

ARTICLE 11

RELATING TO REVENUES

SECTION 1. Sections 42-64.3-3 and 42-64.3-6 of the General Laws in Chapter 42-64.3 entitled "Distressed Areas Economic Revitalization Act" are hereby amended to read as follows:

42-64.3-3. Definitions. -- As used in this chapter, the following words and terms shall have the following meanings unless the context shall indicate another or different meaning or intent:

(1) "Council" or "enterprise zone council" means the governmental agency created pursuant to § 42-64.3-3.1.

(2) "Enterprise zone," "economic revitalization zone," or "zone" means an economically distressed United States bureau of the census division or delineation in need of expansion of business and industry, and the creation of jobs, which is designated to be eligible for the benefits of this chapter.

(3) "Governing authority" means the governing body of a state, city or town within which a qualified United States bureau of the census division or delineation lies.

(4) (i) "Qualified business" or "business facility" means any business corporation, sole proprietorship, partnership, or limited partnership or limited liability company which:

(A) After the date of its original application for membership in the enterprise zone program or the date annual membership is renewed creates and hires a minimum of five percent (5%) new or additional enterprise jobs or in the case of a company having twenty (20) employees or less, this requirement shall be that the company create and hire one new or additional enterprise job, in the respective zone during the same certification year; and

(B) Whose total Rhode Island wages including those Rhode Island wages for additional enterprise jobs, exceeds the total Rhode Island wages paid to its employees in the prior calendar year; and

(C) Obtains certificates of good standing from the Rhode Island division of taxation, the corporations division of the Rhode Island secretary of state and the appropriate municipal authority at the time of certification; and

(D) Provides the council with an affidavit stating under oath that the entity seeking certification as a qualified business has not within the preceding twelve (12) months from the date

1 of application for certification changed its legal status for the purpose of gaining favorable
2 treatment under the provisions of chapter 64.3 of this title; and

3 (E) Meets certain other requirements as set forth by the council; and

4 (F) Has received certification from the council pursuant to the rules and regulations
5 promulgated by the council [prior to July 1, 2015](#).

6 (ii) In the event that an applicant for certification meets the criteria of subdivisions
7 (4)(i)(A) and (4)(i)(C) to (F), but fails to meet the requirements of subdivision (4)(i)(B) solely
8 because the amount of wages paid to the owner or owners of the business has decreased from the
9 prior calendar year, the Council may, for good cause shown, certify the applicant as a qualified
10 business. The applicant shall have the burden to show, notwithstanding its failure to meet the
11 requirements of subdivision (4)(i)(B) above, that the applicant has met the intent of this chapter.
12 For the purposes of this provision, owner shall mean a person who has at least twenty percent
13 (20%) of the indicia of ownership of the applicant.

14 (5) "Effective date of certification" means the date upon which the qualified business
15 meets the tests imposed in subdivisions (4)(i)(A) through (F) above and applies to the calendar
16 year for which these tests were performed.

17 (6) "Enterprise job employees" means those full-time employees whose business activity
18 originates and terminates from within the enterprise zone business and facility on a daily basis,
19 and who are domiciled residents of the state (or who, in the case of employees of a high
20 performance manufacturer as that term is defined in § 44-31-1(b)(3)(i), pay personal income taxes
21 to the state) and hired (or transferred, in the case of existing out-of-state employees) and
22 employed by the qualified business in the enterprise zone after the effective date of certification
23 or annual recertification in excess of those full-time employees employed by the qualified
24 business in any Rhode Island enterprise zone in the prior calendar year. An employee who is
25 hired and terminated in the same certification period does not constitute an enterprise job
26 employee.

27 (7) "Wages" means wages, tips and other compensation as defined in the Internal
28 Revenue Code of 1986, 26 U.S.C. § 1 et seq.

29 **42-64.3-6. Business tax credits.** -- A qualified business in an enterprise zone is allowed a
30 credit against the tax imposed pursuant to chapters 11, 13 (except the taxation of tangible
31 personal property under § 44-13-13), 14, 17, and 30 of title 44:

32 (1) A credit equal to fifty percent (50%) of the total amount of wages paid to those
33 enterprise job employees comprising the five percent (5%) new jobs referenced in § 42-64.3-
34 3(4)(i)(A). The wages subject to the credit shall be reduced by any direct state or federal wage

1 assistance paid to employers for the employee(s) in the taxable year. The maximum credit
2 allowed per taxable year under the provisions of this subsection shall be two thousand five
3 hundred dollars (\$2,500), per employee. A taxpayer who takes this business tax credit shall not be
4 eligible for the resident business owner modification pursuant to § 42-64.3-7.

5 (2) A credit equal to seventy five percent (75%) of the total amount of wages paid to
6 those enterprise job employees who are domiciliaries of an enterprise zone comprising the five
7 percent (5%) new jobs referenced in § 42-64.3-3(4)(i)(A). The wages subject to the credit shall be
8 reduced by any direct state or federal wage assistance in the taxable year. The maximum credit
9 allowed per taxable year under the provisions of this subdivision shall be five thousand dollars
10 (\$5,000) per employee. A taxpayer who takes this business tax credit is not eligible for the
11 resident business owner modification. The council shall promulgate appropriate rules to certify
12 that the enterprise job employees are domiciliaries of an enterprise zone and shall advise the
13 qualified business and the tax administrator. A taxpayer taking a credit for employees pursuant to
14 this subdivision (2) shall not be entitled to a credit pursuant to subdivision (1) of this section for
15 the employees.

16 (3) Any tax credit as provided in subdivision (1) or (2) of this section shall not reduce the
17 tax below the minimum tax. Fiscal year taxpayers must claim the tax credit in the year into which
18 the December 31st of the certification year falls. The credit shall be used to offset tax liability
19 pursuant to the provisions of either chapters 11, 13, 14, 17, or 30 of title 44, but not more than
20 one chapter.

21 (4) In the case of a corporation, the credit allowed under this section is only allowed
22 against the tax of that corporation included in a consolidated return that qualifies for the credit
23 and not against the tax of other corporations that may join in the filing of a consolidated tax
24 return.

25 (5) In the case of multiple business owners, the credit provided in subdivision (1) or (2)
26 of this section is apportioned according to the ownership interests of the qualified business.

27 (6) The tax credits established pursuant to this section may be carried forward for a
28 period of three (3) years if in each of the three (3) calendar years a business which has qualified
29 for tax credits under this section: (a) does not reduce the number of its employees from the last
30 Effective Date of Certification; (b) obtains certificates of good standing from the Rhode Island
31 division of taxation, the corporations division of the Rhode Island secretary of state and the
32 appropriate municipal tax collector; (c) provides the council an affidavit stating under oath that
33 this business has not within the preceding twelve (12) months changed its legal status for the
34 purpose of gaining favorable treatment under the provisions of chapter 64.3 of this title; and (d)

1 meets any other requirements as may be established by the council in its rules and regulations.

2 (7) No new credits shall be issued on or after July 1, 2015 unless the business has
3 received certification under this chapter prior to July 1, 2015.

4 SECTION 2. Sections 42-63.1-2, 42-63.1-3, 42-63.1-5 and 42-63.1-12 of the General
5 Laws in Chapter 42-63.1 entitled "Tourism and Development" are hereby amended to read as
6 follows:

7 **42-63.1-2. Definitions.** -- For the purposes of this chapter:

8 (1) "Consideration" means the monetary charge for the use of space devoted to transient
9 lodging accommodations.

10 (2) "Corporation" means the Rhode Island economic development corporation.

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

12 (4) "Hotel" means any facility offering a minimum of three (3) rooms for which the
13 public may, for a consideration, obtain transient lodging accommodations. The term "hotel" shall
14 include hotels, motels, tourist homes, tourist camps, lodging houses, and inns ~~and shall exclude~~
15 ~~schools, hospitals, sanitariums, nursing homes and chronic care centers.~~ The term "hotel" shall
16 also include houses, condominiums or other residential dwelling units, regardless of the number
17 of rooms, which are used and/or advertised for rent for occupancy. The term "hotel" shall not
18 include schools, hospitals, sanitariums, nursing homes, and chronic care centers.

19 (5) "Hosting Platform" means an electronic or operating system in which a person or
20 entity provides a means through which an owner may offer and accept payment for a residential
21 unit for "tourist or transient" use. This service is usually, though not necessarily, provided
22 through an online or web-based system which generally allows an owner to advertise the
23 residential unit through a hosted website and provides a means for a person or entity to arrange
24 tourist or transient use in exchange for payment, whether the person or entity pays rent directly to
25 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)~~(6) "Occupancy" means a person, firm or corporation's use of space ordinarily used for
28 transient lodging accommodations not to exceed thirty (30) days. Excluded from "occupancy" is
29 the use of space for which the occupant has a written lease for the space, which lease covers a
30 rental period of twelve (12) months or more. Furthermore, any house, condominium or other
31 residential dwelling rented, for which the occupant has a written lease for the space covering a
32 rental period of more than thirty (30) consecutive days or for one calendar month is excluded
33 from the definition of occupancy.

34 ~~(6)~~(7) "Tax" means the hotel tax imposed by subsection 44-18-36.1(a).

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

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

8 (10) "Tour operator" means a person that derives a majority of his or her or its revenue by
9 providing tour operator packages.

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

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

18 **42-63.1-3. Distribution of tax. – (a) For returns and tax payments received on or before**
19 December 31, 2015, ~~Except~~ except as provided in § 42-63.1-12, the proceeds of the hotel tax shall
20 be distributed as follows by the division of taxation and the city of Newport:

21 (1) Forty-seven percent (47%) of the tax generated by the hotels in the district, except as
22 otherwise provided in this chapter, shall be given to the regional tourism district wherein the hotel
23 is located; provided, however, that from the tax generated by the hotels in the city of Warwick,
24 thirty-one percent (31%) of the tax shall be given to the Warwick regional tourism district
25 established in § 42-63.1-5(a)(5) and sixteen percent (16%) of the tax shall be given to the Greater
26 Providence-Warwick Convention and Visitors' Bureau established in § 42-63.1-11; and provided
27 further, that from the tax generated by the hotels in the city of Providence, sixteen percent (16%)
28 of that tax shall be given to the Greater Providence-Warwick Convention and Visitors' Bureau
29 established by § 42-63.1-11, and thirty-one percent (31%) of that tax shall be given to the
30 Convention Authority of the city of Providence established pursuant to the provisions of chapter
31 84 of the public laws of January, 1980; provided, however, that the receipts attributable to the
32 district as defined in § 42-63.1-5(a)(7) shall be deposited as general revenues, and that the
33 receipts attributable to the district as defined in § 42-63.1-5(a)(8) shall be given to the Rhode
34 Island commerce corporation as established in Rhode Island General Law Chapter 42-64;

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

4 (3) Twenty-one (21%) of the hotel tax shall be given to the Rhode Island commerce
5 corporation established in chapter 42-64, ~~deposited as general revenues~~ and seven percent (7%) to
6 the Greater Providence-Warwick Convention and Visitors' Bureau.

7 **(b) For returns and tax payments received after December 31, 2015, except as provided in**
8 **§ 42-63.1-12, the proceeds of the hotel tax shall be distributed as follows by the division of**
9 **taxation and the city of Newport:**

10 **(1) For the tax generated by the hotels in the Aquidneck Island district, as defined in §**
11 **42-63.1-5, forty-two percent (42%) of the tax shall be given to the Aquidneck Island district,**
12 **twenty-five (25%) of the tax shall be given to the city or town where the hotel, which generated**
13 **the tax, is physically located, seven percent (7%) of the tax shall be given to the Greater**
14 **Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty six**
15 **percent (26%) of the tax shall be given to the Rhode Island commerce corporation established in**
16 **chapter 42-64.**

17 **(2) For the tax generated by the hotels in the Providence district as defined in § 42-63.1-**
18 **5, twenty eight percent (28%) of the tax shall be given to the Providence district, twenty-five**
19 **percent (25%) of the tax shall be given to the city or town where the hotel, which generated the**
20 **tax, is physically located, twenty-three (23%) of the tax shall be given to the Greater Providence-**
21 **Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four (24%) of**
22 **the tax shall be given to the Rhode Island commerce corporation established in chapter 42-64.**

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

30 **(4) For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5,**
31 **twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which**
32 **generated the tax, is physically located, seven percent (7%) of the tax shall be given to the**
33 **Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and**
34 **sixty-eight percent (68%) of the tax shall be given to the Rhode Island commerce corporation**

1 established in chapter 42-64.

2 (5) With respect to the tax generated by hotels in districts other than those set forth in
3 sections (1) through (4) above, forty-two percent (42%) of the tax shall be given to the regional
4 tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five percent (25%)
5 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically
6 located, seven percent (7%) of the tax shall be given to the Greater Providence-Warwick
7 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-six (26%) of the tax
8 shall be given to the Rhode Island commerce corporation established in chapter 42-64.

9 (6) The Rhode Island commerce corporation shall be required in each fiscal year to spend
10 on the promotion and marketing of Rhode Island for tourists or businesses an amount of money of
11 no less than the total proceeds of the hotel tax if receives pursuant to this chapter for such fiscal
12 year.

13 **42-63.1-5. Regional tourism districts.** – (a) The state of Rhode Island is divided into
14 eight (8) regional tourism districts to be administered by the tourism council, convention and
15 visitor's bureau or the Rhode Island ~~economic development corporation~~ commerce corporation
16 established in chapter 42-64 as designated in this section:

17 (1) South County district which shall include Westerly, Charlestown, Narragansett, South
18 Kingstown, North Kingstown, Hopkinton, Exeter, Richmond, West Greenwich, East Greenwich,
19 and Coventry to be administered by the South County tourism council, inc.;

20 (2) Providence district consists of the city of Providence to be administered by the
21 Convention Authority of the City of Providence.

22 (3) Northern Rhode Island district consists of Pawtucket, Woonsocket, Lincoln, Central
23 Falls, Cumberland, North Smithfield, Smithfield, Glocester and Burrillville to be administered by
24 the Blackstone Valley tourism council, inc.;

25 (4) Aquidneck Island district consists of Barrington, Bristol, Warren, Newport,
26 Jamestown, Middletown, Portsmouth, Tiverton and Little Compton to be administered by the
27 Newport and Bristol County convention and visitors bureau;

28 (5) Warwick district consists of the city of Warwick to be administered by the city of
29 Warwick department of economic development;

30 (6) Block Island district which shall consist of the town of New Shoreham to be
31 administered by the New Shoreham tourism council, inc.;

32 (7) East Providence to be administered by an entity that shall be acceptable to the
33 economic development corporation; provided that all funds generated in the city of East
34 Providence shall be held by the Rhode Island division of taxation until such time as the city of

1 East Providence elects to become a member of a regional tourism district at which time the
2 monies held by the Rhode Island division of taxation shall be transferred to the tourism district or
3 convention visitors' bureau selected by the city of East Providence;

4 (8) Statewide district consists of all cities and towns not delineated in subdivisions (1)
5 through (7) to be administered by the Rhode Island ~~economic development corporation~~ commerce
6 corporation established in chapter 42-64.

7 (b) Before receiving any funds under this chapter, the organizations designated to receive
8 the funds on behalf of the South County regional tourism district and the Northern Rhode Island
9 regional tourism district shall be required to apply to and receive approval from the Rhode Island
10 ~~economic development corporation~~ commerce corporation pursuant to guidelines promulgated by
11 the Rhode Island ~~economic development corporation~~ commerce corporation. The corporation
12 shall review the eligibility of the regional tourism district organizations to receive the funds at
13 least annually.

14 (9) On or before January 1, 2016 and every January 1 thereafter, all regional tourism
15 districts created under these sections shall be required to seek and obtain the approval of the
16 executive office of commerce regarding the incorporation of common statewide marketing
17 themes, logos, and slogans, among other features, prior to the release of lodging tax funds to the
18 districts.

19 **42-63.1-12. Distribution of tax to Rhode Island Convention Center Authority.** – (a)
20 For returns and tax received on or before December 31, 2015, the ~~The~~ proceeds of the hotel tax
21 generated by any and all hotels physically connected to the Rhode Island Convention Center shall
22 be distributed as follows: twenty-seven percent (27%) shall be deposited as general revenues;
23 thirty-one percent (31%) shall be given to the convention authority of the city of Providence;
24 twelve percent (12%) shall be given to the greater Providence-Warwick convention and visitor's
25 bureau; thirty percent (30%) shall be given to the Rhode Island convention center authority to be
26 used in the furtherance of the purposes set forth in § 42-99-4.

27 (b) For returns and tax received after December 31, 2015, the proceeds of the hotel tax
28 generated by any and all hotels physically connected to the Rhode Island Convention Center shall
29 be distributed as follows: twenty-eight percent (28%) shall be given to the convention authority of
30 the city of Providence; twelve percent (12%) shall be given to the greater Providence-Warwick
31 convention and visitor's bureau; and sixty percent (60%) shall be given to the Rhode Island
32 Commerce Corporation established in § 42-64..

33 ~~(b)~~(c) The Rhode Island Convention Center Authority is authorized and empowered to
34 enter into contracts with the Greater Providence-Warwick Convention and Visitors' Bureau in the

1 furtherance of the purposes set forth in this chapter.

2 SECTION 3. Chapter 42-63.1 of the General Laws entitled "Tourism and Development"
3 is hereby amended to read by adding thereto the following section:

4 **42-63.1-14. Offering residential units through a hosting platform.** – For any
5 residential unit offered for tourist or transient use on a hosting platform that collects and remits
6 the hotel tax revenues generated from such unit in compliance with § 44-18-7.3(b)(4)(i), cities,
7 towns or municipalities shall not prohibit the owner of such residential unit from offering the unit
8 for tourist or transient use through such hosting platform, or prohibit such hosting platform from
9 providing a person or entity the means to rent, pay for or otherwise reserve a residential unit for
10 tourist or transient use. The division of taxation shall at the request of a city, town, or
11 municipality confirm whether a hosting platform is registered in compliance with § 44-18-
12 7.3(b)(4)(i).

13 SECTION 4. Sections 44-18-7.3 and 44-18-36.1 of the General Laws in Chapter 44-18
14 entitled "Sales and Use Tax – Liability and Computation" are hereby amended to read as follows:

15 **44-18-7.3. Services defined.** – (a) "Services" means all activities engaged in for other
16 persons for a fee, retainer, commission, or other monetary charge, which activities involve the
17 performance of a service in this state as distinguished from selling property.

18 (b) The following businesses and services performed in this state, along with the
19 applicable 2007 North American Industrial Classification System (NAICS) codes, are included in
20 the definition of services:

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

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

23 (ii) Limousine services (485320).

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

25 (i) Charter bus service (485510); and

26 (ii) All other transit and ground passenger transportation (485999).

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

28 (4)(i) "Room reseller" or "reseller" means any person, except a tour operator as defined in
29 § 42-63.1-2, having any right, permission, license, or other authority from or through a hotel as
30 defined in § 42-63.1-2, to reserve, or arrange the transfer of occupancy of, accommodations the
31 reservation or transfer of which is subject to this chapter, such that the occupant pays all or a
32 portion of the rental and other fees to the room reseller or reseller, room reseller or reseller shall
33 include, but not be limited to, sellers of travel packages as defined in this section.
34 Notwithstanding the provisions of any other law, where said reservation or transfer of occupancy

1 is done using a room reseller or reseller, the application of the sales and use under §§ 44-18-18
2 and 44-18-20, and the hotel tax under § 44-18- 36.1 shall be as follows: The room reseller or
3 reseller is required to register with and shall collect and pay to the tax administrator the sales and
4 use and hotel taxes, with said taxes being calculated upon the amount of rental and other fees paid
5 by the occupant to the room reseller or reseller, less the amount of any rental and other fees paid
6 by the room reseller or reseller to the hotel. The hotel shall collect and pay to the tax
7 administrator said taxes upon the amount of rental and other fees paid to the hotel by the room
8 reseller or reseller and/or the occupant. No assessment shall be made by the tax administrator
9 against a hotel because of an incorrect remittance of the taxes under this chapter by a room
10 reseller or reseller. No assessment shall be made by the tax administrator against a room reseller
11 or reseller because of an incorrect remittance of the taxes under this chapter by a hotel. If the
12 hotel has paid the taxes imposed under this chapter, the occupant and/or room reseller or reseller,
13 as applicable, shall reimburse the hotel for said taxes. If the room reseller or reseller has paid said
14 taxes, the occupant shall reimburse the room reseller or reseller for said taxes. Each hotel and
15 room reseller or reseller shall add and collect from the occupant or the room reseller or the
16 reseller the full amount of the taxes imposed on the rental and other fees. When added to the
17 rental and other fees, the taxes shall be a debt owed by the occupant to the hotel or room reseller
18 or reseller, as applicable, and shall be recoverable at law in the same manner as other debts. The
19 amount of the taxes collected by the hotel and/or room reseller or reseller from the occupant
20 under this chapter shall be stated and charged separately from the rental and other fees, and shall
21 be shown separately on all records thereof, whether made at the time the transfer of occupancy
22 occurs, or on any evidence of the transfer issued or used by the hotel or the room reseller or the
23 reseller. A room reseller or reseller shall not be required to disclose to the occupant the amount of
24 tax charged by the hotel; provided, however, the room reseller or reseller shall represent to the
25 occupant that the separately stated taxes charged by the room reseller or reseller include taxes
26 charged by the hotel. No person shall operate a hotel in this state, or act as a room reseller or
27 reseller for any hotel in the state, unless the tax administrator has issued a permit pursuant to §
28 44-19-1.

29 (ii) "Travel package" means a room or rooms bundled with one or more other, separate
30 components of travel such as air transportation, car rental or similar items, which travel package
31 is charged to the customer or occupant for a single retail price. When the room occupancy is
32 bundled for a single consideration, with other property, services, amusement charges, or any other
33 items, the separate sale of which would not otherwise be subject to tax under this chapter, the
34 entire single consideration shall be treated as the rental or other fees for room occupancy subject

1 to tax under this chapter; provided, however, that where the amount of the rental or other fees for
2 room occupancy is stated separately from the price of such other property, services, amusement
3 charges, or other items, on any sales slip, invoice, receipt, or other statement given the occupant,
4 and such rental and other fees are determined by the tax administrator to be reasonable in relation
5 to the value of such other property, services, amusement charges or other items, only such
6 separately stated rental and other fees will be subject to tax under this chapter. The value of the
7 transfer of any room or rooms bundled as part of a travel package may be determined by the tax
8 administrator from the room reseller's and/or reseller's and/or hotel's books and records that are
9 kept in the regular course of business.

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

13 **44-18-36.1. Hotel tax.** – (a) There is imposed a hotel tax of five percent (5%) upon the
14 total consideration charged for occupancy of any space furnished by any hotel, travel packages, or
15 room reseller or reseller as defined in § 44-18-7.3(b) in this state. A house, condominium, or
16 other resident dwelling shall be exempt from the five percent (5%) hotel tax under this subsection
17 if the house, condominium, or other resident dwelling is rented in its entirety. The hotel tax is in
18 addition to any sales tax imposed. This hotel tax is administered and collected by the division of
19 taxation and unless provided to the contrary in this chapter, all the administration, collection, and
20 other provisions of chapters 18 and 19 of this title apply. Nothing in this chapter shall be
21 construed to limit the powers of the convention authority of the city of Providence established
22 pursuant to the provisions of chapter 84 of the public laws of 1980, except that distribution of
23 hotel tax receipts shall be made pursuant to chapter 63.1 of title 42 rather than chapter 84 of the
24 public laws of 1980.

25 (b) There is hereby levied and imposed, upon the total consideration charged for
26 occupancy of any space furnished by any hotel in this state, in addition to all other taxes and fees
27 now imposed by law, a local hotel tax at a rate of one percent (1%). The local hotel tax shall be
28 administered and collected in accordance with subsection (a).

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

34 (d) Notwithstanding the provisions of subsection (a) of this section, the city of Newport

1 shall have the authority to collect from hotels located in the city of Newport the tax imposed by
2 subsection (a) of this section.

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

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

12 In recognition of the work being performed by the Streamlined Sales and Use Tax
13 Governing Board, upon any federal law which requires remote sellers to collect and remit taxes,
14 effective the first (1st) day of the first (1st) state fiscal quarter following the change, the rate
15 imposed under § 44-18-36.1(b) shall be one and one-half percent (1.5%).

16 SECTION 5. Chapter 44-1 of the General Laws entitled "State Tax Officials" is hereby
17 amended by adding hereto the following section:

18 **44-1-36. Contracts.** - (a) Except as set forth in section (b) below, the division of taxation
19 may enter into contracts with persons (defined herein as individuals, firms, fiduciaries,
20 partnerships, corporations, trusts, or associations, however formed) to be paid on a contingent fee
21 basis, for services rendered to the division of taxation where the contract is for the collection of
22 taxes, interest, or penalty or the reduction of refunds claimed. Under such contracts the contingent
23 fee shall be based on the actual amount of taxes, interest and/or penalties collected and/or the
24 amount by which the claimed refund is reduced.

25 (b) The division of taxation may not enter into a contingent fee contract under which the
26 person directly conducts a field audit.

27 (c) The division of taxation shall publish an annual report setting forth the number of
28 contracts entered into under paragraph (a), the amount collected and the percentage of the
29 contingency fee arrangement of each contract.

30 SECTION 6. Section 44-25-1 of the General Laws in Chapter 44-25 entitled "Real Estate
31 Conveyance Tax" is hereby amended to read as follows:

32 **44-25-1. Tax imposed -- Payment -- Burden.** -- (a) There is imposed, on each deed,
33 instrument, or writing by which any lands, tenements, or other realty sold is granted, assigned,
34 transferred, or conveyed to, or vested in, the purchaser or purchasers, or any other person or

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

15 (b) 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 (c) The tax administrator shall contribute to the distressed community relief program the
19 sum of thirty cents (\$.30) per two dollars and thirty cents (\$2.30) of the face value of the stamps
20 to be distributed pursuant to § 45-13-12, and to the housing resources commission restricted
21 receipts account the sum of thirty cents (\$.30) per two dollars and thirty cents (\$2.30) of the face
22 value of the stamps. Funds will be administered by the ~~department of administration~~, office of
23 housing and community development, through the housing resources commission. The state shall
24 retain sixty cents (\$.60) for state use. The balance of the tax shall be retained by the municipality
25 collecting the tax. Notwithstanding the above, in the case of the tax on the grant, transfer,
26 assignment or conveyance or vesting with respect to an acquired real estate company, the tax
27 shall be collected by the tax administrator and shall be distributed to the municipality where the
28 real estate owned by the acquired real estate company is located provided, however, in the case
29 of any such tax collected by the tax administrator, if the acquired real estate company owns
30 property located in more than one municipality, the proceeds of the tax shall be allocated amongst
31 said municipalities in the proportion the assessed value of said real estate in each such
32 municipality bears to the total of the assessed values of all of the real estate owned by the
33 acquired real estate company in Rhode Island. Provided, however, in fiscal years 2004 and 2005,
34 from the proceeds of this tax, the tax administrator shall deposit as general revenues the sum of

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

11 (d) For purposes of this Section, the term “acquired real estate company” means a real
12 estate company that has undergone a change in ownership interest if (i) such change does not
13 affect the continuity of the operations of the company; and (ii) the change, whether alone or
14 together with prior changes has the effect of granting, transferring, assigning or conveying or
15 vesting, transferring directly or indirectly, 50% or more of the total ownership in the company
16 within a period of three (3) years. For purposes of the foregoing subsection (ii) hereof, a grant,
17 transfer, assignment or conveyance or vesting, shall be deemed to have occurred within a period
18 of three (3) years of another grant(s), transfer(s), assignment(s) or conveyance(s) or vesting(s) if
19 during the period the granting, transferring, assigning or conveying or party provides the
20 receiving party a legally binding document granting, transferring, assigning or conveying or
21 vesting said realty or a commitment or option enforceable at a future date to execute the grant,
22 transfer, assignment or conveyance or vesting.

23 (e) A real estate company is a corporation, limited liability company, partnership or other
24 legal entity which meets any of the following:

25 (i) Is primarily engaged in the business of holding, selling or leasing real estate, where
26 90% or more of the ownership of said real estate is held by 35 or fewer persons and which
27 company either (a) derives 60% or more of its annual gross receipts from the ownership or
28 disposition of real estate; or (b) owns real estate the value of which comprises 90% or more of the
29 value of the entity’s entire tangible asset holdings exclusive of tangible assets which are fairly
30 transferable and actively traded on an established market; or

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

1 real estate company.

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

19 SECTION 7. Section 44-18-30 of General Laws in Chapter 44-18 entitled "Sales and Use
20 Taxes – Liability and Computation" is hereby amended to read as follows:

21 **44-18-30. Gross receipts exempt from sales and use taxes.** – There are exempted from
22 the taxes imposed by this chapter the following gross receipts:

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

27 (2) *Newspapers.*

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

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

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

34 (3) *School meals.* From the sale and from the storage, use, or other consumption in this

1 state of meals served by public, private, or parochial schools, school districts, colleges,
2 universities, student organizations, and parent-teacher associations to the students or teachers of a
3 school, college, or university whether the meals are served by the educational institutions or by a
4 food service or management entity under contract to the educational institutions.

5 (4) *Containers.*

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

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

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

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

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

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

31 (ii) In the case of contracts entered into with the federal government, its agencies or
32 instrumentalities, this state or any other state of the United States of America, its agencies, any
33 city, town, district, or other political subdivision of the states; hospitals not operated for profit;
34 educational institutions not operated for profit; churches, orphanages, and other institutions or

1 organizations operated exclusively for religious or charitable purposes; the contractor may
2 purchase such materials and supplies (materials and/or supplies are defined as those that are
3 essential to the project) that are to be utilized in the construction of the projects being performed
4 under the contracts without payment of the tax.

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

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

14 (7) *Purchase for manufacturing purposes.*

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

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

24 (iii) "Consumed" includes mere obsolescence.

25 (iv) "Manufacturing" means and includes manufacturing, compounding, processing,
26 assembling, preparing, or producing.

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

32 (vi) "Process of manufacturing" does not mean or include administration operations such
33 as general office operations, accounting, collection or sales promotion, nor does it mean or
34 include distribution operations that occur subsequent to production operations, such as handling,

1 storing, selling, and transporting the manufactured products, even though the administration and
2 distribution operations are performed by, or in connection with, a manufacturing business.

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

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

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

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

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

15 (iii) Bakery items, including bread, rolls, buns, biscuits, bagels, croissants, pastries,
16 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas; and is not sold with
17 utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or
18 straws.

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

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

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

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

1 prescription; and mobility enhancing equipment as defined in § 44-18-7.1(p), including
2 wheelchairs, crutches and canes.

3 (12) *Coffins, caskets, and burial garments.* From the sale and from the storage, use, or
4 other consumption in this state of coffins or caskets, and shrouds or other burial garments that are
5 ordinarily sold by a funeral director as part of the business of funeral directing.

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

7 (i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide
8 nonresident of this state who does not register the motor vehicle in this state, whether the sale or
9 delivery of the motor vehicle is made in this state or at the place of residence of the nonresident.

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

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

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

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

34 (15) *Air and water pollution control facilities.* From the sale, storage, use, or other

1 consumption in this state of tangible personal property or supplies acquired for incorporation into
2 or used and consumed in the operation of a facility, the primary purpose of which is to aid in the
3 control of the pollution or contamination of the waters or air of the state, as defined in chapter 12
4 of title 46 and chapter 25 of title 23, respectively, and that has been certified as approved for that
5 purpose by the director of environmental management. The director of environmental
6 management may certify to a portion of the tangible personal property or supplies acquired for
7 incorporation into those facilities or used and consumed in the operation of those facilities to the
8 extent that that portion has as its primary purpose the control of the pollution or contamination of
9 the waters or air of this state. As used in this subdivision, "facility" means any land, facility,
10 device, building, machinery, or equipment.

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

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

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

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

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

14 (21) *Electricity and gas.* From the sale and from the storage, use, or other consumption in
15 this state of electricity and gas ~~furnished for domestic use by occupants of residential premises.~~

16 (22) *Manufacturing machinery and equipment.*

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

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

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

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

23 (24) *Precious metal bullion.*

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

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

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

33 (25) *Commercial vessels.* From sales made to a commercial ship, barge, or other vessel of
34 fifty (50) tons burden or over, primarily engaged in interstate or foreign commerce, and from the

1 repair, alteration, or conversion of the vessels, and from the sale of property purchased for the use
2 of the vessels including provisions, supplies, and material for the maintenance and/or repair of the
3 vessels.

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

27 (27) *Clothing and footwear.* From the sales of articles of clothing, including footwear,
28 intended to be worn or carried on or about the human body for sales prior to October 1, 2012.
29 Effective October 1, 2012, the exemption will apply to the sales of articles of clothing, including
30 footwear, intended to be worn or carried on or about the human body up to two hundred and fifty
31 dollars (\$250) of the sales price per item. For the purposes of this section, "clothing or footwear"
32 does not include clothing accessories or equipment or special clothing or footwear primarily
33 designed for athletic activity or protective use as these terms are defined in section 44-18-7.1(f).
34 In recognition of the work being performed by the streamlined sales and use tax governing board,

1 upon passage of any federal law that authorizes states to require remote sellers to collect and
2 remit sales and use taxes, this unlimited exemption will apply as it did prior to October 1, 2012.
3 The unlimited exemption on sales of clothing and footwear shall take effect on the date that the
4 state requires remote sellers to collect and remit sales and use taxes.

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

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

12 (30) *Boats.*

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

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

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

28 (32) *Farm equipment.* From the sale and from the storage or use of machinery and
29 equipment used directly for commercial farming and agricultural production; including, but not
30 limited to: tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,
31 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,
32 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and
33 other farming equipment, including replacement parts appurtenant to or used in connection with
34 commercial farming and tools and supplies used in the repair and maintenance of farming

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

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

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

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

34 (36) *Textbooks*. From the sale and from the storage, use, or other consumption in this

1 state of textbooks by an "educational institution", as defined in subdivision (18) of this section,
2 and any educational institution within the purview of § 16-63-9(4), and used textbooks by any
3 purveyor.

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

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

23 (39) *Food items paid for by food stamps.* From the sale and from the storage, use, or other
24 consumption in this state of eligible food items payment for which is properly made to the retailer
25 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of
26 1977, 7 U.S.C. § 2011 et seq.

27 (40) *Transportation charges.* From the sale or hiring of motor carriers as defined in § 39-
28 12-2(1) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed
29 with the Rhode Island public utilities commission on the number of miles driven or by the
30 number of hours spent on the job.

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

1 or damaged boat, towards the purchase of a new or used boat by the buyer.

2 (42) *Equipment used for research and development.* From the sale and from the storage,
3 use, or other consumption of equipment to the extent used for research and development purposes
4 by a qualifying firm. For the purposes of this subdivision, "qualifying firm" means a business for
5 which the use of research and development equipment is an integral part of its operation and
6 "equipment" means scientific equipment, computers, software, and related items.

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

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

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

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

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

33 (48) *Boats or vessels generally.* Notwithstanding the provisions of this chapter, the tax
34 imposed by §§ 44-18-20 and 44-18-18 shall not apply with respect to the sale and to the storage,

1 use, or other consumption in this state of any new or used boat. The exemption provided for in
2 this subdivision does not apply after October 1, 1993, unless prior to October 1, 1993, the federal
3 ten percent (10%) surcharge on luxury boats is repealed.

4 (49) *Banks and regulated investment companies interstate toll-free calls.*

5 Notwithstanding the provisions of this chapter, the tax imposed by this chapter does not apply to
6 the furnishing of interstate and international, toll-free terminating telecommunication service that
7 is used directly and exclusively by or for the benefit of an eligible company as defined in this
8 subdivision; provided that an eligible company employs on average during the calendar year no
9 less than five hundred (500) "full-time equivalent employees" as that term is defined in § 42-64.5-
10 2. For purposes of this section, an "eligible company" means a "regulated investment company"
11 as that term is defined in the Internal Revenue Code of 1986, 26 U.S.C. § 1 et seq., or a
12 corporation to the extent the service is provided, directly or indirectly, to or on behalf of a
13 regulated investment company, an employee benefit plan, a retirement plan or a pension plan or a
14 state-chartered bank.

15 (50) *Mobile and manufactured homes generally.* From the sale and from the storage, use,

16 or other consumption in this state of mobile and/or manufactured homes as defined and subject to
17 taxation pursuant to the provisions of chapter 44 of title 31.

18 (51) *Manufacturing business reconstruction materials.*

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

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

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

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

31 (52) *Tangible personal property and supplies used in the processing or preparation of*

32 *floral products and floral arrangements.* From the sale, storage, use, or other consumption in this
33 state of tangible personal property or supplies purchased by florists, garden centers, or other like
34 producers or vendors of flowers, plants, floral products, and natural and artificial floral

1 arrangements that are ultimately sold with flowers, plants, floral products, and natural and
2 artificial floral arrangements or are otherwise used in the decoration, fabrication, creation,
3 processing, or preparation of flowers, plants, floral products, or natural and artificial floral
4 arrangements, including descriptive labels, stickers, and cards affixed to the flower, plant, floral
5 product, or arrangement, artificial flowers, spray materials, floral paint and tint, plant shine,
6 flower food, insecticide and fertilizers.

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

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

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

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

34 (iii) Any nonresident who registers a non-motorized recreational vehicle in this state

1 within ninety (90) days of the date of its sale to him or her is deemed to have purchased the non-
2 motorized recreational vehicle for use, storage, or other consumption in this state, and is subject
3 to, and liable for, the use tax imposed under the provisions of § 44-18-20.

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

9 (55) *Sprinkler and fire alarm systems in existing buildings.* From the sale in this state of
10 sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials
11 necessary and attendant to the installation of those systems that are required in buildings and
12 occupancies existing therein in July 2003 in order to comply with any additional requirements for
13 such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003
14 and that are not required by any other provision of law or ordinance or regulation adopted
15 pursuant to that Act. The exemption provided in this subdivision shall expire on December 31,
16 2008.

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

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

1 not exempt from state sales tax.

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

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

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

10 (61) *Agricultural products for human consumption*. From the sale and from the storage,
11 use, or other consumption of livestock and poultry of the kinds of products that ordinarily
12 constitute food for human consumption and of livestock of the kind the products of which
13 ordinarily constitutes fibers for human use.

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

16 (63) *Feed for certain animals used in commercial farming*. From the sale of feed for
17 animals as described in § 44-18-30(61).

18 (64) *Alcoholic beverages*. From the sale and storage, use, or other consumption in this
19 state by a Class A licensee of alcoholic beverages, as defined in § 44-18-7.1, excluding beer and
20 malt beverages ~~from December 1, 2013, through June 30, 2015~~; provided, further,
21 notwithstanding § 6-13-1 or any other general or public law to the contrary, alcoholic beverages,
22 as defined in § 44-18-7.1, shall not be subject to minimum markup ~~from December 1, 2013,~~
23 ~~through June 30, 2015~~.

24 SECTION 8. Section 10 of Article 12 of Chapter 145 of the 2014 Public Laws entitled
25 "AN ACT RELATING TO MAKING APPROPRIATIONS FOR THE SUPPORT OF THE
26 STATE FOR THE FISCAL YEAR ENDING JUNE 30, 2014" is hereby amended to read as
27 follows:

28 Section 10. Section 3-10-1 of the General Laws in Chapter 3-10 entitled "Taxation of
29 Beverages" is hereby amended to read as follows:

30 **3-10-1. Manufacturing tax rates -- Exemption of religious uses.** -- (a) There shall be
31 assessed and levied by the tax administrator on all beverages manufactured, rectified, blended, or
32 reduced for sale in this state a tax of ~~three dollars (\$3.00)~~ three dollars and thirty cents (\$3.30) on
33 every thirty-one (31) gallons, and a tax at a like rate for any other quantity or fractional part. On
34 any beverage manufactured, rectified, blended, or reduced for sale in this state consisting in

1 whole or in part of wine, whiskey, rum, gin, brandy spirits, ethyl alcohol, or other strong liquors
2 (as distinguished from beer or other brewery products), the tax to be assessed and levied is as
3 follows:

4 (1) Still wines (whether fortified or not), ~~sixty cents (\$.60)~~ one dollar and forty cents
5 (\$1.40) per gallon;

6 (2) Still wines (whether fortified or not) made entirely from fruit grown in this state,
7 thirty cents (\$.30) per gallon;

8 (3) Sparkling wines (whether fortified or not), seventy five cents (\$.75) per gallon;

9 (4) Whiskey, rum, gin, brandy spirits, cordials, and other beverages consisting in whole
10 or in part of alcohol ~~which that~~ is the product of distillation, ~~three dollars and seventy five cents~~
11 ~~(\$3.75)~~ five dollars and forty cents (\$5.40) per gallon, except that whiskey, rum, gin, brandy
12 spirits, cordials, and other beverages consisting in whole or in part of alcohol ~~which that~~ is the
13 product of distillation but ~~which that~~ contains alcohol measuring thirty (30) proof or less, one
14 dollar and ten cents (\$1.10) per gallon;

15 (5) Ethyl alcohol to be used for beverage purposes, seven dollars and fifty cents (\$7.50)
16 per gallon; and

17 (6) Ethyl alcohol to be used for nonbeverage purposes, eight cents (\$.08) per gallon.

18 (b) Sacramental wines are not subject to any tax if sold directly to a member of the
19 clergy for use by the purchaser or his or her congregation for sacramental or other religious
20 purposes.

21 (c) A brewer who brews beer in this state ~~which that~~ is actively and directly owned,
22 managed, and operated by an authorized legal entity ~~which that~~ has owned, managed, and
23 operated a brewery in this state for at least twelve (12) consecutive months, shall receive a tax
24 exemption on the first one hundred thousand (100,000) barrels of beer that it produces and
25 distributes in this state in any calendar year. A barrel of beer is thirty one (31) gallons.

26 SECTION 9. Chapter 44-19 of the General Laws entitled "Sales and Use Taxes –
27 Enforcement and Collection" is hereby amended by adding hereto the following section:

28 **44-19-43. Managed Audit Program.** - (a) The tax administrator may, in a written
29 agreement with a taxpayer, authorize a taxpayer to conduct a managed audit pursuant to this
30 section. The agreement shall specify the period to be audited and the procedure to be followed,
31 and shall be signed by an authorized representative of the tax administrator and the taxpayer.

32 (b) For purposes of this section, the term "managed audit" means a review and analysis of
33 invoices, checks, accounting records, or other documents or information to determine the correct
34 amount of tax. A managed audit may include, but is not required to include, the following

1 categories of liability under this Chapter, including tax on:

2 (i) Sales of one or more types of taxable items.

3 (ii) Purchases of assets.

4 (iii) Purchases of expense items.

5 (iv) Purchases under a direct payment permit.

6 (v) Any other category specified in an agreement authorized by this section. It shall be in
7 the tax administrator's sole discretion as to which categories of liability shall be included in any
8 managed audit.

9 (c) The decision to authorize a managed audit rests solely with the tax administrator. In
10 determining whether to authorize a managed audit, the tax administrator may consider, in
11 addition to other facts the tax administrator may consider relevant, any of the following:

12 (i) The taxpayer's history of tax compliance.

13 (ii) The amount of time and resources the taxpayer has available to dedicate to the
14 managed audit.

15 (iii) The extent and availability of the taxpayer's records.

16 (iv) The taxpayer's ability to pay any expected liability.

17 (d) The tax administrator may examine records and perform reviews that (s)he determines
18 are necessary before the managed audit is finalized to verify the results of the managed audit.
19 Unless the managed audit or information reviewed by the tax administrator discloses fraud or
20 willful evasion of the tax, the tax administrator may not assess a penalty and may waive all or a
21 part of the interest that would otherwise accrue on any amount identified as due in a managed
22 audit. This subsection (d) does not apply to any amount collected by the taxpayer that was a tax
23 or represented to be a tax that was not remitted to the state.

24 SECTION 10. Sections 44-20-12 and 44-20-13 of the General Laws in Chapter 44-20
25 entitled "Cigarette Tax" are hereby amended to read as follows:

26 **44-20-12. Tax imposed on cigarettes sold.** -- A tax is imposed on all cigarettes sold or
27 held for sale in the state. The payment of the tax to be evidenced by stamps, which may be
28 affixed only by licensed distributors to the packages containing such cigarettes. Any cigarettes on
29 which the proper amount of tax provided for in this chapter has been paid, payment being
30 evidenced by the stamp, is not subject to a further tax under this chapter. The tax is at the rate of
31 ~~one hundred seventy five (175)~~ one hundred eighty-seven and one half (187.5) mills for each
32 cigarette.

33 **44-20-13. Tax imposed on unstamped cigarettes.** - A tax is imposed at the rate of ~~one~~
34 ~~hundred seventy five (175)~~ one hundred eighty-seven and one half (187.5) mills for each cigarette

1 upon the storage or use within this state of any cigarettes not stamped in accordance with the
2 provisions of this chapter in the possession of any consumer within this state.

3 SECTION 11. Chapter 44-20 of the General Laws entitled "Cigarette Tax" is hereby
4 amended by adding hereto the following section:

5 **44-20-12.5. Floor stock tax on cigarettes and stamps.** – (a) Whenever used in this
6 section, unless the context requires otherwise:

7 (1) "Cigarette" means any cigarette as defined in § 44-20-1(2);

8 (2) "Person" means each individual, firm, fiduciary, partnership, corporation, trust, or
9 association, however formed.

10 (b) Each person engaging in the business of selling cigarettes at retail in this state shall
11 pay a tax or excise to the state for the privilege of engaging in that business during any part of the
12 calendar year 2015. In calendar year 2015, the tax shall be measured by the number of cigarettes
13 held by the person in this state at 12:01 a.m. on August 1, 2015 and is computed at the rate of
14 twelve and one half (12.5) mills for each cigarette on August 1, 2015.

15 (c) Each distributor licensed to do business in this state pursuant to this chapter shall pay
16 a tax or excise to the state for the privilege of engaging in that business during any part of the
17 calendar year 2015. The tax is measured by the number of stamps, whether affixed or to be
18 affixed to packages of cigarettes, as required by § 44-20-28. In calendar year 2015 the tax is
19 measured by the number of stamps, as defined in § 44-20-1(10), whether affixed or to be affixed,
20 held by the distributor at 12:01 a.m. on August 1, 2015, and is computed at the rate of twelve and
21 one half (12.5) mills per cigarette in the package to which the stamps are affixed or to be affixed.

22 (d) Each person subject to the payment of the tax imposed by this section shall, on or
23 before August 15, 2015, file a return, under oath or certified under the penalties of perjury, with
24 the tax administrator on forms furnished by him or her, showing the amount of cigarettes and
25 under subsection (b) above the number of stamps under subsection (c) above, in that person's
26 possession in this state at 12:01 a.m. on August 1, 2015, and the amount of tax due, and shall at
27 the time of filing the return pay the tax to the tax administrator. Failure to obtain forms shall not
28 be an excuse for the failure to make a return containing the information required by the tax
29 administrator.

30 (e) The tax administrator may prescribe rules and regulations, not inconsistent with law,
31 with regard to the assessment and collection of the tax imposed by this section.

32 SECTION 12. Section 44-30-2.6 and 44-30-12 of General Laws in Chapter 44-30 entitled
33 "Personal Income Tax" is hereby amended to read as follows:

34 **44-30-2.6. Rhode Island taxable income – Rate of tax.** – (a) "Rhode Island taxable

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

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

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

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

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

1 (A) Tax imposed.

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

4 If taxable income is: The tax is:

5 Not over \$53,150 3.75% of taxable income

6 Over \$53,150 but not over \$128,500 \$1,993.13 plus 7.00% of the excess over \$53,150

7 Over \$128,500 but not over \$195,850 \$7,267.63 plus 7.75% of the excess over \$128,500

8 Over \$195,850 but not over \$349,700 \$12,487.25 plus 9.00% of the excess over \$195,850

9 Over \$349,700 \$26,333.75 plus 9.90% of the excess over \$349,700

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

12 If taxable income is: The tax is:

13 Not over \$42,650 3.75% of taxable income

14 Over \$42,650 but not over \$110,100 \$1,599.38 plus 7.00% of the excess over \$42,650

15 Over \$110,100 but not over \$178,350 \$6,320.88 plus 7.75% of the excess over \$110,100

16 Over \$178,350 but not over \$349,700 \$11,610.25 plus 9.00% of the excess over \$178,350

17 Over \$349,700 \$27,031.75 plus 9.90% of the excess over \$349,700

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

21 If taxable income is: The tax is:

22 Not over \$31,850 3.75% of taxable income

23 Over \$31,850 but not over \$77,100 \$1,194.38 plus 7.00% of the excess over \$31,850

24 Over \$77,100 but not over \$160,850 \$4,361.88 plus 7.75% of the excess over \$77,100

25 Over \$160,850 but not over \$349,700 \$10,852.50 plus 9.00% of the excess over \$160,850

26 Over \$349,700 \$27,849.00 plus 9.90% of the excess over \$349,700

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

29 If taxable income is: The tax is:

30 Not over \$26,575 3.75% of taxable income

31 Over \$26,575 but not over \$64,250 \$996.56 plus 7.00% of the excess over \$26,575

32 Over \$64,250 but not over \$97,925 \$3,633.81 plus 7.75% of the excess over \$64,250

33 Over \$97,925 but not over \$174,850 \$6,243.63 plus 9.00% of the excess over \$97,925

34 Over \$174,850 \$13,166.88 plus 9.90% of the excess over \$174,850

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

3 If taxable income is: The tax is:

4 Not over \$2,150 3.75% of taxable income

5 Over \$2,150 but not over \$5,000 \$80.63 plus 7.00% of the excess over \$2,150

6 Over \$5,000 but not over \$7,650 \$280.13 plus 7.75% of the excess over \$5,000

7 Over \$7,650 but not over \$10,450 \$485.50 plus 9.00% of the excess over \$7,650

8 Over \$10,450 \$737.50 plus 9.90% of the excess over \$10,450

9 (6) Adjustments for inflation. The dollars amount contained in paragraph (A) shall be
10 increased by an amount equal to:

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

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

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

16 (B) Maximum capital gains rates

17 (1) In general If a taxpayer has a net capital gain for tax years ending prior to January 1,
18 2010, the tax imposed by this section for such taxable year shall not exceed the sum of:

19 (a) 2.5 % of the net capital gain as reported for federal income tax purposes under section
20 26 U.S.C. 1(h)(1)(a) and 26 U.S.C. 1(h)(1)(b).

21 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
22 1(h)(1)(c).

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

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

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

29 (C) Itemized deductions.

30 (1) In general

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

33 (2) Individuals who do not itemize their deductions In the case of an individual who does
34 not elect to itemize his deductions for the taxable year, they may elect to take a standard

1 deduction.

2 (3) Basic standard deduction. The Rhode Island standard deduction shall be allowed in
3 accordance with the following table:

4 Filing status	Amount
5 Single	\$5,350
6 Married filing jointly or qualifying widow(er)	\$8,900
7 Married filing separately	\$4,450
8 Head of Household	\$7,850

9 (4) Additional standard deduction for the aged and blind. An additional standard
10 deduction shall be allowed for individuals age sixty-five (65) or older or blind in the amount of
11 \$1,300 for individuals who are not married and \$1,050 for individuals who are married.

12 (5) Limitation on basic standard deduction in the case of certain dependents. In the case
13 of an individual to whom a deduction under section (E) is allowable to another taxpayer, the basic
14 standard deduction applicable to such individual shall not exceed the greater of:

- 15 (a) \$850;
- 16 (b) The sum of \$300 and such individual's earned income;
- 17 (6) Certain individuals not eligible for standard deduction. In the case of:
 - 18 (a) A married individual filing a separate return where either spouse itemizes deductions;
 - 19 (b) Nonresident alien individual;
 - 20 (c) An estate or trust;

21 The standard deduction shall be zero.

22 (7) Adjustments for inflation. Each dollars amount contained in paragraphs (3), (4) and
23 (5) shall be increased by an amount equal to:

- 24 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988,
25 multiplied by
 - 26 (b) The cost-of-living adjustment determined under section (J) with a base year of 1988.
- 27 (D) Overall limitation on itemized deductions
 - 28 (1) General rule.

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

- 32 (a) Three percent (3%) of the excess of adjusted gross income as modified by § 44-30-12
33 over the applicable amount; or
- 34 (b) Eighty percent (80%) of the amount of the itemized deductions otherwise allowable

1 for such taxable year.

2 (2) Applicable amount.

3 (a) In general.

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

6 (b) Adjustments for inflation. Each dollar amount contained in paragraph (a) shall be
7 increased by an amount equal to:

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

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

10 (3) Phase-out of Limitation.

11 (a) In general.

12 In the case of taxable year beginning after December 31, 2005, and before January 1,
13 2010, the reduction under section (1) shall be equal to the applicable fraction of the amount which
14 would be the amount of such reduction.

15 (b) Applicable fraction.

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

18 For taxable years beginning in calendar year The applicable fraction is

19 2006 and 2007 $\frac{2}{3}$

20 2008 and 2009 $\frac{1}{3}$

21 (E) Exemption amount

22 (1) In general.

23 Except as otherwise provided in this subsection, the term "exemption amount" mean
24 \$3,400.

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

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

29 (3) Adjustments for inflation.

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

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

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

33 (4) Limitation.

34 (a) In general.

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

3 (b) Applicable percentage. In the case of any taxpayer whose adjusted gross income for
4 the taxable year exceeds the threshold amount, the exemption amount shall be reduced by two (2)
5 percentage points for each \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross
6 income for the taxable year exceeds the threshold amount. In the case of a married individual
7 filing a separate return, the preceding sentence shall be applied by substituting "\$1,250" for
8 "\$2,500." In no event shall the applicable percentage exceed one hundred percent (100%).

9 (c) Threshold Amount. For the purposes of this paragraph, the term "threshold amount"
10 shall be determined with the following table:

11	Filing status	Amount
12	Single	\$156,400
13	Married filing jointly of qualifying widow(er)	\$234,600
14	Married filing separately	\$117,300
15	Head of Household	\$195,500

16 (d) Adjustments for inflation.

17 Each dollars amount contain in paragraph (b) shall be increased by an amount equal to:

- 18 (i) Such dollar amount contained in paragraph (b) in the year 1991, multiplied by
- 19 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

20 (5) Phase-out of Limitation.

21 (a) In general.

22 In the case of taxable years beginning after December 31, 2005, and before January 1,
23 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
24 would be the amount of such reduction.

25 (b) Applicable fraction.

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

28 For taxable years beginning in calendar year The applicable fraction is

29	2006 and 2007	2/3
30	2008 and 2009	1/3

31 (F) Alternative minimum tax

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

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

1 (b) The regular tax for the taxable year.
2 (2) The tentative minimum tax for the taxable year is the sum of:
3 (a) 6.5 percent of so much of the taxable excess as does not exceed \$175,000, plus
4 (b) 7.0 percent of so much of the taxable excess above \$175,000.
5 (3) The amount determined under the preceding sentence shall be reduced by the
6 alternative minimum tax foreign tax credit for the taxable year.

7 (4) *Taxable excess.* - For the purposes of this subsection the term "taxable excess" means
8 so much of the federal alternative minimum taxable income as modified by the modifications in §
9 44-30-12 as exceeds the exemption amount.

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

12 (6) Exemption amount. For purposes of this section "exemption amount" means:

13 Filing status	Amount
14 Single	\$39,150
15 Married filing jointly or qualifying widow(er)	\$53,700
16 Married filing separately	\$26,850
17 Head of Household	\$39,150
18 Estate or trust	\$24,650

19 (7) Treatment of unearned income of minor children

20 (a) In general.

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

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

24 (ii) \$6,000.

25 (8) Adjustments for inflation.

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

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

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

31 (9) Phase-out.

32 (a) In general.

33 The exemption amount of any taxpayer shall be reduced (but not below zero) by an
34 amount equal to twenty-five percent (25%) of the amount by which alternative minimum taxable

1 income of the taxpayer exceeds the threshold amount.

2 (b) Threshold amount. For purposes of this paragraph, the term "threshold amount" shall
3 be determined with the following table:

4 Filing status	Amount
5 Single	\$123,250
6 Married filing jointly or qualifying widow(er)	\$164,350
7 Married filing separately	\$82,175
8 Head of Household	\$123,250
9 Estate or Trust	\$82,150

10 (c) Adjustments for inflation

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

- 12 (i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by
- 13 (ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.
- 14 (G) Other Rhode Island taxes

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

- 17 (a) The Federal income tax on lump-sum distributions.
- 18 (b) The Federal income tax on parents' election to report child's interest and dividends.
- 19 (c) The recapture of Federal tax credits that were previously claimed on Rhode Island
20 return.
- 21 (H) Tax for children under 18 with investment income

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

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

24 (I) Averaging of farm income

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

- 27 (a) The Federal averaging of farm income as determined in IRC section 1301.

28 (J) Cost-of-living adjustment

29 (1) In general.

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

- 31 (a) The CPI for the preceding calendar year exceeds
- 32 (b) The CPI for the base year.

33 (2) CPI for any calendar year. For purposes of paragraph (1), the CPI for any calendar
34 year is the average of the Consumer Price Index as of the close of the twelve (12) month period

1 ending on August 31 of such calendar year.

2 (3) Consumer Price Index

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

7 (4) Rounding.

8 (a) In general.

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

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

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

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

17 (2) Child and dependent care credit;

18 (3) General business credits;

19 (4) Credit for elderly or the disabled;

20 (5) Credit for prior year minimum tax;

21 (6) Mortgage interest credit;

22 (7) Empowerment zone employment credit;

23 (8) Qualified electric vehicle credit.

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

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

1 (N) Rhode Island earned income credit

2 (1) In general.

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

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

11 (2) Refundable portion.

12 In the event the Rhode Island earned income credit allowed under section (J) exceeds the
13 amount of Rhode Island income tax, a refundable earned income credit shall be allowed.

14 (a) For purposes of paragraph (2) refundable earned income credit means one hundred
15 percent (100%) of the amount by which the Rhode Island earned income credit exceeds the
16 Rhode Island income tax.

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

20 (3) For the period January 1, 2011 through December 31, 2011, and thereafter, "Rhode
21 Island taxable income" means federal adjusted gross income as determined under the Internal
22 Revenue Code, 26 U.S.C. 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-
23 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to
24 subparagraph 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant of
25 subparagraph 44-30-2.6(c)(3)(C).

26 (A) Tax imposed.

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

31	RI Taxable Income	RI Income Tax
32	Over But not Over	Pay + % On Excess On The Amount Over
33	\$0 - \$55,000	\$0 + 3.75% \$0
34	55,000 - 125,000	2,063 + 4.75% 55,000

1 125,000 - 5,388 + 5.99% 125,000

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

4	RI Taxable Income	RI Income Tax
5	Over But not Over	Pay + % On Excess On The Amount Over
6	\$0 - \$2,230	\$0 + 3.75% \$0
7	2,230 - 7,022	84 + 4.75% 2,230
8	7,022 -	312 + 5.99% 7,022

9 (B) Deductions:

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

12	Filing status:	Amount
13	Single	\$7,500
14	Married filing jointly or qualifying widow(er)	\$15,000
15	Married filing separately	\$7,500
16	Head of Household	\$11,250

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

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

25 (C) Exemption Amount:

26 (I) The term "exemption amount" means three thousand five hundred dollars (\$3,500)
27 multiplied by the number of exemptions allowed for the taxable year for federal income tax
28 purposes.

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

33 (D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode
34 Island purposes pursuant to § 33-30-12, for the taxable year exceeds one hundred seventy- five

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

5 (E) *Adjustment for inflation.* - The dollar amount contained in subparagraphs 44-30-
6 2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount
7 equal to:

8 (I) Such dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-
9 2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) adjusted for inflation using a base tax year of 2000,
10 multiplied by;

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

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

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

21 (V) If any increase determined under this section is not a multiple of fifty dollars
22 (\$50.00), such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the
23 case of a married individual filing separate return, if any increase determined under this section is
24 not a multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower
25 multiple of twenty-five dollars (\$25.00).

26 (E) Credits against tax.

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

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

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

34 (c) Lead Paint Credit: Credit shall be allowed for residential lead abatement income tax

1 credit as provided in § 44-30.3-1 et seq.

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

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

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

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

11 (h) Tax credits for contributions to Scholarship Organizations: Credit shall be allowed for
12 contributions to scholarship organizations as provided in § 44-62 et seq.

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

20 [\(j\) Stay Invested in RI Wavemaker Fellowship: Credit shall be allowed for stay invested](#)
21 [in RI wavemaker fellowship program as provided in § 42-64.26-1 et seq.](#)

22 [\(k\) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in](#)
23 [§ 42-64.20-1 et seq.](#)

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

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

28 **44-30-12. Rhode Island income of a resident individual.** -- (a) General. The Rhode
29 Island income of a resident individual means his or her adjusted gross income for federal income
30 tax purposes, with the modifications specified in this section.

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

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

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

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

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

9 (A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal
10 Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-
11 6.1; and

12 (B) A withdrawal or distribution which is:

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

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

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

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

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

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

1 Rhode Island income for residents, nonresidents and part-year residents; and

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

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

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

7 (c) *Modifications reducing federal adjusted gross income.* There shall be subtracted from
8 federal adjusted gross income:

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

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

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

23 (4) Contributions made to an account under the tuition savings program, including the
24 "contributions carryover" pursuant to paragraph (iv) of this subdivision, if any, subject to the
25 following limitations, restrictions and qualifications:

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

29 (ii) The following shall not be considered contributions:

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

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

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

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

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

8 (A) The total of the subtractions under this subdivision allowable to the taxpayer for all
9 such preceding taxable years; and

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

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

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

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

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

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

34 (A) Travel expenses.

1 (B) Lodging expenses.

2 (C) Lost wages.

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

5 (8) Modification for taxable Social Security income. (i) For a person who has attained the
6 age used for calculating full or unreduced social security retirement benefits who files a return as
7 an unmarried individual, head of household or married filing separate whose federal adjusted
8 gross income for such taxable year is less than eighty thousand dollars (\$80,000), or

9 (ii) A married individual filing jointly or individual filing qualifying widow(er) who has
10 age used for calculating full or unreduced social security retirement benefits whose federal
11 adjusted gross income for such taxable year is less than one hundred thousand dollars (\$100,000),
12 an amount equal to the social security benefits includable in federal adjusted gross income.

13 (iii) Adjustment for inflation. The dollar amount contained in subparagraphs 44-30-
14 12(c)(8)(i) and 44-30-12(c)(8)(ii) shall be increased annually by an amount equal to:

15 (I) Such dollar amount contained in subparagraphs 44-30-12(c)(8)(i) and 44-30-
16 12(c)(8)(ii) adjusted for inflation using a base tax year of 2000, multiplied by:

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

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

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

27 (V) If any increase determined under this section is not a multiple of fifty dollars
28 (\$50.00), such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the
29 case of a married individual filing separate return, if any increase determined under this section is
30 not a multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower
31 multiple of twenty-five dollars (\$25.00).

32 (d) *Modification for Rhode Island fiduciary adjustment.* There shall be added to or
33 subtracted from federal adjusted gross income (as the case may be) the taxpayer's share, as
34 beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under § 44-

1 30-17.

2 (e) *Partners*. The amounts of modifications required to be made under this section by a
3 partner, which relate to items of income or deduction of a partnership, shall be determined under
4 § 44-30-15.

5 SECTION 13. Section 44-64-3 of General Laws in Chapter 44-64 entitled "The
6 Outpatient Health Care Facility Surcharge" is hereby repealed.

7 ~~**44-64-3. Imposition of surcharge — Outpatient health care facility.** (a) For the
8 purposes of this section, an "outpatient health care facility" means a person or governmental unit
9 that is licensed to establish, maintain, and operate a free-standing ambulatory surgery center or a
10 physician ambulatory surgery center or a podiatry ambulatory surgery center, in accordance with
11 chapter 17 of title 23.~~

12 ~~(b) A surcharge at a rate of two percent (2.0%) shall be imposed upon the net patient
13 services revenue received each month by every outpatient health care facility. Every provider
14 shall pay the monthly surcharge no later than the twenty-fifth (25th) day of the month following
15 the month that the gross patient revenue is received. This surcharge shall be in addition to any
16 other authorized fees that have been assessed upon outpatient facilities.~~

17 SECTION 14. Section 44-65-3 of General Laws in Chapter 44-64 entitled "Imaging
18 Services Surcharge" is hereby repealed.

19 ~~**44-65-3. Imposition of surcharge.** (a) A surcharge shall be imposed upon the net
20 patient revenue received by every provider in each month at a rate of two percent (2.0%). Every
21 provider shall pay the monthly surcharge no later than the twenty-fifth (25th) day of each month
22 following the month of receipt of net patient services revenue. This surcharge shall be in addition
23 to any other fees or assessments upon the provider allowable by law.~~

24 SECTION 15. Section 44-11-2 of the General Laws in Chapter 44-11 entitled "Business
25 Corporation Tax" is hereby amended to read as follows:

26 **44-11-2. Imposition of tax.** -- (a) Each corporation shall annually pay to the state a tax
27 equal to nine percent (9%) of net income, as defined in § 44-11-11, qualified in § 44-11-12, and
28 apportioned to this state as provided in §§ 44-11-13 -- 44-11-15, for the taxable year. For tax
29 years beginning on or after January 1, 2015, each corporation shall annually pay to the state a tax
30 equal to seven percent (7.0%) of net income, as defined in § 44-11-13 - 44-11-15, for the taxable
31 year.

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

1 for the taxable year:

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

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

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

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

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

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

23 (d) (1) A small business corporation having an election in effect under subchapter S, 26
24 U.S.C. § 1361 et seq., shall not be subject to the Rhode Island income tax on corporations, except
25 that the corporation shall be subject to the provisions of subsection (a), to the extent of the income
26 that is subjected to federal tax under subchapter S. Effective for tax years beginning on or after
27 January 1, 2015, a small business corporation having an election in effect under subchapter S, 26
28 U.S.C. § 1261 et seq., shall be subject to the minimum tax under § 44-11-2(e).

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

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

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

33 (e) Minimum tax. - The tax imposed upon any corporation under this section, including a
34 small business corporation having an election in effect under subchapter S, 26 U.S.C. § 1361 et

1 seq., shall not be less than ~~five hundred dollars (\$500)~~ four hundred fifty dollars (\$450).

2 SECTION 16. Unless otherwise amended by this act, Chapter 151, Article 25 of the
3 Public Laws of 2011, Chapter 289 of the Public Laws of 2012 or Chapter 145, Article 13 of the
4 Public Laws of 2014, the terms, conditions, provisions and definitions of Chapter 16 of the Public
5 Laws of 2010 are hereby incorporated by reference and shall remain in full force and effect.

6 SECTION 17. Chapter 16 of the Public Laws of 2010, entitled "An Act Relating to
7 Authorizing the First Amendments to the Master Video Lottery Terminal Contracts," as amended,
8 is hereby further amended as follows: Part B, Section 4(a)(i) is hereby amended to read as
9 follows:

10 (i) to provide for a Newport Grand Term commencing on the effective date of the
11 Newport Grand Master Contract and continuing through and including the fifth (5th) anniversary
12 of such effective date; provided that Newport Grand shall have two (2) successive five (5) years
13 extension options with the First Extension Term, as defined in the Newport Grand Master
14 Contract, commencing on November 23, 2010 and the Second Extension Term, commencing on
15 November 23, 2015. Except as otherwise provided herein in section 4(a)(vii), the exercise of the
16 option to extend said Master Contract shall be subject to the terms and conditions of section 2.3
17 of the Newport Grand Master Contract; provided however, section 2.3B of the Newport Grand's
18 Master Contract shall be amended such that with respect to ~~UTGR's~~ Newport Grand's exercise of
19 its option to extend for the Second Extension Term, Newport Grand shall be required to certify to
20 the Division that (i) there are ~~180~~ one hundred (100) full-time equivalent employees at the
21 Newport Grand facility on the date of the exercise of the option for the Second Extension Term;
22 and (ii) for the one-year period preceding the date said Second Extension Term option is
23 exercised, there had been ~~180~~ one hundred (100) full-time equivalent employees on average, as
24 the term full-time equivalent employee is defined in section 2.3B of the Newport Grand Master
25 Contract and as confirmed by the Rhode Island department of labor and training. In the event that
26 Newport Grand is licensed to host video lottery games and table games at a facility relocated to a
27 location outside the City of Newport and actually offers video lottery games and table games to
28 patrons at such relocated facility, then Newport Grand shall, no later than the six (6) month
29 anniversary of all such events occurring, certify to the Division that there are one hundred eighty
30 (180) full-time equivalent employees at the relocated Newport Grand facility on such date, and in
31 the event Newport Grand is unable to timely make the foregoing certification, the Newport Grand
32 Master Contract shall automatically terminate as of the one year anniversary of all such events
33 occurring.

34 SECTION 18. Authorized Procurement of Fourth Amendment to the Newport Grand

1 Master Contract. Notwithstanding any provision of the general or Public Laws to the contrary, the
2 Division is hereby expressly authorized and directed to enter into with Newport Grand a Fourth
3 Amendment to the Newport Grand Master Contract to make the Newport Grand Master Contract
4 consistent with the provisions of this act, as follows:

5 (a) To require that Newport Grand, in connection with exercising its option to extend for
6 the Second Extension Term, certify to the Division that: (i) There are one hundred (100) full-time
7 equivalent employees at the Newport Grand facility on the date of the exercise of the option for
8 the Second Extension Term; and (ii) For the one-year period preceding the date said Second
9 Extension Term option is exercised, there had been one hundred (100) full-time equivalent
10 employees on average, as the term full-time equivalent employee is defined in section 2.3B of the
11 Newport Grand Master Contract and as confirmed by the Rhode Island Department of Labor and
12 Training. In the event that Newport Grand is licensed to host video lottery games and table games
13 at a facility relocated to a location outside the City of Newport and actually offers video lottery
14 games and table games to patrons at such relocated facility, then Newport Grand shall, no later
15 than the six (6) month anniversary of all such events occurring, certify to the Division that there
16 are one hundred eighty (180) full-time equivalent employees at the relocated Newport Grand
17 facility on such date, and in the event Newport Grand is unable to timely make the foregoing
18 certification, the Newport Grand Master Contract shall automatically terminate as of the one year
19 anniversary of all such events occurring.

20 SECTION 19. Section 41-7-3 of the General Laws in Chapter 41-7 entitled "Jai Alai" is
21 hereby amended to read as follows:

22 **41-7-3. Regulation of operations -- Licensing.** -- (a) The division of racing and athletics
23 is hereby authorized to license jai alai in the city of Newport. The operation of a fronton shall be
24 under the division's supervision. The division is hereby authorized to issue rules and regulations
25 for the supervision of the operations.

26 (b) Any license granted under the provisions of this chapter shall be subject to the rules
27 and regulations promulgated by the division and shall be subject to suspension or revocation for
28 any cause which the division shall deem sufficient after giving the licensee a reasonable
29 opportunity for a hearing at which he or she shall have the right to be represented by counsel. If
30 any license is suspended or revoked, the division shall state the reasons for the suspension or
31 revocation and cause an entry of the reasons to be made on the record books of the division.

32 (c) Commencing July 1, 2003, the division of racing and athletics shall be prohibited to
33 license jai alai in the city of Newport. Any license having been issued and in effect as of that date
34 shall be null and void and any licensee shall be prohibited from operating thereunder; provided,

1 however, that any entity having been issued a license to operate a jai alai fronton prior to July 1,
2 2003, [and any successor in interest to such entity by reason of acquiring the stock or substantially](#)
3 [all of the assets of such entity](#), shall be deemed a pari-mutuel licensee as defined in § 42-61.2-1 et
4 seq., and a licensee as defined in § 41-11-1 et seq.

5 SECTION 20. Section 42-61.2-1 of the General Laws in Chapter 42-61.2 entitled "Video
6 Lottery Terminal" is hereby amended to read as follows:

7 **42-61.2-1. Definitions.** -- For the purpose of this chapter, the following words shall
8 mean:

9 (1) "Central communication system" means a system approved by the lottery division,
10 linking all video lottery machines at a licensee location to provide auditing program information
11 and any other information determined by the lottery. In addition, the central communications
12 system must provide all computer hardware and related software necessary for the establishment
13 and implementation of a comprehensive system as required by the division. The central
14 communications licensee may provide a maximum of fifty percent (50%) of the video lottery
15 terminals.

16 (2) "Licensed video lottery retailer" means a pari-mutuel licensee specifically licensed
17 by the director subject to the approval of the division to become a licensed video lottery retailer.

18 (3) "Net terminal income" means currency placed into a video lottery terminal less
19 credits redeemed for cash by players.

20 (4) "Pari-mutuel licensee" means an entity licensed and authorized to conduct:

- 21 (i) Dog racing, pursuant to chapter 3.1 of title 41; and/or
- 22 (ii) Jai-alai games, pursuant to chapter 7 of title 41.

23 (5) "Technology provider" means any individual, partnership, corporation, or association
24 that designs, manufactures, installs, maintains, distributes, or supplies video lottery machines or
25 associated equipment for the sale or use in this state.

26 (6) "Video lottery games" means lottery games played on video lottery terminals
27 controlled by the lottery division.

28 (7) "Video lottery terminal" means any electronic computerized video game machine
29 that, upon the insertion of cash or any other representation of value that has been approved by the
30 division of lotteries, is available to play a video game authorized by the lottery division, and that
31 uses a video display and microprocessors in which, by chance, the player may receive free games
32 or credits that can be redeemed for cash. The term does not include a machine that directly
33 dispenses coins, cash, or tokens.

34 (8) "Casino gaming" means any and all table and casino-style games played with cards,

1 dice, or equipment, for money, credit, or any representative of value; including, but not limited to,
2 roulette, blackjack, big six, craps, poker, baccarat, paigow, any banking or percentage game, or
3 any other game of device included within the definition of Class III gaming as that term is
4 defined in Section 2703(8) of Title 25 of the United States Code and that is approved by the state
5 through the division of state lottery.

6 (9) "Net table game revenue" means win from table games minus counterfeit currency.

7 (10) "Rake" means a set fee or percentage of cash and chips representing cash wagered
8 in the playing of a nonbanking table game assessed by a table games retailer for providing the
9 services of a dealer, gaming table or location, to allow the play of any nonbanking table game.

10 (11) "Table game" or "Table gaming" means that type of casino gaming in which table
11 games are played for cash or chips representing cash, or any other representation of value that has
12 been approved by the division of lotteries, using cards, dice, or equipment and conducted by one
13 or more live persons.

14 (12) "Table game retailer" means a retailer authorized to conduct table gaming pursuant
15 to §§ 42-61.2-2.1 and 42-61.2-2.2.

16 (13) "Credit facilitator" means any employee of Twin River approved in writing by the
17 division whose responsibility is to, among other things, review applications for credit by players,
18 verify information on credit applications, grant, deny and suspend credit, establish credit limits,
19 increase and decrease credit limits, and maintain credit files, all in accordance with this chapter
20 and rules and regulations approved by the division.

21 (14) "Newport Grand" means Newport Grand, LLC, a Rhode Island limited liability
22 company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and
23 assignee of Newport Grand, LLC under the Newport Grand Master Contract, provided it is a pari-
24 mutuel licensee as defined in § 42-61.2-1 et seq.; provided, however, where the context indicates
25 that the term is referring to the physical facility, then it shall mean the gaming and entertainment
26 facility located at 150 Admiral Kalbfus Road, Newport, Rhode Island.

27 (15) "Newport Grand Marketing Year" means each fiscal year of the state or a portion
28 thereof between November 23, 2010 and the termination date of the Newport Grand Master
29 Contract.

30 (16) "Newport Grand Master Contract" means that certain master video lottery terminal
31 contract made as of November 23, 2005 by and between the Division of Lotteries of the Rhode
32 Island Department of Administration and Newport Grand, as amended and extended from time to
33 time as authorized therein and/or as such Newport Grand Master Contract may be assigned as
34 permitted therein.

1 SECTION 21. Section 42-61.2-7 of the General Laws in Chapter 42-61.2 entitled "Video
2 Lottery Terminal" is hereby amended to read as follows:

3 **42-61.2-7. Division of revenue. [Contingent effective date; see note.] --** (a)
4 Notwithstanding the provisions of § 42-61-15, the allocation of net, terminal income derived from
5 video lottery games is as follows:

6 (1) For deposit in the general fund and to the state lottery division fund for
7 administrative purposes: Net, terminal income not otherwise disbursed in accordance with
8 subdivisions (a)(2) -- (a)(6) inclusive;

9 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one
10 percent (0.19%), up to a maximum of twenty million dollars (\$20,000,000), shall be equally
11 allocated to the distressed communities as defined in § 45-13-12 provided that no eligible
12 community shall receive more than twenty-five percent (25%) of that community's currently
13 enacted municipal budget as its share under this specific subsection. Distributions made under
14 this specific subsection are supplemental to all other distributions made under any portion of
15 general laws § 45-13-12. For the fiscal year ending June 30, 2008, distributions by community
16 shall be identical to the distributions made in the fiscal year ending June 30, 2007, and shall be
17 made from general appropriations. For the fiscal year ending June 30, 2009, the total state
18 distribution shall be the same total amount distributed in the fiscal year ending June 30, 2008, and
19 shall be made from general appropriations. For the fiscal year ending June 30, 2010, the total
20 state distribution shall be the same total amount distributed in the fiscal year ending June 30,
21 2009, and shall be made from general appropriations, provided, however, that seven hundred
22 eighty-four thousand four hundred fifty-eight dollars (\$784,458) of the total appropriation shall
23 be distributed equally to each qualifying distressed community. For each of the fiscal years
24 ending June 30, 2011, June 30, 2012, and June 30, 2013, seven hundred eighty-four thousand four
25 hundred fifty-eight dollars (\$784,458) of the total appropriation shall be distributed equally to
26 each qualifying distressed community.

27 (ii) Five one hundredths of one percent (0.05%), up to a maximum of five million dollars
28 (\$5,000,000), shall be appropriated to property tax relief to fully fund the provisions of § 44-33-
29 2.1. The maximum credit defined in subdivision 44-33-9(2) shall increase to the maximum
30 amount to the nearest five dollar (\$5.00) increment within the allocation until a maximum credit
31 of five hundred dollars (\$500) is obtained. In no event shall the exemption in any fiscal year be
32 less than the prior fiscal year.

33 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund § 44-34.1-1,
34 entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum

1 amount to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no event
2 shall the exemption in any fiscal year be less than the prior fiscal year.

3 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
4 (0.10%), to a maximum of ten million dollars (\$10,000,000), for supplemental distribution to
5 communities not included in subsection (a)(1)(i) above distributed proportionately on the basis of
6 general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008,
7 distributions by community shall be identical to the distributions made in the fiscal year ending
8 June 30, 2007, and shall be made from general appropriations. For the fiscal year ending June 30,
9 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010, and thereafter,
10 funding shall be determined by appropriation.

11 (2) To the licensed, video-lottery retailer:

12 (a) (i) Prior to the effective date of the ~~NGJA~~ [Newport Grand](#) Master Contract, Newport
13 ~~Jai-Ahi~~ [Grand](#) twenty-six percent (26%), minus three hundred eighty-four thousand nine hundred
14 ninety-six dollars (\$384,996);

15 (ii) On and after the effective date of the ~~NGJA~~ [Newport Grand](#) Master Contract, to the
16 licensed, video-lottery retailer who is a party to the ~~NGJA~~ [Newport Grand](#) Master Contract, all
17 sums due and payable under said Master Contract, minus three hundred eighty four thousand nine
18 hundred ninety-six dollars (\$384,996).

19 (iii) Effective July 1, 2013, the rate of net, terminal income payable to Newport Grand,
20 LLC under the Newport Grand master contract shall increase by two and one quarter percent
21 (2.25%) points. The increase herein shall sunset and expire on June 30, 2015, and the rate in
22 effect as of June 30, 2013, shall be reinstated.

23 (iv)(A) Effective July 1, 2015, the rate of net, terminal income payable to Newport
24 Grand, under the Newport Grand Master Contract shall increase by one and nine-tenths (1.9%)
25 percentage points. (i.e., x% plus 1.9 percentage points equals (x + 1.9)%, where "x%" is the
26 current rate of net terminal income payable to Newport Grand). The dollar amount of additional
27 net terminal income paid to Newport Grand with respect to any Newport Grand Marketing Year
28 as a result of such increase in rate shall be referred to as "Additional Newport Grand Marketing
29 NTI."

30 (B) The excess, if any, of Newport Grand's marketing expenditures with respect to a
31 Newport Grand Marketing Year over one million four hundred thousand dollars (\$1,400,000)
32 shall be referred to as the "Newport Grand Marketing Incremental Spend." Beginning with the
33 Newport Grand Marketing Year that starts on July 1, 2015, after the end of each Newport Grand
34 Marketing Year, Newport Grand shall pay to the Division the amount, if any, by which the

1 Additional Newport Grand Marketing NTI for such Newport Grand Marketing Year exceeds the
2 Newport Grand Marketing Incremental Spend for such Newport Grand Marketing Year; provided
3 however, that Newport Grand's liability to the Division hereunder with respect to any Newport
4 Grand Marketing Year shall never exceed the Additional Newport Grand Marketing NTI paid to
5 Newport Grand with respect to such Newport Grand Marketing Year.

6 The increase herein shall sunset and expire on June 30, 2017, and the rate in effect as of
7 June 30, 2013 shall be reinstated.

8 (b) (i) Prior to the effective date of the UTGR master contract, to the present licensed,
9 video-lottery retailer at Lincoln Park, which is not a party to the UTGR, master contract, twenty-
10 eight and eighty-five one hundredths percent (28.85%), minus seven hundred sixty-seven
11 thousand six hundred eighty-seven dollars (\$767,687);

12 (ii) On and after the effective date of the UTGR master contract, to the licensed, video-
13 lottery retailer that is a party to the UTGR master contract, all sums due and payable under said
14 master contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars
15 (\$767,687).

16 (3) (i) To the technology providers that are not a party to the GTECH Master Contract as
17 set forth and referenced in Public Law 2003, Chapter 32, seven percent (7%) of the net, terminal
18 income of the provider's terminals; in addition thereto, technology providers that provide
19 premium or licensed proprietary content or those games that have unique characteristics, such as
20 3D graphics; unique math/game play features; or merchandising elements to video lottery
21 terminals; may receive incremental compensation, either in the form of a daily fee or as an
22 increased percentage, if all of the following criteria are met:

23 (A) A licensed, video-lottery retailer has requested the placement of premium or licensed
24 proprietary content at its licensed, video-lottery facility;

25 (B) The division of lottery has determined in its sole discretion that the request is likely
26 to increase net, terminal income or is otherwise important to preserve or enhance the
27 competitiveness of the licensed, video-lottery retailer;

28 (C) After approval of the request by the division of lottery, the total number of premium
29 or licensed, propriety-content video-lottery terminals does not exceed ten percent (10%) of the
30 total number of video-lottery terminals authorized at the respective licensed, video-lottery
31 retailer; and

32 (D) All incremental costs are shared between the division and the respective licensed,
33 video-lottery retailer based upon their proportionate allocation of net terminal income. The
34 division of lottery is hereby authorized to amend agreements with the licensed, video-lottery

1 retailers, or the technology providers, as applicable, to effect the intent herein.

2 (ii) To contractors that are a party to the master contract as set forth and referenced in
3 Public Law 2003, Chapter 32, all sums due and payable under said master contract; and

4 (iii) Notwithstanding paragraphs (i) and (ii) above, there shall be subtracted
5 proportionately from the payments to technology providers the sum of six hundred twenty-eight
6 thousand seven hundred thirty-seven dollars (\$628,737).

7 (4) (A) To the city of Newport one and one hundredth percent (1.01%) of net terminal
8 income of authorized machines at Newport Grand, except that:

9 (i) Effective November 9, 2009 until June 30, 2013, the allocation shall be one and two
10 tenths percent (1.2%) of net terminal income of authorized machines at Newport Grand for each
11 week the facility operates video lottery games on a twenty-four-hour (24) basis for all eligible
12 hours authorized; and

13 (ii) Effective July 1, 2015, provided that both:

14 (I) The referendum measure authorizing casino gaming at Newport Grand is approved
15 statewide and by the city of Newport at the statewide general election to be held in November of
16 2014; and

17 (II) The proposed amendment to the Rhode Island Constitution requiring that prior to a
18 change in location where casino gaming is permitted in any city or town, there must be a
19 referendum in said city or town and approval by the majority of those electors voting in said
20 referendum on said proposed change in location in said city or town, is approved statewide at the
21 statewide general election to be held in November of 2014, then then the allocation shall be one
22 and forty-five hundredths percent (1.45%) of net terminal income of authorized video lottery
23 terminals at Newport Grand.

24 (iii) If, effective July 1, 2015, the conditions established in subsections (4)(A)(ii)(I and
25 II) are met, and the following conditions in subsections (4)(A)(iii)(I through III) are met:

26 (I) NGJA or its successor has made an investment of no less than forty million dollars
27 (\$40,000,000) exclusive of acquisition costs within three (3) years, and a certificate of completion
28 and final approval from the city building inspector has been issued for the facility upgraded
29 through this investment; and

30 (II) The number of video lottery terminals in operation is no fewer than those in
31 operation as of January 1, 2014; and

32 (III) Table gaming has commenced in Newport;

33 Then in such event the allocation shall be the greater of one million dollars (\$1,000,000),
34 or one and forty-five hundredths percent (1.45%) of net terminal income of authorized video

1 lottery terminals at Newport Grand, except that for six (6) consecutive, full-fiscal years
2 immediately thereafter, the allocation shall be the greater of one million five hundred thousand
3 dollars (\$1,500,000), or one and forty-five hundredths percent (1.45%) of net-terminal income of
4 authorized video lottery terminals at Newport Grand. Such minimum distribution shall be
5 distributed in twelve (12) equal payments during the fiscal year.

6 (B) To the town of Lincoln one and twenty-six hundredths percent (1.26%) of net
7 terminal income of authorized machines at Twin River except that;

8 (i) Effective November 9, 2009 until June 30, 2013, the allocation shall be one and forty-
9 five hundredths percent (1.45%) of net terminal income of authorized machines at Twin River for
10 each week video lottery games are offered on a twenty-four-hour (24) basis for all eligible hours
11 authorized; and

12 (ii) Effective July 1, 2013, provided that the referendum measure authorized by Article
13 25, Chapter 151, Section 4 of the Public Laws of 2011 is approved statewide and in the Town of
14 Lincoln, the allocation shall be one and forty-five hundredths percent (1.45%) of net terminal
15 income of authorized video lottery terminals at Twin River; and

16 (5) To the Narragansett Indian Tribe, seventeen hundredths of one percent (0.17%) of net
17 terminal income of authorized machines at Lincoln Park, up to a maximum of ten million dollars
18 (\$10,000,000) per year, that shall be paid to the Narragansett Indian Tribe for the account of a
19 Tribal Development Fund to be used for the purpose of encouraging and promoting: home
20 ownership and improvement; elderly housing; adult vocational training; health and social
21 services; childcare; natural resource protection; and economic development consistent with state
22 law. Provided, however, such distribution shall terminate upon the opening of any gaming facility
23 in which the Narragansett Indians are entitled to any payments or other incentives; and provided
24 further, any monies distributed hereunder shall not be used for, or spent on, previously contracted
25 debts; and

26 (6) Unclaimed prizes and credits shall remit to the general fund of the state; and

27 (7) Payments into the state's general fund specified in subdivisions (a)(1) and (a)(6) shall
28 be made on an estimated monthly basis. Payment shall be made on the tenth day following the
29 close of the month except for the last month when payment shall be on the last business day.

30 (b) Notwithstanding the above, the amounts payable by the division to UTGR related to
31 the marketing program shall be paid on a frequency agreed by the division, but no less frequently
32 than annually.

33 (c) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
34 is authorized to fund the marketing program as described above in regard to the first amendment

1 to the UTGR master contract.

2 (d) Notwithstanding the above, the amounts payable by the division to Newport Grand
3 related to the marketing program shall be paid on a frequency agreed by the division, but no less
4 frequently than annually.

5 (e) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
6 is authorized to fund the marketing program as described above in regard to the first amendment
7 to the Newport Grand master contract.

8 (f) Notwithstanding the provisions of § 42-61-15, the allocation of net, table-game
9 revenue derived from table-games at Twin River is as follows:

10 (1) For deposit into the state lottery fund for administrative purposes and then the
11 balance remaining into the general fund:

12 (i) Sixteen percent (16%) of net, table-game revenue, except as provided in § 42-61.2-
13 7(f)(1)(ii);

14 (ii) An additional two percent (2%) of net, table-game revenue generated at Twin River
15 shall be allocated starting from the commencement of table games activities by such table-game
16 retailer and ending, with respect to such table-game retailer, on the first date that such table-game
17 retailer's net terminal income for a full state fiscal year is less than such table-game retailer's net
18 terminal income for the prior state fiscal year, at which point this additional allocation to the state
19 shall no longer apply to such table-game retailer.

20 (2) To UTGR, net, table-game revenue not otherwise disbursed pursuant to above
21 subsection (f)(1); provided, however, on the first date that such table-game retailer's net terminal
22 income for a full state fiscal year is less than such table-game retailer's net terminal income for
23 the prior state fiscal year, as set forth in subsection (f)(1)(ii) above, one percent (1%) of this net,
24 table-game revenue shall be allocated to the town of Lincoln for four (4), consecutive state fiscal
25 years.

26 (g) Notwithstanding the provisions of § 42-61-15, the allocation of net, table-game
27 revenue derived from table games at Newport Grand is as follows:

28 (1) For deposit into the state lottery fund for administrative purposes and then the
29 balance remaining into the general fund: eighteen percent (18%) of net, table-game revenue.

30 (2) [Deleted by P.L. 2014, ch. 436, § 1].SECTION 22. This act shall take effect upon
31 passage.

32 SECTION 22. Sections 6 and 11 shall take effect as of August 1, 2015. Sections 13 and
33 15 shall take effect for the tax year beginning January 1, 2016. The remainder of this article shall
34 take effect as of July 1, 2015.