

RESOLUTION OF THE CITY COUNCIL

No. 218

Approved May 9, 1997

RESOLVED, That the City Council endorses and urges passage by the General Assembly of An Act Relating to Sales and Use Taxes, Liability and Computation, in substantially the form attached.

IN CITY COUNCIL
MAY 1 1997
READ AND PASSED

Evelyn V. Fargnoli

PRES.

Michael R. Clement

CLERK

APPROVED
MAY 9 1997
Vincent A. Cianci
MAYOR

APR 21 1997

State Legislation

THE COMMITTEE ON
MAR 6 1997

Recommends

State Legislation

Jean M. Anglin
Clerk

Michael A. Clement
Clerk

Council President Jargala and Councilman Rollins (By request)

97S0854

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 1997

AN ACT**RELATING TO SALES AND USE TAXES -- ENFORCEMENT AND
COLLECTION****Introduced By:** Senators Perry, Roney, Goodwin, Caprio and Graziano**Date Introduced:** February 13, 1997**Referred To:** Senate Committee on Finance

It is enacted by the General Assembly as follows

SECTION 1. Section 44-18-30B of the General Laws in Chapter 44-18 entitled "Sales and Use Taxes -- Liability and Computation" is hereby amended to read as follows:**44-18-30B. Exemption from sales tax for sales by writers, composers, artists. (Effective January 1, 1997.)** -- Findings:

The general assembly makes the following findings of facts:

- (i) The downtown area of the city of Providence has been characterized by blighted areas, and dilapidated and abandoned structures;
- (ii) As a result, the downtown area has been designated an economic development zone in order to stop the deterioration and stimulate economic activity;
- (iii) The capitol center area of the city of Providence has become an attractive location, especially with the construction of the Providence Place Mall;
- (iv) In order to promote, revitalize and redevelop the "Old Downtown" area of the city of Providence it is necessary to provide tax exemptions for a specified period of time available to this area as it has been designated as an economic development zone;
- (v) The development of an active artistic community, including "artists in residence", in this area

would promote economic development, revitalization, tourism, employment opportunities and encourage business development by providing alternative commercial enterprises while creating a link between the Old Downtown and the Capital Center Area.

(A) This section shall only apply to sales by ~~{DEL-writers, composers and artists-DEL}~~ {ADD individuals ADD} residing in and {ADD /or ADD} conducting a business within a section of the defined economic development zone in the city of Providence. For the purposes of this section, a "work" shall mean an original and creative work, whether written, composed or executed for "one-of-a-kind limited" production and which falls into one (1) of the following categories:

- (1) a book or other writing;
- (2) a play or the performance {ADD or production ADD} of said play;
- (3) a musical composition or the performance of ~~{DEL-said-DEL}~~ {ADD a ADD} composition;
- (4) a painting or other like picture;
- (5) a sculpture;
- (6) traditional and fine crafts;
- (7) the creation of a film or the acting within ~~{DEL-said-DEL}~~ {ADD a ADD} film;
- (8) the creation of a dance or the performance of ~~{DEL-said-DEL}~~ {ADD a ADD} dance.

For the purposes of this section, a "work" shall include any product generated as a result of any of the above categories.

For the purposes of this section, a "work" shall not apply to any piece or performance created or executed for industry oriented or related production.

(B)(1) This section shall apply to sales by any individual:

(a) who is a resident of ~~{DEL and DEL}~~ {ADD or ADD} has a principal place of business situated in the section of the economic development zone designated as the arts and entertainment district in the downtown area of the city of Providence. For the purposes of this section, the arts and entertainment district is defined as the area bounded by Pine Street to the southeast, Dorrance Street to the northeast, Sabin Street to the northwest and Empire Street to the southwest. The abovementioned streets shall be included in the district; and

(b) who is determined by the tax administrator, after consideration of any evidence she/he deems necessary or which is submitted to him/her by the individual, to have written, composed or executed, {ADD produced or displayed ADD} either solely or jointly, a work or works which would fall into one (1) of the categories listed in section (A) above.

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

(a) the individual(s) concerned duly make(s) an application to the tax administrator for the sales tax exemption which shall apply to the works defined in this section; and

(b) the individual has complied and continues to comply with any and all requests made by the tax administrator.

(C) Any individual to whom this section applies and who makes an application to the tax administrator shall be entitled to a sales tax exemption for the sale of a work or works sold from the individual's business located in the economic development zone which would, apart from this

section, be subject to the tax rate imposed by the state of Rhode Island. ~~{DEL This exemption shall be in effect until December 31, 2000. DEL}~~

(D) When an individual makes a request for such an exemption, the tax administrator shall be entitled to the following information:

(1) All books, documents or other evidence relating to the publication, production or creation of the works as may be deemed necessary by the tax administrator for the purposes of the exemption. The time period in which to provide said information shall be in the sole discretion of the tax administrator and specified in the notice.

(E) In addition to the information required in subsection (D), the tax administrator may require the individual(s) to submit an annual certified accounting of the numbers of works sold, the type of work sold and the date of the sale. Failure to file this report may, in the sole discretion of the tax administrator, terminate his/her eligibility for the exemption.

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

(G) Notwithstanding the provisions of this section, any individual to whom this section may apply shall comply with all the administration, collection and other provisions of chapter 18 and 19 of this title.

SECTION 2. This act shall take effect upon passage.

**EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
AN ACT
RELATING TO SALES AND USE TAXES -- ENFORCEMENT AND COLLECTION**

* * *

This act amends the existing statute which grants tax exempt status to artists who live in the city of Providence designated economic development zone to include producers of performing arts productions and also extinguishes the expiration date of the exemption and makes it a permanent exemption.

This act would take effect upon passage.

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