

1 **ARTICLE 5**

2 **RELATING TO TAXES AND FEES**

3 SECTION 1. Sections 28-43-8.1 and 28-43-29 of the General Laws in Chapter 28-43
4 entitled "Employment Security – Contributions" are hereby amended to read as follows:

5 **28-43-8.1. Time and manner of payment of employer contributions.**

6 Contributions and assessments required under this chapter for each year shall be paid by
7 each employer in the manner and at the times that the director may prescribe.

8 **28-43-29. Liability for contributions and election of reimbursement.**

9 (a) Any nonprofit organization or governmental entity that is or becomes subject
10 to chapters 42 – 44 of this title on or after January 1, 1978, shall pay contributions under the
11 provisions of chapters 42 – 44 of this title, unless it elects, in accordance with this section, to pay
12 to the director for the employment security fund the full amount of regular benefits paid plus the
13 full amount of the extended benefits paid, less any federal payments to the state under § 204 of the
14 Federal-State Extended Unemployment Compensation Act of 1970, that are attributable to service
15 in the employ of that nonprofit organization or governmental entity to individuals for weeks of
16 unemployment that begin during the effective period of that election; provided, that for weeks of
17 unemployment beginning on or after January 1, 1979, governmental entities that have elected
18 reimbursement shall be responsible for reimbursing the employment security fund for the full
19 amount of extended benefits paid that is attributable to service in the employ of those entities.

20 (b) Any nonprofit organization or governmental entity that is or becomes subject to
21 chapters 42 – 44 of this title on January 1, 1978, may elect to become liable for payments in lieu of
22 contributions for a period of not less than the 1978 tax year and the next ensuing tax year provided
23 it files with the director a written notice of its election within the thirty-day (30) period immediately
24 following January 1, 1978.

25 (c) Any nonprofit organization or governmental entity that becomes subject to chapters 42
26 – 44 of this title after January 1, 1978, may elect to become liable for payments in lieu of
27 contributions for a period of not less than the balance of the tax year beginning with the date on
28 which that subjectivity begins and the next ensuing tax year by filing a written notice of its election
29 with the director not later than thirty (30) days immediately following the date of the determination
30 of that subjectivity.

31 (d) Any nonprofit organization or governmental entity that makes an election in accordance
32 with subsection (b) or (c) of this section will continue to be liable for payments in lieu of
33 contributions until it files with the director a written notice terminating its election not later than
34 thirty (30) days prior to the beginning of the tax year for which that termination shall first be

1 effective. The nonprofit organization or governmental entity shall thereafter be liable for the
2 payment of contributions for not less than that tax year and the next ensuing tax year before another
3 election can be exercised.

4 (e) Any nonprofit organization or governmental entity that has been paying contributions
5 under chapters 42 – 44 of this title for a period subsequent to January 1, 1978, may change to a
6 reimbursable basis by filing with the director not later than thirty (30) days prior to the beginning
7 of any tax year a written notice of election to become liable for payments in lieu of contributions.
8 That election shall not be terminable by the organization or entity for that tax year and for the next
9 ensuing tax year.

10 (f) The director may for good cause extend the period within which a notice of election, or
11 a notice of termination, must be filed and may permit an election to be retroactive but not any earlier
12 than with respect to benefits paid on or after January 1, 1978.

13 (g) The director, in accordance with any procedures that he or she may prescribe, shall
14 notify each nonprofit organization or governmental entity of any determination that may be made
15 of its status as an employer and of the effective date of any election that it makes and of any
16 termination of that election. Any determination shall be conclusive on the organization or the entity
17 unless within fifteen (15) days after notice of the determination has been mailed or otherwise
18 delivered to it, an appeal is made to the board of review in writing in accordance with the provisions
19 of § 28-43-14.

20 (h) Notwithstanding the foregoing, any nonprofit organization, not including governmental
21 entities, employing not less than five hundred (500) employees shall be subject to the job
22 development assessment as prescribed in § 28-43-8.5. The director is authorized to promulgate
23 regulations to administer this assessment.

24 SECTION 2. Section 31-2-27 of the General Laws in Chapter 31-2 entitled “Division of
25 Motor Vehicles” is hereby amended to read as follows:

26 **31-2-27. Technology surcharge fee.**

27 (a) The division of motor vehicles shall collect a technology surcharge fee of ~~two dollars~~
28 ~~and fifty cents (\$2.50)~~ three dollars and fifty cents (\$3.50) per transaction for every division of
29 motor vehicles’ fee transaction, except as otherwise provided by law and provided no surcharge
30 fee is assessed on motor vehicle inspection transactions conducted pursuant to § 31-38-4. ~~One~~
31 ~~dollar and fifty cents (\$1.50) of each two dollars and fifty cents (\$2.50) collected pursuant to this~~
32 ~~section shall be deposited into the information technology investment fund established pursuant to~~
33 ~~§ 42-11-2.5 and shall be used for project related payments and/or ongoing maintenance of and~~
34 ~~enhancements to the division of motor vehicles’ computer system and to reimburse the information~~

1 ~~technology investment fund for advances made to cover project-related payments. The remaining~~
2 ~~one dollar (\$1.00)~~ All technology surcharge fees collected pursuant to this section shall be
3 deposited into a restricted-receipt account managed by the division of motor vehicles and restricted
4 to the project-related payments and/or ongoing maintenance of and enhancements to the division
5 of motor vehicles' computer system.

6 (b) [Deleted by P.L. 2019, ch. 88, art. 7, § 1].

7 ~~(c) Beginning July 1, 2022, the full two dollars and fifty cents (\$2.50) shall be deposited~~
8 ~~into the division of motor vehicles restricted account and restricted to the project-related payments~~
9 ~~and/or ongoing maintenance of and enhancements to the division of motor vehicles' computer~~
10 ~~system.~~

11 SECTION 3. Section 31-6-1 of the General Laws in Chapter 31-6 entitled "Registration
12 Fees" is hereby amended to read as follows:

13 **31-6-1. Amount of registration and miscellaneous fees.**

14 The following registration fees shall be paid to the division of motor vehicles for the
15 registration of motor vehicles, trailers, semi-trailers, and school buses subject to registration for
16 each year of registration:

17 (1) For the registration of every automobile, when equipped with pneumatic tires, the gross
18 weight of which is not more than four thousand pounds (4,000 lbs.): thirty dollars (\$30.00).

19 (2) For the registration of every motor truck or tractor when equipped with pneumatic tires,
20 the gross weight of which is not more than four thousand pounds (4,000 lbs.): thirty-four dollars
21 (\$34.00).

22 (3) For the registration of every automobile, motor truck or tractor, when equipped with
23 pneumatic tires, the gross weight of which is:

24 (i) More than four thousand pounds (4,000 lbs.), but not more than five thousand pounds
25 (5,000 lbs.): forty dollars (\$40.00);

26 (ii) More than five thousand pounds (5,000 lbs.), but not more than six thousand pounds
27 (6,000 lbs.): forty-eight dollars (\$48.00);

28 (iii) More than six thousand pounds (6,000 lbs.), but not more than seven thousand pounds
29 (7,000 lbs.): fifty-six dollars (\$56.00);

30 (iv) More than seven thousand pounds (7,000 lbs.), but not more than eight thousand
31 pounds (8,000 lbs.): sixty-four dollars (\$64.00);

32 (v) More than eight thousand pounds (8,000 lbs.), but not more than nine thousand pounds
33 (9,000 lbs.): seventy dollars (\$70.00);

34 (vi) More than nine thousand pounds (9,000 lbs.), but not more than ten thousand pounds

- 1 (10,000 lbs.): seventy-eight dollars (\$78.00);
- 2 (vii) More than ten thousand pounds (10,000 lbs.), but not more than twelve thousand
3 pounds (12,000 lbs.): one hundred six dollars (\$106);
- 4 (viii) More than twelve thousand pounds (12,000 lbs.), but not more than fourteen thousand
5 pounds (14,000 lbs.): one hundred twenty-four dollars (\$124);
- 6 (ix) More than fourteen thousand pounds (14,000 lbs.), but not more than sixteen thousand
7 pounds (16,000 lbs.): one hundred forty dollars (\$140);
- 8 (x) More than sixteen thousand pounds (16,000 lbs.), but not more than eighteen thousand
9 pounds (18,000 lbs.): one hundred fifty-eight dollars (\$158);
- 10 (xi) More than eighteen thousand pounds (18,000 lbs.), but not more than twenty thousand
11 pounds (20,000 lbs.): one hundred seventy-six dollars (\$176);
- 12 (xii) More than twenty thousand pounds (20,000 lbs.), but not more than twenty-two
13 thousand pounds (22,000 lbs.): one hundred ninety-four dollars (\$194);
- 14 (xiii) More than twenty-two thousand pounds (22,000 lbs.), but not more than twenty-four
15 thousand pounds (24,000 lbs.): two hundred ten dollars (\$210);
- 16 (xiv) More than twenty-four thousand pounds (24,000 lbs.), but not more than twenty-six
17 thousand pounds (26,000 lbs.): two hundred thirty dollars (\$230);
- 18 (xv) More than twenty-six thousand pounds (26,000 lbs.), but not more than twenty-eight
19 thousand pounds (28,000 lbs.): two hundred ninety-six dollars (\$296);
- 20 (xvi) More than twenty-eight thousand pounds (28,000 lbs.), but not more than thirty
21 thousand pounds (30,000 lbs.): three hundred sixteen dollars (\$316);
- 22 (xvii) More than thirty thousand pounds (30,000 lbs.), but not more than thirty-two
23 thousand pounds (32,000 lbs.): four hundred and twenty-two dollars (\$422);
- 24 (xviii) More than thirty-two thousand pounds (32,000 lbs.), but not more than thirty-four
25 thousand pounds (34,000 lbs.): four hundred and forty-eight dollars (\$448);
- 26 (xix) More than thirty-four thousand pounds (34,000 lbs.), but not more than thirty-six
27 thousand pounds (36,000 lbs.): four hundred and seventy-six dollars (\$476);
- 28 (xx) More than thirty-six thousand pounds (36,000 lbs.), but not more than thirty-eight
29 thousand pounds (38,000 lbs.): five hundred and two dollars (\$502);
- 30 (xxi) More than thirty-eight thousand pounds (38,000 lbs.), but not more than forty
31 thousand pounds (40,000 lbs.): five hundred and twenty-eight dollars (\$528);
- 32 (xxii) More than forty thousand pounds (40,000 lbs.), but not more than forty-two thousand
33 pounds (42,000 lbs.): five hundred and fifty-four dollars (\$554);
- 34 (xxiii) More than forty-two thousand pounds (42,000 lbs.), but not more than forty-six

1 thousand pounds (46,000 lbs.): six hundred and eight dollars (\$608);

2 (xxiv) More than forty-six thousand pounds (46,000 lbs.), but not more than fifty thousand
3 pounds (50,000 lbs.): six hundred and sixty dollars (\$660);

4 (xxv) More than fifty thousand pounds (50,000 lbs.), but not more than fifty-four thousand
5 pounds (54,000 lbs.): seven hundred and twelve dollars (\$712);

6 (xxvi) More than fifty-four thousand pounds (54,000 lbs.), but not more than fifty-eight
7 thousand pounds (58,000 lbs.): seven hundred and sixty-eight dollars (\$768);

8 (xxvii) More than fifty-eight thousand pounds (58,000 lbs.), but not more than sixty-two
9 thousand pounds (62,000 lbs.): eight hundred and sixteen dollars (\$816);

10 (xxviii) More than sixty-two thousand pounds (62,000 lbs.), but not more than sixty-six
11 thousand pounds (66,000 lbs.): eight hundred and seventy-six dollars (\$876);

12 (xxix) More than sixty-six thousand pounds (66,000 lbs.), but not more than seventy
13 thousand pounds (70,000 lbs.): nine hundred and twenty-four dollars (\$924);

14 (xxx) More than seventy thousand pounds (70,000 lbs.), but not more than seventy-four
15 thousand pounds (74,000 lbs.): nine hundred and seventy-two dollars (\$972);

16 (xxxi) Over seventy-four thousand pounds (74,000 lbs.): nine hundred and seventy-two
17 dollars (\$972), plus twenty-four dollars (\$24.00) per two thousand pounds (2,000 lbs.) gross
18 weight.

19 (4) For the registration of every semi-trailer to be used with a truck-tractor, as defined in §
20 31-1-4(f), shall be as follows: an annual fee of twelve dollars (\$12.00) for a one-year registration;
21 for multi-year registrations the fee of fifty dollars (\$50.00) for a five-year (5) registration; and
22 eighty dollars (\$80.00) for an eight-year (8) registration. However, when in use, the weight of the
23 resulting semi-trailer unit and its maximum carrying capacity shall not exceed the gross weight of
24 the original semi-trailer unit from which the gross weight of the tractor was determined. A
25 registration certificate and registration plate shall be issued for each semi-trailer so registered.
26 There shall be no refund of payment of such fee, except that when a plate is returned prior to ninety
27 (90) days before the effective date of that year's registration, the pro rate amount, based on the
28 unused portion of the multi-year registration plate period at time of surrender, shall be refunded. A
29 multi-year semi-trailer registration may be transferred to another semi-trailer subject to the
30 provisions and fee set forth in § 31-6-11. Thirty percent (30%) of the semi-trailer registration fee
31 shall be retained by the division of motor vehicles to defray the costs of implementation of the
32 international registration plan (IRP) and fleet registration section.

33 (5) For the registration of every automobile, motor truck, or tractor, when equipped with
34 other than pneumatic tires, there shall be added to the above gross weight fees a charge of ten cents

1 (10¢) for each one hundred pounds (100 lbs.) of gross weight.

2 (6) For the registration of every public bus, the rates provided for motor vehicles for hire
3 plus two dollars (\$2.00) for each passenger that bus is rated to carry, the rating to be determined by
4 the administrator of the division of motor vehicles.

5 (7) For the registration of every motorcycle, or motor-driven cycle, thirteen dollars
6 (\$13.00). Three dollars (\$3.00) from that sum shall be turned over to the department of education
7 to assist in the payment of the cost of the motorcycle driver's education program as enumerated in
8 § 31-10.1-1.1.

9 (8) For the registration of every trailer, not including semi-trailers used with a truck-tractor
10 as defined in § 31-1-4(d), with a gross weight of three thousand pounds (3,000 lbs.) or less, five
11 dollars (\$5.00). Trailers with a gross weight of more than three thousand pounds (3,000 lbs.) shall
12 be assessed a registration fee of one dollar and fifty cents (\$1.50) per thousand pounds (1,000 lbs.).

13 (9) The annual registration fee for a motor vehicle, commonly described as a boxcar and/or
14 locomotive, and used only by La Societe Des 40 Hommes et 8 Chevaux for civic demonstration,
15 parades, convention purposes, or social welfare work, shall be two dollars (\$2.00).

16 (10) For the registration of every motor vehicle, trailer, or semi-trailer owned by any
17 department or agency of any city or town or district, provided the name of the city or town or
18 district or state department or agency owning the same shall be plainly printed on two (2) sides of
19 the vehicle, two dollars (\$2.00).

20 (11) For the registration of motor vehicles used for racing, fifteen dollars (\$15.00).

21 (12) For every duplicate registration certificate, seventeen dollars (\$17.00).

22 (13) For every certified copy of a registration certificate or application, ten dollars (\$10.00).

23 (14) For every certificate assigning a special identification number or mark as provided in
24 § 31-3-37, one dollar (\$1.00).

25 (15) For every replacement of number plates or additional pair of number plates, without
26 changing the number, thirty dollars (\$30.00).

27 (16) For the registration of every farm vehicle, used in farming as provided in § 31-3-31:
28 ten dollars (\$10.00).

29 (17) For the registration of antique motor vehicles, five dollars (\$5.00).

30 (18) For the registration of a suburban vehicle, when used as a pleasure vehicle and the
31 gross weight of which is not more than four thousand pounds (4,000 lbs.), the same rates as charged
32 in subsection (1) of this section shall be applicable and when used as a commercial vehicle and the
33 gross weight of which is not more than four thousand pounds (4,000 lbs.), the same rates as
34 provided in subsection (2) of this section shall be applicable. The rates in subsection (3) of this

1 section shall be applicable when the suburban vehicle has a gross weight of more than four thousand
2 pounds (4,000 lbs.), regardless of the use of the vehicle.

3 (19) For the registration of every motor bus that is used exclusively under contract with a
4 political subdivision or school district of the state for the transportation of school children, twenty-
5 five dollars (\$25); provided that the motor bus may also be used for the transportation of persons
6 to and from church and Sunday school services, and for the transportation of children to and from
7 educational or recreational projects sponsored by a city or town or by any association or
8 organization supported wholly or in part by public or private donations for charitable purposes,
9 without the payment of additional registration fee.

10 (20) For the registration of every motorized bicycle, ten dollars (\$10.00).

11 (21) For the registration of every motorized tricycle, ten dollars (\$10.00).

12 (22) For the replacement of number plates with a number change, twenty dollars (\$20.00).

13 (23) For the initial issuance and each reissuance of fully reflective plates, as required by §§
14 31-3-10, 31-3-32, and 31-3-33, an additional eight dollars (\$8.00); provided, however, for the initial
15 issuance of new license plates as required by § 31-3-33(c) that feature the 2022 approved design,
16 the fee shall be waived when the plate is issued for a vehicle with an existing registration.

17 (24) For the issuance of a trip permit under the International Registration Plan, twenty-five
18 dollars (\$25.00) per vehicle. The division of motor vehicles is authorized to issue seventy-two-hour
19 (72) trip permits for vehicles required to be registered in the International Registration Plan that
20 have not been apportioned with the state of Rhode Island.

21 (25) For the issuance of a hunter's permit under the International Registration Plan, twenty-
22 five dollars (\$25.00) per vehicle. The division of motor vehicles is authorized to issue hunter's
23 permits for motor vehicles based in the state of Rhode Island and otherwise required to be registered
24 in the International Registration Plan. These permits are valid for thirty (30) days.

25 (26) For the registration of a specially adapted motor vehicle necessary to transport a family
26 member with a disability for personal, noncommercial use, a fee of thirty dollars (\$30.00) assessed.

27 (27) (i) For the registration of every automobile, motor truck, or tractor, there shall be
28 added to the above gross weight fees:

29 (A) a fee of one hundred fifty dollars (\$150.00) for each battery electric vehicle; and

30 (B) a fee of seventy-five dollars (\$75.00) for each plug-in hybrid electric vehicle.

31 (C) Beginning July 1, 2027, and every other year thereafter, each of these fees stated in
32 subdivisions (i)(A) and (B) of this subsection shall be adjusted by the same percentage the gasoline
33 tax is adjusted pursuant to § 31-36-7; said adjustment shall be rounded to the nearest one-dollar
34 (\$1.00) increment, provided that each total fee shall not be less than provided for in subdivisions

1 (i)(A) or (B) of this subsection, respectively.

2 (ii) For purposes of this subsection, the following definitions shall apply:

3 (A) “Battery Electric Vehicle” means a motor vehicle which operates solely by use of a
4 battery or battery pack. The term includes a motor vehicle which is powered mainly through the
5 use of an electric battery or battery pack but which uses a flywheel that stores energy produced by
6 the electric motor or through regenerative braking to assist in operation of the motor vehicle.

7 (B) “Plug-in Hybrid Electric Vehicle” means a motor vehicle that can deliver power to the
8 drive wheels solely by a battery-powered electric motor but which also incorporates the use of
9 another fuel to power a combustion engine. The battery of the vehicle must be capable of receiving
10 energy from an external source, such as an outlet or charging station.

11 SECTION 4. Sections 42-63.1-2 and 42-63.1-3 of the General Laws in Chapter 42-63.1
12 entitled “Tourism and Development” is hereby amended to read as follows:

13 **42-63.1-2. Definitions. [Effective January 30, 2025.]**

14 For the purposes of this chapter:

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

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

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

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

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

33 (6) “Occupancy” means a person, firm, or corporation’s use of space for transient lodging
34 accommodations not to exceed thirty (30) days. Excluded from “occupancy” is the use of space for

1 which the occupant has a written lease for the space, which lease covers a rental period of twelve
2 (12) months or more. Furthermore, any house, condominium, or other residential dwelling rented,
3 for which the occupant has a documented arrangement for the space covering a rental period of
4 more than thirty (30) consecutive days or for one calendar month is excluded from the definition
5 of occupancy.

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

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

13 (9) "Tax" means the hotel tax [and whole home short-term rental tax](#) imposed by § 44-18-
14 36.1(a) [and \(d\)](#).

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

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

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

25 **42-63.1-3. Distribution of tax.**

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

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

1 Providence-Warwick Convention and Visitors' Bureau established in § 42-63.1-11; and provided
2 further, that from the tax generated by the hotels in the city of Providence, sixteen percent (16%)
3 of that tax shall be given to the Greater Providence-Warwick Convention and Visitors' Bureau
4 established by § 42-63.1-11, and thirty-one percent (31%) of that tax shall be given to the
5 Convention Authority of the city of Providence established pursuant to the provisions of chapter
6 84 of the public laws of January, 1980; provided, however, that the receipts attributable to the
7 district as defined in § 42-63.1-5(a)(7) shall be deposited as general revenues, and that the receipts
8 attributable to the district as defined in § 42-63.1-5(a)(8) shall be given to the Rhode Island
9 commerce corporation as established in chapter 64 of this title.

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

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

16 (b) For returns and tax payments received after December 31, 2015, except as provided in
17 § 42-63.1-12, the proceeds of the hotel tax, excluding the portion of the hotel tax collected from
18 residential units offered for tourist or transient use through a hosting platform, shall be distributed
19 as follows by the division of taxation and the city of Newport:

20 (1) For the tax generated by the hotels in the Aquidneck Island district, as defined in § 42-
21 63.1-5, forty-two percent (42%) of the tax shall be given to the Aquidneck Island district, twenty-
22 five percent (25%) of the tax shall be given to the city or town where the hotel that generated the
23 tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-
24 Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-eight percent
25 (28%) of the tax shall be given to the Rhode Island commerce corporation established in chapter
26 64 of this title.

27 (2) For the tax generated by the hotels in the Providence district as defined in § 42-63.1-5,
28 twenty eight percent (28%) of the tax shall be given to the Providence district, twenty-five percent
29 (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically
30 located, twenty-three percent (23%) of the tax shall be given to the Greater Providence-Warwick
31 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four percent (24%) of the
32 tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

33 (3) For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5,
34 twenty-eight percent (28%) of the tax shall be given to the Warwick District, twenty-five percent

1 (25%) of the tax shall be given to the city or town where the hotel that generated the tax is physically
2 located, twenty-three percent (23%) of the tax shall be given to the Greater Providence-Warwick
3 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four percent (24%) of the
4 tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

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

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

19 (c) For returns and tax payments received before July 1, 2019, the proceeds of the hotel tax
20 collected from residential units offered for tourist or transient use through a hosting platform shall
21 be distributed as follows by the division of taxation and the city of Newport: twenty-five percent
22 (25%) of the tax shall be given to the city or town where the residential unit that generated the tax
23 is physically located, and seventy-five percent (75%) of the tax shall be given to the Rhode Island
24 commerce corporation established in chapter 64 of this title.

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

29 (e) Notwithstanding the foregoing provisions of this section, for returns and tax payments
30 received on or after July 1, 2016, and on or before June 30, 2017, except as provided in § 42-63.1-
31 12, the proceeds of the hotel tax, excluding the portion of the hotel tax collected from residential
32 units offered for tourist or transient use through a hosting platform, shall be distributed in
33 accordance with the distribution percentages established in subsections (a)(1) through (a)(3) of this
34 section by the division of taxation and the city of Newport.

1 (f) For returns and tax payments received on or after July 1, 2018, except as provided in §
2 42-63.1-12, the proceeds of the hotel tax, excluding the portion of the hotel tax collected from
3 residential units offered for tourist or transient use through a hosting platform, shall be distributed
4 as follows by the division of taxation and the city of Newport:

5 (1) For the tax generated by the hotels in the Aquidneck Island district, as defined in § 42-
6 63.1-5, forty-five percent (45%) of the tax shall be given to the Aquidneck Island district, twenty-
7 five percent (25%) of the tax shall be given to the city or town where the hotel that generated the
8 tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-
9 Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-five percent
10 (25%) of the tax shall be given to the Rhode Island commerce corporation established in chapter
11 64 of this title.

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

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

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

30 (5) With respect to the tax generated by hotels in districts other than those set forth in
31 subsections (f)(1) through (f)(4) of this section, forty-five percent (45%) of the tax shall be given
32 to the regional tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five
33 percent (25%) of the tax shall be given to the city or town where the hotel that generated the tax is
34 physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick

1 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-five (25%) of the tax shall
2 be given to the Rhode Island commerce corporation established in chapter 64 of this title.

3 (g) For returns and tax payments received on or after July 1, 2019, except as provided in §
4 42-63.1-12, the proceeds of the hotel tax, including the portion of the hotel tax collected from
5 residential units offered for tourist or transient use through a hosting platform [except as provided](#)
6 [in subsection \(h\) of this section](#), shall be distributed as follows by the division of taxation and the
7 city of Newport:

8 (1) For the tax generated in the Aquidneck Island district, as defined in § 42-63.1-5, forty-
9 five percent (45%) of the tax shall be given to the Aquidneck Island district, twenty-five percent
10 (25%) of the tax shall be given to the city or town where the hotel or residential unit that generated
11 the tax is physically located, five percent (5%) of the tax shall be given to the Greater Providence-
12 Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-five percent
13 (25%) of the tax shall be given to the Rhode Island commerce corporation established in chapter
14 64 of this title.

15 (2) For the tax generated in the Providence district as defined in § 42-63.1-5, thirty percent
16 (30%) of the tax shall be given to the Providence district, twenty-five percent (25%) of the tax shall
17 be given to the city or town where the hotel or residential unit that generated the tax is physically
18 located, twenty-four percent (24%) of the tax shall be given to the Greater Providence-Warwick
19 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one percent (21%) of the
20 tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

21 (3) For the tax generated in the Warwick district as defined in § 42-63.1-5, thirty percent
22 (30%) of the tax shall be given to the Warwick District, twenty-five percent (25%) of the tax shall
23 be given to the city or town where the hotel or residential unit that generated the tax is physically
24 located, twenty-four percent (24%) of the tax shall be given to the Greater Providence-Warwick
25 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one percent (21%) of the
26 tax shall be given to the Rhode Island commerce corporation established in chapter 64 of this title.

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

33 (5) With respect to the tax generated in districts other than those set forth in subsections
34 (g)(1) through (g)(4) of this section, forty-five percent (45%) of the tax shall be given to the regional

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

7 [\(h\) Distribution of whole home short-term rental tax. For returns and tax payments received](#)
8 [after December 31, 2025, the proceeds of the whole home short-term rental tax established in § 44-](#)
9 [18-36.1\(d\) shall be given by the division of taxation and the city of Newport to the department of](#)
10 [housing, which shall deposit the proceeds into the Housing Resources and Homelessness restricted](#)
11 [receipt account, established pursuant to § 42-128-2\(3\).](#)

12 SECTION 5. Chapter 42-64.11 of the General Laws entitled “Jobs Growth Act” is hereby
13 amended by adding thereto the following section:

14 [**42-64.11-7. Sunset.**](#)

15 [No modifications shall be allowed, no applications shall be certified, and no taxpayers](#)
16 [certified prior to January 1, 2026, shall pay the tax under this chapter for tax years beginning on or](#)
17 [after January 1, 2026.](#)

18 SECTION 6. Section 44-18-30 of the General Laws in Chapter 44-18 entitled "Sales and
19 Use Taxes — Liability and Computation" is hereby amended to read as follows:

20 [**44-18-30. Gross receipts exempt from sales and use taxes.**](#)

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

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

26 (2) **Newspapers.**

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

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

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

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

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

4 (4) **Containers.**

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

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

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

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

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

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

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

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

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

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

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

16 (7) **Purchase for manufacturing purposes.**

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

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

26 (iii) "Consumed" includes mere obsolescence.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (13) **Motor vehicles sold to nonresidents.**

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

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

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

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

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

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

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

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

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

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

34 (ii) For the purpose of this subsection the term “special adaptations” includes, but is not

1 limited to: wheelchair lifts, wheelchair carriers, wheelchair ramps, wheelchair securements, hand
2 controls, steering devices, extensions, relocations, and crossovers of operator controls, power-
3 assisted controls, raised tops or dropped floors, raised entry doors, or alternative signaling devices
4 to auditory signals.

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

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

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

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

16 (22) **Manufacturing machinery and equipment.**

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

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

1 time to time, to be sold to the extent the property is used in administration or distribution operations;

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

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

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

22 (24) **Precious metal bullion.**

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

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

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

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

1 vessels.

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

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

1 requires remote sellers to collect and remit sales and use taxes.

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

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

8 (30) **Boats.**

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

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

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

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

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

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

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

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

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

32 (37) **Tangible personal property and supplies used in on-site hazardous waste**
33 **recycling, reuse, or treatment.** From the sale, storage, use, or other consumption in this state of
34 tangible personal property or supplies used or consumed in the operation of equipment, the

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

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

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

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

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

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

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

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

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

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

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

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

32 (49) **Banks and regulated investment companies interstate toll-free**
33 **calls.** Notwithstanding the provisions of this chapter, the tax imposed by this chapter does not
34 apply to the furnishing of interstate and international, toll-free terminating telecommunication

1 service that is used directly and exclusively by or for the benefit of an eligible company as defined
2 in this subdivision; provided that an eligible company employs on average during the calendar year
3 no less than five hundred (500) “full-time equivalent employees” as that term is defined in § 42-
4 64.5-2. For purposes of this section, an “eligible company” means a “regulated investment
5 company” as that term is defined in the Internal Revenue Code of 1986, 26 U.S.C. § 851, or a
6 corporation to the extent the service is provided, directly or indirectly, to or on behalf of a regulated
7 investment company, an employee benefit plan, a retirement plan or a pension plan, or a state-
8 chartered bank.

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

12 **(51) Manufacturing business reconstruction materials.**

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

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

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

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

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

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

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

5 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to
6 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle
7 in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this
8 state or at the place of residence of the nonresident; provided that a non-motorized recreational
9 vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption to
10 its nonresidents is not exempt from the tax imposed under § 44-18-20; provided, further, that in
11 that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate
12 that would be imposed in his or her state of residence not to exceed the rate that would have been
13 imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed, non-motorized
14 recreational vehicle dealer shall add and collect the tax required under this subdivision and remit
15 the tax to the tax administrator under the provisions of chapters 18 and 19 of this title. Provided,
16 that when a Rhode Island licensed, non-motorized recreational vehicle dealer is required to add and
17 collect the sales and use tax on the sale of a non-motorized recreational vehicle to a bona fide
18 nonresident as provided in this section, the dealer in computing the tax takes into consideration the
19 law of the state of the nonresident as it relates to the trade-in of motor vehicles.

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

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

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

1 title 31.

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

9 (56) **Aircraft.** Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-
10 18-18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other
11 consumption in this state of any new or used aircraft or aircraft parts.

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

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

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

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

34 (61) **Agricultural products for human consumption.** From the sale and from the

1 storage, use, or other consumption of livestock and poultry of the kinds of products that ordinarily
2 constitute food for human consumption and of livestock of the kind the products of which ordinarily
3 constitute fibers for human use.

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

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

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

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

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

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

34 (68) **Trade-in value of motorcycles.** From the sale and from the storage, use, or other

1 consumption in this state of so much of the purchase price paid for a new or used motorcycle as is
2 allocated for a trade-in allowance on the motorcycle of the buyer given in trade to the seller, or of
3 the proceeds applicable only to the motorcycle as are received from the manufacturer of
4 motorcycles for the repurchase of the motorcycle whether the repurchase was voluntary or not
5 towards the purchase of a new or used motorcycle by the buyer. For the purpose of this subsection,
6 the word “motorcycle” means a motorcycle not used for hire and does not refer to any other type
7 of motor vehicle.

8 (69) Firearm safety and storage devices. From the sale and from the storage, use, or
9 other consumption in this state of firearm safety devices and firearm storage devices. Firearm
10 safety device means a device that, when installed on a firearm, is designed to prevent the firearm
11 from being operated without first deactivating the device, or a device to be equipped or installed
12 on a firearm that is designed to prevent the operation of the firearm by anyone who does not have
13 authorized access to the firearm. A firearm sold with a firearm safety device already installed on
14 it is treated as the sale of a firearm and not the sale of a firearm safety device. A firearm storage
15 device means a container or enclosure that is designed and marketed for the principal purpose of
16 safely storing or displaying a firearm and that is secured by a combination lock, key lock, or lock
17 based on biometric information which, once locked, is incapable of being opened without the
18 combination, key, or biometric information, respectively.

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

21 **44-18-36.1. Hotel tax and whole home short-term rental tax [Effective January 1,**
22 **2026].**

23 (a) There is imposed a hotel tax of five percent (5%) upon the total consideration charged
24 for occupancy of any space furnished by any hotel, travel packages, or room reseller or reseller as
25 defined in § 44-18-7.3(b) in this state. A house, condominium, or other resident dwelling shall be
26 exempt from the five percent (5%) hotel tax under this subsection if the house, condominium, or
27 other resident dwelling is rented in its entirety. The hotel tax is in addition to any sales tax imposed.
28 This hotel tax is administered and collected by the division of taxation and unless provided to the
29 contrary in this chapter, all the administration, collection, and other provisions of chapters 18 and
30 19 of this title apply. Nothing in this chapter shall be construed to limit the powers of the convention
31 authority of the city of Providence established pursuant to the provisions of chapter 84 of the public
32 laws of 1980, except that distribution of hotel tax receipts shall be made pursuant to chapter 63.1
33 of title 42 rather than chapter 84 of the public laws of 1980.

34 (b) There is hereby levied and imposed, upon the total consideration charged for occupancy

1 of any space furnished by any hotel in this state, in addition to all other taxes and fees now imposed
2 by law, a local hotel tax at a rate of one percent (1%). The local hotel tax shall be administered and
3 collected in accordance with subsection (a).

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

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

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

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

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

30 SECTION 8. Sections 44-20-12 and 44-20-13 of the General Laws in Chapter 44-20
31 entitled “Cigarette, Other Tobacco Products, and Electronic Nicotine-Delivery System Products
32 [effective January 1, 2025]” are hereby amended to read as follows:

33 **44-20-12. Tax imposed on cigarettes sold.**

34 A tax is imposed on all cigarettes sold or held for sale in the state. The payment of the tax

1 to be evidenced by stamps, which may be affixed only by licensed distributors to the packages
2 containing such cigarettes. Any cigarettes on which the proper amount of tax provided for in this
3 chapter has been paid, payment being evidenced by the stamp, is not subject to a further tax under
4 this chapter. The tax is at the rate of ~~two hundred twenty-five (225)~~ two hundred fifty (250.0) mills
5 for each cigarette.

6 **44-20-13. Tax imposed on unstamped cigarettes.**

7 A tax is imposed at the rate of ~~two hundred twenty-five (225)~~ two hundred fifty (250.0)
8 mills for each cigarette upon the storage or use within this state of any cigarettes not stamped in
9 accordance with the provisions of this chapter in the possession of any consumer within this state.

10 SECTION 9. Chapter 44-20 of the General Laws entitled “Cigarette, Other Tobacco
11 Products, and Electronic Nicotine-Delivery System Products [effective January 1, 2025]” is hereby
12 amended by adding thereto the following section:

13 **44-20-12.8. Floor stock tax on cigarettes and stamps.**

14 (a) Each person engaging in the business of selling cigarettes at retail in this state shall pay
15 a tax or excise to the state for the privilege of engaging in that business during any part of the
16 calendar year 2025. In calendar year 2025, the tax shall be measured by the number of cigarettes
17 held by the person in this state at 12:01 a.m. on September 2, 2025, and is computed at the rate of
18 twenty-five (25.0) mills for each cigarette on September 2, 2025.

19 (b) Each distributor licensed to do business in this state pursuant to this chapter shall pay a
20 tax or excise to the state for the privilege of engaging in that business during any part of the calendar
21 year 2025. The tax is measured by the number of stamps, whether affixed or to be affixed to
22 packages of cigarettes, as required by § 44-20-28. In calendar year 2025 the tax is measured by the
23 number of stamps, whether affixed or to be affixed, held by the distributor at 12:01 a.m. on
24 September 2, 2025, and is computed at the rate of twenty-five (25.0) mills per cigarette in the
25 package to which the stamps are affixed or to be affixed.

26 (c) Each person subject to the payment of the tax imposed by this section shall, on or before
27 September 16, 2025, file a return, under oath or certified under the penalties of perjury, with the
28 tax administrator on forms furnished by the tax administrator, showing the amount of cigarettes
29 and the number of stamps in that person's possession in this state at 12:01 a.m. on September 2,
30 2025, as described in this section above, and the amount of tax due, and shall at the time of filing
31 the return pay the tax to the tax administrator. Failure to obtain forms shall not be an excuse for
32 the failure to make a return containing the information required by the tax administrator.

33 (d) The tax administrator may prescribe rules and regulations, not inconsistent with law,
34 regarding the assessment and collection of the tax imposed by this section.

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

3 **44-25-1. Tax imposed — Payment — Burden.**

4 (a) There is imposed, on each deed, instrument, or writing by which any lands, tenements,
5 or other realty sold is granted, assigned, transferred, or conveyed, to, or vested in, the purchaser or
6 purchasers, or any other person or persons, by his, her, or their direction, or on any grant,
7 assignment, transfer, or conveyance or such vesting, by such persons that has the effect of making
8 any real estate company an acquired real estate company, when the consideration paid exceeds one
9 hundred dollars (\$100), a tax at the rate of two dollars and thirty cents (\$2.30) for each five hundred
10 dollars (\$500), or fractional part of it, that is paid for the purchase of property or the interest in an
11 acquired real estate company (inclusive of the value of any lien or encumbrance remaining at the
12 time the sale, grant, assignment, transfer, or conveyance or vesting occurs, or in the case of an
13 interest in an acquired real estate company, a percentage of the value of such lien or encumbrance
14 equivalent to the percentage interest in the acquired real estate company being granted, assigned,
15 transferred, conveyed, or vested). The tax is payable at the time of making, the execution, delivery,
16 acceptance, or presentation for recording of any instrument affecting such transfer, grant,
17 assignment, transfer, conveyance, or vesting. In the absence of an agreement to the contrary, the
18 tax shall be paid by the grantor, assignor, transferor, or person making the conveyance or vesting.

19 (b) In addition to the tax imposed by subsection (a), there is imposed, on each deed,
20 instrument, or writing by which any residential real property sold is granted, assigned, transferred,
21 or conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his,
22 her, or their direction, or on any grant, assignment, transfer, or conveyance or such vesting, by such
23 persons that has the effect of making any real estate company an acquired real estate company,
24 when the consideration paid exceeds eight hundred thousand dollars (\$800,000), a tax at the rate of
25 two dollars and thirty cents (\$2.30) for each five hundred dollars (\$500), or fractional part of it, of
26 the consideration in excess of eight hundred thousand dollars (\$800,000) that is paid for the
27 purchase of residential real property or the interest in an acquired real estate company (inclusive of
28 the value of any lien or encumbrance remaining at the time the sale, grant, assignment, transfer, or
29 conveyance or vesting occurs, or in the case of an interest in an acquired real estate company, a
30 percentage of the value of such lien or encumbrance equivalent to the percentage interest in the
31 acquired real estate company being granted, assigned, transferred, conveyed, or vested). The tax
32 imposed by this subsection shall be paid at the same time and in the same manner as the tax imposed
33 by subsection (a).

34 **(c) In addition to the tax imposed by subsection (a) and subsection (b), there is imposed,**

1 on each deed, instrument, or writing by which any residential real property sold is granted, assigned,
2 transferred, or conveyed to, or vested in, the purchaser or purchasers, or any other person or
3 persons, by his, her, or their direction, or on any grant, assignment, transfer, or conveyance or such
4 vesting, by such persons that has the effect of making any real estate company an acquired real
5 estate company, when the consideration paid exceeds eight hundred thousand dollars (\$800,000),
6 an additional tax at the rate of one dollar sixty five cents (\$1.65) for each five hundred dollars
7 (\$500), or fractional part of it, of the consideration in excess of eight hundred thousand dollars
8 (\$800,000) that is paid for the purchase of residential real property or the interest in an acquired
9 real estate company (inclusive of the value of any lien or encumbrance remaining at the time the
10 sale, grant, assignment, transfer, or conveyance or vesting occurs, or in the case of an interest in an
11 acquired real estate company, a percentage of the value of such lien or encumbrance equivalent to
12 the percentage interest in the acquired real estate company being granted, assigned, transferred,
13 conveyed, or vested). The tax imposed by this subsection shall be paid at the same time and in the
14 same manner as the tax imposed by subsection (a) and (b).

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

18 ~~(d)~~(e) The tax shall be distributed as follows:

19 (1) With respect to the tax imposed by subsection (a): the tax administrator shall contribute
20 to the distressed community relief program the sum of thirty cents (\$.30) per two dollars and thirty
21 cents (\$2.30) of the face value of the stamps to be distributed pursuant to § 45-13-12, and to the
22 housing resources and homelessness restricted receipt account established pursuant to § 42-128-2
23 the sum of thirty cents (\$.30) per two dollars and thirty cents (\$2.30) of the face value of the stamps.
24 The state shall retain sixty cents (\$.60) for state use. The balance of the tax shall be retained by the
25 municipality collecting the tax.

26 (2) With respect to the tax imposed by subsection (b): the tax administrator shall contribute
27 the entire tax to the housing production fund established pursuant to § 42-128-2.1.

28 (3) With respect to the tax imposed by subsection (c): the tax administrator shall contribute
29 the entire tax to the Housing Resources and Homelessness restricted receipt account established
30 pursuant to § 42-128-2(3).

31 ~~(4)~~(4) Notwithstanding the above, in the case of the tax on the grant, transfer, assignment,
32 or conveyance or vesting with respect to an acquired real estate company, the tax shall be collected
33 by the tax administrator and shall be distributed to the municipality where the real estate owned by
34 the acquired real estate company is located; provided, however, in the case of any such tax collected

1 by the tax administrator, if the acquired real estate company owns property located in more than
2 one municipality, the proceeds of the tax shall be allocated amongst said municipalities in the
3 proportion the assessed value of said real estate in each such municipality bears to the total of the
4 assessed values of all of the real estate owned by the acquired real estate company in Rhode Island.
5 Provided, however, in fiscal years 2004 and 2005, from the proceeds of this tax, the tax
6 administrator shall deposit as general revenues the sum of ninety cents (\$.90) per two dollars and
7 thirty cents (\$2.30) of the face value of the stamps. The balance of the tax on the purchase of
8 property shall be retained by the municipality collecting the tax. The balance of the tax on the
9 transfer with respect to an acquired real estate company, shall be collected by the tax administrator
10 and shall be distributed to the municipality where the property for which interest is sold is
11 physically located. Provided, however, that in the case of any tax collected by the tax administrator
12 with respect to an acquired real estate company where the acquired real estate company owns
13 property located in more than one municipality, the proceeds of the tax shall be allocated amongst
14 the municipalities in proportion that the assessed value in any such municipality bears to the
15 assessed values of all of the real estate owned by the acquired real estate company in Rhode Island.

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

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

30 (1) Is primarily engaged in the business of holding, selling, or leasing real estate, where
31 90% or more of the ownership of the real estate is held by 35 or fewer persons and which company
32 either (i) derives 60% or more of its annual gross receipts from the ownership or disposition of real
33 estate; or (ii) owns real estate the value of which comprises 90% or more of the value of the entity’s
34 entire tangible asset holdings exclusive of tangible assets that are fairly transferrable and actively

1 traded on an established market; or

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

7 ~~(g)~~(h) In the case of a grant, assignment, transfer, or conveyance or vesting that results in
8 a real estate company becoming an acquired real estate company, the grantor, assignor, transferor,
9 or person making the conveyance or causing the vesting, shall file or cause to be filed with the
10 division of taxation, at least five (5) days prior to the grant, transfer, assignment, or conveyance or
11 vesting, notification of the proposed grant, transfer, assignment, or conveyance or vesting, the price,
12 terms and conditions thereof, and the character and location of all of the real estate assets held by
13 the real estate company and shall remit the tax imposed and owed pursuant to subsection (a). Any
14 such grant, transfer, assignment, or conveyance or vesting which results in a real estate company
15 becoming an acquired real estate company shall be fraudulent and void as against the state unless
16 the entity notifies the tax administrator in writing of the grant, transfer, assignment, or conveyance
17 or vesting as herein required in subsection ~~(g)~~(h) and has paid the tax as required in subsection (a).
18 Upon the payment of the tax by the transferor, the tax administrator shall issue a certificate of the
19 payment of the tax which certificate shall be recordable in the land evidence records in each
20 municipality in which such real estate company owns real estate. Where the real estate company
21 has assets other than interests in real estate located in Rhode Island, the tax shall be based upon the
22 assessed value of each parcel of property located in each municipality in the state of Rhode Island.

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

25 **44-31-2. Specialized investment tax credit.**

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

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

33 (c) The credit shall be ten percent (10%) of the rehabilitation and reconstruction costs of
34 the certified building. The credit shall be allowable in the year the substantially rehabilitated

1 certified building is first placed into service, which is the year in which, under the taxpayer's
2 depreciation practice, the period for depreciation with respect to such property begins, or the year
3 in which the property is placed in a condition or state of readiness and availability for its specifically
4 assigned function, whichever is earlier.

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

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

12 [\(f\) Sunset. No credits shall be allowed under this section for tax years beginning on or after](#)
13 [January 1, 2026. Credits allowed for tax years ending on or before December 31, 2025, may be](#)
14 [carried forward into tax years beginning on or after January 1, 2026, in accordance with subsection](#)
15 [\(d\) of this section.](#)

16 SECTION 12. Sections 44-32-1, 44-32-2, and 44-32-3 of the General Laws in Chapter 44-
17 32 entitled "Elective Deduction for Research and Development Facilities" are hereby amended to
18 read as follows:

19 [**44-32-1. Elective deduction against allocated entire net income.**](#)

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

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

25 (1) Expenditures paid or incurred during the taxable year for the construction,
26 reconstruction, erection or acquisition of any new, not used, property as described in subsection (c)
27 of this section, which is used or to be used for purposes of research and development in the
28 experimental or laboratory sense. The purposes are not deemed to include the ordinary testing or
29 inspection of materials or products for quality control, efficiency surveys, management studies,
30 consumer surveys, advertising, promotion, or research in connection with literary, historical, or
31 similar projects. The deduction shall be allowed only on condition that the entire net income for
32 the taxable year and all succeeding taxable years is computed without the deduction of any
33 expenditures and without any deduction for depreciation of the property, except to the extent that
34 its basis may be attributable to factors other than the expenditures, (expenditures and depreciation

1 deducted for federal income tax purposes shall be added to the entire net income allocated to Rhode
2 Island), or in case a deduction is allowable pursuant to this subdivision for only a part of the
3 expenditures, on condition that any deduction allowed for federal income tax purposes on account
4 of the expenditures or on account of depreciation of the property is proportionately reduced in
5 computing the entire net income for the taxable year and all succeeding taxable years. Concerning
6 property that is used or to be used for research and development only in part, or during only part of
7 its useful life, a proportionate part of the expenditures shall be deductible. If all or part of the
8 expenditures concerning any property has been deducted as provided in this section, and the
9 property is used for purposes other than research and development to a greater extent than originally
10 reported, the taxpayer shall report the use in its report for the first taxable year during which it
11 occurs, and the tax administrator may recompute the tax for the year or years for which the
12 deduction was allowed, and may assess any additional tax resulting from the recomputation as a
13 current tax, within three (3) years of the reporting of the change to the tax administrator. Any
14 change in use of the property in whole or in part from that, which originally qualified the property
15 for the deduction, requires a recomputation. The tax administrator has the authority to promulgate
16 regulations to prevent the avoidance of tax liability.

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

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

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

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

34 (e) **Carry-over of excess deductions.** If the deductions allowable for any taxable year

1 pursuant to this section exceed the portion of the taxpayer's entire net income allocated to this state
2 for that year, the excess may be carried over to the following taxable year or years, not to exceed
3 three (3) years, and may be deducted from the portion of the taxpayer's entire net income allocated
4 to this state for that year or years.

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

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

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

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

26 **44-32-2. Credit for research and development property acquired, constructed, or**
27 **reconstructed or erected after July 1, 1994.**

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

33 (b) A credit shall be allowed under this section with respect to tangible personal property
34 and other tangible property, including buildings and structural components of buildings which are:

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

14 (c) A taxpayer shall not be allowed a credit under this section with respect to any property
15 described in subsections (a) and (b) of this section, if a deduction is taken for the property under §
16 44-32-1.

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

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

32 (f)(1) With respect to property which is depreciable pursuant to 26 U.S.C. § 167 and which
33 is disposed of or ceases to be in qualified use prior to the end of the taxable year in which the credit
34 is to be taken, the amount of the credit is that portion of the credit provided for in this section which

1 represents the ratio which the months of qualified use bear to the months of useful life. If property
2 on which credit has been taken is disposed of or ceases to be in qualified use prior to the end of its
3 useful life, the difference between the credit taken and the credit allowed for actual use must be
4 added back in the year of disposition. If the property is disposed of or ceases to be in qualified use
5 after it has been in qualified use for more than twelve (12) consecutive years, it is not necessary to
6 add back the credit as provided in this subdivision. The amount of credit allowed for actual use is
7 determined by multiplying the original credit by the ratio which the months of qualified use bear
8 to the months of useful life. For purposes of this subdivision, "useful life of property" is the same
9 as the taxpayer uses for depreciation purposes when computing his federal income tax liability.

10 (2) Except with respect to that property to which subdivision (3) of this subsection applies,
11 with respect to three (3) year property, as defined in 26 U.S.C. § 168(c), which is disposed of or
12 ceases to be in qualified use prior to the end of the taxable year in which the credit is to be taken,
13 the amount of the credit shall be that portion of the credit provided for in this section which
14 represents the ratio which the months of qualified use bear to thirty-six (36). If property on which
15 credit has been taken is disposed of or ceases to be in qualified use prior to the end of thirty-six
16 (36) months, the difference between the credit taken and the credit allowed for actual use must be
17 added back in the year of disposition. The amount of credit allowed for actual use is determined by
18 multiplying the original credit by the ratio that the months of qualified use bear to thirty-six (36).

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

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

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

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

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

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

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

14 **44-32-3. Credit for qualified research expenses.**

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

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

21 (2) The base period research expenses.

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

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

28 (c) The credit allowed under this section for any taxable year shall not reduce the tax due
29 for that year by more than fifty percent (50%) of the tax liability that would be payable, and in the
30 case of corporations, to less than the minimum fixed by § 44-11-2(e). If the amount of credit
31 allowable under this section for any taxable year is less than the amount of credit available to the
32 taxpayer any amount of credit not credited in that taxable year may be carried over to the following
33 year or years, up to a maximum of seven (7) years, and may be credited against the taxpayer’s tax
34 for that year or years. For purposes of chapter 30 of this title, if the credit allowed under this section

1 for any taxable year exceeds the taxpayer's tax for that year, the amount of credit not credited in
2 that taxable year may be carried over to the following year or years, up to a maximum of seven (7)
3 years, and may be credited against the taxpayer's tax for that year or years. For purposes of
4 determining the order in which carry-overs are taken into consideration, the credit allowed by § 44-
5 32-2 is taken into account before the credit allowed under this section.

6 (d) For tax years beginning on or after January 1, 2026, the credit allowed under this section
7 for any taxable year shall not reduce the tax due for that year by more than fifty percent (50%) of
8 the tax liability that would be payable, and in the case of corporations, to less than the minimum
9 fixed by § 44-11-2(e). If the amount of credit allowable under this section for any taxable year is
10 less than the amount of credit available to the taxpayer any amount of credit not credited in that
11 taxable year may be carried over to the following year or years, up to a maximum of fifteen (15)
12 years, and may be credited against the taxpayer's tax for that year or years. For purposes of chapter
13 30 of this title, if the credit allowed under this section for any taxable year exceeds the taxpayer's
14 tax for that year, the amount of credit not credited in that taxable year may be carried over to the
15 following year or years, up to a maximum of fifteen (15) years, and may be credited against the
16 taxpayer's tax for that year or years. For purposes of determining the order in which carry-overs
17 are taken into consideration, the credit allowed by § 44-32-2 is taken into account before the credit
18 allowed under this section.

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

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

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

26 SECTION 13. Section 44-34.1-2 of the General Laws in Chapter 44-34.1 entitled "Motor
27 Vehicle and Trailer Excise Tax Elimination Act of 1998" is hereby amended to read as follows:

28 **44-34.1-2. City, town, and fire district reimbursement.**

29 (a) In fiscal years 2024 and thereafter, cities, towns, and fire districts shall receive
30 reimbursements, as set forth in this section, from state general revenues ~~equal to the amount of lost~~
31 ~~tax revenue~~ due to the phase out of the excise tax. ~~When the tax is phased out, cities, towns, and~~
32 ~~fire districts shall receive a permanent distribution of sales tax revenue pursuant to § 44-18-18 in~~
33 ~~an amount equal to any lost revenue resulting from the excise tax elimination.~~

34 (b)(1) In fiscal year 2024, cities, towns, and fire districts shall receive the following

1	reimbursement amounts:	
2	Barrington	\$ 5,894,822
3	Bristol	\$ 2,905,818
4	Burrillville	\$ 5,053,933
5	Central Falls	\$ 2,077,974
6	Charlestown	\$ 1,020,877
7	Coventry	\$ 5,872,396
8	Cranston	\$ 22,312,247
9	Cumberland	\$ 6,073,469
10	East Greenwich	\$ 2,417,332
11	East Providence	\$ 11,433,479
12	Exeter	\$ 2,241,381
13	Foster	\$ 1,652,251
14	Glocester	\$ 2,381,941
15	Hopkinton	\$ 1,629,259
16	Jamestown	\$ 622,793
17	Johnston	\$ 10,382,785
18	Lincoln	\$ 5,683,015
19	Little Compton	\$ 366,775
20	Middletown	\$ 1,976,448
21	Narragansett	\$ 1,831,251
22	Newport	\$ 2,223,671
23	New Shoreham	\$ 163,298
24	North Kingstown	\$ 5,378,818
25	North Providence	\$ 9,619,286
26	North Smithfield	\$ 4,398,531
27	Pawtucket	\$ 16,495,506
28	Portsmouth	\$ 2,414,242
29	Providence	\$ 34,131,596
30	Richmond	\$ 1,448,455
31	Scituate	\$ 1,977,127
32	Smithfield	\$ 7,098,694
33	South Kingstown	\$ 3,930,455
34	Tiverton	\$ 1,748,175

1	Warren	\$ 2,090,911
2	Warwick	\$ 25,246,254
3	Westerly	\$ 5,765,523
4	West Greenwich	\$ 1,331,725
5	West Warwick	\$ 5,673,744
6	Woonsocket	\$ 9,324,776
7	Lime Rock Fire District	\$ 133,933
8	Lincoln Fire District	\$ 208,994
9	Manville Fire District	\$ 64,862
10	Quinnville Fire District	\$ 13,483

11 (2) In fiscal year 2024, funds shall be distributed to the cities, towns, and fire districts as
12 follows:

- 13 (i) On August 1, 2023, twenty-five percent (25%) of the funds.
- 14 (ii) On November 1, 2023, twenty-five percent (25%) of the funds.
- 15 (iii) On February 1, 2024, twenty-five percent (25%) of the funds.
- 16 (iv) On May 1, 2024, twenty-five percent (25%) of the funds.

17 The funds shall be distributed to each city, town, and fire district in the same proportion as
18 distributed in fiscal year 2023.

19 (3) For the city of East Providence, the payment schedule is twenty-five percent (25%) on
20 November 1, 2023, twenty-five percent (25%) on February 1, 2024, twenty-five percent (25%) on
21 May 1, 2024, and twenty-five percent (25%) on August 1, 2024.

22 (4) On any of the payment dates specified in subsections (b)(2)(i) through (b)(2)(iv), ~~or~~
23 (b)(3), or (d) of this section, the director of revenue is authorized to deduct previously made over-
24 payments or add supplemental payments as may be required to bring the reimbursements into full
25 compliance with the requirements of this chapter.

26 (c) When the tax is phased out to August 1, of the following fiscal year the director of
27 revenue shall calculate to the nearest thousandth of one cent (\$0.00001) the number of cents of
28 sales tax received for the fiscal year ending June 30, of the year following the phase-out equal to
29 the amount of funds distributed to the cities, towns, and fire districts under this chapter during the
30 fiscal year following the phase-out and the percent of the total funds distributed in the fiscal year
31 following the phase-out received by each city, town, and fire district, calculated to the nearest one-
32 hundredth of one percent (0.01%). The director of the department of revenue shall transmit those
33 calculations to the governor, the speaker of the house, the president of the senate, the chairperson
34 of the house finance committee, the chairperson of the senate finance committee, the house fiscal

1 advisor, and the senate fiscal advisor. The number of cents, applied to the sales taxes received for
2 the prior fiscal year, shall be the basis for determining the amount of sales tax to be distributed to
3 the cities, towns, and fire districts under this chapter ~~for the second fiscal year following the phase-~~
4 ~~out and each year thereafter~~ in fiscal year 2025. The cities, towns, and fire districts shall receive
5 that amount of sales tax in the proportions calculated by the director of revenue as that received in
6 the fiscal year following the phase-out.

7 (d) In fiscal years 2025 and thereafter, twenty-five percent (25%) of the funds shall be
8 distributed to the cities, towns, and fire districts on August 1, 2024, and every August 1 thereafter;
9 twenty-five percent (25%) shall be distributed on November 1, 2024, and every November 1
10 thereafter; twenty-five percent (25%) shall be distributed on February 1, 2025, and every February
11 1 thereafter; and twenty-five percent (25%) shall be distributed on May 1, 2025, and every May 1
12 thereafter.

13 (e) In fiscal years 2026 and thereafter, each city, town, and fire district shall receive a
14 reimbursement amount equal to the reimbursement amount it received pursuant to subsection (b)(1)
15 or (c) of this section, whichever is greater.

16 ~~(f)~~ [Deleted by P.L. 2024, ch. 400, § 1 and P.L. 2024, ch. 401, § 1.]

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

19 **44-39.1-5. Sunset.**

20 No credits shall be allowed under this chapter for tax years beginning on or after January
21 1, 2026.

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

24 **44-43-2. Deduction or modification.**

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

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

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

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

34 (4) A deduction for the purposes of computing gross premiums in accordance with chapter

1 17 of this title; or

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

4 (b) The deduction or modification shall be in an amount equal to the taxpayer's qualifying
5 investment in a certified venture capital partnership or an entrepreneur's investment in a qualifying
6 business entity and shall be measured at the year end of the certified venture capital partnership,
7 the year end of the qualifying business entity, or the year end of the investing taxpayer, whichever
8 comes first.

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

11 **44-43-3. Wage credit.**

12 (a) There shall be allocated among the entrepreneurs of a qualifying business entity (based
13 on the ratio of each entrepreneur's interest in the entity to the total interest held by all entrepreneurs)
14 with respect to each entity on an annual basis commencing with the calendar year in which the
15 entity first qualified as a qualifying business entity a credit against the tax imposed by chapter 30
16 of this title. The credit shall be equal to three percent (3%) of the wages (as defined in 26 U.S.C. §
17 3121(a)) in excess of fifty thousand dollars (\$50,000) paid during each calendar year to employees
18 of the entity; provided, that there shall be excluded from the amount on which the credit is based
19 any wages:

20 (1) Paid to any owner of the entity;

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

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

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

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

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

32 **44-53-18. Financial institution data match system for state tax collection purposes.**

33 (a) Definitions. As used in this section:

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

1 (2) “Financial institution” means any bank, savings and loan association, federal or state
2 credit union, trust company, consumer lender, international banking facility, financial institution
3 holding company, benefit association, insurance company, safe deposit company, or any entity
4 authorized by the taxpayer to buy, sell, transfer, store, and/or trade monetary assets or its equivalent,
5 including but not limited to virtual currency, and any party affiliated with the financial institution.
6 A financial institution includes any person or entity authorized or required to participate in a
7 financial institution data match system or program for child support enforcement purposes under
8 federal or state law.

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

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

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

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

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

1 with a device.

2 **44-72-2. Imposition of Digital Advertising Gross Revenue Tax.**

3 (a) For tax years beginning on or after January 1, 2026, a tax is imposed on a
4 person's assessable base. The digital advertising gross revenues tax rate is 10% of the assessable
5 base for a person with annual gross revenues exceeding \$1,000,000,000.

6 (b) A person who derives gross revenues from digital advertising services in Rhode Island
7 may not directly pass on the cost of the tax imposed under this section to a customer who purchases
8 the digital advertising services by means of a separate fee, surcharge, or line-item.

9 **44-72-3. Exemptions.**

10 The tax provided by this chapter shall not apply to a person in any tax year in which
11 the annual gross revenues for that person was \$1,000,000,000 or less.

12 **44-72-4. Filing of Returns and Payments – Due Date.**

13 (a) For tax years beginning on or after January 1, 2026, each person that, in a calendar year,
14 has annual gross revenues exceeding \$1,000,000,000 and an assessable base greater than \$0 shall
15 complete, under oath, and file with the tax administrator an annual return, on or before April 15
16 following the close of the taxable year. If any due date falls on a Saturday, Sunday, or Rhode Island
17 legal holiday, the installment is due on the next regular business day.

18 (b) Each person required under subsection (a) of this section to file a return shall make four
19 quarterly estimated payments, with 25% of the estimated tax due each quarter.

20 (1) Each person subject to the tax under this chapter shall complete, under oath, and file
21 with the tax administrator a declaration of estimated tax, on or before April 15 of the taxable year
22 and remit payment of estimate tax of at least 25% of the estimated digital advertising gross revenues
23 tax shown on the declaration or amended declaration for a taxable year.

24 (2) A person required under subsection (b)(1) of this section to remit payment of estimated
25 tax for a taxable year shall additionally remit payment of estimate tax of at least 50% of the
26 estimated digital advertising gross revenues tax shown on or before June 15, at least 75% of the
27 estimated digital advertising gross revenues tax shown on or before September 15, and at least
28 100% of the estimated digital advertising gross revenues tax shown on or before December 15 of
29 that year.

30 (3) In the case of any underpayment of an estimated payment in this chapter, there is added
31 to the tax due for the taxable year an amount determined at the rate described in § 44-1-7 upon the
32 amount of the underpayment for the period of the underpayment.

33 (i) For the purpose of this section, the "amount of the underpayment" is the excess of the
34 amount of the installment or installments which would be required to be paid if the advance

1 payments were equal to eighty percent (80%) of the tax shown on the return for the taxable year or
2 one hundred percent (100%) of the tax shown on the return for the prior taxable year, whichever is
3 less.

4 (ii) For the purposes of this section, the “period of the underpayment” is the period from
5 the date the installment was required to be paid to the date prescribed in this section for the payment
6 of the tax for the taxable year or, with respect to any portion of the underpayment, the date on which
7 the portion is paid, whichever date is the earlier.

8 (c) For tax years beginning on or after January 1, 2026 a person required to file a return
9 under this chapter shall pay the digital advertising gross revenues tax that covers the period for
10 which the tax is due.

11 (1) If any due date falls on a Saturday, Sunday, or Rhode Island legal holiday, the
12 installment is due on the next regular business day.

13 (d) Each person required to file a return and pay tax under this chapter must file and remit
14 payment electronically.

15 **44-72-5. Extension of time for filing of returns.**

16 The tax administrator may grant reasonable extensions of time for filing returns under rules
17 and regulations as he or she shall prescribe.

18 **44-72-6. Interest on delinquent payments.**

19 If any tax imposed by this chapter is not paid when due, the person shall be required to pay
20 as part of the tax interest on the tax at the annual rate provided by § 44-1-7 from that time.

21 **44-72-7. Allocation of gross revenue to State.**

22 (a) For the purposes of this chapter, revenue from digital advertising services both within
23 and without Rhode Island shall be sourced based on the ratio of devices in Rhode Island that access
24 advertising to total devices that access advertising.

25 (b) The tax administrator shall adopt regulations that determine the state from which revenues
26 from digital advertising services are derived.

27 **44-72-8. Claims for refund.**

28 Any person may file a claim for refund with the tax administrator at any time within three
29 (3) years after the due date of the return, or in the case of a change or correction of its taxable
30 income by any official of the United States government, within three (3) years after receiving notice
31 of the change or correction. If the tax administrator determines that the tax has been overpaid, he
32 or she shall make a refund with interest at the annual rate provided by § 44-1-7.1 from the date of
33 payment.

34 **44-72-9. Determination of tax without return.**

1 If any person fails to file a return at the time prescribed by law, the tax administrator may
2 proceed to determine the tax from any information he or she can obtain.

3 **44-72-10. Penalties.**

4 (a) Failure to file tax returns or to pay tax.

5 In the case of failure:

6 (1) To file. In the case of any failure to file a return on or before the prescribed date, unless
7 it is shown that the failure is due to reasonable cause and not due to willful neglect, there shall be
8 added to the tax five percent (5%) if the failure is for not more than one month, with an additional
9 five percent (5%) for each additional month or fraction of a month during which the failure
10 continues, not exceeding twenty-five percent (25%) in the aggregate, except that when a return is
11 filed after the time prescribed by law and it is shown that the failure to file the return at the
12 prescribed time was due to reasonable cause and not due to willful neglect, no addition to the tax
13 shall be made..

14 (2) To pay. In the case of any failure to pay the tax as imposed by this chapter with the
15 return on or before the prescribed date, unless it is shown that the failure is due to reasonable cause
16 and not due to willful neglect, there shall be added to the amount shown as tax on the return five-
17 tenths percent (0.5%) of the amount of the tax if the failure is for not more than one month, with
18 an additional five-tenths percent (0.5%) for each additional month or fraction of a month during
19 which the failure continues, not exceeding twenty-five percent (25%) in the aggregate, except that
20 when the failure is due to reasonable cause and not to willful neglect, no addition to the tax shall
21 be made.

22 (b) Negligence. If any part of a deficiency is due to negligence or intentional disregard of
23 the Rhode Island General Laws or rules or regulations under this chapter (but without intent to
24 defraud), five percent (5%) of that part of the deficiency shall be added to the tax.

25 (c) Fraud. If any part of a deficiency is due to fraud, fifty percent (50%) of that part of the
26 deficiency shall be added to the tax. This amount shall be in lieu of any other additional amounts
27 imposed by subsections (a) and (b) of this section.

28 (d) Additions and penalties treated as tax. The additions to the tax and civil penalties
29 provided by this section shall be paid upon notice and demand and shall be assessed, collected, and
30 paid in the same manner as taxes.

31 (e) Bad checks. If any check or money order in payment of any amount receivable under
32 this chapter is not duly paid, in addition to any other penalties provided by law, there shall be paid
33 as a penalty by the person who tendered the check, upon notice and demand by the tax administrator
34 or his or her delegate, in the same manner as tax, an amount equal to one percent (1%) of the amount

1 of the check, except that if the amount of the check is less than five hundred dollars (\$500), the
2 penalty under this section shall be five dollars (\$5.00). This subsection shall not apply if the person
3 tendered the check in good faith and with reasonable cause to believe that it would be duly paid.

4 **44-72-11. Hearings and appeals.**

5 (a) Any person aggrieved by any action under this chapter of the tax administrator or his
6 or her authorized agent for which a hearing is not elsewhere provided may apply to the tax
7 administrator, in writing, within thirty (30) days of the action for a hearing, stating the reasons why
8 the hearing should be granted and the manner of relief sought. The tax administrator shall notify
9 the applicant of the time and place fixed for the hearing. After the hearing, the tax administrator
10 may make the order in the premises as may appear to the tax administrator just and lawful and shall
11 furnish a copy of the order to the applicant. The tax administrator may, by notice in writing, at any
12 time, order a hearing on his or her own initiative and any persons whom the tax administrator
13 believes to be in possession of information concerning revenue from digital advertising services to
14 appear before the tax administrator or his or her authorized agent with any specific books of
15 account, papers, or other documents, for examination relative to the hearing.

16 (b) Appeals from administrative orders or decisions made pursuant to any provisions of
17 this chapter shall be to the sixth division district court pursuant to chapter 8 of title 8. The person's
18 right to appeal under this section shall be expressly made conditional upon prepayment of all taxes,
19 interest, and penalties, unless the person moves for and is granted an exemption from the
20 prepayment requirement pursuant to § 8-8-26.

21 **44-72-12. Records.**

22 Each person shall keep records, render statements, make returns, and comply with rules
23 and regulations, not inconsistent with law, as the tax administrator may from time to time prescribe
24 to carry into effect the provisions of this chapter.

25 **44-72-13. Rules and Regulations.**

26 The tax administrator is authorized to promulgate rules and regulations to carry out the
27 provisions, policies, and purposes of this chapter. The provisions of this chapter shall be liberally
28 construed to foster the enforcement of and compliance with all provisions herein related to taxation.

29 **44-72-14. Severability.**

30 If any provision of this chapter or the application of this chapter to any person or
31 circumstances is held invalid, that invalidity shall not affect other provisions or applications of the
32 chapter that can be given effect without the invalid provision or application, and to this end the
33 provisions of this chapter are declared to be severable.

34 SECTION 18. Sections 45-24-31 and 45-24-37 of the General Laws in Chapter 45-24

1 entitled “Zoning Ordinances” are hereby amended to read as follows:

2 **45-24-31. Definitions.**

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

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

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

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

19 (4) **Adaptive reuse.** “Adaptive reuse,” as defined in § 42-64.22-2.

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

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

24 (ii) Anyone requiring notice pursuant to this chapter.

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

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

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

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

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

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

1 occupancy.

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

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

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

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

22 (14) **Cluster.** A site-planning technique that concentrates buildings in specific areas on the
23 site to allow the remaining land to be used for recreation, common open space, and/or preservation
24 of environmentally, historically, culturally, or other sensitive features and/or structures. The
25 techniques used to concentrate buildings shall be specified in the ordinance and may include, but
26 are not limited to, reduction in lot areas, setback requirements, and/or bulk requirements, with the
27 resultant open land being devoted by deed restrictions for one or more uses. Under cluster
28 development, there is no increase in the number of lots that would be permitted under conventional
29 development except where ordinance provisions include incentive bonuses for certain types or
30 conditions of development.

31 (15) **Common ownership.** Either:

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

34 (ii) Ownership by any association (ownership may also include a municipality) of one or

1 more lots under specific development techniques.

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

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

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

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

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

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

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

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

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

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

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

2 (23) **District.** See “zoning use district.”

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

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

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

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

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

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

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

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

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

29 (33) **Hardship.** See § 45-24-41.

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

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

34 (36) **Household.** One or more persons living together in a single-dwelling unit, with

1 common access to, and common use of, all living and eating areas and all areas and facilities for
2 the preparation and storage of food within the dwelling unit. The term “household unit” is
3 synonymous with the term “dwelling unit” for determining the number of units allowed within any
4 structure on any lot in a zoning district. An individual household shall consist of any one of the
5 following:

- 6 (i) A family, which may also include servants and employees living with the family; or
- 7 (ii) A person or group of unrelated persons living together. The maximum number may be
8 set by local ordinance, but this maximum shall not be less than one person per bedroom and shall
9 not exceed five (5) unrelated persons per dwelling. The maximum number shall not apply to
10 NARR-certified recovery residences.

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

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

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

17 (40) **Lot.** Either:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (50) **Manufactured home.** As used in this section, a manufactured home shall have the
17 same definition as in 42 U.S.C. § 5402, meaning a structure, transportable in one or more sections,
18 which, in the traveling mode, is eight (8) body feet or more in width or forty (40) body feet or more
19 in length, or, when erected on site, is three hundred twenty (320) or more square feet, and which is
20 built on a permanent chassis and designed to be used as a dwelling with a permanent foundation
21 connected to the required utilities, and includes the plumbing, heating, air-conditioning, and
22 electrical systems contained therein; except that such term shall include any structure that meets all
23 the requirements of this definition except the size requirements and with respect to which the
24 manufacturer voluntarily files a certification required by the United States Secretary of Housing
25 and Urban Development and complies with the standards established under chapter 70 of Title 42
26 of the United States Code; and except that such term shall not include any self-propelled
27 recreational vehicle.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of the ground.

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

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

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

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

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

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

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

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

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

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

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

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

32 (74) **Zoning ordinance.** An ordinance enacted by the legislative body of the city or town
33 pursuant to this chapter and in the manner providing for the adoption of ordinances in the city or
34 town's legislative or home rule charter, if any, that establish regulations and standards relating to

1 the nature and extent of uses of land and structures; that is consistent with the comprehensive plan
2 of the city or town as defined in chapter 22.2 of this title; that includes a zoning map; and that
3 complies with the provisions of this chapter.

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

8 **45-24-37. General provisions — Permitted uses.**

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

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

- 19 (1) Households;
- 20 (2) Community residences; ~~and~~
- 21 (3) Family daycare homes ~~;~~ and

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

- 26 (i) Remote work shall not include any activities that:
 - 27 (A) Relate to the sale of unlawful goods and services;
 - 28 (B) Generate on-street parking or a substantial increase in traffic through the residential
29 area;
 - 30 (C) Occur outside of the residential dwelling;
 - 31 (D) Occur in the yard; or
 - 32 (E) Are visible from the street.

33 (c) Any time a building or other structure used for residential purposes, or a portion of a
34 building containing residential units, is rendered uninhabitable by virtue of a casualty such as fire

1 or flood, the owner of the property is allowed to park, temporarily, mobile and manufactured home,
2 or homes, as the need may be, elsewhere upon the land, for use and occupancy of the former
3 occupants for a period of up to twelve (12) months, or until the building or structure is rehabilitated
4 and otherwise made fit for occupancy. The property owner, or a properly designated agent of the
5 owner, is only allowed to cause the mobile and manufactured home, or homes, to remain
6 temporarily upon the land by making timely application to the local building official for the
7 purposes of obtaining the necessary permits to repair or rebuild the structure.

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

11 (e) Notwithstanding any other provision of this chapter, an accessory dwelling unit
12 (“ADU”) that meets the requirements of §§ 45-24-31 and 45-24-73(a) shall be a permitted use in
13 all residential zoning districts. An ADU that meets the requirements of §§ 45-24-31 and 45-24-
14 73(a) shall be permitted through an administrative building permit process only.

15 (f) When used in this section the terms “people with disabilities” or “member, or members,
16 with disabilities” means a person(s) who has a physical or mental impairment that substantially
17 limits one or more major life activities, as defined in 42-87-1(7).

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

22 (h) **Adaptive reuse.** Notwithstanding any other provisions of this chapter, adaptive reuse
23 for the conversion of any commercial building, including offices, schools, religious facilities,
24 medical buildings, and malls into residential units or mixed-use developments which include the
25 development of at least fifty percent (50%) of the existing gross floor area into residential units,
26 shall be a permitted use and allowed by specific and objective provisions of a zoning ordinance,
27 except where such is prohibited by environmental land use restrictions recorded on the property by
28 the state of Rhode Island department of environmental management or the United States
29 Environmental Protection Agency preventing the conversion to residential use.

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

32 (2) **Density.**

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

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

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

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

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

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

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

23 (i) Notwithstanding any other provisions of this chapter, all towns and cities may allow
24 manufactured homes that comply with § 23-27.3-109.1.3 as a type of single-family home on any
25 lot zoned for single-family use. Such home shall comply with all dimensional requirements of a
26 single-family home in the district or seek relief for the same under the provisions of this chapter.

27 SECTION 19. All sections shall take effect upon passage, except for Section 1
28 which shall be effective July 1, 2025, and Sections 8 and 9 which shall be effective September 2,
29 2025, and Sections 6 and 10 which shall be effective October 1, 2025, and Sections
30 3,4,5,7,11,12,14,15 and 17 which shall be effective on January 1, 2026.