ARTICLE 5 AS AMENDED

RELATING TO TAXES AND FEES

SECTION 1. Sections 42-63.1-2 and 42-63.1-3 of the General Laws in Chapter 42-63.1 entitled "Tourism and Development" are hereby amended to read as follows:

42-63.1-2. Definitions. [Effective January 30, 2025.]

For the purposes of this chapter:

(1) “Consideration” means the monetary charge for the use of space devoted to transient lodging accommodations.

(2) “Corporation” means the Rhode Island commerce corporation.

(3) “District” means the regional tourism districts set forth in § 42-63.1-5.

(4) “Hosting platform” means any electronic or operating system in which a person or entity provides a means through which an owner may offer a residential unit for “tourist or transient” use. This service is usually, though not necessarily, provided through an online or web-based system which generally allows an owner to advertise the residential unit through a hosted website and provides a means for a person or entity to arrange, or otherwise facilitate reservations for, tourist or transient use in exchange for payment, whether the person or entity pays rent directly to the owner or to the hosting platform. All hosting platforms are required to collect and remit the tax owed under this section.

(5) “Hotel” means any facility offering a minimum of one (1) room for which the public may, for a consideration, obtain transient lodging accommodations. The term “hotel” shall include hotels, motels, tourist homes, tourist camps, lodging houses, and inns. The term “hotel” shall also include houses, condominiums, or other residential dwelling units, regardless of the number of rooms, which are used and/or advertised for rent for occupancy. The term “hotel” shall not include schools, hospitals, sanitariums, nursing homes, and chronic care centers.

(6) “Occupancy” means a person, firm, or corporation’s use of space for transient lodging accommodations not to exceed thirty (30) days. Excluded from “occupancy” is the use of space for which the occupant has a written lease for the space, which lease covers a rental period of twelve (12) months or more. Furthermore, any house, condominium, or other residential dwelling rented, for which the occupant has a documented arrangement for the space covering a rental period of more than thirty (30) consecutive days or for one calendar month is excluded from the definition

of occupancy.

(7) "Owner" means any person who owns real property and is the owner of record. Owner shall also include a lessee where the lessee is offering a residential unit for "tourist or transient" use.

(8) "Residential unit" means a room or rooms, including a condominium or a room or a dwelling unit that forms part of a single, joint, or shared tenant arrangement, in any building, or portion thereof, which is designed, built, rented, leased, let, or hired out to be occupied for non-commercial use.

(9) "Tax" means the hotel tax and whole home short-term rental tax imposed by § 44-18-36.1(a) and (d).

(10) "Tourist or transient" means any use of a residential unit for occupancy for less than a thirty (30) consecutive day term of tenancy, or occupancy for less than thirty (30) consecutive days of a residential unit leased or owned by a business entity, whether on a short-term or long-term basis, including any occupancy by employees or guests of a business entity for less than thirty (30) consecutive days where payment for the residential unit is contracted for or paid by the business entity.

(11) "Tour operator" means a person that derives a majority of their or its revenue by providing tour operator packages.

(12) "Tour operator packages" means travel packages that include the services of a tour guide and where the itinerary encompasses five (5) or more consecutive days.

42-63.1-3. Distribution of tax.

(a) For returns and tax payments received on or before December 31, 2015, except as provided in § 42-63.1-12, the proceeds of the hotel tax, excluding the portion of the hotel tax collected from residential units offered for tourist or transient use through a hosting platform, shall be distributed as follows by the division of taxation and the city of Newport:

(1) Forty-seven percent (47%) of the tax generated by the hotels in the district, except as otherwise provided in this chapter, shall be given to the regional tourism district wherein the hotel is located; provided, however, that from the tax generated by the hotels in the city of Warwick, thirty-one percent (31%) of the tax shall be given to the Warwick regional tourism district established in § 42-63.1-5(a)(5) and sixteen percent (16%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors' Bureau established in § 42-63.1-11; and provided further, that from the tax generated by the hotels in the city of Providence, sixteen percent (16%) of that tax shall be given to the Greater Providence-Warwick Convention and Visitors' Bureau established by § 42-63.1-11, and thirty-one percent (31%) of that tax shall be given to the

Convention Authority of the city of Providence established pursuant to the provisions of chapter 84 of the public laws of January, 1980; provided, however, that the receipts attributable to the district as defined in § 42-63.1-5(a)(7) shall be deposited as general revenues, and that the receipts attributable to the district as defined in § 42-63.1-5(a)(8) shall be given to the Rhode Island commerce corporation as established in chapter 64 of this title.

(2) Twenty-five percent (25%) of the hotel tax shall be given to the city or town where the hotel that generated the tax is physically located, to be used for whatever purpose the city or town decides.

(3) Twenty-one percent (21%) of the hotel tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title, and seven percent (7%) to the Greater Providence-Warwick Convention and Visitors' Bureau.

(b) For returns and tax payments received after December 31, 2015, except as provided in § 42-63.1-12, the proceeds of the hotel tax, excluding the portion of the hotel tax collected from residential units offered for tourist or transient use through a hosting platform, shall be distributed as follows by the division of taxation and the city of Newport:

(1) For the tax generated by the hotels in the Aquidneck Island district, as defined in § 42-63.1-5, forty-two percent (42%) of the tax shall be given to the Aquidneck Island district, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-eight percent (28%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(2) For the tax generated by the hotels in the Providence district as defined in § 42-63.1-5, twenty eight percent (28%) of the tax shall be given to the Providence district, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically located, twenty-three percent (23%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four percent (24%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(3) For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5, twenty-eight percent (28%) of the tax shall be given to the Warwick District, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically located, twenty-three percent (23%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four percent (24%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(4) For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(5) With respect to the tax generated by hotels in districts other than those set forth in subsections (b)(1) through (b)(4) of this section, forty-two percent (42%) of the tax shall be given to the regional tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-eight percent (28%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(c) For returns and tax payments received before July 1, 2019, the proceeds of the hotel tax collected from residential units offered for tourist or transient use through a hosting platform shall be distributed as follows by the division of taxation and the city of Newport: twenty-five percent (25%) of the tax shall be given to the city or town where the residential unit that generated the tax is physically located, and seventy-five percent (75%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(d) The Rhode Island commerce corporation shall be required in each fiscal year to spend on the promotion and marketing of Rhode Island as a destination for tourists or businesses an amount of money of no less than the total proceeds of the hotel tax it receives pursuant to this chapter for the fiscal year.

(e) Notwithstanding the foregoing provisions of this section, for returns and tax payments received on or after July 1, 2016, and on or before June 30, 2017, except as provided in § 42-63.1-12, the proceeds of the hotel tax, excluding the portion of the hotel tax collected from residential units offered for tourist or transient use through a hosting platform, shall be distributed in accordance with the distribution percentages established in subsections (a)(1) through (a)(3) of this section by the division of taxation and the city of Newport.

(f) For returns and tax payments received on or after July 1, 2018, except as provided in § 42-63.1-12, the proceeds of the hotel tax, excluding the portion of the hotel tax collected from residential units offered for tourist or transient use through a hosting platform, shall be distributed as follows by the division of taxation and the city of Newport:

(1) For the tax generated by the hotels in the Aquidneck Island district, as defined in § 42-63.1-5, forty-five percent (45%) of the tax shall be given to the Aquidneck Island district, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-five percent (25%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(2) For the tax generated by the hotels in the Providence district as defined in § 42-63.1-5, thirty percent (30%) of the tax shall be given to the Providence district, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically located, twenty-four percent (24%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one percent (21%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(3) For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5, thirty percent (30%) of the tax shall be given to the Warwick District, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically located, twenty-four percent (24%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one percent (21%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(4) For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(5) With respect to the tax generated by hotels in districts other than those set forth in subsections (f)(1) through (f)(4) of this section, forty-five percent (45%) of the tax shall be given to the regional tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-five (25%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(g) For returns and tax payments received on or after July 1, 2019, except as provided in § 42-63.1-12, the proceeds of the hotel tax, including the portion of the hotel tax collected from

residential units offered for tourist or transient use through a hosting platform except as provided in subsection (h) of this section, shall be distributed as follows by the division of taxation and the city of Newport:

(1) For the tax generated in the Aquidneck Island district, as defined in § 42-63.1-5, forty-five percent (45%) of the tax shall be given to the Aquidneck Island district, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel or residential unit that generated the tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-five percent (25%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(2) For the tax generated in the Providence district as defined in § 42-63.1-5, thirty percent (30%) of the tax shall be given to the Providence district, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel or residential unit that generated the tax is physically located, twenty-four percent (24%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one percent (21%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(3) For the tax generated in the Warwick district as defined in § 42-63.1-5, thirty percent (30%) of the tax shall be given to the Warwick District, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel or residential unit that generated the tax is physically located, twenty-four percent (24%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one percent (21%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(4) For the tax generated in the Statewide district, as defined in § 42-63.1-5, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel or residential unit that generated the tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(5) With respect to the tax generated in districts other than those set forth in subsections (g)(1) through (g)(4) of this section, forty-five percent (45%) of the tax shall be given to the regional tourism district, as defined in § 42-63.1-5, wherein the hotel or residential unit is located, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel or residential unit that generated the tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-five

percent (25%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

(h) Distribution of whole home short-term rental tax. For returns and tax payments received after December 31, 2025, the proceeds of the whole home short-term rental tax established in § 44-18-36.1(d) shall be distributed as follows by the division of taxation and the city of Newport: fifty percent (50%) of the tax shall be deposited into the Housing Resources and Homelessness restricted receipt account, established pursuant to § 42-128-2(3), twenty-five percent (25%) shall be given to the regional tourism district, as defined in § 42-63.1-5, wherein the residential unit is located, and twenty-five percent (25%) shall be given to the city or town where the residential unit that generated the tax is physically located.

SECTION 2. Chapter 42-64.11 of the General Laws entitled "Jobs Growth Act" is hereby amended by adding thereto the following section:

42-64.11-7. Sunset.

No modifications shall be allowed, no applications shall be certified, and no taxpayers certified prior to January 1, 2026, shall pay the tax under this chapter for tax years beginning on or after January 1, 2026.

SECTION 3. Section 42-142-2 of the General Laws in Chapter 42-142 entitled "Department of Revenue" is hereby amended to read as follows:

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

(a) The department of revenue shall have the following powers and duties:

(1) To operate a division of taxation;

(2) To operate a division of motor vehicles;

(3) To operate a division of state lottery;

(4) To operate an office of revenue analysis;

(5) To operate a division of property valuation; ~~and~~

(6) To operate a central collections unit; and

(7) To convene, in consultation with the governor, an advisory working group to assist in the review and analysis of potential impacts of any adopted federal tax actions. The working group shall develop options for administrative action or general assembly consideration that may be needed to address any federal funding changes that impact Rhode Island revenues.

(b) The advisory working group may include, but not be limited to, the state tax administrator, chief of revenue analysis, director of management and budget, as well as designees from the following: state agencies, businesses, healthcare, public sector unions, and advocates.

(c) As soon as practicable after the enactment of the federal budget for fiscal year 2026,

but no later than October 31, 2025, the advisory working group shall forward a report to the governor, speaker of the house, and president of the senate containing the findings, recommendations and options for consideration to become compliant with federal changes prior to the governor's budget submittal.

SECTION 4. Section 44-11-11 of the General Laws in Chapter 44-11 entitled "Business Corporation Tax" is hereby amended to read as follows:

44-11-11. "Net income" defined. [Effective January 1, 2025.]

(a)(1) "Net income" means, for any taxable year and for any corporate taxpayer, the taxable income of the taxpayer for that taxable year under the laws of the United States, plus:

(i) Any interest not included in the taxable income;

(ii) Any specific exemptions;

(iii) The tax imposed by this chapter;

(iv) For any taxable year beginning on or after January 1, 2020, the amount of any Paycheck Protection Program loan forgiven for federal income tax purposes as authorized by the Coronavirus Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act, 2021 and/or any other subsequent federal stimulus relief packages enacted by law, to the extent that the amount of the loan forgiven exceeds $250,000; and minus:

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

(vi) The federal net operating loss deduction; ~~and~~

(vii) For any taxable year beginning on or after January 1, 2025, in the case of a taxpayer that is licensed in accordance with chapters 28.6 and/or 28.11 of title 21, the amount equal to any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed under 26 U.S.C. § 280E; and

(viii) For the taxable year beginning on or before January 1, 2025, the amount of any income, deduction or allowance that would be subject to federal income tax but for the Congressional enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment. The enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment and any Internal Revenue Service changes to forms, regulations, and/or processing which go into effect during the current tax year or within six (6) months of the beginning of the next tax year shall be deemed grounds for the promulgation of emergency rules and regulations under § 42-35-2.10 to effectuate the purpose of preserving the Rhode Island tax base under Rhode Island law with respect to the One Big Beautiful Bill Act or any other similar Congressional enactment.

(2) All binding federal elections made by or on behalf of the taxpayer applicable either directly or indirectly to the determination of taxable income shall be binding on the taxpayer except where this chapter or its attendant regulations specifically modify or provide otherwise. Rhode Island taxable income shall not include the "gross-up of dividends" required by the federal Internal Revenue Code to be taken into taxable income in connection with the taxpayer's election of the foreign tax credit.

(b) A net operating loss deduction shall be allowed, which shall be the same as the net operating loss deduction allowed under 26 U.S.C. § 172, except that:

(1) Any net operating loss included in determining the deduction shall be adjusted to reflect the inclusions and exclusions from entire net income required by subsection (a) of this section and § 44-11-11.1;

(2) The deduction shall not include any net operating loss sustained during any taxable year in which the taxpayer was not subject to the tax imposed by this chapter; and

(3) Limitation on 26 U.S.C. § 172 deduction.

(i) The deduction shall not exceed the deduction for the taxable year allowable under 26 U.S.C. § 172; provided, that the deduction for a taxable year may not be carried back to any other taxable year for Rhode Island purposes but shall only be allowable on a carry forward basis for the five (5) succeeding taxable years; and

(ii) For any taxable year beginning on or after January 1, 2025, the deduction shall not exceed the deduction for the taxable year allowable under 26 U.S.C. § 172; provided that, the deduction for a taxable year may not be carried back to any other taxable year for Rhode Island purposes, but shall only be allowable on a carry forward basis for the twenty (20) succeeding taxable years.

(c) "Domestic international sales corporations" (referred to as DISCs), for the purposes of this chapter, will be treated as they are under federal income tax law and shall not pay the amount of the tax computed under § 44-11-2(a). Any income to shareholders of DISCs is to be treated in the same manner as it is treated under federal income tax law as it exists on December 31, 1984.

(d) A corporation that qualifies as a "foreign sales corporation" (FSC) under the provisions of subchapter N, 26 U.S.C. § 861 et seq., and that has in effect for the entire taxable year a valid election under federal law to be treated as a FSC, shall not pay the amount of the tax computed under § 44-11-2(a). Any income to shareholders of FSCs is to be treated in the same manner as it is treated under federal income tax law as it exists on January 1, 1985.

(e) For purposes of a corporation's state tax liability, any deduction to income allowable under 26 U.S.C. § 1400Z-2(c) may be claimed in the case of any investment held by the taxpayer

for at least seven years. The division of taxation shall promulgate, in its discretion, rules and regulations relative to the accelerated application of deductions under 26 U.S.C. § 1400Z-2(c).

SECTION 5. Section 44-30-12 of the General Laws in Chapter 44-30 entitled "Personal Income Tax" is hereby amended to read as follows:

44-30-12. Rhode Island income of a resident individual. [Effective January 1, 2025.]

(a) **General.** The Rhode Island income of a resident individual means the individual's adjusted gross income for federal income tax purposes, with the modifications specified in this section.

(b) **Modifications increasing federal adjusted gross income.** There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state, or its political subdivisions, other than Rhode Island or its political subdivisions;

(2) Interest or dividend income on obligations or securities of any authority, commission, or instrumentality of the United States, but not of Rhode Island or its political subdivisions, to the extent exempted by the laws of the United States from federal income tax but not from state income taxes;

(3) The modification described in § 44-30-25(g);

(4)(i) The amount defined below of a nonqualified withdrawal made from an account in the tuition savings program pursuant to § 16-57-6.1. For purposes of this section, a nonqualified withdrawal is:

(A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-6.1; and

(B) A withdrawal or distribution that is:

(I) Not applied on a timely basis to pay "qualified higher education expenses" as defined in § 16-57-3(12) of the beneficiary of the account from which the withdrawal is made;

(II) Not made for a reason referred to in § 16-57-6.1(e); or

(III) Not made in other circumstances for which an exclusion from tax made applicable by Section 529 of the Internal Revenue Code, 26 U.S.C. § 529, pertains if the transfer, rollover, withdrawal, or distribution is made within two (2) taxable years following the taxable year for which a contributions modification pursuant to subsection (c)(4) of this section is taken based on contributions to any tuition savings program account by the person who is the participant of the account at the time of the contribution, whether or not the person is the participant of the account at the time of the transfer, rollover, withdrawal, or distribution;

(ii) In the event of a nonqualified withdrawal under subsection (b)(4)(i)(A) or (b)(4)(i)(B) of this section, there shall be added to the federal adjusted gross income of that person for the taxable year of the withdrawal an amount equal to the lesser of:

(A) The amount equal to the nonqualified withdrawal reduced by the sum of any administrative fee or penalty imposed under the tuition savings program in connection with the nonqualified withdrawal plus the earnings portion thereof, if any, includible in computing the person's federal adjusted gross income for the taxable year; and

(B) The amount of the person's contribution modification pursuant to subsection (c)(4) of this section for the person's taxable year of the withdrawal and the two (2) prior taxable years less the amount of any nonqualified withdrawal for the two (2) prior taxable years included in computing the person's Rhode Island income by application of this subsection for those years. Any amount added to federal adjusted gross income pursuant to this subdivision shall constitute Rhode Island income for residents, nonresidents, and part-year residents;

(5) The modification described in § 44-30-25.1(d)(3)(i);

(6) The amount equal to any unemployment compensation received but not included in federal adjusted gross income;

(7) The amount equal to the deduction allowed for sales tax paid for a purchase of a qualified motor vehicle as defined by the Internal Revenue Code § 164(a)(6); ~~and~~

(8) For any taxable year beginning on or after January 1, 2020, the amount of any Paycheck Protection Program loan forgiven for federal income tax purposes as authorized by the Coronavirus Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act, 2021 and/or any other subsequent federal stimulus relief packages enacted by law, to the extent that the amount of the loan forgiven exceeds $250,000, including an individual's distributive share of the amount of a pass-through entity's loan forgiveness in excess of $250,000; and

(9) For the taxable year beginning on or before January 1, 2025, the amount of any income, deduction or allowance that would be subject to federal income tax but for the Congressional enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment. The enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment and any Internal Revenue Service changes to forms, regulations, and/or processing which go into effect during the current tax year or within six (6) months of the beginning of the next tax year shall be deemed grounds for the promulgation of emergency rules and regulations under § 42-35-2.10 to effectuate the purpose of preserving the Rhode Island tax base under Rhode Island law with respect to the One Big Beautiful Bill Act or any other similar Congressional enactment.

(c) **Modifications reducing federal adjusted gross income.** There shall be subtracted

from federal adjusted gross income:

(1) Any interest income on obligations of the United States and its possessions to the extent includible in gross income for federal income tax purposes, and any interest or dividend income on obligations, or securities of any authority, commission, or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States; provided, that the amount to be subtracted shall in any case be reduced by any interest on indebtedness incurred or continued to purchase or carry obligations or securities the income of which is exempt from Rhode Island personal income tax, to the extent the interest has been deducted in determining federal adjusted gross income or taxable income;

(2) A modification described in § 44-30-25(f) or § 44-30-1.1(c)(1);

(3) The amount of any withdrawal or distribution from the "tuition savings program" referred to in § 16-57-6.1 that is included in federal adjusted gross income, other than a withdrawal or distribution or portion of a withdrawal or distribution that is a nonqualified withdrawal;

(4) Contributions made to an account under the tuition savings program, including the "contributions carryover" pursuant to subsection (c)(4)(iv) of this section, if any, subject to the following limitations, restrictions, and qualifications:

(i) The aggregate subtraction pursuant to this subdivision for any taxable year of the taxpayer shall not exceed five hundred dollars ($500) or one thousand dollars ($1,000) if a joint return;

(ii) The following shall not be considered contributions:

(A) Contributions made by any person to an account who is not a participant of the account at the time the contribution is made;

(B) Transfers or rollovers to an account from any other tuition savings program account or from any other "qualified tuition program" under section 529 of the Internal Revenue Code, 26 U.S.C. § 529; or

(C) A change of the beneficiary of the account;

(iii) The subtraction pursuant to this subdivision shall not reduce the taxpayer's federal adjusted gross income to less than zero (0);

(iv) The contributions carryover to a taxable year for purpose of this subdivision is the excess, if any, of the total amount of contributions actually made by the taxpayer to the tuition savings program for all preceding taxable years for which this subsection is effective over the sum of:

(A) The total of the subtractions under this subdivision allowable to the taxpayer for all

such preceding taxable years; and

(B) That part of any remaining contribution carryover at the end of the taxable year which exceeds the amount of any nonqualified withdrawals during the year and the prior two (2) taxable years not included in the addition provided for in this subdivision for those years. Any such part shall be disregarded in computing the contributions carryover for any subsequent taxable year;

(v) For any taxable year for which a contributions carryover is applicable, the taxpayer shall include a computation of the carryover with the taxpayer's Rhode Island personal income tax return for that year, and if for any taxable year on which the carryover is based the taxpayer filed a joint Rhode Island personal income tax return but filed a return on a basis other than jointly for a subsequent taxable year, the computation shall reflect how the carryover is being allocated between the prior joint filers;

(5) The modification described in § 44-30-25.1(d)(1);

(6) Amounts deemed taxable income to the taxpayer due to payment or provision of insurance benefits to a dependent, including a domestic partner pursuant to chapter 12 of title 36 or other coverage plan;

(7) **Modification for organ transplantation.**

(i) An individual may subtract up to ten thousand dollars ($10,000) from federal adjusted gross income if the individual, while living, donates one or more of their human organs to another human being for human organ transplantation, except that for purposes of this subsection, "human organ" means all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow. A subtract modification that is claimed hereunder may be claimed in the taxable year in which the human organ transplantation occurs.

(ii) An individual may claim that subtract modification hereunder only once, and the subtract modification may be claimed for only the following unreimbursed expenses that are incurred by the claimant and related to the claimant's organ donation:

(A) Travel expenses.

(B) Lodging expenses.

(C) Lost wages.

(iii) The subtract modification hereunder may not be claimed by a part-time resident or a nonresident of this state;

(8) **Modification for taxable Social Security income.**

(i) For tax years beginning on or after January 1, 2016:

(A) For a person who has attained the age used for calculating full or unreduced Social Security retirement benefits who files a return as an unmarried individual, head of household, or

married filing separate whose federal adjusted gross income for the taxable year is less than eighty thousand dollars ($80,000); or

(B) A married individual filing jointly or individual filing qualifying widow(er) who has attained the age used for calculating full or unreduced Social Security retirement benefits whose joint federal adjusted gross income for the taxable year is less than one hundred thousand dollars ($100,000), an amount equal to the Social Security benefits includible in federal adjusted gross income.

(ii) Adjustment for inflation. The dollar amount contained in subsections (c)(8)(i)(A) and (c)(8)(i)(B) of this section shall be increased annually by an amount equal to:

(A) Such dollar amount contained in subsections (c)(8)(i)(A) and (c)(8)(i)(B) of this section adjusted for inflation using a base tax year of 2000, multiplied by;

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

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

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

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

(9) **Modification of taxable retirement income from certain pension plans or annuities.**

(i) For tax years beginning on or after January 1, 2017, until the tax year beginning January 1, 2022, a modification shall be allowed for up to fifteen thousand dollars ($15,000), and for tax years beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, a modification shall be allowed for up to twenty thousand dollars ($20,000), and for tax years beginning on or after January 1, 2025, a modification shall be allowed for up to fifty thousand dollars ($50,000), of taxable pension and/or annuity income that is included in federal adjusted

gross income for the taxable year:

(A) For a person who has attained the age used for calculating full or unreduced Social Security retirement benefits who files a return as an unmarried individual, head of household, or married filing separate whose federal adjusted gross income for such taxable year is less than the amount used for the modification contained in subsection (c)(8)(i)(A) of this section an amount not to exceed $15,000 for tax years beginning on or after January 1, 2017, until the tax year beginning January 1, 2022, and an amount not to exceed twenty thousand dollars ($20,000) for tax years beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, and an amount not to exceed fifty thousand dollars ($50,000) for tax years beginning on or after January 1, 2025, of taxable pension and/or annuity income includible in federal adjusted gross income; or

(B) For a married individual filing jointly or individual filing qualifying widow(er) who has attained the age used for calculating full or unreduced Social Security retirement benefits whose joint federal adjusted gross income for such taxable year is less than the amount used for the modification contained in subsection (c)(8)(i)(B) of this section an amount not to exceed $15,000 for tax years beginning on or after January 1, 2017, until the tax year beginning January 1, 2022, and an amount not to exceed twenty thousand dollars ($20,000) for tax years beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, and an amount not to exceed fifty thousand dollars ($50,000) for tax years beginning on or after January 1, 2025, of taxable pension and/or annuity income includible in federal adjusted gross income.

(ii) Adjustment for inflation. The dollar amount contained by reference in subsections (c)(9)(i)(A) and (c)(9)(i)(B) of this section shall be increased annually for tax years beginning on or after January 1, 2018, by an amount equal to:

(A) Such dollar amount contained by reference in subsections (c)(9)(i)(A) and (c)(9)(i)(B) of this section adjusted for inflation using a base tax year of 2000, multiplied by;

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

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

(iv) For the purpose of this section, the term “consumer price index” means the last consumer price index for all urban consumers published by the department of labor. For the purpose of this section, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1986 shall be used.

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

(vi) For tax years beginning on or after January 1, 2022, the dollar amount contained by reference in subsection (c)(9)(i)(A) shall be adjusted to equal the dollar amount contained in subsection (c)(8)(i)(A), as adjusted for inflation, and the dollar amount contained by reference in subsection(c)(9)(i)(B) shall be adjusted to equal the dollar amount contained in subsection (c)(8)(i)(B), as adjusted for inflation;

(10) **Modification for Rhode Island investment in opportunity zones**. For purposes of a taxpayer's state tax liability, in the case of any investment in a Rhode Island opportunity zone by the taxpayer for at least seven (7) years, a modification to income shall be allowed for the incremental difference between the benefit allowed under 26 U.S.C. § 1400Z-2(b)(2)(B)(iv) and the federal benefit allowed under 26 U.S.C. § 1400Z-2(c);

(11) **Modification for military service pensions.**

(i) For purposes of a taxpayer's state tax liability, a modification to income shall be allowed as follows:

(A) For the tax years beginning on January 1, 2023, a taxpayer may subtract from federal adjusted gross income the taxpayer's military service pension benefits included in federal adjusted gross income;

(ii) As used in this subsection, the term "military service" shall have the same meaning as set forth in 20 C.F.R. § 212.2;

(iii) At no time shall the modification allowed under this subsection alone or in conjunction with subsection (c)(9) exceed the amount of the military service pension received in the tax year for which the modification is claimed;

(12) Any rebate issued to the taxpayer pursuant to § 44-30-103 to the extent included in gross income for federal tax purposes; and

(13) For tax years beginning on or after January 1, 2025, in the case of a taxpayer that is licensed in accordance with chapters 28.6 and/or 28.11 of title 21, the amount equal to any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed under 26 U.S.C. § 280E.

(d) **Modification for Rhode Island fiduciary adjustment.** There shall be added to, or subtracted from, federal adjusted gross income (as the case may be) the taxpayer's share, as

beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under § 44-30-17.

(e) **Partners.** The amounts of modifications required to be made under this section by a partner, which relate to items of income or deduction of a partnership, shall be determined under § 44-30-15.

SECTION 6. Section 44-18-7.3 of the General Laws in Chapter 44-18 entitled "Sales and Use Taxes — Liability and Computation" is hereby amended to read as follows:

44-18-7.3. Services defined.

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

(b) The following businesses and services performed in this state, along with the applicable 2017 North American Industrial Classification System (NAICS) codes, are included in the definition of services:

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

(i) Taxicab services including taxi dispatchers (485310); and

(ii) Limousine services (485320).

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

(i) Charter bus service (485510);

(ii) "Transportation network companies" (TNC) defined as an entity that uses a digital network to connect transportation network company riders to transportation network operators who provide prearranged rides. Any TNC operating in this state is a retailer as provided in § 44-18-15 and is required to file a business application and registration form and obtain a permit to make sales at retail with the tax administrator, to charge, collect, and remit Rhode Island sales and use tax; and

(iii) All other transit and ground passenger transportation (485999).

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

(4)(i) "Room reseller" or "reseller" means any person, except a tour operator as defined in § 42-63.1-2, having any right, permission, license, or other authority from or through a hotel as defined in § 42-63.1-2, to reserve, or arrange the transfer of occupancy of, accommodations the reservation or transfer of which is subject to this chapter, such that the occupant pays all or a portion of the rental and other fees to the room reseller or reseller. Room reseller or reseller shall include, but not be limited to, sellers of travel packages as defined in this section. Notwithstanding the provisions of any other law, where said reservation or transfer of occupancy is done using a room reseller or reseller, the application of the sales and use tax under §§ 44-18-18 and 44-18-20, and

the hotel tax under § 44-18-36.1 shall be as follows: The room reseller or reseller is required to register with, and shall collect and pay to, the tax administrator the sales and use and hotel taxes, with said taxes being calculated upon the amount of rental and other fees paid by the occupant to the room reseller or reseller, less the amount of any rental and other fees paid by the room reseller or reseller to the hotel. The hotel shall collect and pay to the tax administrator said taxes upon the amount of rental and other fees paid to the hotel by the room reseller or reseller and/or the occupant. No assessment shall be made by the tax administrator against a hotel because of an incorrect remittance of the taxes under this chapter by a room reseller or reseller. No assessment shall be made by the tax administrator against a room reseller or reseller because of an incorrect remittance of the taxes under this chapter by a hotel. If the hotel has paid the taxes imposed under this chapter, the occupant and/or room reseller or reseller, as applicable, shall reimburse the hotel for said taxes. If the room reseller or reseller has paid said taxes, the occupant shall reimburse the room reseller or reseller for said taxes. Each hotel and room reseller or reseller shall add and collect, from the occupant or the room reseller or the reseller, the full amount of the taxes imposed on the rental and other fees. When added to the rental and other fees, the taxes shall be a debt owed by the occupant to the hotel or room reseller or reseller, as applicable, and shall be recoverable at law in the same manner as other debts. The amount of the taxes collected by the hotel and/or room reseller or reseller from the occupant under this chapter shall be stated and charged separately from the rental and other fees, and shall be shown separately on all records thereof, whether made at the time the transfer of occupancy occurs, or on any evidence of the transfer issued or used by the hotel or the room reseller or the reseller. A room reseller or reseller shall not be required to disclose to the occupant the amount of tax charged by the hotel; provided, however, the room reseller or reseller shall represent to the occupant that the separately stated taxes charged by the room reseller or reseller include taxes charged by the hotel. No person shall operate a hotel in this state, or act as a room reseller or reseller for any hotel in the state, unless the tax administrator has issued a permit pursuant to § 44-19-1.

(ii) “Travel package” means a room, or rooms, bundled with one or more other, separate components of travel such as air transportation, car rental, or similar items, which travel package is charged to the customer or occupant for a single, retail price. When the room occupancy is bundled for a single consideration, with other property, services, amusement charges, or any other items, the separate sale of which would not otherwise be subject to tax under this chapter, the entire single consideration shall be treated as the rental or other fees for room occupancy subject to tax under this chapter; provided, however, that where the amount of the rental, or other fees for room occupancy is stated separately from the price of such other property, services, amusement charges,

or other items, on any sales slip, invoice, receipt, or other statement given the occupant, and such rental and other fees are determined by the tax administrator to be reasonable in relation to the value of such other property, services, amusement charges, or other items, only such separately stated rental and other fees will be subject to tax under this chapter. The value of the transfer of any room, or rooms, bundled as part of a travel package may be determined by the tax administrator from the room reseller's and/or reseller's and/or hotel's books and records that are kept in the regular course of business.

(5) Investigation, Guard, and Armored Car Services (561611, 561612 & 561613).

(6) "Parking services" (812930) means the act of offering a parking space in or on a parking facility for purposes of occupancy by a patron in exchange for a parking fee for a duration of less than one month.

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

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

SECTION 7. Section 44-18-36.1 of the General Laws in Chapter 44-18 entitled "Sales and Use Taxes — Liability and Computation" is hereby amended to read as follows:

44-18-36.1. ~~Hotel tax~~ Hotel tax and whole home short-term rental tax.

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

(b) There is hereby levied and imposed, upon the total consideration charged for occupancy of any space furnished by any hotel in this state, in addition to all other taxes and fees now imposed by law, a local hotel tax at a rate of one percent (1%) through December 31, 2025, and two percent

(2%) for tax periods beginning on or after January 1, 2026. The local hotel tax shall be administered and collected in accordance with subsection (a).

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

(d) There is hereby levied and imposed, upon the total consideration charged for occupancy, as defined in § 42-63.1-2(6), of a house, condominium, or other resident dwelling in this state rented in its entirety furnished by any room reseller or reseller as defined in § 44-18-7.3(b) or any other taxpayer, in addition to all other taxes and fees now imposed by law, a whole home short-term rental tax at a rate of five percent (5%). The whole home short-term rental tax shall be administered, collected, and distributed in accordance with subsection (a).

~~(d)~~(e) Notwithstanding the provisions of subsection (a) of this section, the city of Newport shall have the authority to collect from hotels located in the city of Newport the tax imposed by ~~subsection (a)~~ subsections (a) and (b) of this section. The city of Newport shall also have the authority to collect the tax imposed by subsection (d) of this section with respect to a house, condominium, or other resident dwelling rented in its entirety located in the city of Newport.

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

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

SECTION 8. Section 44-20-1 of the General Laws in Chapter 44-20 entitled "Cigarette, Other Tobacco Products, and Electronic Nicotine-Delivery System Products" is hereby amended to read as follows:

44-20-1. Definitions. [Effective January 1, 2025.]

Whenever used in this chapter, unless the context requires otherwise:

(1) “Administrator” means the tax administrator.

(2) “Cigarettes” means and includes any cigarettes suitable for smoking in cigarette form, “heat not burn products,” and each sheet of cigarette rolling paper, including but not limited to, paper made into a hollow cylinder or cone, made with paper or any other material, with or without a filter suitable for use in making cigarettes.

(3) “Dealer” means any person whether located within or outside of this state, who sells or distributes cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products to a consumer in this state.

(4) “Distributor” means any person:

(i) Whether located within or outside of this state, other than a dealer, who sells or distributes cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products within or into this state. Such term shall not include any cigarette or other tobacco product manufacturer, export warehouse proprietor, or importer with a valid permit under 26 U.S.C. § 5712, if such person sells or distributes cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products in this state only to licensed distributors, or to an export warehouse proprietor or another manufacturer with a valid permit under 26 U.S.C. § 5712;

(ii) Selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products directly to purchasers in this state by means of at least twenty-five (25) vending machines;

(iii) Engaged in this state in the business of manufacturing cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products or any person engaged in the business of selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products to dealers, or to other persons, for the purpose of resale only; provided, that seventy-five percent (75%) of all cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products sold by that person in this state are sold to dealers or other persons for resale and selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products directly to at least forty (40) dealers or other persons for resale; or

(iv) Maintaining one or more regular places of business in this state for that purpose; provided, that seventy-five percent (75%) of the sold cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products are purchased directly from the manufacturer and selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products directly to at least forty (40) dealers or other persons for resale.

(5) “Electronic nicotine-delivery system” means an electronic device that may be used to simulate smoking in the delivery of nicotine or other substance to a person inhaling from the device, and includes, but is not limited to, an electronic cigarette, electronic cigar, electronic cigarillo,

electronic little cigars, electronic pipe, electronic hookah, e-liquids, e-liquid products, or any related device and any cartridge or other component of such device.

(6) "Electronic nicotine-delivery system products" means any combination of electronic nicotine-delivery system and/or e-liquid and/or any derivative thereof, and/or any e-liquid container. Electronic nicotine-delivery system products shall include hemp-derived consumable CBD products as defined in § 2-26-3.

(7) "E-liquid" and "e-liquid products" mean any liquid or substance placed in or sold for use in an electronic nicotine-delivery system that generally utilizes a heating element that aerosolizes, vaporizes, or combusts a liquid or other substance containing nicotine or nicotine derivative:

(i) Whether the liquid or substance contains nicotine or a nicotine derivative; or

(ii) Whether sold separately or sold in combination with a personal vaporizer, electronic nicotine-delivery system, or an electronic inhaler.

(8) "Importer" means any person who imports into the United States, either directly or indirectly, a finished cigarette or other tobacco product and/or electronic nicotine-delivery system product for sale or distribution.

(9) "Licensed," when used with reference to a manufacturer, importer, distributor, or dealer, means only those persons who hold a valid and current license issued under § 44-20-2 for the type of business being engaged in. When the term "licensed" is used before a list of entities, such as "licensed manufacturer, importer, wholesale dealer, or retailer dealer," such term shall be deemed to apply to each entity in such list.

(10) "Manufacturer" means any person who manufactures, fabricates, assembles, processes, or labels a finished cigarette and/or other tobacco products and/or electronic nicotine-delivery system products.

(11) "Other tobacco products" (OTP) means any products that are made from or derived from tobacco or that contain nicotine, whether natural or artificial, including, but not limited to, cigars (excluding Little Cigars, as defined in § 44-20.2-1, which are subject to cigarette tax), cheroots, stogies, smoking tobacco (including granulated, plug cut, crimp cut, ready rubbed and any other kinds and forms of tobacco suitable for smoking in a pipe or otherwise), chewing tobacco (including Cavendish, twist, plug, scrap and any other kinds and forms of tobacco suitable for chewing), any and all forms of hookah, shisha and "mu'assel" tobacco, snuff, and shall include any other articles or products made of, derived from, or containing tobacco or nicotine, in whole or in part, or any tobacco or nicotine substitute, except cigarettes and electronic nicotine-delivery system products. Other tobacco products shall not mean any product that has been approved by the United

States Food and Drug Administration for the sale of or use as a tobacco or nicotine cessation product or for other medical purposes and is marketed and sold or prescribed exclusively for that approved purpose.

(12) "Person" means any individual, including an employee or agent, firm, fiduciary, partnership, corporation, trust, or association, however formed.

(13) "Pipe" means an apparatus made of any material used to burn or vaporize products so that the smoke or vapors can be inhaled or ingested by the user.

(14) "Place of business" means any location where cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products are sold, stored, or kept, including, but not limited to; any storage room, attic, basement, garage or other facility immediately adjacent to the location. It also includes any receptacle, hide, vessel, vehicle, airplane, train, or vending machine.

(15) "Sale" or "sell" means gifts, exchanges, and barter of cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products. The act of holding, storing, or keeping cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products at a place of business for any purpose shall be presumed to be holding the cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products for sale. Furthermore, any sale of cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products by the servants, employees, or agents of the licensed dealer during business hours at the place of business shall be presumed to be a sale by the licensee.

(16) "Stamp" means the impression, device, stamp, label, or print manufactured, printed, or made as prescribed by the administrator to be affixed to packages of cigarettes, as evidence of the payment of the tax provided by this chapter or to indicate that the cigarettes are intended for a sale or distribution in this state that is exempt from state tax under the provisions of state law; and also includes impressions made by metering machines authorized to be used under the provisions of this chapter.

SECTION 9. Section 44-20-13.2 of the General Laws in Chapter 44-20 entitled "Cigarette, Other Tobacco Products, and Electronic Nicotine-Delivery System Products" is hereby amended to read as follows:

44-20-13.2. Tax imposed on other tobacco products, smokeless tobacco, cigars, pipe tobacco products, and electronic nicotine-delivery products.[Effective January 1, 2025.]

(a) A tax is imposed on all other tobacco products, smokeless tobacco, cigars, pipe tobacco products, and electronic nicotine-delivery system products sold, or held for sale in the state by any person, the payment of the tax to be accomplished according to a mechanism established by the administrator, division of taxation, department of revenue. The tax imposed by this section shall be

as follows:

(1) For all other tobacco products, smokeless tobacco, cigars, and pipe tobacco products, at the rate of eighty percent (80%) of the wholesale cost of other tobacco products, cigars, pipe tobacco products, and smokeless tobacco other than snuff.

(2) Notwithstanding the eighty percent (80%) rate in subsection (a)(1) of this section, in the case of cigars, the tax shall not exceed fifty cents ($.50) for each cigar.

(3) At the rate of one dollar ($1.00) per ounce of snuff, and a proportionate tax at the like rate on all fractional parts of an ounce thereof. Such tax shall be computed based on the net weight as listed by the manufacturer; provided, however, that any product listed by the manufacturer as having a net weight of less than 1.2 ounces shall be taxed as if the product has a net weight of 1.2 ounces.

(4) Effective January 1, 2025:

(i) For electronic nicotine-delivery system products that are prefilled, sealed by the manufacturer, and not refillable, at the rate of fifty cents per milliliter ($0.50/mL) of the e-liquid and/or e-liquid products contained therein; and

(ii) For any other electronic nicotine-delivery system products, at the rate of ten percent (10%) of the wholesale cost of such products, whether or not sold at wholesale, and if not sold, then at the same rate upon the use by the wholesaler.

(iii) Existing Inventory Floor Tax. For all electronic nicotine-delivery system products held by licensed electronic nicotine-delivery system products retailers as of January 1, 2025: Each person engaging in the business of selling electronic nicotine-delivery system products at retail in this state shall pay a tax measured by the volume of e-liquid and/or e-liquid products contained in electronic nicotine-delivery system products that are prefilled, sealed by the manufacturer, and not refillable and the wholesale cost of all other electronic nicotine-delivery system products held by the person in this state at 12:01 a.m. on January 1, 2025, and is computed for electronic nicotine-delivery system products that are prefilled, sealed by the manufacturer, and not refillable, at the rate of fifty cents per milliliter ($0.50/mL) of the e-liquid and/or e-liquid products contained therein and for any other electronic nicotine-delivery system products at the rate of ten percent (10%) of the wholesale cost of such products on January 1, 2025. Each person subject to the payment of the tax imposed by this section shall, on or before January 16, 2025, file a return, under oath or certified under the penalties of perjury, with the administrator on forms furnished by the administrator, showing the volume of e-liquid and/or e-liquid products contained in electronic nicotine-delivery system products which are prefilled, sealed by the manufacturer, and not refillable and the wholesale cost of all other electronic nicotine-delivery system products in that person’s possession

in this state at 12:01 a.m. on January 1, 2025, as described in this section, and the amount of tax due, and shall at the time of filing the return pay the tax to the administrator. Failure to obtain forms shall not be an excuse for the failure to make a return containing the information required by the administrator.

(iv) For all electronic nicotine-delivery system products sold by licensed electronic nicotine-delivery system products distributors, manufacturers, and/or importers in Rhode Island as of January 1, 2025: Any person engaging in the business of distributing at wholesale electronic nicotine-delivery system products in this state shall pay a tax measured by the volume of e-liquid and/or e-liquid products contained in electronic nicotine-delivery system products that are prefilled, sealed by the manufacturer, and not refillable computed at the rate of fifty cents per milliliter ($0.50/mL) of the e-liquid and/or e-liquid products contained therein and for all other electronic nicotine-delivery system products at the rate of ten percent (10%) of the wholesale cost of such products.

(b)(1) Prior to January 1, 2025, any dealer having in the dealer's possession any other tobacco products with respect to the storage or use of which a tax is imposed by this section shall, within five (5) days after coming into possession of the other tobacco products in this state, file a return with the tax administrator in a form prescribed by the tax administrator. The return shall be accompanied by a payment of the amount of the tax shown on the form to be due. Records required under this section shall be preserved on the premises described in the relevant license in such a manner as to ensure permanency and accessibility for inspection at reasonable hours by authorized personnel of the administrator.

(2) Effective January 1, 2025, all other tobacco products, except for cigars, and electronic nicotine-delivery system products sold at wholesale in Rhode Island must be sold by a Rhode Island licensed distributor, manufacturer, or importer, and purchases of other tobacco products, except for cigars, and/or electronic nicotine-delivery system products, from an unlicensed distributor, manufacturer, or importer are prohibited. Any other tobacco products, except for cigars, and/or electronic nicotine-delivery system products purchased and/or obtained from an unlicensed person shall be subject to the terms of this chapter including, but not limited to, § 44-20-15 and shall be taxed pursuant to this section.

(3) Effective January 1, 2025, any dealer having in the dealer's possession any cigars with respect to the storage or use of which a tax is imposed by this section shall, within five (5) days after coming into possession of cigars in this state, file a return with the tax administrator in a form prescribed by the tax administrator. The return shall be accompanied by a payment of the amount of the tax shown on the form to be due. Records required under this section shall be preserved on

the premises described in the relevant license in such a manner as to ensure permanency and accessibility for inspection at reasonable hours by authorized personnel of the administrator.

(c) Existing Inventory Floor Tax.

(1) For all nicotine products defined in § 44-20-1 as other tobacco products but not previously taxed as other tobacco products held by licensed retailers as of October 1 2025: Each person engaging in the business of selling nicotine products at retail in this state shall pay a tax at the rate of eighty percent (80%) of the wholesale cost of such products on October 1, 2025. Each person subject to the payment of the tax imposed by this section shall, on or before October 16, 2025, file a return, under oath or certified under the penalties of perjury. with the administrator on forms furnished by the administrator, showing the wholesale cost of all nicotine products not previously taxed as other tobacco products in that person's possession in this state at 12:01 a.m. on October 1, 2025, as described in this section, and the amount of tax due. and shall at the time of filing the return pay the tax to the administrator. Failure to obtain forms shall not be an excuse for the failure to make a return containing the information required by the administrator.

(2) For all nicotine products defined in § 44-20-1 as other tobacco products but not previously taxed as other tobacco products held by licensed distributors, manufacturers, and/or importers in Rhode Island as of October 1, 2025: Each person engaging in the business of distributing at wholesale nicotine products defined in § 44-20-1 as other tobacco products but not previously taxed as other tobacco products in this state shall pay a tax at the rate of eighty percent (80%) of the wholesale cost of such products on October 1, 2025. Each person subject to the payment of the tax imposed by this section shall, on or before October 16, 2025, file a return, under oath or certified under the penalties of perjury, with the administrator on forms furnished by the administrator, showing the wholesale cost of all nicotine products not previously taxed as other tobacco products in that person's possession in this state at 12:01 a.m. on October 1, 2025, as described in this section, and the amount of tax due, and shall at the time of filing the return pay the tax to the administrator. Failure to obtain forms shall not be an excuse for the failure to make a return containing the information required by the administrator.

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

SECTION 10. Section 44-25-1 of the General Laws in Chapter 44-25 entitled "Real Estate Conveyance Tax" is hereby amended to read as follows:

44-25-1. Tax imposed — Payment — Burden.

(a) There is imposed, on each deed, instrument, or writing by which any lands, tenements, or other realty sold is granted, assigned, transferred, or conveyed, to, or vested in, the purchaser or purchasers, or any other person or persons, by his, her, or their direction, or on any grant,

assignment, transfer, or conveyance or such vesting, by such persons that has the effect of making any real estate company an acquired real estate company, when the consideration paid exceeds one hundred dollars ($100), a tax at the rate of ~~two dollars and thirty cents ($2.30)~~ three dollars and seventy-five cents ($3.75) for each five hundred dollars ($500), or fractional part of it, that is paid for the purchase of property or the interest in an acquired real estate company (inclusive of the value of any lien or encumbrance remaining at the time the sale, grant, assignment, transfer, or conveyance or vesting occurs, or in the case of an interest in an acquired real estate company, a percentage of the value of such lien or encumbrance equivalent to the percentage interest in the acquired real estate company being granted, assigned, transferred, conveyed, or vested). The tax is payable at the time of making, the execution, delivery, acceptance, or presentation for recording of any instrument affecting such transfer, grant, assignment, transfer, conveyance, or vesting. In the absence of an agreement to the contrary, the tax shall be paid by the grantor, assignor, transferor, or person making the conveyance or vesting.

(b) In addition to the tax imposed by subsection (a), there is imposed, on each deed, instrument, or writing by which any residential real property sold is granted, assigned, transferred, or conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his, her, or their direction, or on any grant, assignment, transfer, or conveyance or such vesting, by such persons that has the effect of making any real estate company an acquired real estate company, when the consideration paid exceeds eight hundred thousand dollars ($800,000), a tax at the rate of ~~two dollars and thirty cents ($2.30)~~ three dollars and seventy-five cents ($3.75) for each five hundred dollars ($500), or fractional part of it, of the consideration in excess of eight hundred thousand dollars ($800,000) that is paid for the purchase of residential real property or the interest in an acquired real estate company (inclusive of the value of any lien or encumbrance remaining at the time the sale, grant, assignment, transfer, or conveyance or vesting occurs, or in the case of an interest in an acquired real estate company, a percentage of the value of such lien or encumbrance equivalent to the percentage interest in the acquired real estate company being granted, assigned, transferred, conveyed, or vested). The tax imposed by this subsection shall be paid at the same time and in the same manner as the tax imposed by subsection (a) For tax years beginning on or after January 1, 2026, the threshold of eight hundred thousand dollars ($800,000) provided pursuant to this section shall be adjusted by the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics determined as of September 30 of the prior calendar years. Said adjustment shall be compounded annually and shall be rounded up to the nearest five-dollar ($5.00) increment. In no event shall the threshold in any tax year be less than the prior tax year.

(c) In the event no consideration is actually paid for the lands, tenements, or realty, the instrument or interest in an acquired real estate company of conveyance shall contain a statement to the effect that the consideration is such that no documentary stamps are required.

(d) The tax shall be distributed as follows:

(1) With respect to the tax imposed by subsection (a): the tax administrator shall contribute to the distressed community relief program the sum of ~~thirty cents ($.30)~~ fifty cents ($.50) per ~~two dollars and thirty cents ($2.30)~~ three dollars and seventy-five cents ($3.75) of the face value of the stamps to be distributed pursuant to § 45-13-12, and to the housing resources and homelessness restricted receipt account established pursuant to § 42-128-2 the sum of ~~thirty cents ($.30)~~ fifty cents ($.50) per ~~two dollars and thirty cents ($2.30)~~ three dollars and seventy-five cents ($3.75) of the face value of the stamps. The state shall retain ~~sixty cents ($.60)~~ ninety-five cents ($.95) for state use. The balance of the tax shall be retained by the municipality collecting the tax.

(2) With respect to the tax imposed by subsection (b): the tax administrator shall contribute ~~the entire tax to the housing production fund established~~ to the housing production fund the sum of two dollars and fifty cents ($2.50) per three dollars and seventy-five cents ($3.75) to be distributed pursuant to § 42-128-2.1, and to the housing resources and homelessness restricted receipt account the sum of one dollar and twenty-five cents ($1.25) to be distributed pursuant to § 42-128-2.

(3) Notwithstanding the above, in the case of the tax on the grant, transfer, assignment, or conveyance or vesting with respect to an acquired real estate company, the tax shall be collected by the tax administrator and shall be distributed to the municipality where the real estate owned by the acquired real estate company is located; provided, however, in the case of any such tax collected by the tax administrator, if the acquired real estate company owns property located in more than one municipality, the proceeds of the tax shall be allocated amongst said municipalities in the proportion the assessed value of said real estate in each such municipality bears to the total of the assessed values of all of the real estate owned by the acquired real estate company in Rhode Island. Provided, however, in fiscal years 2004 and 2005, from the proceeds of this tax, the tax administrator shall deposit as general revenues the sum of ninety cents ($.90) per two dollars and thirty cents ($2.30) of the face value of the stamps. The balance of the tax on the purchase of property shall be retained by the municipality collecting the tax. The balance of the tax on the transfer with respect to an acquired real estate company, shall be collected by the tax administrator and shall be distributed to the municipality where the property for which interest is sold is physically located. Provided, however, that in the case of any tax collected by the tax administrator with respect to an acquired real estate company where the acquired real estate company owns property located in more than one municipality, the proceeds of the tax shall be allocated amongst

the municipalities in proportion that the assessed value in any such municipality bears to the assessed values of all of the real estate owned by the acquired real estate company in Rhode Island.

(e) For purposes of this section, the term "acquired real estate company" means a real estate company that has undergone a change in ownership interest if (1) The change does not affect the continuity of the operations of the company; and (2) The change, whether alone or together with prior changes has the effect of granting, transferring, assigning, or conveying or vesting, transferring directly or indirectly, 50% or more of the total ownership in the company within a period of three (3) years. For purposes of the foregoing subsection (e)(2), a grant, transfer, assignment, or conveyance or vesting, shall be deemed to have occurred within a period of three (3) years of another grant(s), transfer(s), assignment(s), or conveyance(s) or vesting(s) if during the period the granting, transferring, assigning, or conveying party provides the receiving party a legally binding document granting, transferring, assigning, or conveying or vesting the realty or a commitment or option enforceable at a future date to execute the grant, transfer, assignment, or conveyance or vesting.

(f) A real estate company is a corporation, limited liability company, partnership, or other legal entity that meets any of the following:

(1) Is primarily engaged in the business of holding, selling, or leasing real estate, where 90% or more of the ownership of the real estate is held by 35 or fewer persons and which company either (i) derives 60% or more of its annual gross receipts from the ownership or disposition of real estate; or (ii) owns real estate the value of which comprises 90% or more of the value of the entity's entire tangible asset holdings exclusive of tangible assets that are fairly transferrable and actively traded on an established market; or

(2) Ninety percent or more of the ownership interest in such entity is held by 35 or fewer persons and the entity owns as 90% or more of the fair market value of its assets a direct or indirect interest in a real estate company. An indirect ownership interest is an interest in an entity 90% or more of which is held by 35 or fewer persons and the purpose of the entity is the ownership of a real estate company.

(g) In the case of a grant, assignment, transfer, or conveyance or vesting that results in a real estate company becoming an acquired real estate company, the grantor, assignor, transferor, or person making the conveyance or causing the vesting, shall file or cause to be filed with the division of taxation, at least five (5) days prior to the grant, transfer, assignment, or conveyance or vesting, notification of the proposed grant, transfer, assignment, or conveyance or vesting, the price, terms and conditions thereof, and the character and location of all of the real estate assets held by the real estate company and shall remit the tax imposed and owed pursuant to subsection (a). Any such

grant, transfer, assignment, or conveyance or vesting which results in a real estate company becoming an acquired real estate company shall be fraudulent and void as against the state unless the entity notifies the tax administrator in writing of the grant, transfer, assignment, or conveyance or vesting as herein required in subsection (g) and has paid the tax as required in subsection (a). Upon the payment of the tax by the transferor, the tax administrator shall issue a certificate of the payment of the tax which certificate shall be recordable in the land evidence records in each municipality in which such real estate company owns real estate. Where the real estate company has assets other than interests in real estate located in Rhode Island, the tax shall be based upon the assessed value of each parcel of property located in each municipality in the state of Rhode Island.

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

44-31-2. Specialized investment tax credit.

(a) A certified building owner, as provided in chapter 64.7 of title 42, may be allowed a specialized investment tax credit against the tax imposed by chapters 11, 14, 17 and 30 of this title.

(b) The taxpayer may claim credit for the rehabilitation and reconstruction costs of a certified building, which has been substantially rehabilitated. Once substantial rehabilitation is established by the taxpayer, the taxpayer may claim credit for all rehabilitation and reconstruction costs incurred with respect to the certified building within five (5) years from the date of final designation of the certified building by the council pursuant to § 42-64.7-6.

(c) The credit shall be ten percent (10%) of the rehabilitation and reconstruction costs of the certified building. The credit shall be allowable in the year the substantially rehabilitated certified building is first placed into service, which is the year in which, under the taxpayer's depreciation practice, the period for depreciation with respect to such property begins, or the year in which the property is placed in a condition or state of readiness and availability for its specifically assigned function, whichever is earlier.

(d) The credit shall not offset any tax liability in taxable years other than the year or years in which the taxpayer qualifies for the credit. The credit shall not reduce the tax below the minimum. Amounts of unused credit for this taxpayer may be carried over and offset against this taxpayer's tax for a period not to exceed the following seven (7) taxable years.

(e) In the case of a corporation, this credit is only allowed against the tax of that of a corporation included in a consolidated return that qualifies for the credit and not against the tax of other corporations that may join in the filing of a consolidated tax return.

(f) Sunset. No credits shall be allowed under this section for tax years beginning on or after January 1, 2026. Credits allowed for tax years ending on or before December 31, 2025, may be

carried forward into tax years beginning on or after January 1, 2026, in accordance with subsection (d) of this section.

SECTION 12. Sections 44-31.2-5 and 44-31-.2-6 of the General Laws in Chapter 44-31.2 entitled "Motion Picture Production Tax Credits" are hereby amended to read as follows:

44-31.2-5. Motion picture production company tax credit.

(a) A motion picture production company shall be allowed a credit to be computed as provided in this chapter against a tax imposed by chapters 11, 14, 17, and 30 of this title. The amount of the credit shall be thirty percent (30%) of the state-certified production costs incurred directly attributable to activity within the state, provided:

(1) That the primary locations are within the state of Rhode Island and the total production budget as defined herein is a minimum of one hundred thousand dollars ($100,000); or

(2) The motion picture production incurs and pays a minimum of ten million dollars ($10,000,000) in state-certified production costs within a twelve-month (12) period.

The credit shall be earned in the taxable year in which production in Rhode Island is completed, as determined by the film office in final certification pursuant to § 44-31.2-6(c).

(b) For the purposes of this section: “total production budget” means and includes the motion picture production company’s pre-production, production, and post-production costs incurred for the production activities of the motion picture production company in Rhode Island in connection with the production of a state-certified production. The budget shall not include costs associated with the promotion or marketing of the film, video, or television product.

(c) Notwithstanding subsection (a) of this section, the credit shall not exceed seven million dollars ($7,000,000) and shall be allowed against the tax for the taxable period in which the credit is earned and can be carried forward for not more than three (3) succeeding tax years. Pursuant to rules promulgated by the tax administrator, the administrator may issue a waiver of the seven million dollars ($7,000,000) tax credit cap for any feature-length film or television series up to the remaining funds available pursuant to section (e) of this section.

(d) Credits allowed to a motion picture production company, which is a subchapter S corporation, partnership, or a limited liability company that is taxed as a partnership, shall be passed through respectively to persons designated as partners, members, or owners on a pro rata basis or pursuant to an executed agreement among such persons designated as subchapter S corporation shareholders, partners, or members documenting an alternate distribution method without regard to their sharing of other tax or economic attributes of such entity.

(e) No more than fifteen million dollars ($15,000,000) in total may be issued for any tax year beginning after December 31, 2007, for motion picture tax credits pursuant to this chapter

and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title. After December 31, 2019, no more than twenty million dollars ($20,000,000) in total may be issued for any tax year for motion picture tax credits pursuant to this chapter and/or musical and theater production tax credits pursuant to chapter 31.3 of this title. Said credits shall be equally available to motion picture productions and musical and theatrical productions. No specific amount shall be set aside for either type of production.

(f) Exclusively for tax year 2022 and tax year 2023, the total amount of motion picture tax credits issued pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title shall not exceed ~~thirty million dollars ($30,000,000)~~ thirty-five million dollars ($35,000,000).

(g) Exclusively for ~~tax year 2023 and~~ tax year 2024, the total amount of motion picture tax credits issued pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title shall not exceed forty million dollars ($40,000,000).

44-31.2-6. Certification and administration.

(a) Initial certification of a production. The applicant shall properly prepare, sign, and submit to the film office an application for initial certification of the Rhode Island production. The application shall include such information and data as the film office deems necessary for the proper evaluation and administration of the application, including, but not limited to, any information about the motion picture production company, and a specific Rhode Island motion picture. The film office shall review the completed application and determine whether it meets the requisite criteria and qualifications for the initial certification for the production. If the initial certification is granted, the film office shall issue a notice of initial certification of the motion picture production to the motion picture production company and to the tax administrator. The notice shall state that, after appropriate review, the initial application meets the appropriate criteria for conditional eligibility. The notice of initial certification will provide a unique identification number for the production based on the estimated completion date of the production and is only a statement of conditional eligibility for the production and, as such, does not grant or convey any Rhode Island tax benefits. The motion picture production company is responsible for notifying the film office and the Rhode Island division of taxation if it does not expect to complete its production within the same calendar year of its estimated completion date. If the motion picture production company does not expect to complete its production within the same calendar year of its estimated completion date, it shall notify both the film office and the Rhode Island division of taxation immediately upon learning of the reason for the change in completion date.

(b) Final certification of a production. Upon completion of the Rhode Island production

activities, the applicant shall request a certificate of good standing from the Rhode Island division of taxation. The certificates shall verify to the film office the motion picture production company's compliance with the requirements of § 44-31.2-2(11). The applicant shall properly prepare, sign, and submit to the film office an application for final certification of the production and which must include the certificate of good standing from the division of taxation. In addition, the application shall contain such information and data as the film office determines is necessary for the proper evaluation and administration, including, but not limited to, any information about the motion picture production company, its investors, and information about the production previously granted initial certification. The final application shall also contain a cost report and an "accountant's certification." The film office and tax administrator may rely without independent investigation, upon the accountant's certification, in the form of an opinion, confirming the accuracy of the information included in the cost report. Upon review of a duly completed and filed application, the film office will make a determination pertaining to the final certification of the production. Within ninety (90) days after the division of taxation's receipt of the motion picture production company final certification and cost report, the division of taxation shall issue a certification of the amount of credit for which the motion picture production company qualifies under § 44-31.2-5. To claim the tax credit, the division of taxation's certification as to the amount of the tax credit shall be attached to all state tax returns on which the credit is claimed.

(c) Final certification and credits. Upon determination that the motion picture production company qualifies for final certification, the film office shall issue a letter to the production company indicating "certificate of completion of a state-certified production." A motion picture production company is prohibited from using state funds, state loans, or state guaranteed loans to qualify for the motion picture tax credit. All documents that are issued by the film office pursuant to this section shall reference the identification number that was issued to the production as part of its initial certification.

(d) The director of the Rhode Island council on the arts, in consultation as needed with the tax administrator, shall promulgate such rules and regulations as are necessary to carry out the intent and purposes of this chapter in accordance with the general guidelines provided herein for the certification of the production and the resultant production credit.

(e) The tax administrator of the division of taxation, in consultation with the director of the Rhode Island film and television office, shall promulgate the rules and regulations as are necessary to carry out the intent and purposes of this chapter in accordance with the general guidelines for the tax credit provided herein.

(f) Any motion picture production company applying for the credit shall be required to

reimburse the division of taxation for any audits required in relation to granting the credit.

SECTION 13. Sections 44-32-1, 44-32-2 and 44-32-3 of the General Laws in Chapter 44-32 entitled "Elective Deduction for Research and Development Facilities" are hereby amended to read as follows:

44-32-1. Elective deduction against allocated entire net income.

(a) General. Except as provided in subsection (c) of this section, at the election of a taxpayer who is subject to the income tax imposed by chapters 11 or 30 of this title, there shall be deducted from the portion of its entire net income allocated within the state the items prescribed in subsection (b) of this section, in lieu of depreciation or investment tax credit.

(b) One-year write-off of new research and development facilities.

(1) Expenditures paid or incurred during the taxable year for the construction, reconstruction, erection or acquisition of any new, not used, property as described in subsection (c) of this section, which is used or to be used for purposes of research and development in the experimental or laboratory sense. The purposes are not deemed to include the ordinary testing or inspection of materials or products for quality control, efficiency surveys, management studies, consumer surveys, advertising, promotion, or research in connection with literary, historical, or similar projects. The deduction shall be allowed only on condition that the entire net income for the taxable year and all succeeding taxable years is computed without the deduction of any expenditures and without any deduction for depreciation of the property, except to the extent that its basis may be attributable to factors other than the expenditures, (expenditures and depreciation deducted for federal income tax purposes shall be added to the entire net income allocated to Rhode Island), or in case a deduction is allowable pursuant to this subdivision for only a part of the expenditures, on condition that any deduction allowed for federal income tax purposes on account of the expenditures or on account of depreciation of the property is proportionately reduced in computing the entire net income for the taxable year and all succeeding taxable years. Concerning property that is used or to be used for research and development only in part, or during only part of its useful life, a proportionate part of the expenditures shall be deductible. If all or part of the expenditures concerning any property has been deducted as provided in this section, and the property is used for purposes other than research and development to a greater extent than originally reported, the taxpayer shall report the use in its report for the first taxable year during which it occurs, and the tax administrator may recompute the tax for the year or years for which the deduction was allowed, and may assess any additional tax resulting from the recomputation as a current tax, within three (3) years of the reporting of the change to the tax administrator. Any change in use of the property in whole or in part from that, which originally qualified the property

for the deduction, requires a recomputation. The tax administrator has the authority to promulgate regulations to prevent the avoidance of tax liability.

(2) The deduction shall be allowed only where an election for amortization of air or water pollution control facilities has not been exercised in respect to the same property.

(3) The tax as a result of recomputation of a prior year's deduction is due as an additional tax for the year the property ceases to qualify.

(c) Property covered by deductions. The deductions shall be allowed only with respect to tangible property which is new, not used, is depreciable pursuant to 26 U.S.C. § 167, was acquired by purchase as defined in 26 U.S.C. § 179(d), has a situs in this state, and is used in the taxpayer's trade or business. For the taxable years beginning on or after July 1, 1974, a taxpayer is not allowed a deduction under this section with respect to tangible property leased by it to any other person or corporation or leased from any other person or corporation. For purposes of the preceding sentence, any contract or agreement to lease or rent or for a license to use the property is considered a lease, unless the contract or agreement is treated for federal income tax purposes as an installment purchase rather than a lease. With respect to property that the taxpayer uses itself for purposes other than leasing for part of a taxable year and leases for a part of a taxable year, the taxpayer shall be allowed a deduction under this section in proportion to the part of the year it uses the property.

(d) Entire net income. "Entire net income", as used in this section, means net income allocated to this state.

(e) Carry-over of excess deductions. If the deductions allowable for any taxable year pursuant to this section exceed the portion of the taxpayer's entire net income allocated to this state for that year, the excess may be carried over to the following taxable year or years, not to exceed three (3) years, and may be deducted from the portion of the taxpayer's entire net income allocated to this state for that year or years.

(f) Gain or loss on sale or disposition of property. In any taxable year when property is sold or disposed of before the end of its useful life, with respect to which a deduction has been allowed pursuant to subsection (b) of this section, the gain or loss on this entering into the computation of federal taxable income is disregarded in computing the entire net income, and there is added to or subtracted from the portion of the entire net income allocated within the state the gain or loss upon the sale or other disposition. In computing the gain or loss, the basis of the property sold or disposed of is adjusted to reflect the deduction allowed with respect to the property pursuant to subsection (b) of this section; provided, that no loss is recognized for the purpose of this subsection with respect to a sale or other disposition of property to a person whose acquisition of this property is not a purchase as defined in 26 U.S.C. § 179(d).

(g) Investment credit not allowed on research and development property. No investment credit under chapter 31 of this title shall be allowed on the research and development property for which accelerated write-off is adopted under this section.

(h) Consolidated returns. The research and development deduction shall only be allowed against the entire net income of the corporation included in a consolidated return and shall not be allowed against the entire net income of other corporations that may join in the filing of a consolidated state tax return.

(i) Sunset. No deductions shall be allowed under this section for tax years beginning on or after January 1, 2026. Deductions allowed for tax years ending on or before December 31, 2025, may be carried forward into tax years beginning on or after January 1, 2026, in accordance with subsection (e) of this section.

44-32-2. Credit for research and development property acquired, constructed, or reconstructed or erected after July 1, 1994.

(a) A taxpayer shall be allowed a credit against the tax imposed by chapters 11, 17, or 30 of this title. The amount of the credit shall be ten percent (10%) of the cost or other basis for federal income tax purposes of tangible personal property, and other tangible property, including buildings and structural components of buildings, described in subsection (b) of this section; acquired, constructed or reconstructed, or erected after July 1, 1994.

(b) A credit shall be allowed under this section with respect to tangible personal property and other tangible property, including buildings and structural components of buildings which are: depreciable pursuant to 26 U.S.C. § 167 or recovery property with respect to which a deduction is allowable under 26 U.S.C. § 168, have a useful life of three (3) years or more, are acquired by purchase as defined in 26 U.S.C. § 179(d), have a situs in this state and are used principally for purposes of research and development in the experimental or laboratory sense which shall also include property used by property and casualty insurance companies for research and development into methods and ways of preventing or reducing losses from fire and other perils. The credit shall be allowable in the year the property is first placed in service by the taxpayer, which is the year in which, under the taxpayer's depreciation practice, the period for depreciation with respect to the property begins, or the year in which the property is placed in a condition or state of readiness and availability for a specifically assigned function, whichever is earlier. These purposes shall not be deemed to include the ordinary testing or inspection of materials or products for quality control, efficiency surveys, management studies, consumer surveys, advertising, promotions, or research in connection with literary, historical or similar projects.

(c) A taxpayer shall not be allowed a credit under this section with respect to any property

described in subsections (a) and (b) of this section, if a deduction is taken for the property under § 44-32-1.

(d) A taxpayer shall not be allowed a credit under this section with respect to tangible personal property and other tangible property, including buildings and structural components of buildings, which it leases to any other person or corporation. For purposes of the preceding sentence, any contract or agreement to lease or rent or for a license to use the property is considered a lease.

(e) The credit allowed under this section for any taxable year does not reduce the tax due for that year, in the case of corporations, to less than the minimum fixed by § 44-11-2(e). If the amount of credit allowable under this section for any taxable year is less than the amount of credit available to the taxpayer, any amount of credit not credited in that taxable year may be carried over to the following year or years, up to a maximum of seven (7) years, and may be credited against the taxpayer's tax for the following year or years. For purposes of chapter 30 of this title, if the credit allowed under this section for any taxable year exceeds the taxpayer's tax for that year, the amount of credit not credited in that taxable year may be carried over to the following year or years, up to a maximum of seven (7) years, and may be credited against the taxpayer's tax for the following year or years.

(f)(1) With respect to property which is depreciable pursuant to 26 U.S.C. § 167 and which is disposed of or ceases to be in qualified use prior to the end of the taxable year in which the credit is to be taken, the amount of the credit is that portion of the credit provided for in this section which represents the ratio which the months of qualified use bear to the months of useful life. If property on which credit has been taken is disposed of or ceases to be in qualified use prior to the end of its useful life, the difference between the credit taken and the credit allowed for actual use must be added back in the year of disposition. If the property is disposed of or ceases to be in qualified use after it has been in qualified use for more than twelve (12) consecutive years, it is not necessary to add back the credit as provided in this subdivision. The amount of credit allowed for actual use is determined by multiplying the original credit by the ratio which the months of qualified use bear to the months of useful life. For purposes of this subdivision, "useful life of property" is the same as the taxpayer uses for depreciation purposes when computing his federal income tax liability.

(2) Except with respect to that property to which subdivision (3) of this subsection applies, with respect to three (3) year property, as defined in 26 U.S.C. § 168(c), which is disposed of or ceases to be in qualified use prior to the end of the taxable year in which the credit is to be taken, the amount of the credit shall be that portion of the credit provided for in this section which represents the ratio which the months of qualified use bear to thirty-six (36). If property on which

credit has been taken is disposed of or ceases to be in qualified use prior to the end of thirty-six (36) months, the difference between the credit taken and the credit allowed for actual use must be added back in the year of disposition. The amount of credit allowed for actual use is determined by multiplying the original credit by the ratio that the months of qualified use bear to thirty-six (36).

(3) With respect to any recovery property to which 26 U.S.C. § 168 applies, which is a building or a structural component of a building and which is disposed of or ceases to be in qualified use prior to the end of the taxable year in which the credit is to be taken, the amount of the credit is that portion of the credit provided for in this section which represents the ratio which the months of qualified use bear to the total number of months over which the taxpayer chooses to deduct the property under 26 U.S.C. § 168. If property on which credit has been taken is disposed of or ceases to be in qualified use prior to the end of the period over which the taxpayer chooses to deduct the property under 26 U.S.C. § 168, the difference between the credit taken and the credit allowed for actual use must be added back in the year of disposition. If the property is disposed of or ceases to be in qualified use after it has been in qualified use for more than twelve (12) consecutive years, it is not necessary to add back the credit as provided in this subdivision. The amount of credit allowed for actual use is determined by multiplying the original credit by the ratio that the months of qualified use bear to the total number of months over which the taxpayer chooses to deduct the property under 26 U.S.C. § 168.

(g) No deduction for research and development facilities under § 44-32-1 shall be allowed for research and development property for which the credit is allowed under this section.

(h) No investment tax credit under § 44-31-1 shall be allowed for research and development property for which the credit is allowed under this section.

(i) The investment tax credit allowed by § 44-31-1 shall be taken into account before the credit allowed under this section.

(j) The credit allowed under this section only allowed against the tax of that corporation included in a consolidated return that qualifies for the credit and not against the tax of other corporations that may join in the filing of a consolidated return.

(k) In the event that the taxpayer is a partnership, joint venture or small business corporation, the credit shall be divided in the same manner as income.

(l) Sunset. No credits shall be allowed under this section for tax years beginning on or after January 1, 2026. Credits allowed for tax years ending on or before December 31, 2025, may be carried forward into tax years beginning on or after January 1, 2026, in accordance with subsection (e) of this section.

44-32-3. Credit for qualified research expenses.

(a) A taxpayer shall be allowed a credit against the tax imposed by chapters 11, 17 or 30 of this title. The amount of the credit shall be five percent (5%)(and in the case of amounts paid or accrued after January 1, 1998, twenty-two and one-half percent (22.5%) for the first twenty-five thousand dollars ($25,000) worth of credit and sixteen and nine-tenths percent (16.9%) for the amount of credit above twenty-five thousand dollars ($25,000)) of the excess, if any, of:

(1) The qualified research expenses for the taxable year, over

(2) The base period research expenses.

(b)(1) "Qualified research expenses" and "base period research expenses" have the same meaning as defined in 26 U.S.C. § 41; provided, that the expenses have been incurred in this state after July 1, 1994.

(2) Notwithstanding the provisions of subdivision (1) of this subsection, "qualified research expenses" also includes amounts expended for research by property and casualty insurance companies into methods and ways of preventing or reducing losses from fire and other perils.

(c) The credit allowed under this section for any taxable year shall not reduce the tax due for that year by more than fifty percent (50%) of the tax liability that would be payable, and in the case of corporations, to less than the minimum fixed by § 44-11-2(e). If the amount of credit allowable under this section for any taxable year is less than the amount of credit available to the taxpayer any amount of credit not credited in that taxable year may be carried over to the following year or years, up to a maximum of seven (7) years, and may be credited against the taxpayer's tax for that year or years. For purposes of chapter 30 of this title, if the credit allowed under this section for any taxable year exceeds the taxpayer's tax for that year, the amount of credit not credited in that taxable year may be carried over to the following year or years, up to a maximum of seven (7) years, and may be credited against the taxpayer's tax for that year or years. For purposes of determining the order in which carry-overs are taken into consideration, the credit allowed by § 44-32-2 is taken into account before the credit allowed under this section.

(d) For tax years beginning on or after January 1, 2026, the credit allowed under this section for any taxable year shall not reduce the tax due for that year by more than fifty percent (50%) of the tax liability that would be payable, and in the case of corporations, to less than the minimum fixed by § 44-11-2(e). If the amount of credit allowable under this section for any taxable year is less than the amount of credit available to the taxpayer any amount of credit not credited in that taxable year may be carried over to the following year or years, up to a maximum of fifteen (15) years, and may be credited against the taxpayer's tax for that year or years. For purposes of chapter 30 of this title, if the credit allowed under this section for any taxable year exceeds the taxpayer's tax for that year, the amount of credit not credited in that taxable year may be carried over to the

following year or years, up to a maximum of fifteen (15) years, and may be credited against the taxpayer's tax for that year or years. For purposes of determining the order in which carry-overs are taken into consideration, the credit allowed by § 44-32-2 is taken into account before the credit allowed under this section.

~~(d)~~(e) The investment tax credit allowed by § 44-31-1 shall be taken into account before the credit allowed under this section.

~~(e)~~(f) The credit allowed under this section shall only be allowed against the tax of that corporation included in a consolidated return that qualifies for the credit and not against the tax of other corporations that may join in the filing of a consolidated return.

~~(f)~~(g) In the event the taxpayer is a partnership, joint venture or small business corporation, the credit is divided in the same manner as income.

SECTION 14. Chapter 44-39.1 of the General Laws entitled "Employment Tax Credit" is hereby amended by adding thereto the following section:

44-39.1-5. Sunset.

No credits shall be allowed under this chapter for tax years beginning on or after January 1, 2026.

SECTION 15. Sections 44-43-2 and 44-43-3 of the General Laws in Chapter 44-43 entitled "Tax Incentives for Capital Investment in Small Businesses" are hereby amended to read as follows:

44-43-2. Deduction or modification.

(a) In the year in which a taxpayer first makes a qualifying investment in a certified venture capital partnership or the year in which an entrepreneur first makes an investment in a qualifying entity, the taxpayer or the entrepreneur shall be allowed:

(1) A deduction for purposes of computing net income or net worth in accordance with chapter 11 of this title; or

(2) A deduction from gross earnings for purposes of computing the public service corporation tax in accordance with chapter 13 of this title; or

(3) A deduction for the purposes of computing net income in accordance with chapter 14 of this title; or

(4) A deduction for the purposes of computing gross premiums in accordance with chapter 17 of this title; or

(5) A modification reducing federal adjusted gross income in accordance with chapter 30 of this title.

(b) The deduction or modification shall be in an amount equal to the taxpayer's qualifying investment in a certified venture capital partnership or an entrepreneur's investment in a qualifying

business entity and shall be measured at the year end of the certified venture capital partnership, the year end of the qualifying business entity, or the year end of the investing taxpayer, whichever comes first.

(c) Sunset. No deductions or modifications shall be allowed under this section for tax years beginning on or after January 1, 2026.

44-43-3. Wage credit.

(a) There shall be allocated among the entrepreneurs of a qualifying business entity (based on the ratio of each entrepreneur's interest in the entity to the total interest held by all entrepreneurs) with respect to each entity on an annual basis commencing with the calendar year in which the entity first qualified as a qualifying business entity a credit against the tax imposed by chapter 30 of this title. The credit shall be equal to three percent (3%) of the wages (as defined in 26 U.S.C. § 3121(a)) in excess of fifty thousand dollars ($50,000) paid during each calendar year to employees of the entity; provided, that there shall be excluded from the amount on which the credit is based any wages:

(1) Paid to any owner of the entity;

(2) Paid more than five (5) years after the entity commenced business or five (5) years after the purchase of the business entity by new owners, whichever occurs later; or

(3) Paid to employees who are not principally employed in Rhode Island and whose wages are not subject to withholding pursuant to chapter 30 of this title.

(b) The credit authorized by this section shall cease in the taxable year next following after the taxable year in which the average annual gross revenue of the business entity equals or exceeds one million five hundred thousand dollars ($1,500,000).

(c) Sunset. No credits shall be allowed under this section for tax years beginning on or after January 1, 2026.

SECTION 16. Chapter 44-53 of the General Laws entitled "Levy and Distraint" is hereby amended by adding thereto the following section:

44-53-18. Financial institution data match system for state tax collection purposes.

(a) Definitions. As used in this section:

(1) "Division" means the Rhode Island department of revenue, division of taxation.

(2) "Financial institution" means any bank, savings and loan association, federal or state credit union, trust company, consumer lender, international banking facility, financial institution holding company, benefit association, insurance company, safe deposit company, or any entity authorized by the taxpayer to buy, sell, transfer, store, and/or trade monetary assets or its equivalent, including, but not limited to, virtual currency, and any party affiliated with the financial institution.

A financial institution includes any person or entity authorized or required to participate in a financial institution data match system or program for child support enforcement purposes under federal or state law.

(b) Financial institution data match system for state tax collection purposes.

(1) To assist the tax administrator in the collection of debts, the division shall develop and operate a financial institution data match system for the purpose of identifying and seizing the non-exempt assets of delinquent taxpayers as identified by the tax administrator. The tax administrator is authorized to designate a third party to develop and operate this system. Any third party designated by the tax administrator to develop and operate a financial data match system must keep all information it obtains from both the division and the financial institution confidential, and any employee, agent or representative of that third party is prohibited from disclosing that information to anyone other than the division or the financial institution.

(2) Each financial institution doing business in the state shall, in conjunction with the tax administrator or the tax administrator's authorized designee, develop and operate a data match system to facilitate the identification and seizure of non-exempt financial assets of delinquent taxpayers identified by the tax administrator or the tax administrator's authorized designee. If a financial institution has a data match system developed or used to administer the child support enforcement programs of this state, and if that system is approved by the tax administrator or the tax administrator's authorized designee, the financial institution may use that system to comply with the provisions of this section.

(c) Each financial institution must provide identifying information at least each calendar quarter to the division for each delinquent taxpayer identified by the division who or that maintains an account at the institution. The identifying information must include the delinquent taxpayer's name, address, and social security number or other taxpayer identification number, and all account numbers and balances in each account.

(d) A financial institution that complies with this section will not be liable under state law to any person for the disclosure of information to the tax administrator or the tax administrator's authorized designee, or any other action taken in good faith to comply with this section.

(e) Both the financial institution furnishing a report to the tax administrator under this section and the tax administrator's authorized designee are prohibited from disclosing to the delinquent taxpayer that the name of the delinquent taxpayer has been received from or furnished to the tax administrator, unless authorized in writing by the tax administrator to do so. A violation of this subsection will result in the imposition of a civil penalty equal to the greater of one thousand dollars ($1,000) or the amount in the account of the person to whom the disclosure was made for

each instance of unauthorized disclosure by the financial institution or the tax administrator's authorized designee under subsection (b)(1). That civil penalty can be assessed and collected under this title as if that penalty were tax.

(f) A financial institution may disclose to its depositors or account holders that the division has the authority to request certain identifying information on certain depositors or account holders under the financial institution data match system for state tax collection purposes.

(g) This section does not prevent the division from encumbering a delinquent taxpayer's account with a financial institution by any other remedy available for the enforcement of tax collection activities.

SECTION 17. Sections 45-24-31 and 45-24-37 of the General Laws in Chapter 45-24 entitled "Zoning Ordinances" are hereby amended to read as follows:

45-24-31. Definitions.

Where words or terms used in this chapter are defined in § 45-22.2-4 or § 45-23-32, they have the meanings stated in that section. In addition, the following words have the following meanings. Additional words and phrases may be used in developing local ordinances under this chapter; however, the words and phrases defined in this section are controlling in all local ordinances created under this chapter:

(1) Abutter. One whose property abuts, that is, adjoins at a border, boundary, or point with no intervening land.

(2) Accessory dwelling unit (ADU). A residential living unit on the same lot where the principal use is a legally established single-family dwelling unit or multi-family dwelling unit. An ADU provides complete independent living facilities for one or more persons. It may take various forms including, but not limited to: a detached unit; a unit that is part of an accessory structure, such as a detached garage; or a unit that is part of an expanded or remodeled primary dwelling.

(3) Accessory use. A use of land or of a building, or portion thereof, customarily incidental and subordinate to the principal use of the land or building. An accessory use may be restricted to the same lot as the principal use. An accessory use shall not be permitted without the principal use to which it is related.

(4) Adaptive reuse. "Adaptive reuse," as defined in § 42-64.22-2.

(5) Aggrieved party. An aggrieved party, for purposes of this chapter, shall be:

(i) Any person, or persons, or entity, or entities, who or that can demonstrate that his, her, or its property will be injured by a decision of any officer or agency responsible for administering the zoning ordinance of a city or town; or

(ii) Anyone requiring notice pursuant to this chapter.

(6) Agricultural land. “Agricultural land,” as defined in § 45-22.2-4.

(7) Airport hazard area. “Airport hazard area,” as defined in § 1-3-2.

(8) Applicant. An owner, or authorized agent of the owner, submitting an application or appealing an action of any official, board, or agency.

(9) Application. The completed form, or forms, and all accompanying documents, exhibits, and fees required of an applicant by an approving authority for development review, approval, or permitting purposes.

(10) Buffer. Land that is maintained in either a natural or landscaped state, and is used to screen or mitigate the impacts of development on surrounding areas, properties, or rights-of-way.

(11) Building. Any structure used or intended for supporting or sheltering any use or occupancy.

(12) Building envelope. The three-dimensional space within which a structure is permitted to be built on a lot and that is defined by regulations governing building setbacks, maximum height, and bulk; by other regulations; or by any combination thereof.

(13) Building height. For a vacant parcel of land, building height shall be measured from the average, existing-grade elevation where the foundation of the structure is proposed. For an existing structure, building height shall be measured from average grade taken from the outermost four (4) corners of the existing foundation. In all cases, building height shall be measured to the top of the highest point of the existing or proposed roof or structure. This distance shall exclude spires, chimneys, flag poles, and the like. For any property or structure located in a special flood hazard area, as shown on the official FEMA Flood Insurance Rate Maps (FIRMs), or depicted on the Rhode Island coastal resources management council (CRMC) suggested design elevation three foot (3′) sea level rise (CRMC SDE 3 SLR) map as being inundated during a one-hundred-year (100) storm, the greater of the following amounts, expressed in feet, shall be excluded from the building height calculation:

(i) The base flood elevation on the FEMA FIRM plus up to five feet (5′) of any utilized or proposed freeboard, less the average existing grade elevation; or

(ii) The suggested design elevation as depicted on the CRMC SDE 3 SLR map during a one-hundred-year (100) storm, less the average existing grade elevation. CRMC shall reevaluate the appropriate suggested design elevation map for the exclusion every ten (10) years, or as otherwise necessary.

(14) Cluster. A site-planning technique that concentrates buildings in specific areas on the site to allow the remaining land to be used for recreation, common open space, and/or preservation of environmentally, historically, culturally, or other sensitive features and/or structures. The

techniques used to concentrate buildings shall be specified in the ordinance and may include, but are not limited to, reduction in lot areas, setback requirements, and/or bulk requirements, with the resultant open land being devoted by deed restrictions for one or more uses. Under cluster development, there is no increase in the number of lots that would be permitted under conventional development except where ordinance provisions include incentive bonuses for certain types or conditions of development.

(15) Common ownership. Either:

(i) Ownership by one or more individuals or entities in any form of ownership of two (2) or more contiguous lots; or

(ii) Ownership by any association (ownership may also include a municipality) of one or more lots under specific development techniques.

(16) Community residence. A home or residential facility where children and/or adults reside in a family setting and may or may not receive supervised care. This does not include halfway houses or substance-use-disorder-treatment facilities. This does include, but is not limited to, the following:

(i) Whenever six (6) or fewer children or adults with intellectual and/or developmental disability reside in any type of residence in the community, as licensed by the state pursuant to chapter 24 of title 40.1. All requirements pertaining to local zoning are waived for these community residences;

(ii) A group home providing care or supervision, or both, to not more than eight (8) persons with disabilities, and licensed by the state pursuant to chapter 24 of title 40.1;

(iii) A residence for children providing care or supervision, or both, to not more than eight (8) children, including those of the caregiver, and licensed by the state pursuant to chapter 72.1 of title 42;

(iv) A community transitional residence providing care or assistance, or both, to no more than six (6) unrelated persons or no more than three (3) families, not to exceed a total of eight (8) persons, requiring temporary financial assistance, and/or to persons who are victims of crimes, abuse, or neglect, and who are expected to reside in that residence not less than sixty (60) days nor more than two (2) years. Residents will have access to, and use of, all common areas, including eating areas and living rooms, and will receive appropriate social services for the purpose of fostering independence, self-sufficiency, and eventual transition to a permanent living situation.

(17) Comprehensive plan. The comprehensive plan adopted and approved pursuant to chapter 22.2 of this title and to which any zoning adopted pursuant to this chapter shall be in compliance.

(18) Day care — Daycare center. Any other daycare center that is not a family daycare home.

(19) Day care — Family daycare home. Any home, other than the individual's home, in which day care in lieu of parental care or supervision is offered at the same time to six (6) or less individuals who are not relatives of the caregiver, but may not contain more than a total of eight (8) individuals receiving day care.

(20) Density, residential. The number of dwelling units per unit of land.

(21) Development. The construction, reconstruction, conversion, structural alteration, relocation, or enlargement of any structure; any mining, excavation, landfill, or land disturbance; or any change in use, or alteration or extension of the use, of land.

(22) Development plan review. See §§ 45-23-32 and 45-23-50.

(23) District. See "zoning use district."

(24) Drainage system. A system for the removal of water from land by drains, grading, or other appropriate means. These techniques may include runoff controls to minimize erosion and sedimentation during and after construction or development; the means for preserving surface and groundwaters; and the prevention and/or alleviation of flooding.

(25) Dwelling unit. A structure, or portion of a structure, providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation, and containing a separate means of ingress and egress.

(26) Extractive industry. The extraction of minerals, including: solids, such as coal and ores; liquids, such as crude petroleum; and gases, such as natural gases. The term also includes quarrying; well operation; milling, such as crushing, screening, washing, and flotation; and other preparation customarily done at the extraction site or as a part of the extractive activity.

(27) Family member. A person, or persons, related by blood, marriage, or other legal means, including, but not limited to, a child, parent, spouse, mother-in-law, father-in-law, grandparents, grandchildren, domestic partner, sibling, care recipient, or member of the household.

(28) Floating zone. An unmapped zoning district adopted within the ordinance that is established on the zoning map only when an application for development, meeting the zone requirements, is approved.

(29) Floodplains, or Flood hazard area. As defined in § 45-22.2-4.

(30) Freeboard. A factor of safety expressed in feet above the base flood elevation of a flood hazard area for purposes of floodplain management. Freeboard compensates for the many unknown factors that could contribute to flood heights, such as wave action, bridge openings, and the hydrological effect of urbanization of the watershed.

(31) Groundwater. “Groundwater” and associated terms, as defined in § 46-13.1-3.

(32) Halfway house. A residential facility for adults or children who have been institutionalized for criminal conduct and who require a group setting to facilitate the transition to a functional member of society.

(33) Hardship. See § 45-24-41.

(34) Historic district or historic site. As defined in § 45-22.2-4.

(35) Home occupation. Any activity customarily carried out for gain by a resident, conducted as an accessory use in the resident’s dwelling unit. For the purposes of this chapter, home occupation does not include remote work activities as defined in § 45-24-37.

(36) Household. One or more persons living together in a single-dwelling unit, with common access to, and common use of, all living and eating areas and all areas and facilities for the preparation and storage of food within the dwelling unit. The term “household unit” is synonymous with the term “dwelling unit” for determining the number of units allowed within any structure on any lot in a zoning district. An individual household shall consist of any one of the following:

(i) A family, which may also include servants and employees living with the family; or

(ii) A person or group of unrelated persons living together. The maximum number may be set by local ordinance, but this maximum shall not be less than one person per bedroom and shall not exceed five (5) unrelated persons per dwelling. The maximum number shall not apply to NARR-certified recovery residences.

(37) Incentive zoning. The process whereby the local authority may grant additional development capacity in exchange for the developer’s provision of a public benefit or amenity as specified in local ordinances.

(38) Infrastructure. Facilities and services needed to sustain residential, commercial, industrial, institutional, and other activities.

(39) Land development project. As defined in § 45-23-32.

(40) Lot. Either:

(i) The basic development unit for determination of lot area, depth, and other dimensional regulations; or

(ii) A parcel of land whose boundaries have been established by some legal instrument, such as a recorded deed or recorded map, and that is recognized as a separate legal entity for purposes of transfer of title.

(41) Lot area. The total area within the boundaries of a lot, excluding any street right-of-way, usually reported in acres or square feet.

(42) Lot area, minimum. The smallest land area established by the local zoning ordinance upon which a use, building, or structure may be located in a particular zoning district.

(43) Lot building coverage. That portion of the lot that is, or may be, covered by buildings and accessory buildings.

(44) Lot depth. The distance measured from the front lot line to the rear lot line. For lots where the front and rear lot lines are not parallel, the lot depth is an average of the depth.

(45) Lot frontage. That portion of a lot abutting a street. A zoning ordinance shall specify how noncontiguous frontage will be considered with regard to minimum frontage requirements.

(46) Lot line. A line of record, bounding a lot, that divides one lot from another lot or from a public or private street or any other public or private space and shall include:

(i) Front: the lot line separating a lot from a street right-of-way. A zoning ordinance shall specify the method to be used to determine the front lot line on lots fronting on more than one street, for example, corner and through lots;

(ii) Rear: the lot line opposite and most distant from the front lot line, or in the case of triangular or otherwise irregularly shaped lots, an assumed line at least ten feet (10′) in length entirely within the lot, parallel to and at a maximum distance from, the front lot line; and

(iii) Side: any lot line other than a front or rear lot line. On a corner lot, a side lot line may be a street lot line, depending on requirements of the local zoning ordinance.

(47) Lot size, minimum. Shall have the same meaning as “minimum lot area” defined herein.

(48) Lot, through. A lot that fronts upon two (2) parallel streets, or that fronts upon two (2) streets that do not intersect at the boundaries of the lot.

(49) Lot width. The horizontal distance between the side lines of a lot measured at right angles to its depth along a straight line parallel to the front lot line at the minimum front setback line.

(50) Manufactured home. As used in this section, a manufactured home shall have the same definition as in 42 U.S.C. § 5402, meaning a structure, transportable in one or more sections, which, in the traveling mode, is eight (8) body feet or more in width or forty (40) body feet or more in length, or, when erected on site, is three hundred twenty (320) or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with a permanent foundation connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein; except that such term shall include any structure that meets all the requirements of this definition except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States Secretary of Housing

and Urban Development and complies with the standards established under chapter 70 of Title 42 of the United States Code; and except that such term shall not include any self-propelled recreational vehicle.

(51) Mere inconvenience. See § 45-24-41.

(52) Mixed use. A mixture of land uses within a single development, building, or tract.

(53) Modification. Permission granted and administered by the zoning enforcement officer of the city or town, and pursuant to the provisions of this chapter to grant a dimensional variance other than lot area requirements from the zoning ordinance to a limited degree as determined by the zoning ordinance of the city or town, but not to exceed twenty-five percent (25%) of each of the applicable dimensional requirements.

(54) Nonconformance. A building, structure, or parcel of land, or use thereof, lawfully existing at the time of the adoption or amendment of a zoning ordinance and not in conformity with the provisions of that ordinance or amendment. Nonconformance is of only two (2) types:

(i) Nonconforming by use: a lawfully established use of land, building, or structure that is not a permitted use in that zoning district. A building or structure containing more dwelling units than are permitted by the use regulations of a zoning ordinance is nonconformity by use; or

(ii) Nonconforming by dimension: a building, structure, or parcel of land not in compliance with the dimensional regulations of the zoning ordinance. Dimensional regulations include all regulations of the zoning ordinance, other than those pertaining to the permitted uses. A building or structure containing more dwelling units than are permitted by the use regulations of a zoning ordinance is nonconforming by use; a building or structure containing a permitted number of dwelling units by the use regulations of the zoning ordinance, but not meeting the lot area per dwelling unit regulations, is nonconforming by dimension.

(55) Overlay district. A district established in a zoning ordinance that is superimposed on one or more districts or parts of districts. The standards and requirements associated with an overlay district may be more or less restrictive than those in the underlying districts consistent with other applicable state and federal laws.

(56) Performance standards. A set of criteria or limits relating to elements that a particular use or process must either meet or may not exceed.

(57) Permitted use. A use by right that is specifically authorized in a particular zoning district.

(58) Planned development. A “land development project,” as defined in subsection (39), and developed according to plan as a single entity and containing one or more structures or uses with appurtenant common areas.

(59) Plant agriculture. The growing of plants for food or fiber, to sell or consume.

(60) Preapplication conference. A review meeting of a proposed development held between applicants and reviewing agencies as permitted by law and municipal ordinance, before formal submission of an application for a permit or for development approval.

(61) Setback line or lines. A line, or lines, parallel to a lot line at the minimum distance of the required setback for the zoning district in which the lot is located that establishes the area within which the principal structure must be erected or placed.

(62) Site plan. The development plan for one or more lots on which is shown the existing and/or the proposed conditions of the lot.

(63) Slope of land. The grade, pitch, rise, or incline of the topographic landform or surface of the ground.

(64) Special use. A regulated use that is permitted pursuant to the special-use permit issued by the authorized governmental entity, pursuant to § 45-24-42. Formerly referred to as a special exception.

(65) Structure. A combination of materials to form a construction for use, occupancy, or ornamentation, whether installed on, above, or below the surface of land or water.

(66) Substandard lot of record. Any lot lawfully existing at the time of adoption or amendment of a zoning ordinance and not in conformance with the dimensional or area provisions of that ordinance.

(67) Use. The purpose or activity for which land or buildings are designed, arranged, or intended, or for which land or buildings are occupied or maintained.

(68) Variance. Permission to depart from the literal requirements of a zoning ordinance. An authorization for the construction or maintenance of a building or structure, or for the establishment or maintenance of a use of land, that is prohibited by a zoning ordinance. There are only two (2) categories of variance, a use variance or a dimensional variance.

(i) Use variance. Permission to depart from the use requirements of a zoning ordinance where the applicant for the requested variance has shown by evidence upon the record that the subject land or structure cannot yield any beneficial use if it is to conform to the provisions of the zoning ordinance.

(ii) Dimensional variance. Permission to depart from the dimensional requirements of a zoning ordinance under the applicable standards set forth in § 45-24-41.

(69) Waters. As defined in § 46-12-1(23).

(70) Wetland, coastal. As defined in § 45-22.2-4.

(71) Wetland, freshwater. As defined in § 2-1-20.

(72) Zoning certificate. A document signed by the zoning enforcement officer, as required in the zoning ordinance, that acknowledges that a use, structure, building, or lot either complies with, or is legally nonconforming to, the provisions of the municipal zoning ordinance or is an authorized variance or modification therefrom.

(73) Zoning map. The map, or maps, that are a part of the zoning ordinance and that delineate the boundaries of all mapped zoning districts within the physical boundary of the city or town.

(74) Zoning ordinance. An ordinance enacted by the legislative body of the city or town pursuant to this chapter and in the manner providing for the adoption of ordinances in the city or town's legislative or home rule charter, if any, that establish regulations and standards relating to the nature and extent of uses of land and structures; that is consistent with the comprehensive plan of the city or town as defined in chapter 22.2 of this title; that includes a zoning map; and that complies with the provisions of this chapter.

(75) Zoning use district. The basic unit in zoning, either mapped or unmapped, to which a uniform set of regulations applies, or a uniform set of regulations for a specified use. Zoning use districts include, but are not limited to: agricultural, commercial, industrial, institutional, open space, and residential. Each district may include sub-districts. Districts may be combined.

45-24-37. General provisions — Permitted uses.

(a) The zoning ordinance shall provide a listing of all land uses and/or performance standards for uses that are permitted within the zoning use districts of the municipality. The ordinance may provide for a procedure under which a proposed land use that is not specifically listed may be presented by the property owner to the zoning board of review or to a local official or agency charged with administration and enforcement of the ordinance for an evaluation and determination of whether the proposed use is of a similar type, character, and intensity as a listed permitted use. Upon such determination, the proposed use may be considered to be a permitted use.

(b) Notwithstanding any other provision of this chapter, the following uses are permitted uses within all residential zoning use districts of a municipality and all industrial and commercial zoning use districts except where residential use is prohibited for public health or safety reasons:

(1) Households;

(2) Community residences; ~~and~~

(3) Family daycare homes; and

(4) Remote work, defined as a work flexibility arrangement under which a W-2 employee or full-time contractor routinely performs the duties and responsibilities of such employee's position from an approved worksite other than the location from which the employee would

otherwise work.

(i) Remote work shall not include any activities that:

(A) Relate to the sale of unlawful goods and services;

(B) Generate on-street parking or a substantial increase in traffic through the residential area;

(C) Occur outside of the residential dwelling;

(D) Occur in the yard; or

(E) Are visible from the street.

(c) Any time a building or other structure used for residential purposes, or a portion of a building containing residential units, is rendered uninhabitable by virtue of a casualty such as fire or flood, the owner of the property is allowed to park, temporarily, mobile and manufactured home, or homes, as the need may be, elsewhere upon the land, for use and occupancy of the former occupants for a period of up to twelve (12) months, or until the building or structure is rehabilitated and otherwise made fit for occupancy. The property owner, or a properly designated agent of the owner, is only allowed to cause the mobile and manufactured home, or homes, to remain temporarily upon the land by making timely application to the local building official for the purposes of obtaining the necessary permits to repair or rebuild the structure.

(d) Notwithstanding any other provision of this chapter, appropriate access for people with disabilities to residential structures is allowed as a reasonable accommodation for any person(s) residing, or intending to reside, in the residential structure.

(e) Notwithstanding any other provision of this chapter, an accessory dwelling unit ("ADU") that meets the requirements of §§ 45-24-31 and 45-24-73(a) shall be a permitted use in all residential zoning districts. An ADU that meets the requirements of §§ 45-24-31 and 45-24-73(a) shall be permitted through an administrative building permit process only.

(f) When used in this section the terms "people with disabilities" or "member, or members, with disabilities" means a person(s) who has a physical or mental impairment that substantially limits one or more major life activities, as defined in 42-87-1(5).

(g) Notwithstanding any other provisions of this chapter, plant agriculture is a permitted use within all zoning districts of a municipality, including all industrial and commercial zoning districts, except where prohibited for public health or safety reasons or the protection of wildlife habitat.

(h) Adaptive reuse. Notwithstanding any other provisions of this chapter, adaptive reuse for the conversion of any commercial building, including offices, schools, religious facilities, medical buildings, and malls into residential units or mixed-use developments which include the

development of at least fifty percent (50%) of the existing gross floor area into residential units, shall be a permitted use and allowed by specific and objective provisions of a zoning ordinance, except where such is prohibited by environmental land use restrictions recorded on the property by the state of Rhode Island department of environmental management or the United States Environmental Protection Agency preventing the conversion to residential use.

(1) The specific zoning ordinance provisions for adaptive reuse shall exempt adaptive reuse developments from off-street parking requirements of over one space per dwelling unit.

(2) **Density.**

(i) For projects that meet the following criteria, zoning ordinances shall allow for high density development and shall not limit the density to less than fifteen (15) dwelling units per acre:

(A) Where the project is limited to the existing footprint, except that the footprint is allowed to be expanded to accommodate upgrades related to the building and fire codes and utilities; and

(B) The development includes at least twenty percent (20%) low- and moderate-income housing; and

(C) The development has access to public sewer and water service or has access to adequate private water, such as a well and and/or wastewater treatment system(s) approved by the relevant state agency for the entire development as applicable.

(ii) For all other adaptive reuse projects, the residential density permitted in the converted structure shall be the maximum allowed that otherwise meets all standards of minimum housing and has access to public sewer and water service or has access to adequate private water, such as a well, and wastewater treatment system(s) approved by the relevant state agency for the entire development, as applicable. The density proposed shall be determined to meet all public health and safety standards.

(3) Notwithstanding any other provisions of this chapter, for adaptive reuse projects, existing building setbacks shall remain and shall be considered legal nonconforming, but no additional encroachments shall be permitted into any nonconforming setback, unless otherwise allowed by zoning ordinance or relief is granted by the applicable authority.

(4) For adaptive reuse projects, notwithstanding any other provisions of this chapter, the height of the existing structure, if it exceeds the maximum height of the zoning district, may remain and shall be considered legal nonconforming, and any rooftop construction shall be included within the height exemption.

(i) Notwithstanding any other provisions of this chapter, all towns and cities may allow manufactured homes that comply with § 23-27.3-109.1.3 as a type of single-family home on any lot zoned for single-family use. Such home shall comply with all dimensional requirements of a

single-family home in the district or seek relief for the same under the provisions of this chapter.

SECTION 18. Title 44 of the General Laws entitled "TAXATION" is hereby amended by adding thereto the following chapter:

CHAPTER 72

NON-OWNER OCCUPIED PROPERTY TAX ACT

44-72-1. Short title.

This chapter shall be known and may be cited as the "Non-Owner Occupied Property Tax Act".

44-72-2. Purpose.

(a) The state funds cities and towns pursuant to chapter 13 of title 45.

(b) There is a compelling state interest in protecting the tax base of its cities and towns.

(c) There are numerous non-owner occupied residential properties throughout the cities and towns of Rhode Island assessed at values over one million dollars ($1,000,000).

(d) The existence of such properties within a city or town has an impact on the value of real property within the cities and towns and the tax base within these cities and towns.

(e) Non-owner occupied properties sometimes place a greater demand on essential state, city or town services such as police and fire protection than do occupied properties comparably assessed for real estate tax purposes.

(f) The residents of non-owner occupied properties are not vested with a motive to maintain such properties.

(g) The owners of non-owner occupied properties do not always contribute a fair share of the costs of providing the foregoing essential state, city or town services financed in part by real estate tax revenues, which revenues are solely based on the assessed value of properties.

(h) Some properties are deliberately left vacant by their owners in the hope that real estate values will increase, thereby enabling the owners to sell these properties at a substantial profit without making any of the necessary repairs or improvements to the property.

(i) The non-owner occupation of such property whether for profit speculation, tax benefit, or any other purposes is the making use of that property and as such, is a privilege incident to the ownership of the property.

(j) Owners of non-owner occupied properties must be encouraged to use the properties in a positive manner to stop the spread of deterioration, to increase the stock of viable real estate within a city or town, and to maintain real estate values within communities.

(k) Owners of non-owner occupied properties must be required, through a state's power to tax, to pay a fair share of the cost of providing certain essential state services to protect the public

health, safety, and welfare.

(*l*) For all of the reasons stated within this section, the purpose of this chapter is to impose a statewide tax upon non-owner occupied residential property assessed at a value of one million dollars ($1,000,000) or more.

44-72-3. Definitions.

The following words and phrases as used in this chapter have the following meanings:

(1) "Administrator" means the tax administrator within the department of revenue.

(2) "Assessed value" means the assessed value of the real estate as of December 31 of the corresponding taxable year in accordance with § 44-5-12.

(3) "Non-owner occupied" means that the residential property does not serve as the owner's primary residence and is not occupied by the owner of the property for a majority of days during a given taxable year.

(4) "Non-owner occupied tax" means the assessment imposed upon the non-owner occupied residential property assessed at one million dollars ($1,000,000) or more pursuant to this chapter and as adjusted pursuant to § 44-72-6.

(5) "Person" means any individual, corporation, company, association, partnership, joint stock association, and the legal successor thereof or any other entity or group organization against which a tax may be assessed.

(6) "Taxable year" means July 1 through June 30.

44-72-4. Imposition and proceeds of tax.

(a) For taxable years beginning on or after July 1, 2026, a tax is imposed upon the privilege of utilizing property as non-owner occupied residential property within the state during any taxable year. The non-owner occupied tax shall be in addition to any other taxes authorized by the general or public laws.

(b) With respect to the tax imposed, by this chapter, the tax administrator shall contribute the entire tax to the low-income housing tax credit fund established pursuant to § 44-71-11.

44-72-5. Exemptions.

This chapter does not supersede any applicable exemption in the general or public laws. In no case shall this chapter apply to, or any tax therefrom be assessed against, any properties or buildings that are rented or were rented for a period of more than one hundred and eighty three (183) days during the prior taxable year and subject to the provisions of chapter 18 of title 34 or any properties or buildings that are rented or were rented and are subject to tax pursuant to chapter 18 of title 44.

44-72-6. Rate of tax.

The tax authorized by this chapter shall be measured by the assessed value of the real estate at the rate of two dollars and fifty cents ($2.50) for each five hundred dollars ($500) or fractional part of the assessed value in excess of one million dollars ($1,000,000). For tax years beginning on or after July 1, 2027, the assessed value threshold of one million dollars ($1,000,000) provided pursuant to this section shall be adjusted by the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics determined as of September 30 of the prior calendar years. Said adjustment shall be compounded annually and shall be rounded up to the nearest five-dollar ($5.00) increment. In no event shall the assessed value threshold in any tax year be less than the prior tax year.

44-72-7. Returns.

(a) The tax imposed by this chapter shall be due and payable in four (4) equal installments. The first installment shall be paid on or before September 15 of the taxable year, the second installment shall be paid on or before December 15 of the taxable year, the third installment shall be paid on or before March 15 of the taxable year, and the fourth installment shall be paid on or before June 15 of the taxable year.

(b) The tax administrator is authorized to adopt rules, pursuant to this chapter, relative to the form of the return and the data that it shall contain for the correct computation of the imposed tax. All returns shall be signed by the taxpayer or by its authorized representative, subject to the pains and penalties of perjury. If a return shows an overpayment of the tax due, the tax administrator shall refund or credit the overpayment to the taxpayer.

(c) The tax administrator, for good cause shown, may extend the time within which a taxpayer is required to file a return. If the return is filed during the period of extension, no penalty or late filing charge shall be imposed for failure to file the return at the time required by this chapter; however, the taxpayer shall be liable for interest as prescribed in this chapter. Failure to file the return during the period for the extension shall void the extension.

44-72-8. Set-off for delinquent payment of tax.

If a taxpayer shall fail to pay a tax within thirty (30) days of its due date, the tax administrator may request any agency of state government making payments to the taxpayer to set-off the amount of the delinquency against any payment due the taxpayer from the agency of state government and remit the sum to the tax administrator. Upon receipt of the set-off request from the tax administrator, any agency of state government is authorized and empowered to set-off the amount of the delinquency against any payment or amounts due the taxpayer. The amount of set-off shall be credited against the tax due from the taxpayer.

44-72-9. Tax on available information – Interest on delinquencies – Penalties –

Collection powers.

If any taxpayer shall fail to file a return within the time required by this chapter, or shall file an insufficient or incorrect return, or shall not pay the tax imposed by this chapter when it is due, the tax administrator shall assess the tax upon the information as may be available, which shall be payable upon demand and shall bear interest at the annual rate provided by § 44-1-7, from the date when the tax should have been paid. If any part of the tax not paid is due to negligence or intentional disregard of the provisions of this chapter, a penalty of ten percent (10%) of the amount of the determination shall be added to the tax. The tax administrator shall collect the tax with interest in the same manner and with the same powers as are prescribed for collection of taxes in this title.

44-72-10. Claims for refund - Hearing upon denial.

(a) Any taxpayer subject to the provisions of this chapter, may file a claim for refund with the tax administrator at any time within two (2) years after the tax has been paid. If the tax administrator determines that the tax has been overpaid, the administrator shall make a refund with interest from the date of overpayment.

(b) Any taxpayer whose claim for refund has been denied may, within thirty (30) days from the date of the mailing by the administrator of the notice of the decision, request a hearing and the administrator shall, as soon as practicable, set a time and place for the hearing and shall notify the taxpayer.

44-72-11. Hearing by tax administrator on application.

Any taxpayer aggrieved by the action of the tax administrator in determining the amount of any tax or penalty imposed under the provisions of this chapter may apply to the tax administrator, within thirty (30) days after the notice of the action is mailed to the taxpayer, for a hearing relative to the tax or penalty. The tax administrator shall fix a time and place for the hearing and shall so notify the taxpayer. Upon the hearing, the tax administrator shall correct manifest errors, if any, disclosed at the hearing and thereupon assess and collect the amount lawfully due together with any penalty or interest thereon.

44-72-12. Appeals.

(a) In any appeal from the imposition of the tax set forth in this chapter, the tax administrator shall find in favor of an appellant who shows that the property assessed:

(1) Was actively occupied by the owner during the taxable year for more than six (6) months; or

(2) Was exempt pursuant to the general laws or public laws from the imposition of the tax set forth in this chapter.

(b) Appeals from administrative orders or decisions made pursuant to any provisions of this chapter shall be to the sixth division district court pursuant to chapter 8 of title 8. The taxpayer's right to appeal under this section shall be expressly made conditional upon prepayment of all taxes, interest, and penalties unless the taxpayer moves for and is granted an exemption from the prepayment requirement pursuant to § 8-8-26. If the court, after appeal, holds that the taxpayer is entitled to a refund, the taxpayer shall also be paid interest on the amount at the rate provided in § 44-1-7.1.

44-72-13. Taxpayer records.

Every taxpayer shall:

(1) Keep records as may be necessary to determine the amount of its liability under this chapter, including, but not limited to: rental agreements, payments for rent, bank statements for payment of residential expenses, utility bills, and any other records establishing residency or non-residency.

(2) Preserve those records for the period of three (3) years following the date of filing of any return required by this chapter, or until any litigation or prosecution under this chapter is finally determined.

(3) Make those records available for inspection by the administrator or authorized agents, upon demand, at reasonable times during regular business hours.

44-72-14. Rules and regulations.

The tax administrator is authorized to make and promulgate rules, regulations, and procedures not inconsistent with state law and fiscal procedures as the administrator deems necessary for the proper administration of this chapter and to carry out the provisions, policies, and purposes of this chapter.

44-72-15. Severability.

If any provision of this chapter or the application of this chapter to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the chapter that can be given effect without the invalid provision or application, and to this end the provisions of this chapter are declared to be severable. It is declared to be the legislative intent that this chapter would have been adopted had those provisions not been included or that person, circumstance, or time period been expressly excluded from its coverage.

SECTION 19. Sections 3, 4, 5, 12 and 16 through 18 shall take effect upon passage. Sections 1, 6 and 8 through 10 shall take effect on October 1, 2025. Sections 2, 7, 11 and 13 through 15 shall take effect on January 1, 2026.