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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

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A N A C T

RELATING TO TAXATION – SALES AND USE TAXES – LIABILITY AND  
COMPUTATION

Introduced By: Representatives Tobon, Barros, Alzate, Giraldo, and Messier

Date Introduced: June 18, 2020

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-18-36.1 of the General Laws in Chapter 44-18 entitled "Sales and  
2 Use Taxes - Liability and Computation" is hereby amended to read as follows:

3 **44-18-36.1. Hotel tax.**

4 (a) There is imposed a hotel tax of five percent (5%) upon the total consideration charged  
5 for occupancy of any space furnished by any hotel, travel packages, or room reseller or reseller as  
6 defined in § 44-18-7.3(b) in this state. A house, condominium, or other resident dwelling shall be  
7 exempt from the five percent (5%) hotel tax under this subsection if the house, condominium, or  
8 other resident dwelling is rented in its entirety. The hotel tax is in addition to any sales tax imposed.  
9 This hotel tax is administered and collected by the division of taxation and unless provided to the  
10 contrary in this chapter, all the administration, collection, and other provisions of chapters 18 and  
11 19 of this title apply. Nothing in this chapter shall be construed to limit the powers of the convention  
12 authority of the city of Providence established pursuant to the provisions of chapter 84 of the public  
13 laws of 1980, except that distribution of hotel tax receipts shall be made pursuant to chapter 63.1  
14 of title 42 rather than chapter 84 of the public laws of 1980.

15 (b) There is hereby levied and imposed, upon the total consideration charged for occupancy  
16 of any space furnished by any hotel in this state, in addition to all other taxes and fees now imposed  
17 by law, a local hotel tax at a rate of one percent (1%). The local hotel tax shall be administered and  
18 collected in accordance with subsection (a).

1 (c) All sums received by the division of taxation from the local hotel tax, penalties or  
2 forfeitures, interest, costs of suit and fines shall be distributed at least quarterly, credited and paid  
3 by the state treasurer to the city or town where the space for occupancy that is furnished by the  
4 hotel is located. Unless provided to the contrary in this chapter, all of the administration, collection,  
5 and other provisions of chapters 18 and 19 of this title shall apply.

6 (d) Notwithstanding the provisions of subsection (a) of this section, the city of Newport  
7 shall have the authority to collect from hotels located in the city of Newport the tax imposed by  
8 subsection (a) of this section.

9 (1) Within ten (10) days of collection of the tax, the city of Newport shall distribute the tax  
10 as provided in § 42-63.1-3. No later than the first day of March and the first day of September in  
11 each year in which the tax is collected, the city of Newport shall submit to the division of taxation  
12 a report of the tax collected and distributed during the six (6) month period ending thirty (30) days  
13 prior to the reporting date.

14 (2) The city of Newport shall have the same authority as the division of taxation to recover  
15 delinquent hotel taxes pursuant to chapter 44-19, and the amount of any hotel tax, penalty and  
16 interest imposed by the city of Newport until collected constitutes a lien on the real property of the  
17 taxpayer.

18 (e) For fiscal year 2020, there is hereby appropriated, out of money in the treasury not  
19 otherwise appropriated for the fiscal year 2020-2021, funds required to be allocated and disbursed  
20 by the department of revenue pursuant to § 42-63.1-3 and this section of the general laws relating  
21 to distribution of hotel taxes, which amounts do not include taxes allocated and appropriated to the  
22 downtown Pawtucket redevelopment economic activity taxes fund pursuant to § 45-33.4-4 of the  
23 general laws, as amended on or before June 30, 2020, for the purposes of financing projects.

24 SECTION 2. Sections 45-33.4-1 and 45-33.4-4 of the General Laws in Chapter 45-33.4  
25 entitled "City of Pawtucket Downtown Redevelopment Project" are hereby amended to read as  
26 follows:

27 **45-33.4-1. Definitions.**

28 For purposes of this chapter, the following terms shall have the meanings ascribed to them  
29 herein:

30 (1) "Agency" means the Pawtucket redevelopment agency, established in accordance with  
31 chapter 31 of this title.

32 (2) "Arts district" means the economic development zone designated as the arts and  
33 entertainment district in the downtown area of the city described in § 44-30-1.1.

34 (3) "Ballpark district" means the ballpark district of the downtown Pawtucket

1 redevelopment project area or tax increment master plan, including the ballpark known as McCoy  
2 Stadium, and related facilities and its immediately adjacent parcels within the redevelopment area  
3 approved by the agency in accordance with the procedures set forth in chapters 31, 32, 33, and 33.2  
4 of this title.

5 (4) "Bonds" means revenue bonds issued by the Pawtucket redevelopment agency or the  
6 city in accordance with the provisions of chapters 31, 32, 33, and 33.2 of this title in order to finance  
7 a project, which bonds may be issued on a tax-exempt or taxable basis, on a fixed-rate basis or  
8 variable-rate basis, or any combination thereof, and may be issued in one or more sub-series and  
9 supported with letters or lines of credit, liquidity facilities, insurance or other support arrangements  
10 including, but not limited to, interest rate "caps," "floors," "collars," that the agency or city, as  
11 issuer, determines to be necessary or desirable for the purpose of generating savings or managing  
12 interest rates in connection with, or subsequent to, or incidental to the issuance, carrying, or  
13 securing of the bonds.

14 (5) "City" means the city of Pawtucket, Rhode Island.

15 (6) "City economic activity taxes" means city incremental tangible asset taxes, [local](#) hotel  
16 taxes [assessed and collected pursuant to § 44-18-36.1\(b\)](#), food and beverage tax revenues, and non-  
17 real property assessments from activities in the arts district, the growth center district, and the  
18 ballpark district, as set forth in the economic activity taxes agreement negotiated by the governor  
19 and the state director of the department of revenue, as described in § 45-33.4-4.

20 (7) "City tax increment revenues" means revenues generated under chapter 33.2 of this title  
21 that are expected to include incremental real estate property taxes, personal property taxes, special  
22 assessments on real property, and betterment fees generated in the arts district, the growth center  
23 district, and the ballpark district.

24 (8) "Economic activity taxes agreement" means the agreement by and among the agency,  
25 the city, and the state described in § 45-33.4-4.

26 (9) "Growth center district" means the growth center district described in a redevelopment  
27 plan or in a tax increment district master plan approved by the agency in accordance with the  
28 procedures set forth in chapters 31, 32, 33, and 33.2 of title 45, which shall have boundaries as  
29 follows: The area beginning at the point of intersection of Lonsdale Avenue and the Central  
30 Falls/Pawtucket line, continuing south on Lonsdale Avenue until Beecher Street, then heading east,  
31 then south, then east on Beecher Street to Coleman Street, then turning south onto Coleman Street  
32 to Carpenter Street, then heading east onto Carpenter Street to Conant Street, then turning south  
33 onto Conant Street, continuing to Main Street, then turning northeast onto Main Street to Church  
34 Street, then turning east onto Church Street to Pine Street, then turning south onto Pine Street to

1 South Union Street, then turning east onto South Union Street to Park Place West, then turning  
2 south onto Park Place West to George St, continuing south onto George Street to Division Street,  
3 then turning east onto Division Street to Taft Street, then turning south onto Taft Street to Max  
4 Read Field, turning east at Max Read Field and crossing the Seekonk River, then turning south  
5 along Seekonk River boundary to the intersection of Berry Spring Street and School Street,  
6 continuing northerly onto School Street to Bowers Street, turning east onto Bowers Street to  
7 Prospect Street, then turning north onto Prospect Street to Interstate 95, turning northeast onto  
8 Interstate 95 to Walcott Street, turning west onto Walcott Street to Broadway, turning northerly  
9 onto Broadway to edge of Interstate 95, continuing north along the western edge of Interstate 95 to  
10 Pawtucket/Attleboro city line, then turning west at the city line to the Blackstone River, then south  
11 along the city boundary on the Blackstone River, continuing westerly along the city line to the point  
12 where the city line intersects with Lonsdale Avenue.

13 (10) "Incremental hotel taxes" mean the full amount of any taxes assessed and collected  
14 pursuant to § 44-18-36.1(a) and (b) on any new hotels constructed or opened in the ballpark district,  
15 arts district, and the growth center district after the base date which shall be allocated and  
16 appropriated in accordance with this chapter and not in accordance with § 42-63.1-3. Taxes  
17 assessed and collected on the one hotel in existence in the city on the base date are to be distributed  
18 by the department of revenue in accordance with the provisions of § 42-63.1-3.

19 ~~(10)~~(11) "Project" means any project as defined in § 45-33.2-3 or any capital project as  
20 defined in § 45-33.2-3.1 within the ballpark district, arts district, or growth center district and shall  
21 include "project costs" as described in § 45-33.2-28, which definition shall apply irrespective of  
22 whether the project is described in a redevelopment plan or in a tax increment district master plan.

23 ~~(11)~~(12) "Redevelopment plan" means a redevelopment plan as defined in § 45-31-8.

24 ~~(12)~~(13) "State" means the state of Rhode Island and Providence Plantations.

25 ~~(13)~~(14) "State economic activity taxes" means incremental tax revenues realized in the  
26 arts district, the growth center district, and the ballpark district assessed and collected under  
27 chapters 11, 18 (including, but not limited to, all hotel taxes collected pursuant to § 44-18-36.1(a)  
28 on any new hotels constructed or opened in the ballpark district, arts district, and the growth center  
29 district after the base date), 19, and 30 of title 44 as set forth in the economic activity taxes  
30 agreement negotiated by the governor and the state director of the department of revenue; provided,  
31 however, that state economic activity taxes shall not include existing tax revenues unless: 1) The  
32 project is to facilitate an expansion of an existing business that will otherwise be unable to increase  
33 the number of full-time employees in the state; or 2) The commerce corporation certifies in writing  
34 that a defined amount of revenues from the districts collected and assessed under chapters 18

1 [\(including, but not limited to, all hotel taxes collected pursuant to § 44-18-36.1\(a\) on any new hotels](#)  
2 [constructed or opened in the ballpark district, arts district, and the growth center district after the](#)  
3 [base date\)](#), 19, and 30 of title 44 are necessary to finance or complete a given project; 3) The public  
4 investments made under this chapter for a project can be demonstrated to have a likely appreciable  
5 positive impact on the revenues of an existing business within the district; or 4) The project is  
6 necessary to retain a businesses that is at substantial risk of relocating to a viable location out-of-  
7 state as verified by the Rhode Island commerce corporation. The commerce corporation shall  
8 establish, by regulation, the documentation that shall be required to verify compliance under this  
9 subsection. In order to assist the commerce corporation in verifying compliance, the affected  
10 business's chief executive officer, or equivalent officer, shall attest under oath:

11 (i) With respect to any portion of a project that is financing municipal or public facilities,  
12 that the project is needed and that the financing of the project is in the public interest; or

13 (ii) With respect to any portion of the project providing financing for industrial or  
14 commercial development purposes, that unemployment or the threat of unemployment exists in the  
15 city or that security against future unemployment is required; that the project is needed; that it will  
16 provide employment or security against loss of employment, including the approximate number of  
17 new jobs that should be created or preserved, construction and nonconstruction, their approximate  
18 wage rates, what types of fringe benefits such as healthcare or retirement benefits there will be; and  
19 the projected increase in personal income taxes to the state of Rhode Island, all having a reasonable  
20 relationship to the probable cost of acquiring, establishing, improving, or rehabilitating the facilities  
21 in which the employment is to be provided or maintained.

22 ~~(14)~~(15) "Tax increment district master plan" means a tax increment district master plan as  
23 defined in § 45-33.2-3.1.

24 **45-33.4-4. Authorization of economic activity taxes agreement.**

25 (a) The state, acting by and through the department of revenue, is authorized to enter into  
26 an economic activity taxes agreement with the agency and the city for the purposes of financing  
27 projects, bonding costs, including capitalized interest, debt service reserves, and costs of issuance.  
28 Such economic activity taxes agreement may include such covenants and undertakings of the state  
29 as the state director of the department of revenue and the governor deem reasonable, including,  
30 without limitation, provisions enabling the payment of amounts under the economic activity taxes  
31 agreement ~~from legally available funds~~ [which have been appropriated by the general assembly to](#)  
32 [the downtown Pawtucket redevelopment economic activity taxes fund described in subsection \(b\)](#)  
33 [of this section](#) for each fiscal year during which any bonds are outstanding.

34 (b) Such economic activity taxes agreement and the pledge and assignment of the state

1 economic activity taxes shall be subject to the provisions of this chapter rather than the provisions  
2 of chapter 64.21 of title 42. Upon the execution of an economic activity taxes agreement, such  
3 economic activity taxes shall be segregated by the state division of taxation from all other tax  
4 revenues of the state and deposited on a monthly basis into a restricted account known as the  
5 "downtown Pawtucket redevelopment economic activity taxes fund." However, in the event an  
6 economic activity taxes agreement has not been signed by June 30, 2020, incremental tax revenues  
7 realized in the arts district, the growth center district, and the ballpark district assessed and collected  
8 under chapters 18 and 19 of title 44, including, without limitation, hotel taxes on any new hotels  
9 constructed or opened in the ballpark district, arts district, and the growth center district after the  
10 base date, shall be segregated by the state division of taxation and deposited into the downtown  
11 Pawtucket redevelopment economic activity taxes fund. Monies deposited in the downtown  
12 Pawtucket redevelopment economic activity taxes fund may be applied to payment of debt service  
13 on the bonds; to fund debt service reserves; to costs of infrastructure improvements in and around  
14 the ballpark district, arts district, and the growth center district; to fund future debt service on the  
15 bonds; and to fund a redevelopment revolving fund established in accordance with § 45-33-1. If  
16 economic activity taxes remain in such downtown Pawtucket redevelopment economic activity  
17 taxes fund at the end of the state's fiscal year, the monies shall be retained in the fund to be applied  
18 in future fiscal years and shall not be applied to reduce future payments but may be applied to  
19 "super sinker," "turbo," or other redemption of the bonds, such that if the agency receives revenues  
20 in excess of requirements in the bond indenture or trust agreement securing the bonds, the bonds  
21 may be retired. Nothing in this chapter shall prohibit the pooling of revenues for the payment of  
22 the bonds, provided that the economic activity taxes agreement, bond indenture, or trust agreement  
23 shall provide for a reconciliation of contributions of the agency, the city, and the state from time to  
24 time; provided however, that the state hereby pledges to and agrees with any person, firm, or  
25 corporation, or federal agency subscribing to or acquiring any bonds secured by revenues under  
26 this chapter, that the state will not limit or alter the rights vested in the city or the agency or such  
27 bondholders until all bonds at any time issued, together with their interest, are fully met and  
28 discharged. The state does further pledge to and agree with the United States, and any other federal  
29 agency, that in the event that any federal agency constructs or contributes any funds for the  
30 construction, extension, improvement, equipping, furnishing, or enlargement of any project, or any  
31 portion of it, the state will not alter or limit this chapter in any manner that would be inconsistent  
32 with the due performance of any agreements with the federal agency; and the city and the agency  
33 continue to have and may exercise all powers granted by this chapter, so long as the powers are  
34 necessary or desirable for the carrying out of the purposes of this chapter.

1 (c) The economic activity taxes agreement shall not constitute indebtedness of the state or  
2 any of its subdivisions, or a debt for which the full faith and credit of the state or any of its  
3 subdivisions is pledged. The state's obligation to make payments of state economic activity taxes  
4 under the state economic activity taxes agreement shall be solely from ~~legally available~~ funds  
5 appropriated by the general assembly.

6 (d) The economic activity taxes agreement may be terminated upon agreement of the  
7 parties thereto, provided, however, the economic activity taxes agreement shall not be terminated  
8 so long as any bonds secured by the economic activity taxes remain outstanding.

9 (e) By no later than ~~September 30, 2019~~ August 30, 2020, the state department of revenue  
10 shall establish the baseline, utilizing a base date of June 30, 2020, to be used in the calculation of  
11 state revenues in the state economic activity tax agreement. By ~~that date~~ August 30, 2020, the  
12 department of revenue, in consultation with the state commerce corporation shall develop a  
13 ~~template of an~~ final economic activity tax agreement to be executed between the city, the agency,  
14 and the state at such time that a redevelopment project is submitted for consideration. ~~Upon~~  
15 ~~submission of a redevelopment project by the city or the agency for financing under this statute,~~  
16 ~~the state shall complete negotiations and finalize approval of an economic activity agreement within~~  
17 ~~120 days of the submission of the request for financing.~~

18 (f) Not later than February 1 of each year commencing February 1, 2022, the city, the  
19 agency, and the Rhode Island commerce corporation shall submit a performance review report to  
20 the general assembly which includes, but is not limited to, the following information: sources and  
21 uses of project funds, permanent job and construction job creation numbers, local and state tax  
22 revenue estimates, and project completion schedules.

23 (g) For fiscal year 2020, there is hereby appropriated, out of money in the treasury not  
24 otherwise appropriated for the fiscal year 2020-2021, funds required to be disbursed to the  
25 downtown Pawtucket redevelopment economic activity taxes fund pursuant to this section of the  
26 general laws, as amended on or before June 30, 2020, including, but not limited to, tax revenues  
27 certified by the commerce corporation to be included as state economic activity taxes, for the  
28 purposes of financing projects.

1 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO TAXATION – SALES AND USE TAXES – LIABILITY AND  
COMPUTATION

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1           This act would require the general assembly to appropriate all funds relating to economic  
2 activity taxes and hotel taxes excluding funds allocated and appropriated to the Downtown  
3 Pawtucket Redevelopment economic activities fund for the purposes of financing projects during  
4 fiscal year 2020.

5           This act would take effect upon passage.

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