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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO MOTOR AND OTHER VEHICLES -- THE DIESEL EMISSION  
REDUCTION ACT

Introduced By: Representatives Sullivan, Fierro, Guthrie, and Handy

Date Introduced: March 02, 2010

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 31-47.3 of the General Laws entitled "The Diesel Emissions  
2 Reduction Act" is hereby amended by adding thereto the following sections:

3 **31-47.3-1.1. Purpose. -- This act shall be known and may be cited as "An Act**  
4 **Concerning Government Responsibility To Protect Public Health From Diesel Pollution."** The  
5 **general purposes of this act are to:**

6 **(1) Minimize human exposure to and health risks from diesel pollution;**

7 **(2) Reduce health costs, missed school days, lost worker productivity and premature**  
8 **mortality linked to exposure to the diesel particulate matter (PM) and other diesel pollutants;**

9 **(3) Achieve maximum feasible diesel particulate matter emissions reductions and**  
10 **diminished human exposure that is additional to the impact of federal diesel emission rules,**  
11 **which focus mostly on new engines;**

12 **(4) Advance the state's climate protection goals and climate action plan by reducing the**  
13 **amount of black carbon pollution emitted by diesels; and**

14 **(5) Achieve health benefits for Rhode Island by ensuring state contracting and leasing**  
15 **takes advantage of retrofits that are occurring in the marketplace.**

16 **31-47.3-4. Emission reduction strategies in new public works contracts. -- Effective**  
17 **upon passage of this legislation, any solicitation for a public works contract with the state, and**  
18 **any contract entered into as a result of such solicitation, shall include provisions requiring all**

1 heavy duty vehicles used in the performance of such contract to adhere to the following  
2 requirements:

3 (1) Contractors shall establish staging zones for diesel vehicles away from the general  
4 public or sensitive receptors, including, but not limited to, hospitals, schools, and residential  
5 neighborhoods, to minimize the impact of emissions from idling vehicles.

6 (2) Idling of diesel engines shall be limited to no more than five (5) minutes, except in  
7 cases where the engine must idle to perform normal operations, as with a cement truck.

8 (3) Onroad and nonroad heavy-duty diesel vehicles, including generators, shall use only  
9 ultra-low sulfur diesel fuel.

10 **31-47.3-5. Use of emission control technology in new public works contracts. --**

11 (a) Effective upon passage of this legislation, the DOT shall implement contract  
12 requirements specified in subsection (b) on at least one project to be out to bid no later than  
13 September 1, 2010. Performance of the project, if deemed practicable by the director of DOT,  
14 must be started no later than six (6) months after the project bid has been awarded. In selecting  
15 the project, the DOT shall prioritize otherwise eligible projects that:

16 (1) Each have a total individual budget of six million dollars (\$6,000,000) to nine million  
17 dollars (\$9,000,000);

18 (2) Serve areas in Rhode Island:

19 (i) With highest population density; and/or

20 (ii) Exposed to a disproportionate amount of air pollution from diesel fleets.

21 (b) Beginning January 1, 2013, any solicitation for a public works contract or contracts  
22 with the state funded in whole or in part by federal monies and having a total project cost of at  
23 least two million dollars (\$2,000,000), and any contract entered into as a result of such  
24 solicitation, shall include provisions requiring all heavy duty vehicles used in the performance of  
25 such contract to adhere to the following requirements:

26 (1) Subject to the provisions of subdivisions (2) -- (4), onroad and nonroad heavy-duty  
27 diesel vehicles, including generators, shall be powered by engines with properly operating and  
28 maintained Level 3 controls. Provided, however, that if DEM finds that no Level 3 verified  
29 emission control devices have been verified and are otherwise appropriate for use on particular  
30 engines, Level 2 verified devices shall be required; if neither Level 3 nor Level 2 devices have  
31 been verified and are otherwise appropriate for use on particular engines, Level 1 verified devices  
32 shall be required.

33 (2) The emission control technology requirements of subdivision (1) shall not apply to:

34 (i) Vehicles and equipment dedicated for snow removal;

1           (ii) Farm equipment;  
2           (iii) Vehicles that are specially equipped and used for emergency response; and  
3           (iv) Vehicles used on the project for less than ten (10) total days over the life of the  
4 project.

5           (3) Unregulated, or pre-tier 1 diesel engines are exempt from the requirements in  
6 subdivision (1) until December 1, 2012, at which time DEM shall issue regulations as to how to  
7 reduce particulate emissions from such engines.

8           (4) Emission controls shall be required only to the extent of available reimbursement  
9 from project funds covering the equipment purchase and installation labor costs of the controls,  
10 provided that at least one percent (1%) of the total of each project budget shall be dedicated for  
11 such reimbursement.

12           (i) Funds shall be generally allocated to pay for the most cost-effective emission controls  
13 in terms of particulate pollution reduction per dollar spent.

14           (ii) Dedicated funds, subject to this subdivision (4), remaining after all eligible vehicles  
15 and equipment have been retrofit and reimbursement to contractors has been rendered subject to  
16 the provisions of this statute, may be considered part of the overall project budget as determined  
17 by the state.

18           (5) In order to be eligible for consideration in the bidding process, contractors must  
19 submit to the state with their bid a complete inventory list in the form requested and including the  
20 information required in section 31-47.3-6.

21           (6) Inventory lists shall be provided to the contracting agency before the project bid may  
22 be awarded and the contracting agency shall ensure it meets the provisions of this section. The  
23 inventory lists shall be forwarded by the contracting agency to the department of environmental  
24 management.

25           (c) Implementation. The requirements of subsections (a) and (b) shall be implemented as  
26 specified by the state, and shall include the following:

27           (1) A blind bidding process  
28           (2) When project bids are awarded, the state shall notify the contractor in writing of the  
29 total budget for retrofits according to the provisions of subdivision (b)(4).

30           (3) Contractors must select vehicles and equipment to be retrofitted according to the  
31 requirements of subsection (b) within the budget specified by the state. Contractors shall give  
32 priority to retrofitting vehicles and equipment that:

33           (i) Will likely spend the most time operating on the project;  
34           (ii) Will disproportionately expose the surrounding community and sensitive receptors

1 including, but not limited to, hospitals, schools and residential neighborhoods to diesel pollution;  
2 and  
3 (iii) Are most cost-effective in terms of emission controls for particulate pollution  
4 reduction per dollar spent.  
5 (4) Construction shall not proceed until the contractor submits an equipment list, certified  
6 by an officer of the company, of all heavy duty vehicles to be used on site, in the format specified  
7 by the state, including the following:  
8 (i) Contractor and subcontractor names and addresses, plus contact person responsible for  
9 the vehicles and or equipment;  
10 (ii) Documentation, including the technology type, EPA/CARB verification  
11 number/control Level, manufacturer, make, model, serial number of the retrofit device; the date  
12 the retrofit was installed; or in the case of a delayed shipment for retrofit parts and/or equipment,  
13 proof of purchase and the expected ship date from the manufacturer, for the retrofitted vehicles to  
14 be used on the project; and  
15 (iii) The information required in section 31-47.3-6.  
16 (5) Equipment not meeting the requirements of this section shall not be used on the  
17 project site; provided, however, that:  
18 (i) If the contractor can provide documentation demonstrating that a retrofit has been  
19 ordered for noncompliant equipment, but not arrived yet, and that the failure to retrofit in a timely  
20 manner was caused by circumstances beyond the contractor's control, the noncompliant  
21 equipment may begin work on the project and operate on site for a maximum of twenty (20) total  
22 work days.  
23 (ii) If the contractor subsequently needs to bring on site equipment not on the equipment  
24 list specified in subdivision (4), the contractor shall submit written notification within forty-eight  
25 (48) hours to the project manager who will issue the terms of compliance for the additional piece  
26 of equipment before it may be used on site.  
27 (iii) If a piece of equipment necessary for completion of the project breaks down on site,  
28 and there is no compliant equipment available to perform comparable work, a contractor may,  
29 upon notification to the project manager, substitute noncompliant equipment for up to five (5)  
30 days. In order to use such noncompliant equipment on site after five (5) days, the contractor must  
31 have obtained a waiver from the project manager stipulating the terms of returning to compliance  
32 within the shorter of: twenty (20) work days; the time it takes to repair the original equipment; or  
33 the time it takes to rent or borrow compliant equipment.  
34 (d) Enforcement. The state shall include enforcement provisions in each contract subject

1 to the provisions of this section and section 31-47.3-6, which shall include, without limitation,  
2 authorization for the state to conduct random inspections of contractor's equipment and records to  
3 ensure compliance and to withhold contract payment to cover damages in the event of  
4 noncompliance. Violations of any contract provision required by this section or section 31-47.3-6,  
5 shall be deemed to be a material breach of the contract, and the state shall have available all  
6 remedies resulting from such a breach.

7 (e) Reporting.

8 (1) The contractor shall submit monthly summary reports to the project manager,  
9 updating the equipment list, including diesel fuel delivery slips and fuel use for the reporting time  
10 period for all equipment used in the performance of the contract. The addition or deletion of any  
11 equipment shall be included in the summary and noted in the monthly report.

12 (2) By September 1, 2011, and September 1 of each subsequent year through 2015, the  
13 state shall submit contractors' monthly summary reports, along with all inventory lists and  
14 equipment lists to DEM in the form requested.

15 (3) By October 1, 2011, and October 1 of each subsequent year through 2015, DEM shall  
16 create and submit a summary report to the legislature. The report will be made accessible to the  
17 public by posting on the DEM website.

18 (4) The report submitted by October 1, 2012 shall include:

19 (i) A description of the state's implementation of the new contract requirements;

20 (ii) An estimate of the resulting diesel emission reductions;

21 (iii) An estimate of the total population of heavy-duty diesel vehicles and equipment in  
22 the state;

23 (iv) An estimate of the total population of retrofitted heavy-duty diesel vehicles and  
24 equipment in the state;

25 (v) A description of other appropriate measures of progress;

26 (vi) A description of problems encountered and opportunities for additional reductions in  
27 diesel emissions; and

28 (vii) Recommendations for any statutory changes including, but not limited to:

29 (A) The appropriate emissions control technology for specific vehicle groups;

30 (B) The types of projects that shall require emissions controls;

31 (C) The appropriate funding mechanism for continued implementation of the program;

32 (D) The reporting requirements necessary to track and number heavy duty vehicles in  
33 use, and the number of retrofits that are achieved under the program;

34 (E) The appropriate enforcing agent for the program.

1           (5) DEM shall provide written notice and opportunity for a public meeting and comment  
2 on the draft of the report due December 1, 2012.

3           (6) DEM, in consultation with DOT and other state agencies as DEM deems appropriate,  
4 shall promulgate regulations implementing the provisions of this section and section 31-47.3-6,  
5 including, but not limited to, the treatment, in contracts subject to the provisions of this section, of  
6 unregulated, or pre-Tier 1 vehicles used in the performance of such contracts on and after January  
7 1, 2013.

8           (g) Funding.

9           (1) All costs associated with the purchase and installation by a contractor of the emission  
10 control technologies for a specific project in order to comply with the contract provisions required  
11 by subsections (a) and (b) shall be fully reimbursed from project funds, provided that:

12           (i) The compliant control technology is installed within twenty (20) work days after the  
13 applicable vehicle is brought onto the project site; and

14           (ii) The equipment list and emission control technology documentation have been  
15 provided to DEM.

16           (2) Retrofits installed with funds from the project shall remain on the heavy-duty diesel  
17 vehicle for the useful life of the emission control device or the vehicle.

18           (h) Public education. Any project that is subject to public hearing requirements shall  
19 include at a minimum an overview of the diesel abatement strategies for the project as part of the  
20 public hearing presentation.

21           **31-47.3-6. Use of inventory to aid emissions accounting by DEM.** -- (a) Before  
22 October 1, 2011, all fleet owners shall provide to DEM inventory lists, to be certified by an  
23 officer of the company, of all heavy duty vehicles owned, rented or leased.

24           (b) DEM shall provide forms for inventory lists on the DEM website beginning  
25 September 1, 2011.

26           (c) Information supplied by fleet owners for each vehicle shall include, but is not limited  
27 to:

28           (1) Vehicle type;

29           (2) Vehicle manufacturer;

30           (3) Vehicle model;

31           (4) Vehicle model year;

32           (5) Vehicle serial number;

33           (6) Annual fuel consumption;

34           (7) Annual hours of operation;

- 1           (8) Engine manufacturer;
- 2           (9) Engine model;
- 3           (10) Engine model year;
- 4           (11) Engine serial number;
- 5           (12) Engine horsepower;
- 6           (13) Whether the engine is a repower, and if so, the date of repower;
- 7           (14) Invoice, or proof of purchase of the engine repower;
- 8           (15) Whether the engine meets Tier 4 U.S. EPA regulations;
- 9           (16) Whether the vehicle has been retrofit, and if so, the date of retrofit;
- 10          (17) Retrofit manufacturer;
- 11          (18) Retrofit model;
- 12          (19) Verification Level.

13           (d) Fleet owners shall update annually the inventory lists submitted to DEM by the  
14 reporting date of each subsequent year. If any information has changed since either the initial or  
15 the last annual report filed with DEM, the fleet owner shall, in the next annual report, identify  
16 such changes. Such changes include vehicles removed from or added to the fleet, vehicles newly  
17 designated as repowers or retrofits. If there are no changes, the fleet owner shall indicate that  
18 there have been no changes since the last report.

19           (e) For the purpose of inspecting heavy duty vehicles and their records to determine  
20 compliance with these regulations, an agent or employee of DEM, upon presentation of proper  
21 credentials, shall have the right to enter any facility (with necessary safety clearances) where the  
22 designated vehicles are located or kept.

23           (f) Equipment leasing operations shall also be subject to the inventory requirements  
24 pursuant to this section. All owners of vehicles subject to the regulation must comply.

25           (g) After January 1, 2011 any person who fails to submit any information, report, or  
26 statement required by this regulation, or who knowingly submits any false statement or  
27 representation in any application, report, statement, or other document filed, maintained or used  
28 for the purposes of compliance with this regulation may be subject to civil penalties. In assessing  
29 penalties, DEM will consider factors, including, but not limited to, the willfulness of the  
30 violation, the length of time of noncompliance, whether the fleet made an attempt to comply, and  
31 the magnitude of noncompliance.

32           **31-47.3-7. Severability.** -- If any clause, sentence, paragraph, section or part of this act  
33 shall be adjudged by any court of competent jurisdiction to be invalid and after exhaustion of all  
34 further judicial review, the judgment shall not affect, impair or invalidate the remainder thereof,

1 [but shall be confined in its operation to the clause, sentence, paragraph, section or part of this act](#)  
2 [directly involved in the controversy in which the judgment shall have been rendered.](#)

3 SECTION 2. Section 31-47.3-2 of the General Laws in Chapter 31-47.3 entitled "The  
4 Diesel Emissions Reduction Act" is hereby amended to read as follows:

5 **31-47.3-2. Definitions.** – When used in this chapter:

6 (1) "Best available retrofit technology" means technology, verified by the United States  
7 Environmental Protection Agency or California Air Resources Board (CARB) for achieving  
8 reductions in particulate matter emissions at the highest classification level for diesel emission  
9 control strategies that is applicable to the particular engine and application. Such technology shall  
10 not result in a net increase in nitrogen oxides.

11 (2) "Heavy duty vehicle" or "vehicle" means any on-road or nonroad vehicle powered by  
12 diesel fuel and having a gross vehicle weight of greater than fourteen thousand (14,000) pounds,  
13 [or in the case of a nonroad vehicle, powered by diesel fuel and an engine with a rating of at least](#)  
14 [seventy-five \(75\) horsepower, including, but not limited to, non-stationary generators.](#)

15 (3) ["DEM" means the Rhode Island department of environmental management.](#)

16 ~~(3)~~ (4) "Director" ~~refers to~~ [means](#) the director of the department of environmental  
17 management (DEM).

18 (5) ["DOT" means the Rhode Island department of transportation.](#)

19 ~~(4)~~ (6) "Level 1 control" means a verified diesel emission control device that achieves a  
20 particulate matter (PM) reduction of twenty-five percent (25%) or more compared to uncontrolled  
21 engine emissions levels.

22 ~~(5)~~ (7) "Level 2 control" means a verified diesel emission control device that achieves a  
23 particulate matter (PM) emission reduction of fifty percent (50%) or more compared to  
24 uncontrolled engine emission levels.

25 ~~(6)~~ (8) "Level 3 control" means a verified diesel emission control device that achieves a  
26 particulate matter (PM) emission reduction of eighty-five percent (85%) or more compared to  
27 uncontrolled engine emission levels, or that reduces emissions to less than or equal to one one-  
28 hundredth (0.01) grams of (PM) per brake horsepower-hour. Level 3 control includes repowering  
29 or replacing the existing diesel engine with an engine meeting US EPA's 2007 Heavy-duty  
30 Highway Diesel Standards, [published in the federal register at 66 Fed. Reg. 5001 \(January 18,](#)  
31 [2001\)](#), or in the case of a nonroad engine, an engine meeting the US EPA's Tier 4 Nonroad Diesel  
32 Standards [published in the federal register at 69 Fed. Reg. 38957 \(June 19, 2004\)](#).

33 ~~(7)~~ (9) "Closed crankcase ventilation system (CCV)" means a system that separates oil  
34 and other contaminant from the blow-by gases and routes the blow-by gases into a diesel engine's



1 intake system downstream of air filter.

2 ~~(8)~~ (10) "Full-sized school bus" means a school bus, as defined in (Rhode Island general  
3 law) section (31-1-3), which is a type 1 diesel school bus, including spare buses operated by or  
4 under contract to a school district, but not including emergency contingency vehicles or low  
5 usage vehicles.

6 ~~(9)~~ (11) "Model year 2007 emission standards" means engine standards promulgated by  
7 the federal Environmental Protection Agency in 40 CFR Parts 69, 80 and 86.

8 ~~(10)~~ (12) "Verified emissions control device" means a device that has been verified by  
9 the federal Environmental Protection Agency or the California Air Resources Board to reduce  
10 particulate matter emissions by a given amount.

11 (13) "Ultra low sulfur diesel fuel" means diesel fuel having sulfur content of fifteen parts  
12 per million (15ppm) of sulfur or less, as defined by the U.S. Environmental Protection Agency at  
13 40 CFR section 80.520.

14 (14) "State agency" means each state board, commission, department, or officer, other  
15 than the legislature or the courts, authorized by law to make rules or to determine contested cases.

16 (15) "State authority" means each of the following: the Rhode Island industrial building  
17 authority, the Rhode Island recreational building authority, the Rhode Island port authority and  
18 economic development corporation, the Rhode Island industrial facilities corporation, the Rhode  
19 Island refunding bond authority, the Rhode Island housing and mortgage finance corporation, the  
20 Rhode Island solid waste management corporation, the Rhode Island public transit authority, the  
21 Rhode Island student loan authority, the Howard development corporation, the water resources  
22 board, the Rhode Island health and educational building corporation, the Rhode Island higher  
23 education assistance authority, the Rhode Island turnpike and bridge authority, the Blackstone  
24 Valley district commission, the Narragansett bay water quality management district commission,  
25 their successors and assigns, and any body corporate and/or politic with the power to issue bonds  
26 and notes, which are direct, guaranteed, contingent, or moral obligations of the state, which is  
27 hereinafter created or established in this state.

28 (16) "Public works contract" means a contract with a state agency, state authority or  
29 quasi-public agency for a construction program or project involving the construction, demolition,  
30 restoration, rehabilitation, repair, renovation, or abatement of any building, structure, tunnel,  
31 excavation, roadway, park or bridge; a contract with a state agency or a state authority regarding  
32 the preparation for any construction program or project involving the construction, demolition,  
33 restoration, rehabilitation, repair, renovation, or abatement of any building, structure, tunnel,  
34 excavation, roadway, park or bridge; or a contract with a state agency or a state authority for any

1 final work involved in the completion of any construction program or project involving the  
2 construction, demolition, restoration, rehabilitation, repair, renovation, or abatement of any  
3 building, structure, tunnel, excavation, roadway, park or bridge.

4 (17) “Contractor” means any person contracting directly or indirectly with the state to  
5 provide labor, services, materials and/or equipment for the performance of a public works  
6 contract. Contractor includes a prime contractor, subcontractor, and any contractor(s) hired by  
7 such subcontractor.

8 (18) “CMAQ” means the federal congestion mitigation and air quality improvement  
9 program, reauthorized by congress in 2005 by sections 1101, 1103 and 1808 of the safe,  
10 accountable, flexible, efficient transportation equity act: a legacy for users (SAFETEA–LU) (Pub.  
11 L. 109–59, Aug. 10, 2005). SAFETEA-LU requires states and metropolitan planning  
12 organizations to give priority in distributing CMAQ funds for diesel engine retrofit projects, as  
13 well as other cost-effective emission reduction and congestion mitigation activities that benefit air  
14 quality.

15 (19) “DERA” means the federal Diesel Emission Reduction Act, enacted by congress as  
16 sections 791—797 of the Energy Policy Act of 2005 (Pub. L. 109–58, Aug. 8, 2005).

17 (20) “Fleet owner” means a person, business or the state that owns five (5) or more  
18 “heavy duty vehicles” operating in Rhode Island. Included in the total are related businesses  
19 owned and operated by a person, business or state.

20 (21) “Inventory list” means a list of all equipment owned, rented, or leased by a  
21 contractor.

22 (22) “Equipment list” means a list of all equipment owned, rented, or leased to be used on  
23 site.

24 (23) “Quasi-public agency” means the Rhode Island Airport Corporation, Capital Center  
25 Commission, Rhode Island Clean Water Finance Agency, Rhode Island Convention Center  
26 Authority, Rhode Island Economic Development Corporation, Rhode Island Health and  
27 Educational Building Corporation, Rhode Island Housing and Mortgage Finance Corporation,  
28 Housing Resources Commission, Rhode Island Industrial Facilities Corporation, Rhode Island  
29 Industrial-Recreational Building Authority, Narragansett Bay Commission, Rhode Island Public  
30 Transit Authority, Quonset Development Corporation, Rhode Island Refunding Bond Authority,  
31 Rhode Island Resource Recovery Corporation, Rhode Island Student Loan Authority, Rhode  
32 Island Turnpike and Bridge Authority, and the Rhode Island Water Resources Board Corporate.

33 (24) The “state” shall mean “state agencies”, “state authorities” and “quasi-public  
34 agencies” of Rhode Island. When related to “contractors” in this statute, the “state” shall mean

1 [the procuring agency or procuring agent.](#)

2 [\(25\) "Project manager" means the person appointed from the contracting entity to oversee](#)  
3 [and manage a construction project.](#)

4 SECTION 3. Section 44-18-30 of the General Laws in Chapter 44-18 entitled "Sales and  
5 Use Taxes - Liability and Computation" is hereby amended to read as follows:

6 **44-18-30. Gross receipts exempt from sales and use taxes.** -- There are exempted from  
7 the taxes imposed by this chapter the following gross receipts:

8 (1) Sales and uses beyond constitutional power of state. - From the sale and from the  
9 storage, use, or other consumption in this state of tangible personal property the gross receipts  
10 from the sale of which, or the storage, use, or other consumption of which, this state is prohibited  
11 from taxing under the Constitution of the United States or under the constitution of this state.

12 (2) Newspapers.

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

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

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

20 (3) School meals. - From the sale and from the storage, use, or other consumption in this  
21 state of meals served by public, private, or parochial schools, school districts, colleges,  
22 universities, student organizations, and parent teacher associations to the students or teachers of a  
23 school, college, or university whether the meals are served by the educational institutions or by a  
24 food service or management entity under contract to the educational institutions.

25 (4) Containers.

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

27 (A) Non-returnable containers, including boxes, paper bags, and wrapping materials  
28 which are biodegradable and all bags and wrapping materials utilized in the medical and healing  
29 arts, when sold without the contents to persons who place the contents in the container and sell  
30 the contents with the container.

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

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

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

4 (5) (i) Charitable, educational, and religious organizations. - From the sale to as in  
5 defined in this section, and from the storage, use, and other consumption in this state or any other  
6 state of the United States of America of tangible personal property by hospitals not operated for a  
7 profit, "educational institutions" as defined in subdivision (18) not operated for a profit, churches,  
8 orphanages, and other institutions or organizations operated exclusively for religious or charitable  
9 purposes, interest free ban associations not operated for profit, nonprofit organized sporting  
10 leagues and associations and bands for boys and girls under the age of nineteen (19) years, the  
11 following vocational student organizations that are state chapters of national vocational students  
12 organizations: Distributive Education Clubs of America, (DECA); Future Business Leaders of  
13 America, phi beta lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers  
14 of America/Home Economics Related Occupations (FHA/HERD); and Vocational Industrial  
15 Clubs of America (VICA), organized nonprofit golden age and senior citizens clubs for men and  
16 women, and parent teacher associations.

17 (ii) In the case of contracts entered into with the federal government, its agencies or  
18 instrumentalities, this state or any other state of the United States of America, its agencies, any  
19 city, town, district, or other political subdivision of the states, hospitals not operated for profit,  
20 educational institutions not operated for profit, churches, orphanages, and other institutions or  
21 organizations operated exclusively for religious or charitable purposes, the contractor may  
22 purchase such materials and supplies (materials and/or supplies are defined as those which are  
23 essential to the project) that are to be utilized in the construction of the projects being performed  
24 under the contracts without payment of the tax.

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

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

34 (7) Purchase for manufacturing purposes.

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

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

10 (iii) "Consumed" includes mere obsolescence.

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

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

18 (vi) "Process of manufacturing" does not mean or include administration operations such  
19 as general office operations, accounting, collection, sales promotion, nor does it mean or include  
20 distribution operations which occur subsequent to production operations, such as handling,  
21 storing, selling, and transporting the manufactured products, even though the administration and  
22 distribution operations are performed by or in connection with a manufacturing business.

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

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

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

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

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

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

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

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

8 (i) "Drugs" as defined in section 44-18-7.1(h)(i), sold on prescriptions, medical oxygen,  
9 and insulin whether or not sold on prescription, and over-the-counter drugs as defined in section  
10 44-18-7.1(h)(ii). For purposes of this exemption over-the-counter drugs shall not include  
11 grooming and hygiene products as defined in section 44-18-7.1(h)(iii).

12 (ii) Durable medical equipment as defined in section 44-18-7.1(k) for home use only,  
13 including, but not limited to, syringe infusers, ambulatory drug delivery pumps, hospital beds,  
14 convalescent chairs, and chair lifts. Supplies used in connection with syringe infusers and  
15 ambulatory drug delivery pumps which are sold on prescription to individuals to be used by them  
16 to dispense or administer prescription drugs, and related ancillary dressings and supplies used to  
17 dispense or administer prescription drugs shall also be exempt from tax.

18 (11) Prosthetic devices and mobility enhancing equipment. - From the sale and from the  
19 storage, use, or other consumption in this state, of prosthetic devices as defined in section 44-18-  
20 7.1(t), sold on prescription, including but not limited to, artificial limbs, dentures, spectacles and  
21 eyeglasses, and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on  
22 prescription and mobility enhancing equipment as defined in section 44-18-7.1(p) including  
23 wheelchairs, crutches and canes.

24 (12) Coffins, caskets, and burial garments. - From the sale and from the storage, use, or  
25 other consumption in this state of coffins or caskets, and shrouds or other burial garments which  
26 are ordinarily sold by a funeral director as part of the business of funeral directing.

27 (13) Motor vehicles sold to nonresidents.

28 (i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide  
29 nonresident of this state who does not register the motor vehicle in this state, whether the sale or  
30 delivery of the motor vehicle is made in this state or at the place of residence of the nonresident.  
31 A motor vehicle sold to a bona fide nonresident whose state of residence does not allow a like  
32 exemption to its nonresidents is not exempt from the tax imposed under section 44-18-20. In that  
33 event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate  
34 that would be imposed in his or her state of residence not to exceed the rate that would have been

1 imposed under section 44-18-20. Notwithstanding any other provisions of law, a licensed motor  
2 vehicle dealer shall add and collect the tax required under this subdivision and remit the tax to the  
3 tax administrator under the provisions of chapters 18 and 19 of this title. When a Rhode Island  
4 licensed motor vehicle dealer is required to add and collect the sales and use tax on the sale of a  
5 motor vehicle to a bona fide nonresident as provided in this section, the dealer in computing the  
6 tax takes into consideration the law of the state of the nonresident as it relates to the trade-in of  
7 motor vehicles.

8 (ii) The tax administrator, in addition to the provisions of sections 44-19-27 and 44-19-  
9 28, may require any licensed motor vehicle dealer to keep records of sales to bona fide  
10 nonresidents as the tax administrator deems reasonably necessary to substantiate the exemption  
11 provided in this subdivision, including the affidavit of a licensed motor vehicle dealer that the  
12 purchaser of the motor vehicle was the holder of, and had in his or her possession a valid out of  
13 state motor vehicle registration or a valid out of state driver's license.

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

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

21 (15) Air and water pollution control facilities. - From the sale, storage, use, or other  
22 consumption in this state of tangible personal property or supplies acquired for incorporation into  
23 or used and consumed in the operation of a facility, the primary purpose of which is to aid in the  
24 control of the pollution or contamination of the waters or air of the state, as defined in chapter 12  
25 of title 46 and chapter 25 of title 23, respectively, and which has been certified as approved for  
26 that purpose by the director of environmental management. The director of environmental  
27 management may certify to a portion of the tangible personal property or supplies acquired for  
28 incorporation into those facilities or used and consumed in the operation of those facilities to the  
29 extent that that portion has as its primary purpose the control of the pollution or contamination of  
30 the waters or air of this state. As used in this subdivision, "facility" means any land, facility,  
31 device, building, machinery, or equipment.

32 (16) Camps. - From the rental charged for living quarters, or sleeping or housekeeping  
33 accommodations at camps or retreat houses operated by religious, charitable, educational, or  
34 other organizations and associations mentioned in subdivision (5), or by privately owned and

1 operated summer camps for children.

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

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

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

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

21 (ii) For the purpose of this subsection the term "special adaptations" includes, but is not  
22 limited to: wheelchair lifts; wheelchair carriers; wheelchair ramps; wheelchair securements; hand  
23 controls; steering devices; extensions, relocations, and crossovers of operator controls; power-  
24 assisted controls; raised tops or dropped floors; raised entry doors; or alternative signaling  
25 devices to auditory signals.

26 (iii) From the sale of: (a) special adaptations, (b) the component parts of the special  
27 adaptations, for a "wheelchair accessible taxicab" as defined in section 39-14-1 and/or a  
28 "wheelchair accessible public motor vehicle" as defined in section 39-14.1-1.

29 (iv) For the purpose of this subdivision the exemption for a "specially adapted motor  
30 vehicle" means a use tax credit not to exceed the amount of use tax that would otherwise be due  
31 on the motor vehicle, exclusive of any adaptations. The use tax credit is equal to the cost of the  
32 special adaptations, including installation.

33 (20) Heating fuels. - From the sale and from the storage, use, or other consumption in  
34 this state of every type of fuel used in the heating of homes and residential premises.



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

3           (22) Manufacturing machinery and equipment.

4           (i) From the sale and from the storage, use, or other consumption in this state of tools,  
5 dies, and molds, and machinery and equipment (including replacement parts), and related items to  
6 the extent used in an industrial plant in connection with the actual manufacture, conversion, or  
7 processing of tangible personal property, or to the extent used in connection with the actual  
8 manufacture, conversion or processing of computer software as that term is utilized in industry  
9 numbers 7371, 7372, and 7373 in the standard industrial classification manual prepared by the  
10 technical committee on industrial classification, office of statistical standards, executive office of  
11 the president, United States bureau of the budget, as revised from time to time, to be sold, or that  
12 machinery and equipment used in the furnishing of power to an industrial manufacturing plant.  
13 For the purposes of this subdivision, "industrial plant" means a factory at a fixed location  
14 primarily engaged in the manufacture, conversion, or processing of tangible personal property to  
15 be sold in the regular course of business;

16           (ii) Machinery and equipment and related items are not deemed to be used in connection  
17 with the actual manufacture, conversion, or processing of tangible personal property, or in  
18 connection with the actual manufacture, conversion or processing of computer software as that  
19 term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification  
20 manual prepared by the technical committee on industrial classification, office of statistical  
21 standards, executive office of the president, United States bureau of the budget, as revised from  
22 time to time, to be sold to the extent the property is used in administration or distribution  
23 operations;

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

31           (iv) Where a portion of a group of portable or mobile machinery is used in connection  
32 with the actual manufacture, conversion, or processing of computer software or tangible personal  
33 property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under  
34 this subdivision even though the machinery in that group is used interchangeably and not

1 otherwise identifiable as to use.

2 (23) Trade-in value of motor vehicles. - From the sale and from the storage, use, or other  
3 consumption in this state of so much of the purchase price paid for a new or used automobile as is  
4 allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller or of  
5 the proceeds applicable only to the motor vehicle as are received from an insurance claim as a  
6 result of a stolen or damaged motor vehicle, or of the proceeds applicable only to the automobile  
7 as are received from the manufacturer of automobiles for the repurchase of the automobile  
8 whether the repurchase was voluntary or not towards the purchase of a new or used automobile  
9 by the buyer; provided, that the proceeds from an insurance claim or repurchase is in lieu of the  
10 benefit prescribed in section 44-18-21 for the total loss or destruction of the automobile; and  
11 provided, further, that the tax has not been reimbursed as part of the insurance claim or  
12 repurchase. For the purpose of this subdivision, the word "automobile" means a private passenger  
13 automobile not used for hire and does not refer to any other type of motor vehicle .

14 (24) Precious metal bullion.

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

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

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

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

29 (26) Commercial fishing vessels. - From the sale and from the storage, use, or other  
30 consumption in this state of vessels and other water craft which are in excess of five (5) net tons  
31 and which are used exclusively for "commercial fishing", as defined in this subdivision, and from  
32 the repair, alteration, or conversion of those vessels and other watercraft, and from the sale of  
33 property purchased for the use of those vessels and other watercraft including provisions,  
34 supplies, and material for the maintenance and/or repair of the vessels and other watercraft and

1 the boats nets, cables, tackle, and other fishing equipment appurtenant to or used in connection  
2 with the commercial fishing of the vessels and other watercraft. "Commercial fishing" means the  
3 taking or the attempting to take any fish, shellfish, crustacea, or bait species with the intent of  
4 disposing of them for profit or by sale, barter, trade, or in commercial channels. The term does  
5 not include subsistence fishing, i.e., the taking for personal use and not for sale or barter; or sport  
6 fishing; but shall include vessels and other watercraft with a Rhode Island party and charter boat  
7 license issued by the department of environmental management pursuant to section 20-2-27.1  
8 which meet the following criteria: (i) the operator must have a current U.S.C.G. license to carry  
9 passengers for hire; (ii) U.S.C.G. vessel documentation in the coast wide fishery trade; (iii)  
10 U.S.C.G. vessel documentation as to proof of Rhode Island home port status or a Rhode Island  
11 boat registration to prove Rhode Island home port status; (iv) the vessel must be used as a  
12 commercial passenger carrying fishing vessel to carry passengers for fishing. The vessel must be  
13 able to demonstrate that at least fifty percent (50%) of its annual gross income derives from  
14 charters or provides documentation of a minimum of one hundred (100) charter trips annually; (v)  
15 the vessel must have a valid Rhode Island party and charter boat license. The tax administrator  
16 shall implement the provisions of this subdivision by promulgating rules and regulations relating  
17 thereto.

18 (27) Clothing and footwear. - From the sales of articles of clothing, including footwear,  
19 intended to be worn or carried on or about the human body. For the purposes of this section,  
20 "clothing or footwear" does not include clothing accessories or equipment or special clothing or  
21 footwear primarily designed for athletic activity or protective use as these terms are defined in  
22 section 44-18-7.1(f).

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

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

30 (30) Boats.

31 (i) From the sale of a boat or vessel to a bona fide nonresident of this state who does not  
32 register the boat or vessel in this state, or document the boat or vessel with the United States  
33 government at a home port within the state, whether the sale or delivery of the boat or vessel is  
34 made in this state or elsewhere; provided, that the nonresident transports the boat within thirty

1 (30) days after delivery by the seller outside the state for use thereafter solely outside the state.

2 (ii) The tax administrator, in addition to the provisions of sections 44-19-17 and 44-19-  
3 28, may require the seller of the boat or vessel to keep records of the sales to bona fide  
4 nonresidents as the tax administrator deems reasonably necessary to substantiate the exemption  
5 provided in this subdivision, including the affidavit of the seller that the buyer represented  
6 himself or herself to be a bona fide nonresident of this state and of the buyer that he or she is a  
7 nonresident of this state.

8 (31) Youth activities equipment. - From the sale, storage, use, or other consumption in  
9 this state of items for not more than twenty dollars (\$20.00) each by nonprofit Rhode Island  
10 eleemosynary organizations, for the purposes of youth activities which the organization is formed  
11 to sponsor and support; and by accredited elementary and secondary schools for the purposes of  
12 the schools or of organized activities of the enrolled students.

13 (32) Farm equipment. - From the sale and from the storage or use of machinery and  
14 equipment used directly for commercial farming and agricultural production; including, but not  
15 limited to, tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,  
16 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,  
17 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and  
18 other farming equipment, including replacement parts, appurtenant to or used in connection with  
19 commercial farming and tools and supplies used in the repair and maintenance of farming  
20 equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or  
21 the production within this state of agricultural products, including, but not limited to, field or  
22 orchard crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or  
23 production provides at least two thousand five hundred dollars (\$2,500) in annual gross sales to  
24 the operator, whether an individual, a group, a partnership, or a corporation for exemptions issued  
25 prior to July 1, 2002; for exemptions issued or renewed after July 1, 2002, there shall be two (2)  
26 levels. Level I shall be based on proof of annual gross sales from commercial farming of at least  
27 twenty-five hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption  
28 provided in this subdivision except for motor vehicles with an excise tax value of five thousand  
29 dollars (\$5,000) or greater; Level II shall be based on proof of annual gross sales from  
30 commercial farming of at least ten thousand dollars (\$10,000) or greater and shall be valid for  
31 purchases subject to the exemption provided in this subdivision including motor vehicles with an  
32 excise tax value of five thousand dollars (\$5,000) or greater. For the initial issuance of the  
33 exemptions, proof of the requisite amount of annual gross sales from commercial farming shall be  
34 required for the prior year; for any renewal of an exemption granted in accordance with this

1 subdivision at either Level I or Level II, proof of gross annual sales from commercial farming at  
2 the requisite amount shall be required for each of the prior two (2) years. Certificates of  
3 exemption issued or renewed after July 1, 2002, shall clearly indicate the level of the exemption  
4 and be valid for four (4) years after the date of issue. This exemption applies even if the same  
5 equipment is used for ancillary uses, or is temporarily used for a non-farming or a non-  
6 agricultural purpose, but shall not apply to motor vehicles acquired after July 1, 2002, unless the  
7 vehicle is a farm vehicle as defined pursuant to section 31-1-8 and is eligible for registration  
8 displaying farm plates as provided for in section 31-3-31.

9 (33) Compressed air. - From the sale and from the storage, use, or other consumption in  
10 the state of compressed air.

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

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

19 (36) Textbooks. - From the sale and from the storage, use, or other consumption in this  
20 state of textbooks by an "educational institution" as defined in subdivision (18) of this section and  
21 as well as any educational institution within the purview of section 16-63-9(4) and used textbooks  
22 by any purveyor.

23 (37) Tangible personal property and supplies used in on-site hazardous waste recycling,  
24 reuse, or treatment. - From the sale, storage, use, or other consumption in this state of tangible  
25 personal property or supplies used or consumed in the operation of equipment, the exclusive  
26 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as  
27 defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes", as  
28 defined in section 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely  
29 by the same taxpayer and where the personal property is located at, in, or adjacent to a generating  
30 facility of the taxpayer in Rhode Island. The taxpayer shall procure an order from the director of  
31 the department of environmental management certifying that the equipment and/or supplies as  
32 used, or consumed, qualify for the exemption under this subdivision. If any information relating  
33 to secret processes or methods of manufacture, production, or treatment is disclosed to the  
34 department of environmental management only to procure an order, and is a "trade secret" as

1 defined in section 28-21-10(b), it is not open to public inspection or publicly disclosed unless  
2 disclosure is required under chapter 21 of title 28 or chapter 24.4 of title 23.

3 (38) Promotional and product literature of boat manufacturers. - From the sale and from  
4 the storage, use, or other consumption of promotional and product literature of boat  
5 manufacturers shipped to points outside of Rhode Island which either: (i) accompany the product  
6 which is sold, (ii) are shipped in bulk to out of state dealers for use in the sale of the product, or  
7 (iii) are mailed to customers at no charge.

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

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

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

21 (42) Equipment used for research and development. - From the sale and from the  
22 storage, use, or other consumption of equipment to the extent used for research and development  
23 purposes by a qualifying firm. For the purposes of this subdivision, "qualifying firm" means a  
24 business for which the use of research and development equipment is an integral part of its  
25 operation, and "equipment" means scientific equipment, computers, software, and related items.

26 (43) Coins. - From the sale and from the other consumption in this state of coins having  
27 numismatic or investment value.

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

1 (45) Telecommunications carrier access service. - Carrier access service or  
2 telecommunications service when purchased by a telecommunications company from another  
3 telecommunications company to facilitate the provision of telecommunications service.

4 (46) Boats or vessels brought into the state exclusively for winter storage, maintenance,  
5 repair or sale. - Notwithstanding the provisions of sections 44-18-10, 44-18-11, 44-18-20, the tax  
6 imposed by section 44-18-20 is not applicable for the period commencing on the first day of  
7 October in any year to and including the 30th day of April next succeeding with respect to the use  
8 of any boat or vessel within this state exclusively for purposes of: (i) delivery of the vessel to a  
9 facility in this state for storage, including dry storage and storage in water by means of apparatus  
10 preventing ice damage to the hull, maintenance, or repair; (ii) the actual process of storage,  
11 maintenance, or repair of the boat or vessel; or (iii) storage for the purpose of selling the boat or  
12 vessel.

13 (47) Jewelry display product. - From the sale and from the storage, use, or other  
14 consumption in this state of tangible personal property used to display any jewelry product;  
15 provided, that title to the jewelry display product is transferred by the jewelry manufacturer or  
16 seller and that the jewelry display product is shipped out of state for use solely outside the state  
17 and is not returned to the jewelry manufacturer or seller.

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

23 (49) Banks and Regulated investment companies interstate toll-free calls. -  
24 Notwithstanding the provisions of this chapter, the tax imposed by this chapter does not apply to  
25 the furnishing of interstate and international, toll-free terminating telecommunication service that  
26 is used directly and exclusively by or for the benefit of an eligible company as defined in this  
27 subdivision; provided, that an eligible company employs on average during the calendar year no  
28 less than five hundred (500) "full-time equivalent employees", as that term is defined in section  
29 42-64.5-2. For purposes of this section, an "eligible company" means a "regulated investment  
30 company" as that term is defined in the Internal Revenue Code of 1986, 26 U.S.C. section 1 et  
31 seq., or a corporation to the extent the service is provided, directly or indirectly, to or on behalf of  
32 a regulated investment company, an employee benefit plan, a retirement plan or a pension plan or  
33 a state chartered bank.

34 (50) Mobile and manufactured homes generally. - From the sale and from the storage,

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

3 (51) Manufacturing business reconstruction materials.

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

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

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

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

16 (52) Tangible personal property and supplies used in the processing or preparation of  
17 floral products and floral arrangements. - From the sale, storage, use, or other consumption in this  
18 state of tangible personal property or supplies purchased by florists, garden centers, or other like  
19 producers or vendors of flowers, plants, floral products, and natural and artificial floral  
20 arrangements which are ultimately sold with flowers, plants, floral products, and natural and  
21 artificial floral arrangements or are otherwise used in the decoration, fabrication, creation,  
22 processing, or preparation of flowers, plants, floral products, or natural and artificial floral  
23 arrangements, including descriptive labels, stickers, and cards affixed to the flower, plant, floral  
24 product or arrangement, artificial flowers, spray materials, floral paint and tint, plant shine, flower  
25 food, insecticide and fertilizers.

26 (53) Horse food products. - From the sale and from the storage, use, or other  
27 consumption in this state of horse food products purchased by a person engaged in the business of  
28 the boarding of horses.

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

30 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to  
31 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle  
32 in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this  
33 state or at the place of residence of the nonresident; provided, that a non-motorized recreational  
34 vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption



1 to its nonresidents is not exempt from the tax imposed under section 44-18-20; provided, further,  
2 that in that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal  
3 to the rate that would be imposed in his or her state of residence not to exceed the rate that would  
4 have been imposed under section 44-18-20. Notwithstanding any other provisions of law, a  
5 licensed non-motorized recreational vehicle dealer shall add and collect the tax required under  
6 this subdivision and remit the tax to the tax administrator under the provisions of chapters 18 and  
7 19 of this title. Provided, that when a Rhode Island licensed non-motorized recreational vehicle  
8 dealer is required to add and collect the sales and use tax on the sale of a non-motorized  
9 recreational vehicle to a bona fide nonresident as provided in this section, the dealer in computing  
10 the tax takes into consideration the law of the state of the nonresident as it relates to the trade-in  
11 of motor vehicles.

12 (ii) The tax administrator, in addition to the provisions of sections 44-19-27 and 44-19-  
13 28, may require any licensed non-motorized recreational vehicle dealer to keep records of sales to  
14 bona fide nonresidents as the tax administrator deems reasonably necessary to substantiate the  
15 exemption provided in this subdivision, including the affidavit of a licensed non-motorized  
16 recreational vehicle dealer that the purchaser of the non-motorized recreational vehicle was the  
17 holder of, and had in his or her possession a valid out-of-state non-motorized recreational vehicle  
18 registration or a valid out-of-state driver's license.

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

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

28 (55) Sprinkler and fire alarm systems in existing buildings. - From the sale in this state of  
29 sprinkler and fire alarm systems, emergency lighting and alarm systems, and from the sale of the  
30 materials necessary and attendant to the installation of those systems, that are required in  
31 buildings and occupancies existing therein in July 2003, in order to comply with any additional  
32 requirements for such buildings arising directly from the enactment of the Comprehensive Fire  
33 Safety Act of 2003, and that are not required by any other provision of law or ordinance or  
34 regulation adopted pursuant to that Act. The exemption provided in this subdivision shall expire

1 on December 31, 2008.

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

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

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

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

27 (60) Blood. - From the sale and from the storage, use or other consumption of human  
28 blood.

29 (61) Prewritten computer software delivered electronically. - From the sale and from the  
30 storage, use or other consumption of prewritten computer software delivered electronically or by  
31 load and leave.

32 (62) Agricultural products for human consumption. - From the sale and from the storage,  
33 use or other consumption of livestock and poultry of the kinds of products of which ordinarily  
34 constitute food for human consumption and of livestock of the kind the products of which

1 ordinarily constitute fibers for human use.

2 [\(63\) Diesel emission control technology. – From the sale and use of diesel retrofit](#)  
3 [technology that is required by section 31-47.3-4 of the general laws.](#)

4 SECTION 4. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO MOTOR AND OTHER VEHICLES -- THE DIESEL EMISSION  
REDUCTION ACT

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- 1           This act would add new provisions with respect to diesel emissions control in public
- 2 projects, and would exempt diesel emissions control technology from the sales tax.
- 3           This act would take effect upon passage.

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