

RESOLUTION OF THE CITY COUNCIL

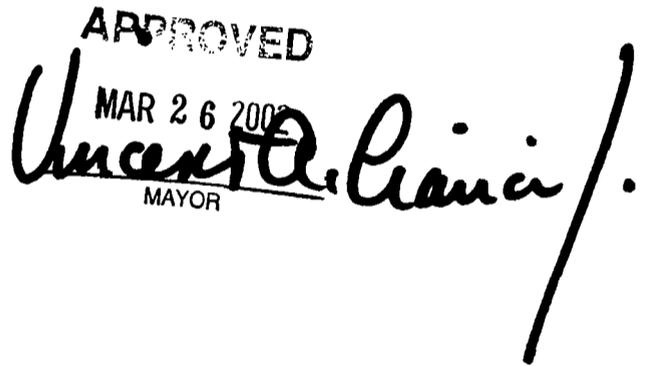
No. 190

Approved March 26, 2002

RESOLVED, That the City Council hereby endorses and urges passage by the General Assembly of Senate Bill 2002 – S 2803 and House Bill 2002 – H 7533 Relating to Taxation – Urban Mill Restoration Act, substantially the form attached.

IN CITY COUNCIL
MAR 21 2002
READ AND PASSED

PRES.
Michael Clement
CLERK

APPROVED
MAR 26 2002

MAYOR

IN CITY COUNCIL
Feb 21, 2002
FIRST READING
REFERRED TO COMMITTEE ON
STATE LEGISLATION

Michael R. Clavett
RC

THE COMMITTEE ON

State Legislation
Recommends *Amend*
Michael R. Clavett
CLERK
3/6/02

Allen (By request)

2002 -- S 2803

LC01774

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2002

A N A C T

RELATING TO TAXATION – URBAN MILL RESTORATION ACT

Introduced By: Senators Roney, Ruggerio, F Caprio, Perry, and Iglizzi

Date Introduced: February 07, 2002

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Legislative findings.

2 WHEREAS, Industrial mill buildings are an important part of the historic fabric and
3 architectural heritage of our state; and

4 WHEREAS, Rhode Island's mill buildings employed 140,000 people, more than half of
5 the state's workforce, at their peak in 1920, and were among the largest and most productive
6 factories in the world; and

7 WHEREAS, Many of these buildings today are suited to new residential, commercial,
8 and institutional uses because of their large floor areas, strong masonry construction, high
9 ceilings, large windows, and ability to support heavy floor loads; and

10 WHEREAS, Commercial and fine artists have given new life to old mills by establishing
11 new working and/or living spaces in these buildings; and

12 WHEREAS, Federal, state and municipal restrictions discourage the indiscriminate
13 demolition of many of these mill buildings; and

14 WHEREAS, Many mill buildings are vacant or underutilized because of their
15 deteriorated physical condition, environmental concerns, or isolated location; and

16 WHEREAS, Most mill buildings are located in urban neighborhoods that have suffered
17 from lack of new residential, commercial, and industrial investment; and

18 WHEREAS, It is the policy of the state to preserve its industrial heritage, and to promote
19 the adaptive reuse of industrial mill buildings so that they may contribute to the revitalization of

1 economically challenged urban neighborhoods; and

2 WHEREAS, It is the policy of the state to encourage commercial and fine artists to live
3 and work in Rhode Island and in settings that are suitable to their work.

4 SECTION 2. Section 44-30-1.1 of the General Laws in Chapter 44-30 entitled "Personal
5 Income Tax" is hereby amended to read as follows:

6 **44-30-1.1. Exemption from tax for writers, composers and artists.** -- (A) This section
7 shall only apply to writers, composers and artists residing within a section of the defined
8 economic development zone within the cities of Providence or Pawtucket, or the economic
9 development zone within the town of Westerly as defined in section 44-18-30B(B)(1)(a), and who
10 create such work while residing in the zone. For the purposes of this section, a "work" shall mean
11 an original and creative work, whether written, composed, created or executed for "one-of-a-kind,
12 limited" production, before or after the passing of this section, which falls into one of the
13 following categories:

- 14 (1) A book or other writing;
- 15 (2) A play or the performance of said play;
- 16 (3) A musical composition or the performance of said composition;
- 17 (4) A painting or other like picture;
- 18 (5) A sculpture;
- 19 (6) Traditional and fine crafts;
- 20 (7) The creation of a film or the acting of said film;
- 21 (8) The creation of a dance or the performance of said dance;

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

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

25 (a) Who is a resident within the section of the economic development zone designated as
26 the urban mill restoration program or as the Arts and Entertainment District in the downtown area
27 of the city of Providence or in the city of Pawtucket, and deriving the income exempted from
28 within said district while a resident of said zone, or who is a resident within the section of the arts
29 and entertainment district in the town of Westerly, as defined in section 44-18-30B(C)(1)(i) and
30 who derives the income exempted from within said district while a resident of said zone. For the
31 purposes of this section, the arts and entertainment district in Providence is defined as the area
32 bounded by Pine Street to the southeast, Dorrance Street to the northeast, Sabin Street to the
33 northwest and Empire Street to the southwest. The entire abovementioned streets shall be
34 included in the abovementioned arts and entertainment district. Also, for the purposes of this

1 section, the urban mill restoration program is defined as that listed on the landmark list approved
2 by ordinance in the city of Providence. The Westerly arts and entertainment district is defined in
3 section 44-18-30B(C)(1)(i). The abovementioned streets shall be included in the district; and in
4 Pawtucket shall be defined as the area beginning at the point of intersection of Dexter Street and
5 the Central Falls line, then east along the Central Falls Line to the Blackstone River, then north
6 along the city boundary on the Blackstone River to the Cumberland line, then west along the
7 Pawtucket city boundary line to I-95, then south along I-95 to Pine Street, then north on Pine
8 Street to AMTRAK Right of Way, then northwest along the AMTRAK Right of Way to Dexter
9 Street, then north on Dexter Street to the Central Falls line. The abovementioned streets shall be
10 included in the district.

11 (b) Who is determined by the tax administrator, after consideration of any evidence in
12 relation to the matter which the individual submits to him or her and after such consultation as
13 may seem to him or her to be necessary with such person or body of persons as in his or her
14 opinion may be of assistance to him or her, to have written, composed or executed either solely or
15 jointly with another individual, a work or works would fall into one of the categories listed in
16 section (A) above.

17 (C) (1) An individual to whom this section applies and who duly makes a claim to the
18 tax administrator in that behalf shall, subject to paragraph (2) below, be entitled to have the
19 profits or gains arising to him or her from the publication, production or sale of a work or works
20 in relation to which the tax administrator has made a determination under subsection (B)(1)(b) of
21 this section to be taken as a modification reducing federal adjusted gross income.

22 (2) The modification authorized by this section shall apply to the year in which the profit
23 or gain from the publication, production or sale of a work is realized.

24 (D) The tax administrator may serve on an individual who makes a claim under this
25 subsection a notice or notices in writing requiring him or her to make available within such time
26 as may be specified in the notice of all such books, accounts and documents in his or her
27 possession or power as may be requested, being books, accounts and documents relating to the
28 publication, production or sale of the work in respect of the profits or gains of which exemption is
29 claimed.

30 (E) For the purpose of determining the amount of profits or gains subject to modification
31 under this section, the tax administrator may make such apportionment of receipts and expenses
32 as may be necessary.

33 (F) Notwithstanding any other provisions of this chapter, any individual seeking relief
34 under this section shall file a Rhode Island personal income tax return listing the modification

1 reducing federal adjusted gross income relating to profits or gains realized from the works as
2 defined in this section.

3 (G) The city of Providence may by ordinance provide special tax consideration for
4 designated properties on the landmark list as part of the mill restoration program and in the arts
5 and entertainment district in the city of Providence.

6 Upon enactment, property taxes levied on eligible properties as of December 31, 2002
7 shall reflect adapted tax considerations. Owners of eligible properties are required to begin
8 renovations by December 31, 2007 in order to qualify for continued tax considerations. Properties
9 that fail to meet this deadline will be required retroactively to pay the difference between their
10 actual tax payments and what they would have paid if ineligible for the specified tax
11 considerations.

12 Eligible properties shall be taxable properties located on the landmark list approved by
13 ordinance in the city of Providence and shall be eligible if certified by the city building inspector
14 as in need of substantial rehabilitation.

15 Tax benefits for eligible properties shall be transferable to new owners or tenants, but the
16 life of the tax consideration shall not be extended.

17 "Substantial rehabilitation" shall mean rehabilitation that adheres to the applicable
18 building and fire codes, extends to all occupiable floors of the building, and equals at least fifty
19 percent (50%) of the current replacement value of the structure, as certified by the city building
20 inspector.

21 This section shall not diminish the authority of any body to review and approve the
22 construction plans for overall appearance or historical preservation standards.

23 During the period of eligibility, the city of Providence shall also be authorized to use
24 special consideration in taxing tangible property located in businesses in eligible properties. For
25 the ten (10) year period, the rate of thirty-three dollars and forty-four cents (\$33.44) shall be
26 applied annually to tangible property value, as it is determined and may change from year to year.
27 This consideration shall apply to all taxable businesses occupying eligible properties during the
28 period of eligibility, regardless of when they first occupied the property.

29 SECTION 3. Section 44-18-30.B of the General Laws in Chapter 44-18 entitled "Sales
30 and Use Taxes - Liability and Computation" is hereby amended to read as follows:

31 **44-18-30.B. Exemption from sales tax for sales by writers, composers, artists --**
32 **Findings. --** (a) The general assembly makes the following findings of facts:

33 (1) The downtown area of the city of Providence has been characterized by blighted
34 areas, and dilapidated and abandoned structures;

1 (2) As a result, the downtown area has been designated an economic development zone
2 in order to stop the deterioration and stimulate economic activity;

3 (3) The capitol center area of the city of Providence has become an attractive location,
4 especially with the construction of the Providence Place Mall;

5 (4) In order to promote, revitalize and redevelop the "Old Downtown" area of the city of
6 Providence it is necessary to provide tax exemptions to this area as it has been designated as an
7 economic development zone;

8 (5) In order to promote, revitalize, and redevelop the "Downtown or other industrial or
9 manufacturing buildings" located in the City of Pawtucket, it is necessary to provide tax
10 exemptions to this area as it has been designated as an economic development zone;

11 (6) The development of an active artistic community, including "artists in residence", in
12 this area would promote economic development, revitalization, tourism, employment
13 opportunities, and encourage business development by providing alternative commercial
14 enterprises while in Providence creating a link between the Old Downtown and the Capital Center
15 Area.

16 (7) There is a separate artistic community in the town of Westerly which is important to
17 preserve, promote, and revitalize, and which is distinct from that in the city of Providence.

18 (b) (1) This section only applies to sales by writers, composers and artists residing in and
19 conducting a business within a section of the defined economic development zone in the cities of
20 Providence or Pawtucket, or the defined economic development zone in the town of Westerly.
21 For the purposes of this section, a "work" means an original and creative work, whether written,
22 composed or executed for "one-of-a-kind limited" production and which falls into one of the
23 following categories:

24 (i) A book or other writing;

25 (ii) A play or the performance of said play;

26 (iii) A musical composition or the performance of said composition;

27 (iv) A painting or other like picture;

28 (v) A sculpture;

29 (vi) Traditional and fine crafts;

30 (vii) The creation of a film or the acting within the film;

31 (viii) The creation of a dance or the performance of the dance."

32 (2) For the purposes of this section, a "work" includes any product generated as a result
33 of any of the above categories.

34 (3) For the purposes of this section, a "work" does not apply to any piece or performance

1 created or executed for industry oriented or related production.

2 (c) (1) This section applies to sales by any individual:

3 (i) Who is a resident of and has a principal place of business situated in the section of the
4 economic development zone designated as the urban mill restoration program or as the arts and
5 entertainment district in the downtown area of the city of Providence or in the city of Pawtucket,
6 or the defined economic development zone in the town of Westerly. For the purposes of this
7 section, the Providence arts and entertainment district in Providence is defined as the area
8 bounded by Pine Street to the southeast, Dorrance Street to the northeast, Sabin Street to the
9 northwest and Empire Street to the southwest. The named streets are included in the Providence
10 district; and in Pawtucket is defined as the area beginning at the point of intersection of Dexter
11 Street and the Central Falls line, then east along the Central Falls line to the Blackstone River,
12 then north along the city boundary on the Blackstone River to the Cumberland line, then west
13 along the Pawtucket city boundary line to I-95, then south along I-95 to Pine Street, then north on
14 Pine Street to AMTRAK Right of Way, then northwest along the AMTRAK Right of Way to
15 Dexter Street, then north on Dexter Street to the Central Falls line. The named streets are included
16 in the district. The Westerly arts and entertainment district is defined as assessor's plat 56, lots 1
17 through 24, lot 48, lots 50 through 62, and lots 71 through 82, and assessors plat 66, lots 22
18 through 26, and lots 29 through 36. For the purposes of this section, the mill restoration program
19 is defined as that listed on the landmark list approved by ordinance in the city of Providence; and

20 (ii) Who is determined by the tax administrator, after consideration of any evidence he or
21 she deems necessary or which is submitted to him or her by the individual, to have written,
22 composed, or executed, either solely or jointly, a work or works which would fall into one of the
23 categories listed in subsection (b)(1).

24 (2) This section also applies to sales by any other gallery located in the arts and
25 entertainment district described in subsection (c)(1)(i) as well as any other arts and entertainment
26 district designated by the general assembly.

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

28 (i) The individual(s) concerned duly make(s) an application to the tax administrator for
29 the sales tax exemption which applies to the works defined in this section; and

30 (ii) The individual has complied and continues to comply with any and all requests made
31 by the tax administrator.

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

1 section, be subject to the tax rate imposed by the state of Rhode Island.

2 (e) When an individual makes a request for the exemption, the tax administrator is
3 entitled to all books, documents, or other evidence relating to the publication, production or
4 creation of the works that may be deemed necessary by the tax administrator for the purposes of
5 the exemption. The time period in which to provide this information is in the sole discretion of
6 the tax administrator and specified in the notice.

7 (f) In addition to the information required in subsection (e), the tax administrator may
8 require the individual(s) to submit an annual certified accounting of the numbers of works sold,
9 the type of work sold, and the date of the sale. Failure to file this report may, in the sole discretion
10 of the tax administrator, terminate the individual's eligibility for the exemption.

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

14 (h) Notwithstanding the provisions of this section, any individual to whom this section
15 may apply shall comply with all the administration, collection, and other provisions of chapters
16 18 and 19 of this title.

17 (i) This section shall also apply to sales by any gallery located in the arts and
18 entertainment district described in (c)(1)(i) as well as any other arts and entertainment district
19 designated by the general assembly.

20 SECTION 4. This act shall take effect upon passage.

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LC01774
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION – URBAN MILL RESTORATION ACT

- 1 This act would provide sales and use tax and personal income tax incentives to
- 2 individuals residing and conducting business in designated urban mill restoration areas.
- 3 This act would take effect upon passage.

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LC01774
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2002 -- H 7533

LC02088

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2002

A N A C T

CREATING THE URBAN MILL RESTORATION AND TAX EXEMPTION ACT

Introduced By: Representatives Costantino, Moura, Slater, Fox, and Giannini

Date Introduced: February 05, 2002

Referred To: House Finance

It is enacted by the General Assembly as follows:

- 1 SECTION 1. WHEREAS, Industrial mill buildings are an important part of the historic
2 fabric and architectural heritage of our state; and
3 WHEREAS, Rhode Island's mill buildings employed one hundred forty thousand
4 (140,000) people, more than half of the state's workforce, at their peak in 1920, and were among
5 the largest and most productive factories in the world; and
6 WHEREAS, Many of these buildings today are suited to new residential, commercial,
7 and institutional uses because of their large floor areas, strong masonry construction, high
8 ceilings, large windows, and ability to support heavy floor loads; and
9 WHEREAS, Commercial and fine artists have given new life to old mills by establishing
10 new working and/or living spaces in these buildings; and
11 WHEREAS, Federal, state and municipal restrictions discourage the indiscriminate
12 demolition of many of these mill buildings; and
13 WHEREAS, Many mill buildings are vacant or underutilized because of their
14 deteriorated physical condition, environmental concerns, or isolated location; and
15 WHEREAS, Most mill buildings are located in urban neighborhoods that have suffered
16 from lack of new residential, commercial, and industrial investment; and
17 WHEREAS, It is the policy of the state to preserve its industrial heritage, and to promote
18 the adaptive reuse of industrial mill buildings so that they may contribute to the revitalization of
19 economically challenged urban neighborhoods; and

1 WHEREAS, It is the policy of the state to encourage commercial and fine artists to live
2 and work in Rhode Island and in settings that are suitable to their work.

3 SECTION 2. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is
4 hereby amended by adding thereto the following section:

5 **44-30-1.2. Exemption from tax for writers, composers and artists. -- (a)(1). This**
6 section shall apply to any individual: (i) who is a resident within the section of the economic
7 development zone designated as the arts and entertainment district or who qualifies under the
8 urban mill restoration program in the downtown area of the city of Providence and deriving the
9 income exempted from within said district while a resident of said zone; provided, for the
10 purposes of this section, the arts and entertainment district in Providence is defined as the area
11 bounded by Pine street to the southeast, Dorrance street to the northeast, Sabin street to the
12 northwest and Empire street to the southwest. The abovementioned streets shall be included in the
13 arts and entertainment district; provided, further, for the purposes of this section, the urban mill
14 restoration program is defined as those parcels of real property listed on the landmark list
15 approved by ordinance in the city of Providence. The city of Providence may by ordinance
16 provide special tax consideration for designated properties on the landmark list as part of the mill
17 restoration program and in the arts and entertainment district in the city of Providence.

18 Upon enactment, property taxes levied on eligible properties as of December 31, 2000
19 shall reflect adapted tax considerations. Owners of eligible properties are required to begin
20 renovations by December 31, 2005 in order to qualify for continued tax considerations. Properties
21 that fail to meet this deadline will be required retroactively to pay the difference between their
22 actual tax payments and what they would have paid if ineligible for the specified tax
23 considerations.

24 Eligible properties shall be taxable properties located on the landmark list approved by
25 ordinance in the city of Providence and shall be eligible if certified by the city building inspector
26 as in need of substantial rehabilitation.

27 Tax benefits for eligible properties shall be transferable to new owners or tenants, but the
28 life of the tax consideration shall not be extended.

29 "Substantial rehabilitation" shall mean rehabilitation that adheres to the applicable
30 building and fire codes, extends to all occupiable floors of the building, and equals at least fifty
31 percent (50%) of the current replacement value of the structure, as certified by the city building
32 inspector.

33 Nothing in this section shall be construed to diminish the authority of any body to review
34 and approve the construction plans for overall appearance or historical preservation standards.

1 During the period of eligibility, the city of Providence shall also be authorized to use
2 special consideration in taxing tangible property located in businesses in eligible properties. For
3 the ten (10) year period, the rate of thirty-three dollars and forty-four cents (\$33.44) shall be
4 applied annually to tangible property value, as it is determined and may change from year to year.
5 This consideration shall apply to all taxable businesses occupying eligible properties during the
6 period of eligibility, regardless of when they first occupied the property.

7 SECTION 3. Chapter 44-18 of the General Laws entitled "Sales and Use Taxes -
8 Liability and Computation" is hereby amended by adding thereto the following section:

9 **44-18-30.C Exemption from sales tax for sales by writers, composers, and artists. -**

10 (a) (1) This section shall apply to any individual:

11 (i) who is a resident within the section of the economic development zone designated as
12 the arts and entertainment district or who qualifies under the urban mill restoration program in the
13 downtown area of the city of Providence and deriving the income exempted from within said
14 district while a resident of said zone; provided, for the purposes of this section, the arts and
15 entertainment district in Providence is defined as the area bounded by Pine street to the southeast,
16 Dorrance street to the northeast, Sabin street to the northwest and Empire street to the southwest.
17 The abovementioned streets shall be included in the arts and entertainment district; provided,
18 further, for the purposes of this section, the urban mill restoration program is defined as those
19 parcels of real property listed on the landmark list approved by ordinance in the city of
20 Providence.

21 (ii) Who is determined by the tax administrator, after consideration of any evidence in
22 relation to the matter which the individual submits to him or her and after such consultation as
23 may seem to him or her to be necessary with such person or body of persons as in his or her
24 opinion may be of assistance to him or her, to have written , composed or executed either solely
25 or jointly with another individual, a work or works would fall into one (1) of the categories listed
26 in section (a) above.

27 (b) This section shall also apply to sales by any gallery located in the arts and
28 entertainment district described in subsection (a)(1)(i) of this section, as well as any other arts and
29 entertainment district designated by the general assembly.

30 SECTION 4. This act shall take effect upon passage.

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LC02088
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
CREATING THE URBAN MILL RESTORATION AND TAX EXEMPTION ACT

- 1 This act would create the Urban Mill Restoration and Tax Exemption Act in the city of
- 2 Providence to provide certain sales tax exemptions for sales by writers, composers and artists
- 3 who own and reside in buildings in the Urban Mill Restoration Program as defined in the
- 4 landmark list approved by ordinance in the city of Providence.
- 5 This act would take effect upon passage.

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LC02088
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