

2025 -- H 5786

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

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

Introduced By: Representative Arthur J. Corvese

Date Introduced: February 26, 2025

Referred To: House Finance

It is enacted by the General Assembly as follows:

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

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

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

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

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

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

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

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

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

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

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

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

19 (4) For the purposes of this section, a “book or other writing” means a one-of-a-kind limited
20 production, up to the sale of one thousand five hundred (1,500) copies, regardless of the methods
21 by which it is published or sold; provided, however, that any third-party electronic sales, and sales
22 from bookstores, gift shops and other retail outlets, shall not be exempt from the sales tax.

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

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

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

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

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

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

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

3 (d) Any individual to whom this section applies, and who makes an application to the tax
4 administrator, is entitled to a sales tax exemption for the sale of a work or works sold from the
5 individual's business located in the State of Rhode Island that would, apart from this section, be
6 subject to the tax rate imposed by the state of Rhode Island.

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

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

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

19 (h) Notwithstanding the provisions of this section, any individual to whom this section may
20 apply shall comply with all the administration, collection, and other provisions of chapters 18 and
21 19 of this title.

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

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

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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- 1 This act would expand the definition of “book or other writing” to sales up to one thousand
- 2 five hundred (1,500) copies and deny the sales tax exemption for third-party sales.
- 3 This act would take effect upon passage.

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