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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO TAXATION -- ARTS DISTRICT

Introduced By: Senators Crowley, Sheehan, Lynch, Hodgson, and Goodwin

Date Introduced: January 16, 2013

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 44-18-30.0 of the General Laws in Chapter 44-18 entitled "Sales  
2 and Use Taxes - Liability and Computation" is hereby amended to read as follows:

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

4           **Findings.** -- (a) The general assembly makes the following findings of facts:

5           (1) The downtown area of the city of Providence has been characterized by blighted  
6 areas, and dilapidated and abandoned structures;

7           (2) As a result, the downtown area has been designated an economic development zone  
8 in order to stop the deterioration and stimulate economic activity;

9           (3) The capitol center area of the city of Providence has become an attractive location,  
10 especially with the construction of the Providence Place Mall;

11           (4) In order to promote, revitalize and redevelop the "Old Downtown" area of the city of  
12 Providence it is necessary to provide tax exemptions to this area as it has been designated as an  
13 economic development zone;

14           (5) In order to promote, revitalize, and redevelop the "Downtown or other industrial or  
15 manufacturing buildings" located in the City of Pawtucket, it is necessary to provide tax  
16 exemptions to this area as it has been designated as an economic development zone;

17           (6) The development of an active artistic community, including "artists in residence", in  
18 this area would promote economic development, revitalization, tourism, employment  
19 opportunities, and encourage business development by providing alternative commercial

1 enterprises while in Providence creating a link between the Old Downtown and the Capital Center  
2 Area;

3 (7) There is a separate artistic community in the town of Westerly which is important to  
4 preserve, promote, and revitalize, and which is distinct from that in the city of Providence;

5 (8) There is a separate artistic community in the city of Woonsocket which is important  
6 to promote and revitalize and which is distinct from that in the cities of Providence and Pawtucket  
7 and the town of Westerly;

8 (9) There is a separate artistic community in the city of Warwick which is important to  
9 preserve, promote, and revitalize and which is distinct from that in the cities of Providence,  
10 Pawtucket, Woonsocket and the town of Westerly;

11 (10) There are separate artistic communities in the city of Newport and in the town of  
12 Tiverton which are important to promote and revitalize and which are distinct from those in the  
13 cities of Providence, Pawtucket, Warwick and Woonsocket and the towns of Westerly and Little  
14 Compton;

15 (11) There is a separate artistic community in the town of Warren which is important to  
16 promote and revitalize and which is distinct from that in the cities of Providence, Pawtucket,  
17 Newport, Warwick and Woonsocket and the towns of Westerly and Tiverton.

18 (12) The city or town council of any municipality in this state may designate by  
19 resolution a separate artistic community and/or an arts and entertainment district within the  
20 municipality.

21 (b) (1) This section only applies to sales by writers, composers and artists residing in and  
22 conducting a business within a section of the defined economic development zone in the cities of  
23 Providence or Pawtucket, or the defined economic development zone in the town of Westerly or  
24 the defined economic zone in the city of Woonsocket, or the defined economic zone in the city of  
25 Warwick, or in those areas within the city of Newport, and the town of Little Compton, which are  
26 zoned "general business," "waterfront business," or "limited business" or have been designated  
27 by the city of Newport as part of the arts district, or in those areas of the town of Warren which  
28 are zoned "waterfront district," "special district," "village business district," "manufacturing  
29 district," "business district" or "Warren historic district," or in those areas of the town of Tiverton  
30 which are zoned "business commercial," "business waterfront" or "village commercial-," or in  
31 those arts districts designated by resolution by the town or city council within a particular  
32 municipality. For the purposes of this section, a "work" means an original and creative work,  
33 whether written, composed or executed for "one-of-a-kind limited" production and which falls  
34 into one of the following categories:

- 1 (i) A book or other writing;
- 2 (ii) A play or the performance of said play;
- 3 (iii) A musical composition or the performance of said composition;
- 4 (iv) A painting or other like picture;
- 5 (v) A sculpture;
- 6 (vi) Traditional and fine crafts;
- 7 (vii) The creation of a film or the acting within the film;
- 8 (viii) The creation of a dance or the performance of the dance.

9 (2) For the purposes of this section, a "work" includes any product generated as a result  
10 of any of the above categories.

11 (3) For the purposes of this section, a "work" does not apply to any piece or performance  
12 created or executed for industry oriented or related production.

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

14 (i) Who is a resident of and has a principal place of business situated in the section of the  
15 economic development zone designated as the arts and entertainment district in the downtown  
16 area of the city of Providence or in the city of Pawtucket, or the defined economic development  
17 zone in the town of Westerly or the defined economic zone in the city of Woonsocket, or the  
18 defined economic zone in the city of Warwick, or who is a resident of and has a principal place of  
19 business situated in those areas within the city of Newport or the town of Little Compton, which  
20 are zoned "general business," "waterfront business," or "limited business," or have been  
21 designated by the city of Newport as part of the arts district, or who is a resident of and has a  
22 principal place of business situated in those areas within the town of Warren which are zoned  
23 "waterfront district," "special district," "village business district," "manufacturing district,"  
24 "business district" or "Warren historic district," or who is a resident or has a principal place of  
25 business situated in those areas within the town of Tiverton which are zoned "business  
26 commercial," "business waterfront" or "village commercial-," [or in those arts districts designated  
27 by resolution by the town or city council within a particular municipality.](#) For the purposes of this  
28 section, the Providence arts and entertainment district in Providence is defined as the area  
29 bounded by Pine Street to the southeast, Dorrance Street to the northeast, Sabin Street to the  
30 northwest and Empire Street to the southwest. Said Providence arts and entertainment district also  
31 includes the area beginning at the point of intersection of Acorn Street and Harris Avenue, then  
32 turning east onto Atwells Avenue to Service Road 7, then turning southerly onto Service Road 7  
33 to Westminster Street, then turning westerly onto Westminster Street, continuing until Bridgham,  
34 then turning south onto Bridgham to Cranston Street, then turning southwesterly onto Cranston

1 Street, then continuing to Messer Street, then turning north onto Messer Street to Westminster  
2 Street, turning west onto Westminster Street to US Hwy 6 off ramp, then heading west on US  
3 Hwy 6 to Sheridan Street, then heading northeast on Sheridan Street to Aleppo Street, then  
4 turning southeast along Aleppo Street to Pelham Street, then heading northeast on Pelham Street  
5 to Manton Avenue, then continuing southeast on Manton Avenue until Delaine Street, then  
6 heading northeast on Delaine Street until Appleton Street, then continuing northwesterly on  
7 Appleton Street until Bowdoin Street, then heading north on Bowdoin Street until Barstow Street,  
8 then heading east on Barstow until Valley Street, then heading northeast on Valley Street to  
9 Hemlock Street, then turning southeast on Hemlock Street until Promenade Street, then heading  
10 east on Promenade Street to Acorn Street, then heading south on Acorn Street to the intersection  
11 of Acorn Street and Harris Avenue. The named streets are included in the Providence district; and  
12 in Pawtucket is defined as the area beginning at the point of intersection of Dexter Street and the  
13 Central Falls line, then east along the Central Falls line to the Blackstone River, then north along  
14 the city boundary on the Blackstone River to the Cumberland line, then west along the Pawtucket  
15 city boundary line to I-95, then south along I-95 to Pine Street, then north on Pine Street to  
16 AMTRAK Right of Way, then northwest along the AMTRAK Right of Way to Dexter Street,  
17 then north on Dexter Street to the Central Falls line. The named streets are included in the district.  
18 The Westerly arts and entertainment district is defined as assessor's plat 56, lots 1 through 24, lot  
19 48, lots 50 through 62, and lots 71 through 82, and assessors plat 66, lots 22 through 26, and lots  
20 29 through 36 the Woonsocket arts and entertainment district is defined as the area beginning at a  
21 point of land on the southwest bank of the Blackstone River abutting the bridge for the  
22 Providence & Worcester Railroad and proceeding northerly to a point at the intersection of  
23 Worrall Street, Clinton Street and Harry S. Truman Drive, then proceeding northwesterly along  
24 Worrall Street to its intersection with Social Street, then turning westerly on Social Street  
25 proceeding to its intersection with Main Street, Blackstone Street and North Main Street, then  
26 turning northwesterly and proceeding along Blackstone Street to its intersection with River Street,  
27 then turning northerly and proceeding along River Street to its intersection with the north/east  
28 bank of Blackstone River, then following the riverbank southerly to the bridge at Bernon Street  
29 and turning easterly crossing the Blackstone River via Bernon Street and proceeding to its  
30 intersection with Front Street, then turning northeasterly on Front Street and proceeding to its  
31 intersection with Hamlet Avenue, and to include the former courthouse on the southerly side of  
32 Front Street at its intersection with Hamlet Avenue, then turning easterly on Hamlet Avenue and  
33 proceeding to its intersection with Manville Road, then turning southeasterly on Manville Road  
34 and proceeding to its intersection with Davison Avenue, then turning northeasterly on Davison

1 Avenue and proceeding to a point on the south/west bank of the Blackstone River, then turning  
2 northerly, following the southerly riverbank to the point of beginning. The abovementioned  
3 streets are included in the district. The Warwick arts district is defined as that area known as  
4 Pontiac Village, beginning on Route 5 at the Warwick/Cranston municipal boundary, then south  
5 to the intersection of Route 5 and the Pawtuxet River, then following the Pawtuxet River in an  
6 easterly and northerly direction to the municipal boundary in the vicinity of Knight Street, then  
7 from the intersection of Knight Street and the municipal boundary westerly along the  
8 Warwick/Cranston municipal boundary to the intersection of Route 5 and Greenwich Avenue.  
9 The above named streets are included in the district.

10 (ii) Who is determined by the tax administrator, after consideration of any evidence he or  
11 she deems necessary or which is submitted to him or her by the individual, to have written,  
12 composed, or executed, either solely or jointly, a work or works which would fall into one of the  
13 categories listed in subsection (b)(1).

14 (2) This section also applies to sales by any other gallery located in the arts and  
15 entertainment district described in subsection (c)(1)(i) as well as any other arts and entertainment  
16 district designated by the general assembly [and/or a town or city council within its municipality](#),  
17 as well as to sales by any other gallery located in those areas within the city of Newport, or the  
18 town of Little Compton, which are zoned "general business," "waterfront business," or "limited  
19 business" or have been designated by the city of Newport as part of the arts district, as well as to  
20 sales by any other gallery located in those areas within the town of Warren which are zoned  
21 "waterfront district," "special district," "village business district," "manufacturing district,"  
22 "business district" or "Warren historic district," as well as to sales by any other gallery located in  
23 those areas within the town of Tiverton which are zoned "business commercial," "business  
24 waterfront" or "village commercial."

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

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

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

30 (d) Any individual to whom this section applies and who makes an application to the tax  
31 administrator is entitled to a sales tax exemption for the sale of a work or works sold from the  
32 individual's business located in the economic development zone which would, apart from this  
33 section, be subject to the tax rate imposed by the state of Rhode Island.

34 (e) When an individual makes a request for the exemption, the tax administrator is

1 entitled to all books, documents, or other evidence relating to the publication, production or  
2 creation of the works that may be deemed necessary by the tax administrator for the purposes of  
3 the exemption. The time period in which to provide this information is in the sole discretion of  
4 the tax administrator and specified in the notice.

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

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

12 (h) Notwithstanding the provisions of this section, any individual to whom this section  
13 may apply shall comply with all the administration, collection, and other provisions of chapters  
14 18 and 19 of this title.

15 SECTION 2. Section 44-30-1.1 of the General Laws in Chapter 44-30 entitled "Personal  
16 Income Tax" is hereby amended to read as follows:

17 **44-30-1.1. Exemption from tax for writers, composers and artists.** -- (a) This section  
18 shall only apply to writers, composers and artists residing within a section of the defined  
19 economic development zone within the city of Providence, Pawtucket, Woonsocket or Warwick,  
20 or the economic development zone within the town of Westerly as defined in section 44-18-  
21 30B(c)(1)(i), or within the city of Newport or within the town of Tiverton or the town of Little  
22 Compton, or within those areas of the town of Warren which are zoned "waterfront district,"  
23 "special district," "village business district," "manufacturing district," "business district" or  
24 "Warren historic district", or a tax pass-through entity wholly owned by one or more such  
25 individuals and who create such work while residing in the zone, or in the case of Newport or the  
26 town of Little Compton, within those areas of the city or town which are zoned "general  
27 business," "waterfront business" or "limited business" or have been designated by the city of  
28 Newport as part of the arts district, or in the case of Warren, within those areas of the town which  
29 are zoned "waterfront district," "special district," "village business district," "manufacturing  
30 district," "business district" or "Warren historic district," or in the case of Tiverton with those  
31 areas of the town which are zoned "business commercial," "business waterfront" or "village  
32 commercial-," or in those arts districts designated by resolution by the town or city council  
33 within a particular municipality. For the purposes of this section, a "work" means an original and  
34 creative work, whether written, composed, created or executed for "one-of-a-kind, limited"

1 production, before or after the passing of this section, which falls into one of the following  
2 categories: (1) a book or other writing; (2) a play or the performance of said play; (3) a musical  
3 composition or the performance of said composition; (4) a painting or other like picture; (5) a  
4 sculpture; (6) traditional and fine crafts; (7) the creation of a film or the acting of said film; (8)  
5 the creation of a dance or the performance of said dance. For purposes of this section, a "work"  
6 does not apply to any piece or performance created or executed for industry oriented or related  
7 production.

8 (b) (1) This section shall apply to any individual:

9 (i) Who is a resident within the section of the economic development zone designated as  
10 the arts and entertainment district in the downtown areas of the cities of Providence, Woonsocket  
11 or Pawtucket, and deriving the income exempted from within said district while a resident of said  
12 zone, or who is a resident within the section of the arts and entertainment district in the town of  
13 Westerly, as defined in section 44-18-30B(c)(1)(i) and who derives the income exempted from  
14 within said district while a resident of said zone. For the purposes of this section, the "Providence  
15 arts and entertainment district" is defined as the area bounded by Pine Street to the southeast,  
16 Dorrance Street to the northeast, Sabin Street to the northwest and Empire Street to the southwest.  
17 Said Providence arts and entertainment district also includes the area beginning at the point of  
18 intersection of Acorn Street and Harris Avenue, then turning east onto Atwells Avenue to Service  
19 Road 7, then turning southerly onto Service Road 7 to Westminster Street, then turning westerly  
20 onto Westminster Street, continuing until Bridgham, then turning south onto Bridgham to  
21 Cranston Street, then turning southwesterly onto Cranston Street, then continuing to Messer  
22 Street, then turning north onto Messer Street to Westminster Street, turning west onto  
23 Westminster Street to US Hwy 6 off ramp, then heading west on US Hwy 6 to Sheridan Street,  
24 then heading northeast on Sheridan Street to Aleppo Street, then turning southeast along Aleppo  
25 Street to Pelham Street, then heading northeast on Pelham Street to Manton Avenue, then  
26 continuing southeast on Manton Avenue until Delaine Street, then heading northeast on Delaine  
27 Street until Appleton Street, then continuing northwesterly on Appleton Street until Bowdoin  
28 Street, then heading north on Bowdoin Street until Barstow Street, then heading east on Barstow  
29 until Valley Street, then heading northeast on Valley Street to Hemlock Street, then turning  
30 southeast on Hemlock Street until Promenade Street, then heading east on Promenade Street to  
31 Acorn Street, then heading south on Acorn Street to the intersection of Acorn Street and Harris  
32 Avenue. The abovementioned streets shall be included in the district. The "Westerly arts and  
33 entertainment district" is defined in section 44-18-30B(c)(1)(i). The "Pawtucket arts and  
34 entertainment district" shall be defined as the area beginning at the point of intersection of Dexter

1 Street and the Central Falls line, then east along the Central Falls Line to the Blackstone River,  
2 then north along the city boundary on the Blackstone River to the Cumberland line, then west  
3 along the Pawtucket city boundary line to I-95, then south along I-95 to Pine Street, then north on  
4 Pine Street to AMTRAK Right of Way, then northwest along the AMTRAK Right of Way to  
5 Dexter Street, then north on Dexter Street to the Central Falls line. The abovementioned streets  
6 shall be included in the district. The "Woonsocket arts and entertainment district" shall be defined  
7 as the area beginning at a point of land on the southwest bank of the Blackstone River abutting  
8 the bridge for the Providence & Worcester Railroad and proceeding northerly to a point at the  
9 intersection of Worrall Street, Clinton Street and Harry S. Truman Drive, then proceeding  
10 northwesterly along Worrall Street to its intersection with Social Street, then turning westerly on  
11 Social Street proceeding to its intersection with Main Street, Blackstone Street and North Main  
12 Street, then turning northwesterly and proceeding along Blackstone Street to its intersection with  
13 River Street, then turning northerly and proceeding along River Street to its intersection with the  
14 northeast bank of Blackstone River, then following the riverbank southerly to the bridge at  
15 Bernon Street and turning easterly crossing the Blackstone River via Bernon Street and  
16 proceeding to its intersection with Front Street, then turning northeasterly on Front Street and  
17 proceeding to its intersection with Hamlet Avenue, and to include the former Courthouse on the  
18 southerly side of Front Street at its intersection with Hamlet Avenue, then turning easterly on  
19 Hamlet Avenue and proceeding to its intersection with Manville Road, then turning southeasterly  
20 on Manville Road and proceeding to its intersection with Davison Avenue, then turning  
21 northeasterly on Davison Avenue and proceeding to a point on the southwest bank of the  
22 Blackstone River, then turning northerly, following the southerly riverbank to the point of  
23 beginning. The abovementioned streets are included in the district. The Warwick arts district is  
24 defined as that area known as Pontiac Village, beginning on Route 5 at the Warwick/Cranston  
25 municipal boundary, then south to the intersection of Route 5 and the Pawtuxet River, then  
26 following the Pawtuxet River in an easterly and northerly direction to the municipal boundary in  
27 the vicinity of Knight Street, then from the intersection of Knight Street and the municipal  
28 boundary westerly along the Warwick/Cranston municipal boundary to the intersection of Route  
29 5 and Greenwich Avenue. The above named streets are included in the district.

30 This section shall also apply to any individual who is a resident of the city of Newport or  
31 the town of Tiverton or the town of Little Compton and whose income otherwise qualifies for an  
32 exemption as provided for in this section.

33 This section shall also apply to any individual who is a resident of the town of Warren  
34 and whose income otherwise qualifies for an exemption as provided for in this section.



1           This section shall also apply to any individual who is a resident of an arts district or an  
2 arts and entertainment district designated by resolution by the town or city council within a  
3 particular municipality and whose income otherwise qualifies for an exemption as provided for in  
4 this section.

5           (ii) Who is determined by the tax administrator, after consideration of any evidence in  
6 relation to the matter which the individual submits to him or her and after such consultation as  
7 may seem to him or her to be necessary with such person or body of persons as in his or her  
8 opinion may be of assistance to him or her, to have written, composed or executed either solely or  
9 jointly with another individual, a work or works that would fall into one of the categories listed in  
10 subsection (a) of this section.

11           (c) (1) An individual to whom this section applies and who duly makes a claim to the tax  
12 administrator in that behalf shall, subject to subdivision (2) of this subsection, be entitled to have  
13 the profits or gains arising to him or her from the publication, production or sale of a work or  
14 works in relation to which the tax administrator has made a determination under paragraph  
15 (b)(1)(ii) of this section to be taken as a modification reducing federal adjusted gross income.

16           (2) The modification authorized by this section shall apply to the year in which the profit  
17 or gain from the publication, production or sale of a work is realized.

18           (d) The tax administrator may serve on an individual who makes a claim under this  
19 subsection a notice or notices, in writing, requiring him or her to make available within any time  
20 that may be specified in the notice of all such books, accounts and documents in his or her  
21 possession or power as may be requested, being books, accounts and documents relating to the  
22 publication, production or sale of the work in respect of the profits or gains of which exemption is  
23 claimed.

24           (e) For the purpose of determining the amount of profits or gains subject to modification  
25 under this section, the tax administrator may make any apportionment of receipts and expenses  
26 that may be necessary.

27           (f) Notwithstanding any other provisions of this chapter, any individual seeking relief  
28 under this section shall file a Rhode Island personal income tax return listing the modification  
29 reducing federal adjusted gross income relating to profits or gains realized from the works as  
30 defined in this section.

31           SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION -- ARTS DISTRICT

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1           This act would permit city and town councils to designate arts districts and arts and  
2 entertainment districts within the respective municipalities. Residents of such districts would be  
3 eligible for tax exemptions.

4           This act would take effect upon passage.

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