

RESOLUTION OF THE CITY COUNCIL

No. 348

Approved June 13, 1994

RESOLVED, That the City Council endorses and urges passage by the General Assembly of a Bill relating to Property Exempt from Taxation S-2755, Corporations H-8931 Corporations.

IN CITY COUNCIL
JUN 2 1994
READ AND PASSED
James H. Smith
PRES.
Juan M. Casanova
CLERK

APPROVED
JUN 13 1994
Vincent A. Cianci
MAYOR

IN CITY COUNCIL
APR 7 1994
FIRST READING
REFERRED TO COMMITTEE ON

Michael L. Clement

THE COMMITTEE ON *Comm. on Legislative Matters*

Approves Passage of
The Within Resolution

Michael L. Clement
Chairman

5-19-94 *Clark*

Councilmen Paves, Lombardi, Mancini and Councilwoman Hillman

#32

STATE OF RHODE ISLAND

94-S 2755

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 1994

A N A C T

RELATING TO PROPERTY EXEMPT FROM TAXATION

94 - S 2755

Introduced By: Senator Maryellen Goodwin

Date Introduced: February 16, 1994

Referred to: Senate Committee on Corporations

It is enacted by the General Assembly as follows:

- 1 SECTION 1. Section 44-3-3 of the General Laws in Chapter 44-3
- 2 entitled "Property Subject to Taxation" is hereby amended to read as
- 3 follows:
- 4 44-3-3. Property exempt. — The following property shall be ex-
- 5 empt from taxation:
- 6 (1) Property belonging to the state except as provided in section
- 7 44-4-4.1;
- 8 (2) Lands ceded or belonging to the United States;
- 9 (3) The bonds and other securities issued and exempted from taxa-
- 10 tion by the government of the United States, or of this state;
- 11 (4) Real estate, used exclusively for military purposes, owned by
- 12 chartered or incorporated organizations approved by the adjutant gen-
- 13 eral, and composed members of the national guard, the naval militia,
- 14 or the independent chartered military organizations;
- 15 (5) Buildings for free public schools, buildings for religious
- 16 worship, and the land upon which they stand and immediately surround-
- 17 ing them, to an extent not exceeding five (5) acres so far as the

1 buildings and land are occupied and used exclusively for religious or
2 educational purposes;

3 (6) Dwellings, houses and the land on which they stand, not
4 exceeding one acre in size, or the minimum lot size for zone in which
5 the dwelling house is located, whichever is the greater, owned by or
6 held in trust for any religious organization and actually used by its
7 officiating clergymen, to an amount not exceeding one hundred fifty
8 thousand dollars (\$150,000) for each house and land so owned and used
9 provided also, dwelling houses and the land on which they stand in
10 Bristol, not exceeding one (1) acre in size, or the minimum lot size
11 for zone in which the dwelling house is located, whichever is the
12 greater, owned by or held in trust for any religious organization and
13 actually used as a convent or nunnery by its religious order, to an
14 amount not exceeding five hundred thousand dollars (\$500,000) for each
15 house and land so owned and used;

16 (7) The intangible personal property owned by, or held in trust
17 for, any religious or charitable organization, if the principal or
18 income shall be used or appropriated for religious or charitable pur-
19 poses;

20 (8) The buildings and personal estate owned by any corporation
21 used for a school, academy, or seminary of learning, and of any
22 incorporated public charitable institution, and the land upon which
23 the buildings stand and immediately surrounding them to an extent not
24 exceeding one acre, so far as they are used exclusively for educa-
25 tional purposes, but no property or estate whatever shall hereafter be
26 exempt from taxation in any case where any part of the income or prof-
27 its thereof or of the business carried on thereon is divided among its
28 owners or stockholders; and property used primarily for residential
29 purposes shall not be exempt from taxation;

30 (9) The estates, persons, and families of the president and pro-
31 fessors for the time being of Brown University for not more than ten
32 thousand dollars (\$10,000) for each officer, his estate, person, and
33 family included;

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94-S 2755

EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

AN ACT

RELATING TO PROPERTY EXEMPT FROM
TAXATION

- 1 This act would provide that buildings of a school or academy
- 2 that are used primarily for residential purposes shall not be
- 3 tax-exempt.
- 4 This act would take effect upon passage.

PD:418

9 4 --

DPD1418

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 1994

94-H 8931

A N A C T

RELATING TO PROPERTY EXEMPT FROM
TAXATION

94-H 8931

Introduced By: Reps. DeSimone, Moura,
Lima, Palanquio, Fox
Date Introduced: February 17, 1994

Referred To: Committee on Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-3-3 of the General Laws in Chapter 44-3
2 entitled "Property Subject to Taxation" is hereby amended to read as
3 follows:

4 44-3-3. Property exempt. -- The following property shall be ex-
5 empt from taxation:

6 (1) Property belonging to the state except as provided in section
7 44-4-4.1;

8 (2) Lands ceded or belonging to the United States;

9 (3) The bonds and other securities issued and exempted from taxa-
10 tion by the government of the United States, or of this state;

11 (4) Real estate, used exclusively for military purposes, owned by
12 chartered or incorporated organizations approved by the adjutant gen-
13 eral, and composed members of the national guard, the naval militia,
14 or the independent chartered military organizations;

15 (5) Buildings for free public schools, buildings for religious
16 worship, and the land upon which they stand and immediately surround-
17 ing them, to an extent not exceeding five (5) acres so far as the

1 buildings and land are occupied and used exclusively for religious or
2 educational purposes;

3 (6) Dwellings, houses and the land on which they stand, not
4 exceeding one acre in size, or the minimum lot size for zone in which
5 the dwelling house is located, whichever is the greater, owned by or
6 held in trust for any religious organization and actually used by its
7 officiating clergymen, to an amount not exceeding one hundred fifty
8 thousand dollars (\$150,000) for each house and land so owned and used
9 provided also, dwelling houses and the land on which they stand in
10 Bristol, not exceeding one (1) acre in size, or the minimum lot size
11 for zone in which the dwelling house is located, whichever is the
12 greater, owned by or held in trust for any religious organization and
13 actually used as a convent or nunnery by its religious order, to an
14 amount not exceeding five hundred thousand dollars (\$500,000) for each
15 house and land so owned and used;

16 (7) The intangible personal property owned by, or held in trust
17 for, any religious or charitable organization, if the principal or
18 income shall be used or appropriated for religious or charitable pur-
19 poses;

20 (8) The buildings and personal estate owned by any corporation
21 used for a school, academy, or seminary of learning, and of any
22 incorporated public charitable institution, and the land upon which
23 the buildings stand and immediately surrounding them to an extent not
24 exceeding one acre, so far as they are used exclusively for educa-
25 tional purposes, but no property or estate whatever shall hereafter be
26 exempt from taxation in any case where any part of the income or prof-
27 its thereof or of the business carried on thereon is divided among its
28 owners or stockholders; and property used primarily for residential
29 purposes shall not be exempt from taxation;

30 (9) The estates, persons, and families of the president and pro-
31 fessors for the time being of Brown University for not more than ten
32 thousand dollars (\$10,000) for each officer, his estate, person, and
33 family included;

- 1 (10) Property especially exempt by charter unless the exemption
2 shall have been waived in whole or in part;
- 3 (11) Lots of land used exclusively for burial grounds;
- 4 (12) The property, real and personal, held for or by an incorpo-
5 rated library, society, or any free public library, or any free public
6 library society, so far as the property shall be held exclusively for
7 library purposes, or for the aid or support of the aged poor, or for
8 the aid or support of poor friendless children, or for the aid or sup-
9 port of the poor generally, or for a hospital for the sick or dis-
10 abled;
- 11 (13) The real or personal estate belonging to or held in trust
12 for the benefit of incorporated organizations of veterans of any war
13 in which the United States has been engaged, the parent body of which
14 has been incorporated by act of congress, to the extent of two hundred
15 and fifty thousand dollars (\$250,000) if actually used and occupied by
16 the association; provided, however, that the city council of the city
17 of Cranston may by ordinance exempt the real or personal estate as de-
18 scribed above located within the city of Cranston to the extent of
19 five hundred thousand dollars (\$500,000.);
- 20 (14) The property real and personal, held for or by the fraternal
21 corporation, association, or body created to build and maintain a
22 building or buildings for its meetings or the meetings of the general
23 assembly of its members, or subordinate bodies of the fraternity, and
24 for the accommodation of other fraternal bodies or associations, the
25 entire net income of which real and personal property is exclusively
26 applied or to be used to build, furnish, and maintain an asylum or
27 asylums, a home or homes, a school or schools, for the free education
28 or relief of the members of the fraternity, or the relief, support and
29 care of worthy and indigent members of the fraternity, their wives,
30 widows, or orphans, and any fund given or held for the purpose of
31 public education, almshouses, and the land and buildings used in con-
32 nection therewith;
- 33 (15) The real estate and personal property of any incorporated

1 volunteer fire engine company in active service;

2 (16) The estate of any person who in the judgment of the assess-
3 sors is unable from infirmity or poverty to pay the tax; any person
4 claiming the exemption aggrieved by an adverse decision of an assessor
5 shall appeal the decision to the local board of tax review, and there-
6 after according to the provisions of section 44-5-26;

7 (17) The household furniture and family stores of a housekeeper
8 in the whole, including clothing, bedding, and other white goods,
9 books, and all other tangible personal property items which are common
10 to the normal household;

11 (18) The improvements made to any real property to provide a
12 shelter and fall-out protection from nuclear radiation, to the amount
13 of one thousand five hundred dollars (\$1,500) thereof; provided, that
14 the improvements meet applicable standards for shelter construction
15 established from time to time by the Rhode Island defense civil
16 preparedness agency. The improvements shall be deemed to comply with
17 the provisions of any building code or ordinance with respect to the
18 materials or the methods of construction used therein and any shelter
19 or the establishment thereof shall be deemed to comply with the provi-
20 sions of any zoning code or ordinance;

21 (19) Aircraft for which the fee required by section 1-4-2 of the
22 general laws has been paid to the tax administrator;

23 (20) Manufacturer's inventory;

24 (a) For the purposes of sections 44-4-10, 44-5-3, 44-5-20, and
25 44-5-38, a person is deemed to be a manufacturer within a city or town
26 within this state if that person uses any premises, room, or place
27 therein primarily for the purpose of transforming raw materials into a
28 finished product for trade through any or all of the following opera-
29 tions: adapting, altering, finishing, making, and ornamenting; pro-
30 vided, however, that public utilities, building and construction con-
31 tractors, warehousing operations including distribution bases or out-
32 lets of out-of-state manufacturers, fabricating processes incidental
33 to warehousing or distribution of raw materials such as alteration of

1 stock for the convenience of a customer, shall be excluded from this
2 definition.

3 (b) For the purpose of sections 44-3-3, 44-4-10, and 44-5-38, the
4 term "manufacturer's inventory" or any similar term shall mean and
5 include his or her raw materials, his or her work in process, and fin-
6 ished products which have been manufactured by the manufacturer in
7 this state, and not sold, leased, or traded by the manufacturer or the
8 title or right to possession thereof otherwise divested, provided,
9 however, that the term shall not include any finished products which
10 are held by the manufacturer in any retail store or other similar
11 selling place operated by the manufacturer whether or not retail
12 establishment is located in the same building in which the manufac-
13 turer operates his or her manufacturing plant.

14 (c) For the purpose of section 44-11-2, a manufacturer is a
15 person whose principal business in this state consists of transforming
16 raw materials into a finished product for trade through any or all of
17 the operations described in subdivision (a) of this subdivision. A
18 person will be deemed to be thus principally engaged if the gross
19 receipts which that person derived from the manufacturing operations
20 in this state during the calendar year or fiscal year mentioned in
21 section 44-11-1 amounted to more than fifty percent (50%) of the total
22 gross receipts which that person derived from all his or her business
23 activities in which that person engaged in this state during the tax-
24 able year. For the purpose of computing the percentage, gross receipts
25 derived by a manufacturer from the sale, lease, or rental of finished
26 products manufactured by the manufacturer in this state, even though
27 his or her store or other selling place therein may be at a different
28 location from the location of his or her manufacturing plant in this
29 state, shall be deemed to have been derived from manufacturing.

30 (d) Within the meaning of the preceding paragraphs of this sub-
31 division, the term "manufacturer" shall also include persons who are
32 principally engaged in any of the general activities respectively
33 coded and listed as establishments engaged in manufacturing in the

1 standard industrial classification manual prepared by the technical
2 committee on industrial classification, office of statistical stan-
3 dards, executive office of the president, United States bureau of the
4 budget, as revised from time to time, but eliminating as manufacturers
5 those persons, who, because of their limited type of manufacturing ac-
6 tivities, are classified in the manual as falling within the trade
7 rather than an industrial classification of manufacturers. Among those
8 thus eliminated, and accordingly also excluded as manufacturers within
9 the meaning of this subdivision, are persons primarily engaged in
10 selling, to the general public, products produced on the premises from
11 which they are sold, such as neighborhood bakeries, candy stores, ice
12 cream parlors, shade shops, and custom tailors, except, however, that
13 a person who manufactures bakery products for sale primarily for home
14 delivery, or through one or more nonbaking retail outlets, and whether
15 or not retail outlets are operated by the person, shall be a manufac-
16 turer within the meaning of this subdivision.

17 (e) The term "person" shall mean and include, as appropriate, a
18 person, partnership, or corporation.

19 (f) The department of administration shall provide to the local
20 assessors such assistance as is necessary in determining the proper
21 application of the foregoing definitions.

22 (21) Real and tangible personal property acquired to provide a
23 treatment facility used primarily to control the pollution or contami-
24 nation of the waters or the air of the state, as defined in chapter 12
25 of title 46 and chapter 25 of title 23, respectively, the facility
26 having been constructed, reconstructed, erected, installed, or ac-
27 quired in furtherance of federal or state requirements or standards
28 for the control of water or air pollution or contamination, and certi-
29 fied as approved in an order entered by the director of environmental
30 management. The property shall be exempt as long as it is operated
31 properly in compliance with the order of approval of the director of
32 environmental management, provided further, that any grant of the ex-
33 emption by the director of environmental management in excess of ten

1 (10) years shall be approved by the city or town in which the property
2 is situated. This provision shall apply only to water and air pollu-
3 tion control properties and facilities installed for the treatment of
4 waste waters and air contaminants resulting from industrial process-
5 ing; furthermore, it shall apply only to water or air pollution con-
6 trol properties and facilities placed in operation for the first time
7 after April 13, 1970;

8 (22) New manufacturing machinery and equipment acquired or used
9 by a manufacturer and purchased after December 31, 1974. Manufac-
10 turing machinery and equipment is defined:

11 (a) As that machinery and equipment which is used exclusively in
12 the actual manufacture or conversion of raw materials or goods in the
13 process of manufacture by a manufacturer as set forth in subdivision
14 (20) of this section, and machinery, fixtures, and equipment used
15 exclusively by a manufacturer for research and development or for
16 quality assurance of its manufactured products; and

17 (b) As that machinery and equipment which is partially used in
18 the actual manufacture or conversion of raw materials or goods in pro-
19 cess of manufacture by a manufacturer as set forth in subdivision (20)
20 of this section, and machinery, fixtures, and equipment used by a
21 manufacturer for research and development or for quality assurance of
22 its manufactured products, to the extent to which the machinery and
23 equipment is used for the manufacturing processes, research, and
24 development or quality assurance. In the instances where machinery
25 and equipment is used in both manufacturing and/or research, and
26 development, and/or quality assurance activities and nonmanufacturing
27 activities, the assessment on machinery and equipment shall be pro-
28 rated by applying the percentage of usage of the equipment for the
29 manufacturing, research, and development and quality assurance activi-
30 ty to the value of the machinery and equipment for purposes of taxa-
31 tion, and the portion of the value used for manufacturing, research,
32 and development, and quality assurance shall be exempt from taxation.
33 The burden of demonstrating this percentage usage of machinery and

1 equipment for manufacturing and for research, and development, and/or
2 quality assurance of its manufactured products shall rest with manu-
3 facturer.

4 (23) Precious metal bullion, meaning thereby any elementary metal
5 which has been put through a process of melting or refining, and which
6 is in such state or condition that its value depends upon its content
7 and not upon its form. The term does not include fabricated precious
8 metal which has been processed or manufactured for some one or more
9 specific and customary industrial, professional, or artistic uses;

10 (24) Hydroelectric power generation equipment, which includes but
11 is not limited to, turbines, generators, switchgear, controls, moni-
12 toring equipment, circuit breakers, transformers, protective relaying,
13 bus bars, cables, connections, trash racks, headgates, and conduits.
14 The hydroelectric power generation equipment must have been purchased
15 after July 1, 1979 and acquired or used by a person or corporation who
16 owns or leases a dam and utilizes the equipment to generate hydroelec-
17 tric power;

18 (25) Subject to authorization by formal action of the council of
19 any city or town, any real or personal property owned by, held in
20 trust for, or leased to an organization incorporated under chapter 6
21 of title 7, as amended, or an organization meeting the definition of
22 "charitable trust" set out in section 18-9-4, as amended, or an orga-
23 nization incorporated under the not for profits statutes of another
24 state or the District of Columbia, the purpose of which is the con-
25 serving of open space, as that term is defined in title 45, chapter
26 36, as amended, provided the property is used exclusively for the pur-
27 poses of the organization;

28 (26) Tangible personal property, the primary function of which is
29 the recycling, reuse, or recovery of materials (other than precious
30 metals, as defined in section 44-18-30 (Y) (1)) from or the treatment
31 of "hazardous wastes", as defined in section 23-19.1-4, where the
32 "hazardous wastes" are generated primarily by the same taxpayer and
33 where the personal property is located at, in, or adjacent to a gener-

1 ating facility of the taxpayer. The taxpayer may, but need not, pro-
2 cure an order from the director of the department of environmental
3 management certifying that the tangible personal property has this
4 function, which order shall effect a conclusive presumption that the
5 tangible personal property qualifies for the exemption hereunder. If
6 any information relating to secret processes or methods of manufac-
7 ture, production, or treatment is disclosed to the department of envi-
8 ronmental management only to procure an order and is a "trade secret"
9 as defined in section 28-21-10(b), it shall not be open to public
10 inspection or publicly disclosed unless disclosure is otherwise re-
11 quired under chapter 21 of title 28 or chapter 24.4 of title 23.

12 (27) Motorboats as defined in section 46-22-2 for which the
13 annual fee required in section 46-22-4 has been paid.

14 (28) The real and personal property of Providence Performing Arts
15 Center, a Rhode Island non-business corporation as of December 31,
16 1986.

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

DPD1418

94-H 8931

EXPLANATION

BY THE LEGISLATIVE COUNCIL .

OF

AN ACT

RELATING TO PROPERTY EXEMPT FROM
TAXATION

- 1 This act would provide that buildings of a school or academy
- 2 that are used primarily for residential purposes shall not be
- 3 tax-exempt.
- 4 This act would take effect upon passage.

DFD1418
