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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

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

Introduced By: Senators DiPalma, Zurier, and Ciccone

Date Introduced: March 28, 2024

Referred To: Senate Finance

(Dept. of Revenue)

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 44-18-0 of the General Laws in Chapter 44-18 entitled "Sales and  
2 Use Taxes — Liability and Computation" is hereby amended to read as follows:

3           **44-18-30B. Exemption from sales tax for sales by writers, composers, artists —**  
4 **Findings.**

5           (a) The general assembly makes the following findings of facts:

6           (1) The arts and culture are a significant asset for Rhode Island, one that generates revenue  
7 through increased tourism and economic activity; creates jobs and economic opportunities;  
8 revitalizes communities adding to quality of life and property values; and fosters creativity,  
9 innovation, and entrepreneurship.

10          (2) Since 1998, the establishment of arts districts, where “one-of-a-kind, limited-  
11 production” works of art may be sold exempt from state sales tax, has resulted in an increased  
12 presence for the arts in designated cities and towns, with benefits to those communities and to the  
13 state.

14          (3) Since the establishment of arts districts, many communities have sought legislation to  
15 expand the program to their city or town.

16          (4) There is value in expanding the arts district program statewide, providing incentives for  
17 the sale and purchase of art. This is a unique opportunity for Rhode Island to shape history, and  
18 gain an advantage over other states, by becoming the first-and-only state in the country to declare

1 a statewide sales tax exemption on art. This will strengthen Rhode Island’s identity as an arts-  
2 friendly destination and “State of the Arts.”

3 (b)(1) This section only applies to sales by writers, composers, and artists residing in and  
4 conducting a business within the state of Rhode Island. For the purposes of this section, a “work”  
5 means an original and creative work, whether written, composed, or executed for “one-of-a-kind,  
6 limited production” that falls into one of the following categories:

- 7 (i) A book or other writing;
- 8 (ii) A play or the performance of said play;
- 9 (iii) A musical composition or the performance of said composition;
- 10 (iv) A painting, print, photograph, or other like picture;
- 11 (v) A sculpture;
- 12 (vi) Traditional and fine crafts;
- 13 (vii) The creation of a film or the acting within the film; or
- 14 (viii) The creation of a dance or the performance of the dance.

15 (2) For the purposes of this section, a “work” includes any product generated as a result of  
16 any of the above categories.

17 (3) For the purposes of this section, a “work” does not apply to any piece or performance  
18 created or executed for industry-oriented, commercial, or related production.

19 (c)(1) This section applies to sales by any individual:

20 (i) Who is a resident of, and has a principal place of business situated in, the state of Rhode  
21 Island.

22 (ii) Who is determined by the tax administrator in consultation with the Rhode Island  
23 council on the arts, after consideration of any evidence he or she deems necessary or that is  
24 submitted to him or her by the individual, to have written, composed, or executed, either solely or  
25 jointly, a work or works that would fall into one of the categories listed in subsection (b)(1).

26 (2) This section also applies to sales by any other gallery located in the state of Rhode  
27 Island.

28 (3) The tax administrator shall not make a determination unless:

29 (i) The individual(s) concerned duly make(s) an application to the tax administrator for the  
30 sales tax exemption that applies to the works defined in this section; and

31 (ii) The individual has complied and continues to comply with any and all requests made  
32 by the tax administrator.

33 (d) Any individual to whom this section applies, and who makes an application to the tax  
34 administrator, is entitled to a sales tax exemption for the sale of a work or works sold from the

1 individual's business located in the State of Rhode Island that would, apart from this section, be  
2 subject to the tax rate imposed by the state of Rhode Island.

3 (e) When an individual makes a request for the exemption, the tax administrator is entitled  
4 to all books, documents, or other evidence relating to the publication, production, or creation of the  
5 works that may be deemed necessary by the tax administrator for the purposes of the exemption.  
6 The time period in which to provide this information is in the sole discretion of the tax administrator  
7 and specified in the notice.

8 (f) In addition to the information required in subsection (e), the tax administrator may  
9 require the individual(s) to submit an annual, certified accounting of the numbers of works sold;  
10 the type of work sold; and the date of the sale. Failure to file this report may, in the sole discretion  
11 of the tax administrator, terminate the individual's eligibility for the exemption.

12 (g) Any person storing, using, or otherwise consuming in this state any work or works  
13 deemed to be exempt from the sales tax pursuant to this section is not liable for the use tax on the  
14 work or works.

15 (h) Notwithstanding the provisions of this section, any individual to whom this section may  
16 apply shall comply with all the administration, collection, and other provisions of chapters 18 and  
17 19 of this title.

18 (i) The certificate of exemption shall be valid for four (4) years from the date of issue. All  
19 certificates issued prior to the effective date of this subsection shall expire four (4) years from the  
20 effective date of this subsection.

21 (4) The Rhode Island council on the arts will oversee the transition to a statewide arts  
22 district program and work with the state tourism agencies; local chambers of commerce; and  
23 advertising/marketing agencies to promote this program, and will coordinate its efforts with the  
24 city and town governments. The Rhode Island council on the arts may request, and shall receive,  
25 from any department, division, board, bureau, commission, or agency of the state any data,  
26 assistance, and resources, including additional personnel, that will enable it to properly carry out  
27 this program.

28 (5) The tax administrator, in cooperation with the Rhode Island council on the arts, will  
29 gather data to assess the overall impact of the statewide arts district program, and issue an annual  
30 report, including, but not be limited to, the impact of the tax exemption on employment, tourism,  
31 sales, and spending within the arts sector and adjacent businesses, and any other factors that  
32 describe the impact of the program.

1 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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- 1 This act would provide a four (4) year expiration period on any certificate of exemption
- 2 pursuant to this section for writers, composers and artists.
- 3 This act would take effect upon passage.

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