid that amount of tax for the taxable year beginning in that calendar year. For a taxable
33 year of less than twelve (12) months, the credit shall be made under regulations of the tax
34 administrator.

1 (j) Stay Invested in RI Wavemaker Fellowship: Credit shall be allowed for stay invested in
2 RI wavemaker fellowship program as provided in § 42-64.26-1 et seq.

3 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in
4 § 42-64.20-1 et seq.

5 (l) Rhode Island Qualified Jobs Incentive Program: Credit shall be allowed for Rhode
6 Island new qualified jobs incentive program credit as provided in § 44-48.3-1 et seq.

7 (m) Historic homeownership assistance act: Effective for tax year 2017 and thereafter,
8 unused carryforward for such credit previously issued shall be allowed for the historic
9 homeownership assistance act as provided in § 44-33.1-4. This allowance is for credits already
10 issued pursuant to § 44-33.1-4 and shall not be construed to authorize the issuance of new credits
11 under the historic homeownership assistance act.

12 (2) Except as provided in section 1 above, no other state and federal tax credit shall be
13 available to the taxpayers in computing tax liability under this chapter.

14 SECTION 14. Section 44-1-2 of the General Laws in Chapter 44-1 entitled "State Tax
15 Officials" is hereby amended to read as follows:

16 **44-1-2. Powers and duties of tax administrator.**

17 The tax administrator is required:

18 (1) To assess and collect all taxes previously assessed by the division of state taxation in
19 the department of revenue and regulation, including the franchise tax on domestic corporations,
20 corporate excess tax, tax upon gross earnings of public service corporations, tax upon interest
21 bearing deposits in national banks, the inheritance tax, tax on gasoline and motor fuels, and tax on
22 the manufacture of alcoholic beverages;

23 (2) To assess and collect the taxes upon banks and insurance companies previously
24 administered by the division of banking and insurance in the department of revenue and regulation,
25 including the tax on foreign and domestic insurance companies, tax on foreign building and loan
26 associations, deposit tax on savings banks, and deposit tax on trust companies;

27 (3) To assess and collect the tax on pari-mutuel or auction mutuel betting, previously
28 administered by the division of horse racing in the department of revenue and regulation.

29 (4) [Deleted by P.L. 2006, ch. 246, art. 38, § 10].

30 (5) To assess and collect the monthly surcharges that are collected by telecommunication
31 services providers pursuant to § 39-21.1-14 and are remitted to the division of taxation.

32 (6) To audit, assess and collect all unclaimed intangible and tangible property pursuant to
33 chapter 21.1 of title 33.

34 (7) To provide to the department of labor and training any state tax information, state

1 records or state documents they or the requesting agency certify as necessary to assist the agency
2 in efforts to investigate suspected misclassification of employee status, wage and hour violations,
3 or prevailing wage violations subject to the agency's jurisdiction, even if deemed confidential under
4 applicable law, provided that the confidentiality of such materials shall be maintained, to the extent
5 required of the releasing department by any federal or state law or regulation, by all state
6 departments to which the materials are released and no such information shall be publicly disclosed,
7 except to the extent necessary for the requesting department or agency to adjudicate a violation of
8 applicable law. The certification must include a representation that there is probable cause to
9 believe that a violation has occurred. State departments sharing this information or materials may
10 enter into written agreements via memorandums of understanding to ensure the safeguarding of
11 such released information or materials.

12 (8) To preserve the Rhode Island tax base under Rhode Island law prior to the December
13 22, 2017 Congressional enactment of Public Law 115-97, The Tax Cuts and Jobs Act, the tax
14 administrator, upon prior written notice to the speaker of the house, senate president, and
15 chairpersons of the house and senate finance committees, is specifically authorized to amend tax
16 forms and related instructions in response to any changes the Internal Revenue Service makes to
17 its forms, regulations, and/or processing which will materially impact state revenues, to the extent
18 that impact is measurable. Any Internal Revenue Service changes to forms, regulations and/or
19 processing which go into effect during the current tax year or within six (6) months of the beginning
20 of the next tax year and which will materially impact state revenue will be deemed grounds for the
21 promulgation of emergency rules and regulations under Rhode Island General Laws 42-35-2.10.
22 The provisions of this subsection (8) shall sunset on December 31, 2021.

23 SECTION 15. Sections 42-63.1-3 and 42-63.1-12 of the General Laws in Chapter 42-63.1
24 entitled "Tourism and Development" are hereby amended to read as follows:

25 **42-63.1-3. Distribution of tax.**

26 (a) For returns and tax payments received on or before December 31, 2015, except as
27 provided in § 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax
28 collected from residential units offered for tourist or transient use through a hosting platform, shall
29 be distributed as follows by the division of taxation and the city of Newport:

30 (1) Forty-seven percent (47%) of the tax generated by the hotels in the district, except as
31 otherwise provided in this chapter, shall be given to the regional tourism district wherein the hotel
32 is located; provided, however, that from the tax generated by the hotels in the city of Warwick,
33 thirty-one percent (31%) of the tax shall be given to the Warwick regional tourism district
34 established in § 42-63.1-5(a)(5) and sixteen percent (16%) of the tax shall be given to the Greater

1 Providence-Warwick Convention and Visitors' Bureau established in § 42-63.1-11; and provided
2 further, that from the tax generated by the hotels in the city of Providence, sixteen percent (16%)
3 of that tax shall be given to the Greater Providence-Warwick Convention and Visitors' Bureau
4 established by § 42-63.1-11, and thirty-one percent (31%) of that tax shall be given to the
5 Convention Authority of the city of Providence established pursuant to the provisions of chapter
6 84 of the public laws of January, 1980; provided, however, that the receipts attributable to the
7 district as defined in § 42-63.1-5(a)(7) shall be deposited as general revenues, and that the receipts
8 attributable to the district as defined in § 42-63.1-5(a)(8) shall be given to the Rhode Island
9 commerce corporation as established in chapter 64 of title 42.

10 (2) Twenty-five percent (25%) of the hotel tax shall be given to the city or town where the
11 hotel, which generated the tax, is physically located, to be used for whatever purpose the city or
12 town decides.

13 (3) Twenty-one (21%) of the hotel tax shall be given to the Rhode Island commerce
14 corporation established in chapter 64 of title 42, and seven percent (7%) to the Greater Providence-
15 Warwick Convention and Visitors' Bureau.

16 (b) For returns and tax payments received after December 31, 2015, except as provided in
17 § 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from
18 residential units offered for tourist or transient use through a hosting platform, shall be distributed
19 as follows by the division of taxation and the city of Newport:

20 (1) For the tax generated by the hotels in the Aquidneck Island district, as defined in § 42-
21 63.1-5, forty-two percent (42%) of the tax shall be given to the Aquidneck Island district, twenty-
22 five (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is
23 physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick
24 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-eight percent (28%) of
25 the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title
26 42.

27 (2) For the tax generated by the hotels in the Providence district as defined in § 42-63.1-5,
28 twenty eight percent (28%) of the tax shall be given to the Providence district, twenty-five percent
29 (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is
30 physically located, twenty-three (23%) of the tax shall be given to the Greater Providence-Warwick
31 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four (24%) of the tax shall
32 be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

33 (3) For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5,
34 twenty-eight percent (28%) of the tax shall be given to the Warwick District, twenty-five percent

1 (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is
2 physically located, twenty-three percent (23%) of the tax shall be given to the Greater Providence-
3 Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four (24%) of
4 the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title
5 42.

6 (4) For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5,
7 twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which
8 generated the tax, is physically located, five percent (5%) of the tax shall be given to the Greater
9 Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy
10 percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in
11 chapter 64 of title 42.

12 (5) With respect to the tax generated by hotels in districts other than those set forth in
13 subdivisions (b)(1) through (b)(4), forty-two percent (42%) of the tax shall be given to the regional
14 tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five percent (25%)
15 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically
16 located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention
17 and Visitors Bureau established in § 42-63.1-11, and twenty-eight (28%) of the tax shall be given
18 to the Rhode Island commerce corporation established in chapter 64 of title 42.

19 (c) The proceeds of the hotel tax collected from residential units offered for tourist or
20 transient use through a hosting platform shall be distributed as follows by the division of taxation
21 and the city of Newport: twenty-five percent (25%) of the tax shall be given to the city or town
22 where the residential unit, which generated the tax, is physically located, and seventy-five percent
23 (75%) of the tax shall be given to the Rhode Island commerce corporation established in chapter
24 64 of title 42.

25 (d) The Rhode Island commerce corporation shall be required in each fiscal year to spend
26 on the promotion and marketing of Rhode Island as a destination for tourists or businesses an
27 amount of money of no less than the total proceeds of the hotel tax it receives pursuant to this
28 chapter for such fiscal year.

29 (e) Notwithstanding the foregoing provisions of this section, for returns and tax payments
30 received on or after July 1, 2016 and on or before June 30, 2017, except as provided in § 42-63.1-
31 12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from residential
32 units offered for tourist or transient use through a hosting platform, shall be distributed in
33 accordance with the distribution percentages established in § 42-63.1-3(a)(1) through § 42-63.1-
34 3(a)(3) by the division of taxation and the city of Newport.

1 (f) For returns and tax payments received on or after July 1, 2018, except as provided in §
2 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from
3 residential units offered for tourist or transient use through a hosting platform, shall be distributed
4 as follows by the division of taxation and the city of Newport:

5 (1) For the tax generated by the hotels in the Aquidneck Island district, as defined in § 42-
6 63.1-5, forty-five percent (45%) of the tax shall be given to the Aquidneck Island district, twenty-
7 five (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is
8 physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick
9 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-five percent (25%) of the
10 tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

11 (2) For the tax generated by the hotels in the Providence district as defined in § 42-63.1-5,
12 thirty percent (30%) of the tax shall be given to the Providence district, twenty-five percent (25%)
13 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically
14 located, twenty-four (24%) of the tax shall be given to the Greater Providence-Warwick
15 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one (21%) of the tax shall
16 be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

17 (3) For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5,
18 thirty percent (30%) of the tax shall be given to the Warwick District, twenty-five percent (25%)
19 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically
20 located, twenty-four percent (24%) of the tax shall be given to the Greater Providence-Warwick
21 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one (21%) of the tax shall
22 be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

23 (4) For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5,
24 twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which
25 generated the tax, is physically located, five percent (5%) of the tax shall be given to the Greater
26 Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy
27 percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in
28 chapter 64 of title 42.

29 (5) With respect to the tax generated by hotels in districts other than those set forth in
30 subdivisions (b)(1) through (b)(4), forty-five percent (45%) of the tax shall be given to the regional
31 tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five percent (25%)
32 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically
33 located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention
34 and Visitors Bureau established in § 42-63.1-11, and twenty-five (25%) of the tax shall be given to

1 [the Rhode Island commerce corporation established in chapter 64 of title 42.](#)

2 **42-63.1-12. Distribution of tax to Rhode Island Convention Center Authority.**

3 (a) For returns and tax received on or before December 31, 2015, the proceeds of the hotel
4 tax generated by any and all hotels physically connected to the Rhode Island Convention Center
5 shall be distributed as follows: twenty-seven percent (27%) shall be deposited as general revenues;
6 thirty-one percent (31%) shall be given to the convention authority of the city of Providence; twelve
7 percent (12%) shall be given to the greater Providence-Warwick convention and visitor's bureau;
8 thirty percent (30%) shall be given to the Rhode Island convention center authority to be used in
9 the furtherance of the purposes set forth in § 42-99-4.

10 (b) For returns and tax received after December 31, 2015, the proceeds of the hotel tax
11 generated by any and all hotels physically connected to the Rhode Island Convention Center shall
12 be distributed as follows: twenty-eight percent (28%) shall be given to the convention authority of
13 the city of Providence; twelve percent (12%) shall be given to the greater Providence-Warwick
14 convention and visitor's bureau; and sixty percent (60%) shall be given to the Rhode Island
15 Commerce Corporation established in chapter 64 of title 42.

16 (c) The Rhode Island Convention Center Authority is authorized and empowered to enter
17 into contracts with the Greater Providence-Warwick Convention and Visitors' Bureau in the
18 furtherance of the purposes set forth in this chapter.

19 [\(d\) For returns and tax received on or after July 1, 2018, the proceeds of the hotel tax](#)
20 [generated by any and all hotels physically connected to the Rhode Island Convention Center shall](#)
21 [be distributed as follows: thirty percent \(30%\) shall be given to the convention authority of the city](#)
22 [of Providence; twenty percent \(20%\) shall be given to the greater Providence-Warwick convention](#)
23 [and visitor's bureau; and fifty percent \(50%\) shall be given to the Rhode Island Commerce](#)
24 [Corporation established in chapter 64 of title 42.](#)

25 SECTION 16. Severability. -- If any provisions of the article or the application thereof to
26 any person or circumstances is held invalid, such invalidity shall not affect any other provisions or
27 applications of this article, which can be given effect without the invalid provision or application,
28 and to this end the provisions of this article are declared to be severable.

29 SECTION 17. Sections 2 through Section 7 shall take effect upon passage. Section 13 shall
30 take effect for tax years on or after January 1, 2018. Section 11 shall take effect on October 1, 2018.
31 Section 10, as it pertains to vendor-hosted prewritten software, shall take effect as of October 1,
32 2018. The remainder of Section 10 and the remainder of this article shall take effect as of July 1,
33 2018.