

RESOLUTION OF THE CITY COUNCIL

No. 395

Effective

~~XXXXXXXXXXXXXXXXXXXX~~ *Approved*

June 27, 1994

RESOLVED, That the City Council approves Legislation of
"An Act Relating to the City of Providence - Property Tax
Exemption", in substantially the form attached hereto.

IN CITY COUNCIL

JUN 16 1994
READ AND PASSED

[Signature]
PRES.
[Signature]
CLERK

Effective without the Mayor's
signature:

[Signature]
Michael R. Clement
City Clerk

RECEIVED

3

IN CITY COUNCIL

APR 7 1994

FIRST READING

REFERRED TO COMMITTEE ON

LEGISLATIVE MATTERS

Michael R. Clement

THE COMMITTEE ON

Comm. on Legislative Matters

Approves Passage of
The Within Resolution

Michael R. Clement

Chairman

5-19-94

Clerk

Councilwoman Jorguli

9 4 — H 7753 SUBSTITUTE A

PD1415/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 1994

A N A C T

RELATING TO THE CITY OF PROVIDENCE --
PROPERTY TAX EXEMPTION

Introduced By: Representatives Palangio, Fox, Williams, S. Smith
and McCauley

Date Introduced: January 12, 1994

Referred To: House 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 of members of the national guard, the naval mili-
14 tia, 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-

1 ing them, to an extent not exceeding five (5) acres so far as the
2 buildings and land are occupied and used exclusively for religious or
3 educational purposes.

4 (6) Dwelling houses and the land on which they stand, not exceed-
5 ing one acre in size, or the minimum lot size for zone in which the
6 dwelling house is located, whichever is the greater, owned by or held
7 in trust for any religious organization and actually used by its
8 officiating clergymen, to an amount not exceeding one hundred fifty
9 thousand dollars (\$150,000) for each house and land so owned and used;
10 provided, however, that any dwelling houses and land on which they
11 stand acquired within the city of Providence on or after January 1,
12 1994, shall not be exempt from taxation and shall retain its taxable
13 status.

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

18 (8) The buildings and personal estate owned by any corporation
19 used for a school, academy, or seminary of learning, and of any
20 incorporated public charitable institution, and the land upon which
21 the buildings stand and immediately surrounding them to an extent not
22 exceeding one acre, so far as they are used exclusively for educa-
23 tional purposes, but no property or estate whatever shall hereafter be
24 exempt from taxation in any case where any part of the income or prof-
25 its thereof or of the business carried on thereon is divided among its
26 owners or stockholders; and further provided that the buildings and
27 personal estate acquired by any such corporation or incorporated
28 public charitable institution, and any surrounding land, acquired
29 within the city of Providence for educational purposes on or after
30 January 1, 1994 shall not be exempt from taxation and shall retain its
31 taxable status;

32 (9) The estates, persons, and families of the president and pro-
33 fessors for the time being of Brown University for not more than ten

1 thousand dollars (\$10,000) for each officer, his estate, person, and
2 family included;

3 (10) Property especially exempt by charter unless the exemption
4 shall have been waived in whole or in part;

5 (11) Lots of land used exclusively for burial grounds;

6 (12) The property, real and personal, held for or by an incorpo-
7 rated library, society, or any free public library, or any free public
8 library society, so far as the property shall be held exclusively for
9 library purposes, or for the aid or support of the aged poor, or for
10 the aid or support of poor friendless children, or for the aid or sup-
11 port of the poor generally, or for a hospital for the sick or dis-
12 abled; provided, however, that any real or personal estate acquired
13 for hospital purposes acquired within the city of Providence on or
14 after July 1, 1994, shall not be exempt from taxation and shall retain
15 its taxable status;

16 (13) The real or personal estate belonging to or held in trust
17 for the benefit of incorporated organizations of veterans of any war
18 in which the United States has been engaged, the parent body of which
19 has been incorporated by act of congress, to the extent of two hundred
20 and fifty thousand dollars (\$250,000) if actually used and occupied by
21 the association; provided, however, that the city council of the city
22 of Cranston may by ordinance exempt the real or personal estate as de-
23 scribed above located within the city of Cranston to the extent of
24 five hundred thousand dollars (\$500,000.);

25 (14) The property real and personal, held for or by the fraternal
26 corporation, association, or body created to build and maintain a
27 building or buildings for its meetings or the meetings of the general
28 assembly of its members, or subordinate bodies of the fraternity, and
29 for the accommodation of other fraternal bodies or associations, the
30 entire net income of which real and personal property is exclusively
31 applied or to be used to build, furnish, and maintain an asylum or
32 asylums, a home or homes, a school or schools, for the free education
33 or relief of the members of the fraternity, or for the relief, support

1 and care of worthy and indigent members of the fraternity, their
2 wives, widows, or orphans, and any fund given or held for the purpose
3 of public education, almshouses, and the land and buildings used in
4 connection therewith;

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

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

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

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

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

28 (20) Manufacturer's inventory;

29 (a) For the purposes of sections 44-4-10, 44-5-3, 44-5-20, and
30 44-5-38, a person is deemed to be a manufacturer within a city or town
31 within this state if that person uses any premises, room, or place
32 therein primarily for the purpose of transforming raw materials into a
33 finished product for trade through any or all of the following opera-

1 tions: adapting, altering, finishing, making, and ornamenting; pro-
2 vided, however, that public utilities, building and construction con-
3 tractors, warehousing operations including distribution bases or out-
4 lets of out-of-state manufacturers, fabricating processes incidental
5 to warehousing or distribution of raw materials such as alteration of
6 stock for the convenience of a customer, shall be excluded from this
7 definition.

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

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

1 of his or her manufacturing plant in this state, shall be deemed to
2 have been derived from manufacturing.

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

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

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

28 (21) Real and tangible personal property acquired to provide a
29 treatment facility used primarily to control the pollution or contami-
30 nation of the waters or the air of the state, as defined in chapter 12
31 of title 46 and chapter 25 of title 23, respectively, the facility
32 having been constructed, reconstructed, erected, installed, or ac-
33 quired in furtherance of federal or state requirements or standards

1 for the control of water or air pollution or contamination, and certi-
2 fied as approved in an order entered by the director of environmental
3 management. The property shall be exempt as long as it is operated
4 properly in compliance with the order of approval of the director of
5 environmental management, provided further, that any grant of the ex-
6 emption by the director of environmental management in excess of ten
7 (10) years shall be approved by the city or town in which such prop-
8 erty is situated. This provision shall apply only to the water and air
9 pollution control properties and facilities installed for the treat-
10 ment of waste waters and air contaminants resulting from industrial
11 processing; furthermore, it shall apply only to water or air pollution
12 control properties and facilities placed in operation for the first
13 time after April 13, 1970;

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

17 (a) As that machinery and equipment which is used exclusively in
18 the actual manufacture or conversion of raw materials or goods in the
19 process of manufacture by a manufacturer as set forth in subdivision
20 (20) of this section, and machinery, fixtures, and equipment used
21 exclusively by a manufacturer for research and development or for
22 quality assurance of its manufactured products; and

23 (b) As that machinery and equipment which is partially used in
24 the actual manufacture or conversion of raw materials or goods in pro-
25 cess of manufacture by a manufacturer as set forth in subdivision (20)
26 of this section, and machinery, fixtures, and equipment used by a
27 manufacturer for research and development or for quality assurance of
28 its manufactured products, to the extent to which the machinery and
29 equipment is used for the manufacturing processes, research, and
30 development or quality assurance. In the instances where machinery
31 and equipment is used in both manufacturing and/or research, and
32 development, and/or quality assurance activities and nonmanufacturing
33 activities, the assessment on machinery and equipment shall be pro-

1 rated by applying the percentage of usage of the equipment for the
2 manufacturing, research, and development and quality assurance activi-
3 ty to the value of the machinery and equipment for purposes of taxa-
4 tion, and the portion of the value used for manufacturing, research,
5 and development, and quality assurance shall be exempt from taxation.
6 The burden of demonstrating this percentage usage of machinery and
7 equipment for manufacturing and for research, and development, and/or
8 quality assurance of its manufactured products shall rest with manu-
9 facturer.

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

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

24 (25) Subject to authorization by formal action of the council of
25 any city or town, any real or personal property owned by, held in
26 trust for, or leased to an organization incorporated under chapter 6
27 of title 7, as amended, or an organization meeting the definition of
28 "charitable trust" set out in section 18-9-4, as amended, or an orga-
29 nization incorporated under the not for profits statutes of another
30 state or the District of Columbia, the purpose of which is the con-
31 serving of open space, as that term is defined in title 45, chapter
32 36, as amended, provided the property is used exclusively for the pur-
33 poses of the organization;

1 (26) Tangible personal property, the primary function of which is
2 the recycling, reuse, or recovery of materials (other than precious
3 metals, as defined in section 44-18-30 (Y) (1) from or the treatment
4 of "hazardous wastes", as defined in section 23-19.1-4, where the
5 "hazardous wastes" are generated primarily by the same taxpayer and
6 where the personal property is located at, in, or adjacent to a
7 Accounts and Claims to a generating facility of the taxpayer. The
8 taxpayer may, but need not, procure an order from the director of the
9 department of environmental management certifying that the tangible
10 personal property has such function, which order shall effect a con-
11 clusive presumption that the tangible personal property qualifies for
12 the exemption hereunder. If any information relating to secret pro-
13 cesses or methods of manufacture, production, or treatment is dis-
14 closed to the department of environmental management only to procure
15 an order is a "trade secret" as defined in section 28-21-10(b), it
16 shall not be open to public inspection or publicly disclosed unless
17 disclosure is otherwise required under chapter 21 of title 28 or chap-
18 ter 24.4 of title 23.

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

21 (28) The real and personal property of Providence Performing Arts
22 Center, a Rhode Island non-business corporation as of December 31,
23 1986.

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

FD1415/SUB A

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
AN ACT
RELATING TO THE CITY OF PROVIDENCE —
PROPERTY TAX EXEMPTION

- 1 This act would tax property acquired by certain otherwise
- 2 tax exempt entities within the city of Providence if the property
- 3 was acquired after January 1, 1994.
- 4 This act would take effect upon passage.

PD1415/SUB A