

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 188

Approved April 14, 1988

RESOLVED, that the City Council of the City of Providence requests that the General Assembly enact legislation relating to the real estate conveyance tax the purpose of which would allow the city to retain all the proceeds of said tax which is solely administered by the city.

IN CITY COUNCIL
APR 7 1988

READ AND PASSED


PRES.


CLERK

APPROVED

APR 14 1988


MAYOR

STATE OF RHODE ISLAND
IN GENERAL ASSEMBLY, A.D. 1988

A N A C T

RELATING TO THE REAL ESTATE CONVEYANCE TAX

Introduced By

Date Introduced:

Referred To:

It is enacted by the General Assembly as follows:

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

44-25-1. Tax imposed - Payment - Burden. - There is hereby imposed, on each deed, instrument, or writing by which any lands, tenements, or other realty sold shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his or their direction, when the consideration paid exceeds one hundred dollars (\$100), a tax at the rate of one dollar and ten cents (\$1.10) for each five hundred dollars (\$500) or fractional part thereof which is paid for the purchase of said property (inclusive of the value of any lien or encumbrance remaining thereon at the time of sale), which tax shall be payable at the time of making, execution, delivery, acceptance or presenting for recording of such instrument. The proceeds of the conveyance tax on real estate shall be kept by the city or town in which the realty transfer is recorded. In the absence of an agreement to the contrary, the tax shall be paid by the grantor.

In the event no consideration is actually paid for said lands, tenements or realty, the instrument of conveyance shall contain a statement to the effect that the consideration is such that no documentary stamps are required.

44-25-2. Exemptions. - (a) The tax imposed by this chapter shall not apply to any instrument or writing given to secure a debt.

(b) The tax imposed by this chapter shall not apply to any deed instrument or writing wherein the United States, the state of Rhode Island or political subdivisions thereof are designated the grantor.

44-25-3. Documentary stamps - Affixing - Cancellation. - The payment of the tax imposed by this chapter shall be evidenced by affixing of a documentary stamp or stamps to every original instrument by the person making, executing, delivering or presenting for recording such instrument and only said original instrument shall be accepted for recording. Such stamps shall be affixed in such manner that (i) their denomination may be clearly determined, (ii) their removal will require the continued application of steam or water, (iii) the person using or affixing such stamps shall write or stamp or cause to be written or stamped thereon the initials of his name and the date upon which such stamps are affixed or used so that such stamps may not again be used, and (iv) such cancellation will not be obscured by one (1) stamp overlapping another; provided, that the tax administrator may prescribe such other method of cancellation as he may deem expedient.

44-25-4. (a) The tax administrator shall prescribe, prepare, and furnish stamps, of such denominations and quantities as may be necessary, for the payment of the tax imposed and assessed by this chapter. The tax administrator shall make provisions, including the use of metering machines, so-called, if deemed expedient by him, for the date of such stamps in such places as he may deem necessary.

(b) The tax administrator may shall appoint the recorder of deeds or clerks in each city or town and other persons within or without the state, as agents, for the sale of stamps to be used in paying the tax herein imposed upon instruments, and ~~may shall allow a commission to said agents of twenty-five cents (25¢) per one dollar and ten cents (\$1.10).~~ -- The commissions allowed to a recorder of deeds or clerks shall be turned over to the treasurer of the city or town in which the tax is collected, for the use of such city or town.

(c) The tax administrator shall pay the premium on any bond required by the tax administrator to be procured by any agent for the performance of his duties under this chapter.

SECTION 2 This act shall take effect upon passage.

EXPLANATION

This act allows the various cities and towns to claim all of the proceeds realized from administering the Real Estate Conveyance Tax and eliminates the commission that they collect.

This act shall take effect upon passage.

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 189

Approved April 14, 1988

RESOLVED, that the City Council of the City of Providence requests that the General Assembly enact legislation relating to tax exempt properties the purpose of which is to require tax exempt properties to continue to pay existing taxes on newly acquired property.

IN CITY-COUNCIL
APR 7 1988

READ AND PASSED

Nicholas W. Eaton
PRES.

Rose M. Mendonca
CLERK

APPROVED

APR 14 1988

John J. Dwyer
MAYOR

S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY
JANUARY SESSION, A.D. 1988

A N A C T

RELATING TO TAX EXEMPT PROPERTY

Introduced By:

Date Introduced:

Referred To:

It is enacted by the General Assembly as follows:

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

44-3-3. Property exempt. The following property shall be exempt from taxation:

(1) property belonging to the state, except as provided in 44-4-4.1;

(2) lands ceded or belonging to the United States;

(3) the bonds and other securities issued and exempted from taxation by the government of the United States, or of this state;

(4) real estate, used exclusively for military purposes, owned by chartered or incorporated organizations approved by the adjutant general, and composed of members of the national guard, the naval militia or the independent chartered military organizations;

(5) buildings for free public schools, buildings for religious worship and the land upon which they stand and immediately surrounding the same, to an extent not exceeding five (5) acres so far as said buildings and land are occupied and used exclusively for religious or educational purposes; provided, however, that any buildings or land acquired by any free public schools or religious organization after July 1, 1987, regardless of use shall continue to pay at the current rate based upon the value of said buildings and land immediately preceding the date of acquisition.

(6) dwelling houses and the land on which they stand, not exceeding one (1) acre in size, or the minimum lot size for zone in which the dwelling house is located, whichever is the greater, owned by or held in trust for any religious organization and actually used by its officiating clergymen, to an amount not exceeding seventy-five thousand dollars (\$75,000) for each such house and land so owned and used; provided, however, that any dwelling houses and land acquired by any religious organization after July 1, 1987, regardless of its use shall continue to pay at the current rate based upon the value of said house and land immediately preceding the date of acquisition.

(7) the intangible personal property owned by, or held in trust for, any religious or charitable organization, if the principal or income shall be used or appropriated for religious or charitable purposes;

(8) the buildings and personal estate owned by any corporation used for a school, academy or seminary of learning, and of any incorporated public charitable institutions, and the land upon which said buildings stand and immediately surrounding the same to an extent not exceeding one (1) acre, so far as the same is used exclusively for educational purposes, but no property or estate whatever shall hereafter be exempt from taxation in any case where any part of the income or profits thereof or of the business carried on thereon is divided among its owners or stockholders; provided, however that any buildings and personal estates acquired by any corporation after July 1, 1987, regardless of its use shall continue to pay at the current rate based upon the value of said buildings and personal estate immediately preceding the date of acquisition.

(9) the estates, persons and families of the president and professors for the time being of Brown University for not more than ten thousand dollars (\$10,000) for each such officer, his estate, person and family included;

(10) property especially exempt by charter unless such

except as otherwise

exemption shall have been waived in whole or in part; provided,
for in 44-44-5
however, that any buildings and personal estates acquired by any tax
exempt entity after July 1, 1987, regardless of its use shall
continue to pay at the current rate based upon the value of said
buildings and personal estate immediately preceding the date of
acquisition.

(11) lots of land used exclusively for burial grounds;

(12) the property, real and personal, held for or by an incorporated library, society, or any free public library, or any free public library society, so far as said property shall be held exclusively for library purposes, or for the aid or support of the aged poor, or for the aid or support of poor friendless children, or for the aid or support of the poor generally, or for a hospital for the sick or disabled; provided, however that any buildings and personal estates acquired by any corporation after July 1, 1987, regardless of its use shall continue to pay at the current rate based upon the value of said buildings and personal estate immediately preceding the date of acquisition.

(13) the real or personal estate belonging to or held in trust for the benefit of incorporated organizations of veterans of any war in which the United States has been engaged, the parent body of which has been incorporated by act of Congress, to the extent of one hundred thousand dollars (\$100,000), if actually used and occupied by such association; provided, however, that any real or personal estate acquired by any trust for a incorporated veterans organization or any incorporated veterans organization after July 1, 1987, regardless of its use shall continue to pay at the current rate based upon the value of said real or personal estate immediately preceding the date of acquisition.

(14) the property real and personal, held for or by the fraternal corporation, association or body created to build and maintain a building or buildings for its meetings or the meetings of the general assembly of its members, or subordinate bodies of such fraternity, and for the accommodation of other fraternal bodies or associations, the entire net income of which real and personal

property is exclusively applied or to be used to build, furnish and maintain an asylum or asylums, a home or homes, a school or schools, for the free education or relief of the members of such fraternity, or for the relief, support and care of worthy and indigent members of the fraternity, their wives, widows or orphans, and any fund given or held for the purpose of public education, almshouses and the land and buildings used in connection therewith; provided, however, that any property real or personal, building, asylum, home, school, or almshouse acquired by any fraternal corporation or association after July 1, 1987, regardless of its use shall continue to pay at the current rate based upon the value of said real or personal property, building, asylum, home, school, or almshouse immediately preceding the date of acquisition.

(15) the real estate and personal property of any incorporated volunteer fire engine company in active service;

(16) the estate of any person who in the judgment of the assessors is unable from infirmity or poverty to pay the tax; any person claiming such exemption aggrieved by an adverse decision of an assessor shall appeal said decision to the local board of tax review, and thereafter according to the provisions of section 44-5-26;

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

(19) the improvements made to any real property to provide a shelter and fall-out protection from nuclear radiation, to the amount of one thousand, five hundred dollars (\$1,500) thereof; provided, that such improvements meet applicable standards for shelter construction established from time to time by the state council of defense. Such improvements shall be deemed to comply with the provisions of any building code or ordinance with respect to the materials or the methods of construction used therein and any such shelter or the establishment thereof shall be deemed to comply with the provisions of any zoning code or ordinance;

(20) aircraft for which the fee required by section 1-4-2 of the general laws has been paid to the tax administrator;

(21) manufacturer's inventory. (a) For the purposes of sections 44-3-3, 44-4-19, 44-5-3, 44-5-20, and 44-5-38, a person is deemed to be a manufacturer within a city or town within this state if he uses any premises, room or place therein primarily for the purpose of transforming raw materials into a finished product for trade through any or all of the following operations: adapting, altering, finishing, making and ornamenting; provided, however, that public utilities, building and construction contractors, warehousing operations including distribution bases or outlets of out-of-state manufacturers, fabricating processes incidental to warehousing or distribution of raw materials such as alteration of stock for the convenience of a customer, shall be excluded from this definition.

(b) For the purpose of sections 44-3-3, 44-4-20, 44-5-38 and 45-13-5, as amended, the term "manufacturer's inventory" or any such similar term shall mean and include his raw materials, his work in process and finished products which have been manufactured by him in his state, and not sold, leased or traded by him or the title or right to possession thereof otherwise divested, provided, however, that said term shall not include any such finished products which are held by him in any retail store or other similar selling place operated by him whether or not such retail establishment is located in the same building in which he operates his manufacturing plant.

(c) For the purpose of section 44-11-2 in chapter 11 of this title of the general laws of Rhode Island, entitled "Business Corporation Tax", a manufacturer is a person whose principal business in this state consists of transforming raw materials into a finished product for trade through any or all of the operations described in paragraph (a) of this subsection. A person will be deemed to be thus principally engaged if the gross receipts which he derived from such manufacturing operations in this state during the calendar year or fiscal year mentioned in section 44-11-1 amounted to more than fifty percent (50%) of the total gross receipts which

he derived from all his business activities in which he engaged in this state during such taxable year. For the purpose of computing such percentage, gross receipts derived by a manufacturer from the sale, lease or rental of finished products manufactured by him in this state, even though his store or other selling place therein may be at a different location from the location of his manufacturing plant in this state, shall be deemed to have been derived from manufacturing.

(d) within the meaning of the preceding paragraphs of this subsection, the term "manufacturer" shall also include persons who are principally engaged in any of the general activities respectively coded and listed as establishments engaged in manufacturing in the standard industrial classification manual prepared by the technical committee on industrial classification, office of statistical standards, executive office of the president, United States bureau of the budget, as revised from time to time, but eliminating as manufacturers those persons, who, because of their limited type of manufacturing activities, are classified in said manual as falling within a trade rather than an industrial classification of manufacturers. Among those thus eliminated, and accordingly also excluded as manufacturers within the meaning of this subsection, are persons primarily engaged in selling to the general public, products produced on the same premises from which they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and custom tailors, except, however, that a person who manufactures bakery products for sale primarily for home delivery, or through one or more nonbaking retail outlets, and whether or not such retail outlets are operated by such person, shall be a manufacturer within the meaning of this subsection.

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

(f) the division of local metropolitan government shall provide to the local assessors such assistance as is necessary in determining the proper application of the foregoing definitions.

(22) real and tangible personal property acquired to provide a treatment facility used primarily to control the pollution of contamination of the waters or the air of the state, as defined in (chapter 12 of title 46 and chapter 25 of title 23), respectively, of the general laws said facility having been constructed, reconstructed, erected, installed or acquired in furtherance of federal or state requirements or standards for the control of water or air pollution or contamination, and certified as approved in an order entered by the director of health. Such property shall be exempt as long as it is operated properly in compliance with such order of approval of the director of health, provided, further, that any grant of such exemption by the director of health in excess of ten (10) years shall be approved by the city or town in which such property is situated. This provision shall apply only to such water and air pollution control properties and facilities as are installed for the treatment of waste waters and air contaminants resulting from industrial processing; furthermore, it shall apply only to water or air pollution control properties and facilities placed in operation for the first time after (April 13, 1970).

(23) new manufacturing machinery and equipment acquired, owned or used by a manufacturer and purchased after December 31, 1974. Manufacturing machinery and equipment is defined:

(a) as that machinery and equipment which is used exclusively in the actual manufacture or conversion of raw material or goods in the process of manufacture by a manufacturer as set forth in section 44-3-3, subparagraph (21) of the general laws, and machinery, fixtures and equipment used exclusively by a manufacturer for research and development or for quality assurance of its manufactured products, and

(b) as that machinery and equipment which is partially used in the actual manufacture or conversion of raw materials or goods in the process of manufacture by a manufacturer as set forth in section 44-3-3, subparagraph (21) of the general laws, and machinery, fixtures and equipment used by a manufacturer for research and

development or for quality assurance of its manufactured products, to the extent to which such machinery and equipment is used for said manufacturing processes, research and development or quality assurance. In such instances where machinery and equipment is used in both manufacturing and/or research and development and/or quality assurance activities and non-manufacturing activities, the assessment on the equipment for such manufacturing, research and development and quality assurance activity to the value of such machinery and equipment for purposes of taxation, and said portion of the value used for manufacturing, research and development, and quality assurance shall be exempt from taxation. The burden of demonstrating this percentage usage of machinery and equipment for manufacturing and for research and development and/or quality assurance of its manufactured products shall rest with manufacturer.

(25) hydroelectric power generation equipment, which includes but is not limited to, turbines, generators, switchgear controls, monitoring equipment circuit breakers, transformers, protective relaying, bus bars, cables, connections, trash racks, headgates, and conduits. The hydroelectric power generation equipment must have been purchased after July 1, 1979 and acquired or used by a person or corporation who owns or leases a dam and utilizes the equipment to generate hydroelectric power. This subsection shall not apply to any property subject to the provisions of chapter 1779 of the public laws of 1931.

(26) subject to authorization by formal action of the council of any city or town, any real or personal property owned by, held in trust, or leased to an organization incorporated under chapter 6 of title 7 of the general laws, as amended, or an organization meeting the definition of "charitable trust" set out in section 4, chapter 9, of title 18, as amended, the purpose of which is the conserving of open space, as that term is defined in title 45, chapter 36 of the general laws, as amended, provided such property is used exclusively for the purposes of such organization.

(27) tangible personal property, the primary function of which is the recycling, reuse, or recovery of materials (other than precious metals, as defined in subparagraph 44-18-30(Y) (1) of this section) from or the treatment of "hazardous wastes," as defined in section 23-19.1-4, where such "hazardous wastes" are generated primarily by the same taxpayer and where such personal property is located at, in or adjacent to a generating facility of such taxpayer. The taxpayer may, but need not, procure an order from the director of the department of environmental management certifying that such tangible personal property has such function, which order shall effect a conclusive presumption that such tangible personal property qualifies for the exemption hereunder. Any information relating to secret processes or methods of manufacture, production, or treatment disclosed to the department of environmental management only to procure such an order shall be kept secret and confidential in accordance with the provisions of section 23-23-5(g) and if any such information is a "trade secret" as defined in section 28-21-10(b), it shall not be open to public inspection or publicly disclosed unless disclosure is otherwise required under chapter 21 of title 28 or chapter 24.4 of title 23.

SECTION 2. This act shall take effect upon passage.

EXPLANATION
OF
AN ACT
RELATING TO TAX EXEMPT PROPERTY

This act would require all private tax exempt entites to pay property taxes on land they acquire after July 1, 1987 at the same rate of taxation that the property was paying prior to being acquired.

This act shall take effect upon passage.