

1 **ARTICLE 6**

2 RELATING TO SMALL BUSINESS

3 SECTION 1. Sections 5-21-1 and 5-21-2 of the General Laws in Chapter 5-21 entitled  
4 “Second-Hand Dealers” is hereby amended to read as follows:

5 **5-21-1 Local licensing – Fees – Penalty – Record of transaction.**

6 (a) The city or town council of any city or town is authorized to provide by ordinance for  
7 the issuing and revocation at pleasure of licenses to all persons selling, purchasing, bartering, and  
8 dealing in junk, old metals, and any other second-hand metal articles, and to all persons  
9 establishing, operating, or maintaining automobile junkyards, subject to any conditions and  
10 restrictions and for a term not exceeding one year that may be in the like manner prescribed; and  
11 also for charging and collecting fees for those licenses. The fees in the like manner prescribed shall  
12 not exceed the sum of one hundred dollars (\$100) for the keeper of ~~a-shop~~ an establishment or  
13 storehouse for the reception of any junk, old metals, or second-hand metal articles which is not an  
14 automobile junkyard; the sum of five dollars (\$5.00) for any foundry person or other person  
15 receiving the same for the purpose of melting or converting the junk, old metals, or second-hand  
16 metal articles into castings; the sum of five dollars (\$5.00) for any gatherer of these items in any  
17 bag, wagon, or cart; or the sum of one hundred dollars (\$100) for any person establishing, operating,  
18 or maintaining an automobile junkyard; and also to fix a penalty for carrying on that business  
19 without a license, or in violation of any ordinance or regulation made as authorized in this chapter,  
20 not exceeding for any one offense a fine of five hundred dollars (\$500) or imprisonment not  
21 exceeding six (6) months.

22 (b) The ordinance shall provide that each person purchasing or receiving old or used metals  
23 other than junked automobiles or automobile parts shall maintain a record of each purchase or  
24 receipt. The record shall include the date of the transaction, the name, address, telephone number,  
25 and signature of the person from whom the old or used metals are purchased or received; a  
26 description of the old or used metals; and the price paid for the old or used metals. The records so  
27 kept shall be produced at the request of law enforcement officials.

28 (c) Businesses primarily engaged in the retail sale of the following goods, as expressly  
29 defined below in this subsection, are exempt from any licensing requirements imposed under this  
30 section: (1) second-hand consignment goods; (2) resale goods; (3) thrift goods; and (4) antiques.

1 “Second-hand consignment goods” means used items, including but not limited to artwork,  
2 furniture, clothing, accessories and books that are sold by a third party, which receives a percentage  
3 of the revenue from the sale. “Resale goods” means goods, including but not limited to artwork,  
4 furniture, clothing, accessories, and books, that are purchased from the original owner and resold.  
5 “Thrift goods” means used items, including but not limited to artwork, furniture, clothing,  
6 accessories, and books, that are sold by or on behalf of a charity or non-profit organization.  
7 “Antiques” means items made in an earlier period that are collected and considered to have value  
8 because they are beautiful, rare, old, or of high quality.

9 **5-21-2 Hearing and objections by neighboring landowners.**

10 (a) The local licensing authority of a city or town, before granting a license under this  
11 chapter to keep ~~a shop~~ an establishment or storehouse for the reception of any junk, old metals, or  
12 other second-hand metal articles or to establish, operate, or maintain an automobile junkyard, in  
13 any location not lawfully occupied for that purpose at the time of the application for that license,  
14 shall hold a public hearing, notice of which shall be posted at least seven (7) days but not more than  
15 fourteen (14) days prior to the hearing in not less than two (2) public places in that city or town and  
16 in a newspaper of general circulation in that city or town where the ~~shop~~ establishment, storehouse,  
17 or junkyard is to be established, operated, or maintained. Before the local licensing authority posts  
18 or publishes a notice of a hearing, the local licensing authority shall collect from the applicant for  
19 the license a fee of ten dollars (\$10.00), plus the cost of posting and publishing the notice.

20 (b) No license shall be granted under this chapter to the keeper of any ~~shop~~ establishment  
21 or storehouse for the reception of any junk, old metals, or other second-hand metal articles or to a  
22 person establishing, operating, or maintaining an automobile junkyard, in any location not lawfully  
23 occupied for that purpose at the time of the application for the license, where the owners or  
24 occupants of the greater part of the land within two hundred (200) feet of that building or place file  
25 with the board, city or town council, respectively, having jurisdiction to grant licenses, their  
26 objection to the granting of the license. This subsection does not apply to any applicant who is the  
27 keeper of ~~a shop~~ an establishment or storehouse, or automobile junkyard, that is being acquired  
28 under eminent domain proceedings, who is applying for licensing within § 5-21-1 within the same  
29 city or town in which he or she was formerly licensed.

30 SECTION 2. Section 44-11-2 of the General Laws in Chapter 44-11 entitled "Business  
31 Corporation Tax" is hereby amended to read as follows:

32 **44-11-2 Imposition of Tax.**

33 (a) Each corporation shall annually pay to the state a tax equal to nine percent (9%) of net  
34 income, as defined in § 44-11-11, qualified in § 44-11-12, and apportioned to this state as provided

1 in §§ 44-11-13 — 44-11-15, for the taxable year. For tax years beginning on or after January 1,  
2 2015, each corporation shall annually pay to the state a tax equal to seven percent (7.0%) of net  
3 income, as defined in § 44-11-13 — 44-11-15, for the taxable year.

4 (b) A corporation shall pay the amount of any tax as computed in accordance with  
5 subsection (a) after deducting from "net income," as used in this section, fifty percent (50%) of the  
6 excess of capital gains over capital losses realized during the taxable year, if for the taxable year:

7 (1) The corporation is engaged in buying, selling, dealing in, or holding securities on its  
8 own behalf and not as a broker, underwriter, or distributor;

9 (2) Its gross receipts derived from these activities during the taxable year amounted to at  
10 least ninety percent (90%) of its total gross receipts derived from all of its activities during the year.  
11 "Gross receipts" means all receipts, whether in the form of money, credits, or other valuable  
12 consideration, received during the taxable year in connection with the conduct of the taxpayer's  
13 activities.

14 (c) A corporation shall not pay the amount of the tax computed on the basis of its net  
15 income under subsection (a), but shall annually pay to the state a tax equal to ten cents (\$.10) for  
16 each one hundred dollars (\$100) of gross income for the taxable year or a tax of one hundred dollars  
17 (\$100), whichever tax shall be the greater, if for the taxable year the corporation is either a "personal  
18 holding company" registered under the federal Investment Company Act of 1940, 15 U.S.C. § 80a-  
19 1 et seq., "regulated investment company," or a "real estate investment trust" as defined in the  
20 federal income tax law applicable to the taxable year. "Gross income" means gross income as  
21 defined in the federal income tax law applicable to the taxable year, plus:

22 (1) Any interest not included in the federal gross income; minus

23 (2) Interest on obligations of the United States or its possessions, and other interest exempt  
24 from taxation by this state; and minus

25 (3) Fifty percent (50%) of the excess of capital gains over capital losses realized during the  
26 taxable year.

27 (d) (1) A small business corporation having an election in effect under subchapter S, 26  
28 U.S.C. § 1361 et seq., shall not be subject to the Rhode Island income tax on corporations, except  
29 that the corporation shall be subject to the provisions of subsection (a), to the extent of the income  
30 that is subjected to federal tax under subchapter S. Effective for tax years beginning on or after  
31 January 1, 2015, a small business corporation having an election in effect under subchapter S, 26  
32 U.S.C. § 1361 et seq., shall be subject to the minimum tax under § 44-11-2(e).

33 (2) The shareholders of the corporation who are residents of Rhode Island shall include in  
34 their income their proportionate share of the corporation's federal taxable income.

1 (3) [Deleted by P.L. 2004, ch. 595, art. 29, § 1.]

2 (4) [Deleted by P.L. 2004, ch. 595, art. 29, § 1.]

3 (e) **Minimum tax.** The tax imposed upon any corporation under this section, including a  
4 small business corporation having an election in effect under subchapter S, 26 U.S.C. § 1361 et  
5 seq., shall not be less than four hundred fifty dollars (\$450). For tax years beginning on or after  
6 January 1, 2017, the tax imposed shall not be less than four hundred dollars (\$400). [For tax years  
7 beginning on or after January 1, 2024, the tax imposed shall not be less than three hundred seventy-  
8 five dollars \(\\$375.00\).](#)

9 SECTION 3. Section 44-18-30 of the General Laws in Chapter 44-18 entitled "Sales and  
10 Use Taxes — Liability and Computation" is hereby amended to read as follows:

11 **44-18-30. Gross receipts exempt from sales and use taxes.**

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

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

17 (2) Newspapers.

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

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

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

24 (3) School meals. From the sale and from the storage, use, or other consumption in this  
25 state of meals served by public, private, or parochial schools, school districts, colleges, universities,  
26 student organizations, and parent-teacher associations to the students or teachers of a school,  
27 college, or university whether the meals are served by the educational institutions or by a food  
28 service or management entity under contract to the educational institutions.

29 (4) Containers.

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

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

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

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

5 (D) Keg and barrel containers, whether returnable or not, when sold to alcoholic beverage  
6 producers who place the alcoholic beverages in the containers.

7 (ii) As used in this subdivision, the term “returnable containers” means containers of a kind  
8 customarily returned by the buyer of the contents for reuse. All other containers are “non-returnable  
9 containers.”

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

24 (ii) In the case of contracts entered into with the federal government, its agencies, or  
25 instrumentalities, this state, or any other state of the United States of America, its agencies, any  
26 city, town, district, or other political subdivision of the states; hospitals not operated for profit;  
27 educational institutions not operated for profit; churches, orphanages, and other institutions or  
28 organizations operated exclusively for religious or charitable purposes, the contractor may purchase  
29 such materials and supplies (materials and/or supplies are defined as those that are essential to the  
30 project) that are to be utilized in the construction of the projects being performed under the contracts  
31 without payment of the tax.

32 (iii) The contractor shall not charge any sales or use tax to any exempt agency, institution,  
33 or organization but shall in that instance provide his or her suppliers with certificates in the form  
34 as determined by the division of taxation showing the reason for exemption and the contractor’s

1 records must substantiate the claim for exemption by showing the disposition of all property so  
2 purchased. If any property is then used for a nonexempt purpose, the contractor must pay the tax  
3 on the property used.

4 (6) Gasoline. From the sale and from the storage, use, or other consumption in this state  
5 of: (i) Gasoline and other products taxed under chapter 36 of title 31 and (ii) Fuels used for the  
6 propulsion of airplanes.

7 (7) Purchase for manufacturing purposes.

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

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

17 (iii) "Consumed" includes mere obsolescence.

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

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

25 (vi) "Process of manufacturing" does not mean or include administration operations such  
26 as general office operations, accounting, collection, or sales promotion, nor does it mean or include  
27 distribution operations that occur subsequent to production operations, such as handling, storing,  
28 selling, and transporting the manufactured products, even though the administration and  
29 distribution operations are performed by, or in connection with, a manufacturing business.

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

34 (9) Food and food ingredients. From the sale and storage, use, or other consumption in this

1 state of food and food ingredients as defined in § 44-18-7.1().

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

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

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

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

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

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

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

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

23 (11) Prosthetic devices and mobility enhancing equipment. From the sale and from the  
24 storage, use, or other consumption in this state, of prosthetic devices as defined in § 44-18-7.1(t),  
25 sold on prescription, including, but not limited to: artificial limbs, dentures, spectacles, eyeglasses,  
26 and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on prescription;  
27 and mobility enhancing equipment as defined in § 44-18-7.1(p), including wheelchairs, crutches,  
28 and canes.

29 (12) Coffins, caskets, urns, shrouds and burial garments. From the sale and from the  
30 storage, use, or other consumption in this state of coffins, caskets, burial containers, urns, urn liners,  
31 urn vaults, grave liners, grave vaults, burial tent setups, prayer cards, shrouds, and other burial  
32 garments that are ordinarily sold by a funeral director as part of the business of funeral directing.

33 (13) Motor vehicles sold to nonresidents.

34 (i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide nonresident

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

13 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may  
14 require any licensed motor vehicle dealer to keep records of 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 a licensed motor vehicle dealer that the purchaser of the  
17 motor vehicle was the holder of, and had in his or her possession a valid out-of-state motor vehicle  
18 registration or a valid out-of-state driver's license.

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

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

26 (15) Air and water pollution control facilities. From the sale, storage, use, or other  
27 consumption in this state of tangible personal property or supplies acquired for incorporation into  
28 or used and consumed in the operation of a facility, the primary purpose of which is to aid in the  
29 control of the pollution or contamination of the waters or air of the state, as defined in chapter 12  
30 of title 46 and chapter 23 of title 23, respectively, and that has been certified as approved for that  
31 purpose by the director of environmental management. The director of environmental management  
32 may certify to a portion of the tangible personal property or supplies acquired for incorporation  
33 into those facilities or used and consumed in the operation of those facilities to the extent that that  
34 portion has as its primary purpose the control of the pollution or contamination of the waters or air



1 of this state. As used in this subdivision, “facility” means any land, facility, device, building,  
2 machinery, or equipment.

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

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

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

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

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

25 (ii) For the purpose of this subsection the term “special adaptations” includes, but is not  
26 limited to: wheelchair lifts, wheelchair carriers, wheelchair ramps, wheelchair securements, hand  
27 controls, steering devices, extensions, relocations, and crossovers of operator controls, power-  
28 assisted controls, raised tops or dropped floors, raised entry doors, or alternative signaling devices  
29 to auditory signals.

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

33 (iv) For the purpose of this subdivision the exemption for a “specially adapted motor  
34 vehicle” means a use tax credit not to exceed the amount of use tax that would otherwise be due on

1 the motor vehicle, exclusive of any adaptations. The use tax credit is equal to the cost of the special  
2 adaptations, including installation.

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

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

7 (22) Manufacturing machinery and equipment.

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

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

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

34 (iv) Where a portion of a group of portable or mobile machinery is used in connection with

1 the actual manufacture, conversion, or processing of computer software or tangible personal  
2 property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under  
3 this subdivision even though the machinery in that group is used interchangeably and not otherwise  
4 identifiable as to use.

5 (23) Trade-in value of motor vehicles. From the sale and from the storage, use, or other  
6 consumption in this state of so much of the purchase price paid for a new or used automobile as is  
7 allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller, or of  
8 the proceeds applicable only to the automobile as are received from the manufacturer of  
9 automobiles for the repurchase of the automobile whether the repurchase was voluntary or not  
10 towards the purchase of a new or used automobile by the buyer. For the purpose of this subdivision,  
11 the word “automobile” means the following types of motor vehicles not used for hire and does not  
12 refer to any other type of motor vehicle: (i) a private passenger automobile; ~~not used for hire and~~  
13 ~~does not refer to any other type of motor vehicle.~~ (ii) a truck the gross weight of which is not more  
14 than fourteen thousand pounds (14,000 lbs.); or (iii) a motorcycle.

15 (24) Precious metal bullion.

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

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

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

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

29 (26) Commercial fishing vessels. From the sale and from the storage, use, or other  
30 consumption in this state of vessels and other watercraft that are in excess of five (5) net tons and  
31 that are used exclusively for “commercial fishing,” as defined in this subdivision, and from the  
32 repair, alteration, or conversion of those vessels and other watercraft, and from the sale of property  
33 purchased for the use of those vessels and other watercraft including provisions, supplies, and  
34 material for the maintenance and/or repair of the vessels and other watercraft and the boats nets,

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

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

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

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

1 (30) Boats.

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

7 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may  
8 require the seller of the boat or vessel to keep records of the sales to bona fide nonresidents as the  
9 tax administrator deems reasonably necessary to substantiate the exemption provided in this  
10 subdivision, including the affidavit of the seller that the buyer represented himself or herself to be  
11 a bona fide nonresident of this state and of the buyer that he or she is a nonresident of this state.

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

17 (32) Farm equipment. From the sale and from the storage or use of machinery and  
18 equipment used directly for commercial farming and agricultural production; including, but not  
19 limited to: tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,  
20 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,  
21 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and  
22 other farming equipment, including replacement parts appurtenant to or used in connection with  
23 commercial farming and tools and supplies used in the repair and maintenance of farming  
24 equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or the  
25 production within this state of agricultural products, including, but not limited to, field or orchard  
26 crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or production  
27 provides at least two thousand five hundred dollars (\$2,500) in annual gross sales to the operator,  
28 whether an individual, a group, a partnership, or a corporation for exemptions issued prior to July  
29 1, 2002. For exemptions issued or renewed after July 1, 2002, there shall be two (2) levels. Level I  
30 shall be based on proof of annual, gross sales from commercial farming of at least twenty-five  
31 hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption provided in this  
32 subdivision except for motor vehicles with an excise tax value of five thousand dollars (\$5,000) or  
33 greater. Level II shall be based on proof of annual gross sales from commercial farming of at least  
34 ten thousand dollars (\$10,000) or greater and shall be valid for purchases subject to the exemption

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

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

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

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

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

25 (37) Tangible personal property and supplies used in on-site hazardous waste recycling,  
26 reuse, or treatment. From the sale, storage, use, or other consumption in this state of tangible  
27 personal property or supplies used or consumed in the operation of equipment, the exclusive  
28 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as  
29 defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes," as defined  
30 in § 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely by the same  
31 taxpayer and where the personal property is located at, in, or adjacent to a generating facility of the  
32 taxpayer in Rhode Island. The taxpayer shall procure an order from the director of the department  
33 of environmental management certifying that the equipment and/or supplies as used or consumed,  
34 qualify for the exemption under this subdivision. If any information relating to secret processes or

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

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

10 (39) Food items paid for by food stamps. From the sale and from the storage, use, or other  
11 consumption in this state of eligible food items payment for which is properly made to the retailer  
12 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of 1977,  
13 7 U.S.C. § 2011 et seq.

14 (40) Transportation charges. From the sale or hiring of motor carriers as defined in § 39-  
15 12-2(12) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed  
16 with the Rhode Island public utilities commission on the number of miles driven or by the number  
17 of hours spent on the job.

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

23 (42) Equipment used for research and development. From the sale and from the storage,  
24 use, or other consumption of equipment to the extent used for research and development purposes  
25 by a qualifying firm. For the purposes of this subsection, “qualifying firm” means a business for  
26 which the use of research and development equipment is an integral part of its operation and  
27 “equipment” means scientific equipment, computers, software, and related items.

28 (43) Coins. From the sale and from the other consumption in this state of coins having  
29 numismatic or investment value.

30 (44) Farm structure construction materials. Lumber, hardware, and other materials used in  
31 the new construction of farm structures, including production facilities such as, but not limited to:  
32 farrowing sheds, free stall and stanchion barns, milking parlors, silos, poultry barns, laying houses,  
33 fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing rooms,  
34 machinery storage, seasonal farm worker housing, certified farm markets, bunker and trench silos,

1 feed storage sheds, and any other structures used in connection with commercial farming.

2 (45) Telecommunications carrier access service. Carrier access service or  
3 telecommunications service when purchased by a telecommunications company from another  
4 telecommunications company to facilitate the provision of telecommunications service.

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

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

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

23 (49) Banks and regulated investment companies interstate toll-free calls. Notwithstanding  
24 the provisions of this chapter, the tax imposed by this chapter does not apply to the furnishing of  
25 interstate and international, toll-free terminating telecommunication service that is used directly  
26 and exclusively by or for the benefit of an eligible company as defined in this subdivision; provided  
27 that an eligible company employs on average during the calendar year no less than five hundred  
28 (500) "full-time equivalent employees" as that term is defined in § 42-64.5-2. For purposes of this  
29 section, an "eligible company" means a "regulated investment company" as that term is defined in  
30 the Internal Revenue Code of 1986, 26 U.S.C. § 851, or a corporation to the extent the service is  
31 provided, directly or indirectly, to or on behalf of a regulated investment company, an employee  
32 benefit plan, a retirement plan or a pension plan, or a state-chartered bank.

33 (50) Mobile and manufactured homes generally. From the sale and from the storage, use,  
34 or other consumption in this state of mobile and/or manufactured homes as defined and subject to



1 taxation pursuant to the provisions of chapter 44 of title 31.

2 (51) Manufacturing business reconstruction materials.

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

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

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

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

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

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

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

28 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to  
29 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle  
30 in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this  
31 state or at the place of residence of the nonresident; provided that a non-motorized recreational  
32 vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption to  
33 its nonresidents is not exempt from the tax imposed under § 44-18-20; provided, further, that in  
34 that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate

1 that would be imposed in his or her state of residence not to exceed the rate that would have been  
2 imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed, non-motorized  
3 recreational vehicle dealer shall add and collect the tax required under this subdivision and remit  
4 the tax to the tax administrator under the provisions of chapters 18 and 19 of this title. Provided,  
5 that when a Rhode Island licensed, non-motorized recreational vehicle dealer is required to add and  
6 collect the sales and use tax on the sale of a non-motorized recreational vehicle to a bona fide  
7 nonresident as provided in this section, the dealer in computing the tax takes into consideration the  
8 law of the state of the nonresident as it relates to the trade-in of motor vehicles.

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

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

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

25 (55) Sprinkler and fire alarm systems in existing buildings. From the sale in this state of  
26 sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials  
27 necessary and attendant to the installation of those systems that are required in buildings and  
28 occupancies existing therein in July 2003 in order to comply with any additional requirements for  
29 such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003  
30 and that are not required by any other provision of law or ordinance or regulation adopted pursuant  
31 to that act. The exemption provided in this subdivision shall expire on December 31, 2008.

32 (56) Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-  
33 18-18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other  
34 consumption in this state of any new or used aircraft or aircraft parts.

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

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

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

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

23 (61) Agricultural products for human consumption. From the sale and from the storage,  
24 use, or other consumption of livestock and poultry of the kinds of products that ordinarily constitute  
25 food for human consumption and of livestock of the kind the products of which ordinarily constitute  
26 fibers for human use.

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

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

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

1 markup.

2 (65) Seeds and plants used to grow food and food ingredients. From the sale, storage, use,  
3 or other consumption in this state of seeds and plants used to grow food and food ingredients as  
4 defined in § 44-18-7.1()(i). “Seeds and plants used to grow food and food ingredients” shall not  
5 include marijuana seeds or plants.

6 (66) Feminine hygiene products. From the sale and from the storage, use, or other  
7 consumption of tampons, panty liners, menstrual cups, sanitary napkins, and other similar products  
8 the principal use of which is feminine hygiene in connection with the menstrual cycle.

9 (67) “Breast pump collection and storage supplies” means items of tangible personal  
10 property used in conjunction with a breast pump to collect milk expressed from a human breast and  
11 to store collected milk until it is ready for consumption. “Breast pump collection and storage  
12 supplies” include, but are not limited to, breast shields and breast shield connectors; breast pump  
13 tubes and tubing adaptors; breast pump valves and membranes; backflow protectors and backflow  
14 protector adaptors; bottles and bottle caps specific to the operation of the breast pump; breast milk  
15 storage bags; and related items sold as part of a breast pump kit pre-packaged by the breast pump  
16 manufacturer. “Breast pump collection and storage supplies” does not include: bottles and bottle  
17 caps not specific to the operation of the breast pump; breast pump travel bags and other similar  
18 carrying accessories, including ice packs, labels, and other similar products, unless sold as part of  
19 a breast pump kit pre-packed by the breast pump manufacturer; breast pump cleaning supplies,  
20 unless sold as part of a breast pump kit pre-packaged by the breast pump manufacturer; nursing  
21 bras, bra pads, breast shells, and other similar products; and creams, ointments, and other similar  
22 products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples.

23 ~~(68) Trade in value of motorcycles. From the sale and from the storage, use, or other~~  
24 ~~consumption in this state of so much of the purchase price paid for a new or used motorcycle as is~~  
25 ~~allocated for a trade in allowance on the motorcycle of the buyer given in trade to the seller, or of~~  
26 ~~the proceeds applicable only to the motorcycle as are received from the manufacturer of~~  
27 ~~motorcycles for the repurchase of the motorcycle whether the repurchase was voluntary or not~~  
28 ~~towards the purchase of a new or used motorcycle by the buyer. For the purpose of this subsection,~~  
29 ~~the word “motorcycle” means a motorcycle not used for hire and does not refer to any other type~~  
30 ~~of motor vehicle.~~

31 SECTION 4. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled “Personal  
32 Income Tax” is hereby amended to read as follows:

33 **44-30-2.6. Rhode Island taxable income — Rate of tax.**

1 (a) "Rhode Island taxable income" means federal taxable income as determined under the  
2 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-  
3 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax  
4 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of  
5 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

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

18 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative  
19 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island  
20 alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by  
21 multiplying the federal tentative minimum tax without allowing for the increased exemptions under  
22 the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal form 6251  
23 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%) for tax year  
24 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing the product  
25 to the Rhode Island tax as computed otherwise under this section. The excess shall be the taxpayer's  
26 Rhode Island alternative minimum tax.

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

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

1 (A) **Tax imposed.**

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

4	<b>If taxable income is:</b>	<b>The tax is:</b>
5	Not over \$53,150	3.75% of taxable income
6	Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the excess over
7	\$53,150	
8	Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the excess over
9	\$128,500	
10		Over \$195,850 but not over \$349,700
11		\$12,487.25 plus 9.00% of the excess over
12		\$195,850
13	Over \$349,700	\$26,333.75 plus 9.90% of the excess over
14		\$349,700

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

17	<b>If taxable income is:</b>	<b>The tax is:</b>
18	Not over \$42,650	3.75% of taxable income
19	Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the excess over
20	\$42,650	
21	Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the excess over
22	\$110,100	
23	Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the excess over
24		\$178,350
25	Over \$349,700	\$27,031.75 plus 9.90% of the excess over
26		\$349,700

27 (3) There is hereby imposed on the taxable income of unmarried individuals (other than  
28 surviving spouses and heads of households) a tax determined in accordance with the following  
29 table:

30	<b>If taxable income is:</b>	<b>The tax is:</b>
31	Not over \$31,850	3.75% of taxable income
32	Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the excess over
33	\$31,850	

1	Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the excess over
2	\$77,100	
3	Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the excess over
4		\$160,850
5	Over \$349,700	\$27,849.00 plus 9.90% of the excess over
6		\$349,700

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

9	<b>If taxable income is:</b>	<b>The tax is:</b>
10	Not over \$26,575	3.75% of taxable income
11	Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the excess over
12	\$26,575	
13	Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the excess over
14	\$64,250	
15	Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the excess over
16	\$97,925	
17	Over \$174,850	\$13,166.88 plus 9.90% of the excess over
18		\$174,850

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

21	<b>If taxable income is:</b>	<b>The tax is:</b>
22	Not over \$2,150	3.75% of taxable income
23	Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess over \$2,150
24	Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the excess over
25	\$5,000	
26	Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the excess over
27	\$7,650	
28	Over \$10,450	\$737.50 plus 9.90% of the excess over
29	\$10,450	

30 (6) Adjustments for inflation.

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

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

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

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

4 **(B) Maximum capital gains rates.**

5 (1) In general.

6 If a taxpayer has a net capital gain for tax years ending prior to January 1, 2010, the tax  
7 imposed by this section for such taxable year shall not exceed the sum of:

8 (a) 2.5% of the net capital gain as reported for federal income tax purposes under section  
9 26 U.S.C. § 1(h)(1)(a) and 26 U.S.C. § 1(h)(1)(b).

10 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.  
11 § 1(h)(1)(c).

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

14 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.  
15 § 1(h)(1)(e).

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

18 **(C) Itemized deductions.**

19 (1) In general.

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

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

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

25 (3) Basic standard deduction.

26 The Rhode Island standard deduction shall be allowed in accordance with the following  
27 table:

28 <b>Filing status</b>	<b>Amount</b>
29 Single	\$5,350
30 Married filing jointly or qualifying widow(er)	\$8,900
31 Married filing separately	\$4,450
32 Head of Household	\$7,850

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



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

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

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

7 (a) \$850;

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

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

10 In the case of:

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

12 (b) Nonresident alien individual;

13 (c) An estate or trust;

14 The standard deduction shall be zero.

15 (7) Adjustments for inflation.

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

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

19 by

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

21 **(D) Overall limitation on itemized deductions.**

22 (1) General rule.

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

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

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

30 (2) Applicable amount.

31 (a) In general.

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

34 (b) Adjustments for inflation.

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

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

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

4 (3) Phase-out of Limitation.

5 (a) In general.

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

9 (b) Applicable fraction.

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

12 <b>For Taxable years beginning in calendar year</b>	<b>The applicable fraction is</b>
13 2006 and 2007	$\frac{2}{3}$
14 2008 and 2009	$\frac{1}{3}$

15 (E) **Exemption amount.**

16 (1) In general.

17 Except as otherwise provided in this subsection, the term "exemption amount" means  
18 \$3,400.

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

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

23 (3) Adjustments for inflation.

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

25 (a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by

26 (b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

27 (4) Limitation.

28 (a) In general.

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

31 (b) Applicable percentage.

32 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the  
33 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each  
34 \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year

1 exceeds the threshold amount. In the case of a married individual filing a separate return, the  
2 preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the  
3 applicable percentage exceed one hundred percent (100%)

4 (c) Threshold Amount.

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

7 Filing status	Amount
8 Single	\$156,400
9 Married filing jointly or qualifying widow(er)	\$234,600
10 Married filing separately	\$117,300
11 Head of Household	\$195,500

12 (d) Adjustments for inflation.

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

14 (i) Such dollar amount contained in paragraph (b) in the year 1991, multiplied by

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

16 (5) Phase-out of limitation.

17 (a) In general.

18 In the case of taxable years beginning after December 31, 2005, and before January 1,  
19 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which  
20 would be the amount of such reduction.

21 (b) Applicable fraction.

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

24 For Taxable years beginning in calendar year	The applicable fraction is
25 2006 and 2007	$\frac{2}{3}$
26 2008 and 2009	$\frac{1}{3}$

27 (F) Alternative minimum tax.

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

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

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

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

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

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

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

3 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so  
4 much of the federal alternative minimum taxable income as modified by the modifications in § 44-  
5 30-12 as exceeds the exemption amount.

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

8 (6) Exemption amount.

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

10 <b>Filing status</b>	<b>Amount</b>
11 Single	\$39,150
12 Married filing jointly or qualifying widow(er)	\$53,700
13 Married filing separately	\$26,850
14 Head of Household	\$39,150
15 Estate or trust	\$24,650

16 (7) Treatment of unearned income of minor children

17 (a) In general.

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

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

21 (ii) \$6,000

22 (8) Adjustments for inflation

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

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

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

27 (9) Phase-out.

28 (a) In general.

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

32 (b) Threshold amount.

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

1	<b>Filing status</b>	<b>Amount</b>
2	Single	\$123,250
3	Married filing jointly or qualifying widow(er)	\$164,350
4	Married filing separately	\$82,175
5	Head of Household	\$123,250
6	Estate or trust	\$82,150

7 (c) Adjustments for inflation

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

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

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

11 **(G) Other Rhode Island taxes.**

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

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

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

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

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

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

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

21 **(I) Averaging of farm income.**

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

24 (a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. §  
25 1301].

26 **(J) Cost-of-living adjustment.**

27 (1) In general.

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

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

30 (b) The CPI for the base year.

31 (2) CPI for any calendar year.

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

1 (3) Consumer price index.

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

6 (4) Rounding.

7 (a) In general.

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

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

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

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

16 (2) Child and dependent care credit;

17 (3) General business credits;

18 (4) Credit for elderly or the disabled;

19 (5) Credit for prior year minimum tax;

20 (6) Mortgage interest credit;

21 (7) Empowerment zone employment credit;

22 (8) Qualified electric vehicle credit.

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

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

34 (N) **Rhode Island earned-income credit.**

1 (1) In general.

2 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-  
3 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent  
4 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode  
5 Island income tax.

6 For tax years beginning on or after January 1, 2015, and before January 1, 2016, a taxpayer  
7 entitled to a federal earned-income credit shall be allowed a Rhode Island earned-income credit  
8 equal to ten percent (10%) of the federal earned-income credit. Such credit shall not exceed the  
9 amount of the Rhode Island income tax.

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

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

18 (2) Refundable portion.

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

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

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

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

31 (3) For the period January 1, 2011, through December 31, 2011, and thereafter, "Rhode  
32 Island taxable income" means federal adjusted gross income as determined under the Internal  
33 Revenue Code, 26 U.S.C. § 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-  
34 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph

1 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph  
 2 44-30-2.6(c)(3)(C).

3 (A) **Tax imposed.**

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

8 <b>RI Taxable Income</b>		9 <b>RI Income Tax</b>	
10 Over	10 But not over	10 Pay + % on Excess	10 on the amount
11 \$ 0 -	11 \$ 55,000	11 \$ 0 + 3.75%	11 \$ 0
12 55,000 -	12 125,000	12 2,063 + 4.75%	12 55,000
13 125,000 -		13 5,388 + 5.99%	13 125,000

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

16 <b>RI Taxable Income</b>		16 <b>RI Income Tax</b>	
17 Over	17 But not over	17 Pay + % on Excess	17 on the amount
18 \$ 0 -	18 \$ 2,230	18 \$ 0 + 3.75%	18 \$ 0
19 2,230 -	19 7,022	19 84 + 4.75%	19 2,230
20 7,022 -		20 312 + 5.99%	20 7,022

22 (B) **Deductions:**

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

25 <b>Filing status</b>	25 <b>Amount</b>
26 Single	26 \$7,500
27 Married filing jointly or qualifying widow(er)	27 \$15,000
28 Married filing separately	28 \$7,500
29 Head of Household	29 \$11,250

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

32 (III) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island  
 33 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand  
 34 dollars (\$175,000), the standard deduction amount shall be reduced by the applicable percentage.



1 The term "applicable percentage" means twenty (20) percentage points for each five thousand  
2 dollars (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable  
3 year exceeds one hundred seventy-five thousand dollars (\$175,000).

4 **(C) Exemption Amount:**

5 (I) The term "exemption amount" means three thousand five hundred dollars (\$3,500)  
6 multiplied by the number of exemptions allowed for the taxable year for federal income tax  
7 purposes. For tax years beginning on or after 2018, the term "exemption amount" means the same  
8 as it does in 26 U.S.C. § 151 and 26 U.S.C. § 152 just prior to the enactment of the Tax Cuts and  
9 Jobs Act (Pub. L. No. 115-97) on December 22, 2017.

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

14 **(III) Identifying information required.**

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

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

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

30 **(E) Adjustment for inflation.** The dollar amount contained in subparagraphs 44-30-  
31 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  
32 equal to:

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

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

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

7 (IV) For the purpose of this section the term "consumer price index" means the last  
8 consumer price index for all urban consumers published by the department of labor. For the purpose  
9 of this section the revision of the consumer price index that is most consistent with the consumer  
10 price index for calendar year 1986 shall be used.

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

16 (F) **Credits against tax.**

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

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

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

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

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

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

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

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

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

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

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

12 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in  
13 § 42-64.20-1 et seq.

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

16 (m) Historic homeownership assistance act: Effective for tax year 2017 and thereafter,  
17 unused carryforward for such credit previously issued shall be allowed for the historic  
18 homeownership assistance act as provided in § 44-33.1-4. This allowance is for credits already  
19 issued pursuant to § 44-33.1-4 and shall not be construed to authorize the issuance of new credits  
20 under the historic homeownership assistance act.

21 (n) Food products donation tax credit: Credit shall be allowed for the food products  
22 donation tax credit as provided in § 44-71-1 et seq.

23 (2) Except as provided in section 1 above, no other state and federal tax credit shall be  
24 available to the taxpayers in computing tax liability under this chapter.

25 SECTION 5. Title 44 of the General Laws entitled "Taxation" is hereby amended by  
26 adding thereto the following chapter:

27 **CHAPTER 44-71**

28 **FOOD PRODUCTS DONATION TAX CREDIT**

29 **44-71-1. Short title.**

30 This chapter shall be known as "The Food Products Donation Tax Credit Act."

31 **44-71-2. Declaration of purpose.**

32 The general assembly finds and declares that it is in the interest of the state of Rhode Island  
33 to promote fresh, healthy, and local food products and to provide an incentive for donations of such

1 food products to food banks in the state of Rhode Island by providing a tax credit to donors for  
2 their donation of food products to food banks in the state of Rhode Island.

3 **44-71-3. Definitions.**

4 As used in this chapter:

5 (a) “Division of taxation” means the Rhode Island division of taxation.

6 (b) “Donor” means a food producing person that provides free of fee or charge food  
7 products to a food bank operating in Rhode Island.

8 (c) “Food bank” means an entity located in Rhode Island recognized as exempt from federal  
9 taxation under Section 501(c)(3) of the Internal Revenue Code that distributes food products to  
10 individuals in need.

11 (d) “Food producing person” means any person (1) responsible for or engaged in the  
12 business of and (2) deriving income from:

13 (i) Growing fruits, nuts, grains, or vegetables, or other food products; or

14 (ii) Raising beef, poultry, pork, fish, or other food products.

15 (e) “Food products” means fruits, nuts, grains, vegetables, beef, poultry, pork, fish, or any  
16 other edible products raised or grown in the state of Rhode Island, other than cannabis or cannabis  
17 products, that are intended for and fit for human consumption.

18 **44-71-4. Food products donation tax credit.**

19 (a) There is allowed to qualified donors a nonrefundable credit against taxes imposed by  
20 chapters 11 and 30 of title 44 equal to fifteen percent (15%) of the value of the donated food  
21 products as determined under subsection (c) of this section. The amount of the tax credit shall not  
22 exceed \$5,000 for a taxable year. In the case of corporations, the tax credit allowed for any taxable  
23 year shall not reduce the tax due for the year to less than the minimum tax as prescribed in § 44-  
24 11-2(e).

25 (b) If the amount of the tax credit allowed under this chapter exceeds the taxpayer’s total  
26 tax liability for the year in which the credit is allowed, the amount of such credit that exceeds the  
27 taxpayer’s tax liability may be carried forward and applied against the taxes imposed for the  
28 succeeding four (4) years, or until the full amount of the credit is used, whichever occurs first.  
29 Credits allowed to a partnership, a limited liability company taxed as a partnership, or multiple  
30 owners of property shall be passed through to the persons designated as partners, members, or  
31 owners documenting an alternative distribution method without regard to their sharing of other tax  
32 or economic attributes of such entity.

33 (c) At the time of the donation of food products, the donor shall provide to the food bank  
34 the estimated value of the donated food products as determined under subsection (c) of this section.

1 The food bank shall provide to the donor, on a form prescribed by the division of taxation, a signed  
2 and dated statement containing, at a minimum:

3 (i) The type and quantity of food products donated;

4 (ii) The name, address, and taxpayer identification number of the donor;

5 (iii) The name and address of the donee food bank; and

6 (iv) The estimated value of the donated food products, as provided by the donor.

7 (d) The donor shall determine the value of the donated food products as follows:

8 (i) If there was a previous sale of the food products to a buyer, the donor should retain a  
9 copy of an invoice or other statement identifying the price received by the donor for the food  
10 products of comparable grade or quality; or

11 (ii) If there is no previous sale of the food products to a buyer, the donor shall on the date  
12 of the donation to the food bank, determine the value of the donated food products based on the  
13 fair market value as determined by the average weekly regional produce auction prices or United  
14 States Department of Agriculture prices for meat, fish, and dairy products.

15 (e) For any taxable year for which a donor seeks to claim the tax credit allowed under this  
16 chapter, the donor shall attach to such donor's income tax return a food donation tax credit form,  
17 or other form, as prescribed by the division of taxation along with the donation form provided by  
18 the foodbank to the donor.

19 (f) The total tax credit amount allowed under this chapter shall be calculated and credited  
20 to the donor annually for each year in which the donation of food products is made after the division  
21 of taxation has verified the donor's compliance with the rules and regulations promulgated pursuant  
22 to section 5 of this chapter.

23 **44-71-5. Administration.**

24 (a) The division of taxation shall make available suitable forms as are necessary to  
25 implement the purposes of this chapter.

26 (b) The division of taxation may adopt guidelines, directives, criteria, and rules and  
27 regulations as are necessary to implement the purposes of this chapter.

28 SECTION 6. This article shall take effect upon passage except for Section 3 which shall  
29 take effect on October 1, 2023 and Section 5 which shall take effect for tax periods beginning on  
30 or after January 1, 2023.