

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 1999-25

No. 424

AN ORDINANCE IN AMENDMENT OF CHAPTER 21 OF THE CODE OF ORDINANCES ENTITLED "REVENUE AND FINANCES."

Approved August 16, 1999

Be it ordained by the City of Providence:

SECTION 1. Chapter 21 of the Code of Ordinances entitled "Revenue and Finances" shall be amended by adding the following:

Article XIII. *Wholesale and Retail Inventory Tax Phaseout pursuant to R.I.G.L. § 44-3-29.1.*

Sec. 21-202. *Wholesale and Retail Inventory Tax Phaseout pursuant to R.I.G.L. § 44-3-29.1.*

(a) Beginning July 1, 1999, over a ten (10) year period, the stock or inventory tax of wholesalers and retailers conducting operations within the City of Providence shall be phased out. The phase-out rate schedule to be implemented is set forth in subsection (d) below:

(b) The terms "inventory," as it refers to wholesalers, "stock in trade," as it refers to wholesalers, and "wholesaler" shall have the same meaning as defined in R.I.G.L. § 44-3-29.

(c) The terms "inventory," as it refers to retailers, "stock in trade," as it refers to retailers, and "retailer" shall have the same meaning as defined in R.I.G.L. § 44-3-40.

(d) The rate schedule for the ten (10) year phase-out of the wholesale and retail inventory tax shall be as follows:

<u>Year</u>		<u>Maximum Tax Rate Per \$1000 of Inventory</u>
FY 1999	set by local officials	Set by local officials (\$76.78)
FY 2000	ninety percent (90%) of FY 1999 rate	(\$69.10)
FY 2001	eighty percent (80%) of FY 1999 rate	(\$61.42)
FY 2002	seventy percent (70%) of FY 1999 rate	(\$53.74)
FY 2003	sixty percent (60%) of FY 1999 rate	(\$46.06)
FY 2004	fifty percent (50%) of FY 1999 rate	(\$38.38)
FY 2005	forty percent (40%) of FY 1999 rate	(\$30.70)
FY 2006	thirty percent (30%) of FY 1999 rate	(\$23.02)
FY 2007	twenty percent (20%) of FY 1999 rate	(\$15.34)
FY 2008	ten percent (10%) of FY 1999 rate	(\$7.66)
FY 2009	No tax authorized	

Council President Lombardi, Council President Pro-Tempore Young, Council Majority
Allen, Council Deputy Majority Leaders Itelson & De Luca

(e) In the event that a wholesaler sold inventory or stock in trade both at wholesale and at retail in the preceding calendar year, the tax assessor shall assess on the same basis as a retailer's inventory or stock in trade as of December 31 of that year, to the extent permitted by applicable law, notwithstanding any freeze of assessed valuation or exemption permitted pursuant to R.I.G.L. § 44-5-12(c) that proportion of inventory or stock in trade of the wholesaler which shall be equal to the percentage of the wholesaler's total sales during the preceding calendar year that were at retail. For the purposes of this paragraph, sales at retail shall not include sales to employees of the wholesaler or to employees of its affiliates. If retail sales are less than one percent (1%) of total sales during the year, it shall be deemed that no sales were made at retail during the year.

All sales of a wholesaler to a customer which is an affiliated entity shall be deemed to be retail sales for the purposes of this subsection if more than half of the dollar volume of the sales of the affiliated entity is made within the municipality.

(f) For purposes of this section, a wholesaler shall be considered affiliated with customers if it controls, or is under common control with the customers.

(g) In the event that a wholesaler or retailer subject to the inventory tax commences operations in the City of Providence after fiscal year 1999, the tax assessor shall determine what would have been the value of the inventory as of December, 1998, adjusting the inventory value to fiscal year 1999 using the changes in the consumer price index - all urban consumers (CPI-U) published by the bureau of labor statistics of the United States department of labor. The director of the department of administration shall publish annually an adjustment schedule.

(h) This section shall also apply to automobile dealers as defined in R.I.G.L. § 31-5-5.

SECTION 2. Pursuant to R.I.G.L. § 44-3-29.1, the effective date of the provisions of this Ordinance shall be July 1, 1999.

SECTION 3. This Ordinance shall take effect on passage.

APPROVED
AUG 16 1999
Vincent A. Cianci
MAYOR

IN CITY COUNCIL
JUL 26 1999
FIRST READING
READ AND PASSED

Michael R. Clement
CLERK

IN CITY COUNCIL
AUG 5 1999

FINAL READING
READ AND PASSED
John J. Lombardi
PRESIDENT
John M. Angelone
CLERK

RECORDED

INDEXED

FILED

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DEPT. OF THE CLERK
PROVIDENCE, R.I.

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