

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 158

~~Approved~~ EFFECTIVE March 29, 1982

WHEREAS, Senate Bill 82-S 2377 would exclude any non-manufacturing furniture, fixtures and equipment owned or leased by a manufacturer from the tax phase-out, with some exceptions,

NOW, THEREFORE, BE IT RESOLVED, That the Members of the City Council hereby endorse Senate Bill 82-S 2377 relating to Taxation on Machinery and Equipment.

IN CITY COUNCIL

MAR 18 1982
READ AND PASSED

Robert F. Lynch

Joseph M. Moulton

Effective without the Mayor's
signature March 29, 1982

Rose M. Moulton

Councilman Easton (By Request)

RECORDED AND INDEXED
MAY 9 1933
U.S. DEPT. OF JUSTICE

82-S 2377

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 1982

A N A C T

RELATING TO TAXATION OF MACHINERY
AND EQUIPMENT

Introduced By: Senator John C. Revens, Jr.

Date Introduced: February 26, 1982

Referred To: Senate 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
2 44-3 entitled "Property subject to taxation" is hereby amended to
3 read as follows:

4 44-3-3. Property exempt. -- The following property shall be
5 exempt from taxation:

6 (1) property belonging to the state;

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

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

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

15 tions;

1 (5) buildings for free public schools, buildings for reli-
2 gious worship and the land upon which they stand and immediately
3 surrounding the same, to an extent not exceeding five (5) acres
4 so far as said buildings and land are occupied and used exclu-
5 sively for religious or educational purposes;

6 (6) dwelling houses and the land on which they stand, not
7 exceeding one (1) acre in size, or the minimum lot size for zone
8 in which the dwelling house is located, which ever is the
9 greater, owned by or held in trust for any religious organization
10 and actually used by its officiating clergymen, to an amount not
11 exceeding seventy-five thousand dollars \$75,000 for each such
12 house and land so owned and used ;

13 (7) the intangible personal property owned by, or held in
14 trust for, any religious or charitable organization, if the prin-
15 cipal or income shall be used or appropriated for religious or
16 charitable purposes;

17 (8) the buildings and personal estate owned by any corpora-
18 tion used for a school, academy or seminary of learning, and of
19 any incorporated public charitable institutions, and the land
20 upon which said buildings stand and immediately surrounding the
21 same to an extent not exceeding one (1) acre, so far as the same
22 is used exclusively for educational purposes, but no property or
23 estate whatever shall hereafter be exempt from taxation in any
24 case where any part of the income or profits thereof or of the
25 business carried on thereon is divided among its owners or stock-
26 holder;

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

31 (10) property especially exempt by charter unless such ex-
32 emption shall have been waived in whole or in part;

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

2 (12) the property, ~~real~~ and personal, held for or by an
3 incorporated library, society, or any free public library, or any
4 free public library society, so far as said property shall be
5 held exclusively for library purposes, or for the aid or support
6 of the aged poor, or for the aid or support of poor friendless
7 children, or for the aid or support of the poor generally, or for
8 a hospital for the sick or disabled;

9 (13) the real or personal estate belonging to or held in
10 trust for the benefit of incorporated organizations of veterans
11 of any war in which the United States has been engaged, the
12 parent body of which has been incorporated by act of Congress, to
13 the extent of one hundred thousand dollars (\$100,000), if actual-
14 ly used and occupied by such association;

15 (14) the property real and personal, held for or by the fra-
16 ternal corporation, association or body created to build and
17 maintain a building or buildings for its meetings or the meetings
18 of the general assembly of its members, or subordinate bodies of
19 such fraternity, and for the accommodation of other fraternal
20 bodies or associations, the entire net income of which real and
21 personal property is exclusively applied or to be used to build,
22 furnish and maintain an asylum or asylums, a home or homes, a
23 school or schools, for the free education or relief of the mem-
24 bers of such fraternity, or for the relief, support and care of
25 worthy and indigent members of the fraternity, their wives,
26 widows or orphans, and any fund given or held for the purpose of
27 public education, almshouses and the land and buildings used in
28 connection therewith;

29 (15) the real estate and personal property of any incorpo-
30 rated volunteer fire engine company in active service;

31 (16) the estate of any person who in the judgment of the
32 assessors is unable from infirmity or poverty to pay the tax; any

1 person claiming such exemption aggrieved by an adverse decision
2 of an assessor shall appeal said decision to the local board of
3 tax review, and thereafter according to the provisions of
4 44-5-26.

5 (17) the household furniture and family stores of a
6 housekeeper in the whole, including clothing, bedding and other
7 white goods, books and all other such tangible personal property
8 items which are common to the normal household not exceeding
9 twenty thousand dollars (\$20,000) with the approval of the munic-
10 ipal governing body.

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

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

24 (21) Manufacturer's inventory. (a) For the purposes of this
25 section, sections 44-4-10, 44-5-3, 44-5-20 and 44-5-38, a person
26 is deemed to be a manufacturer within a city or town within this
27 state if he uses any premises, room or place therein primarily
28 for the purpose of transforming raw materials into a finished
29 product for trade through any or all of the following operations:
30 adapting, altering, finishing, making and ornamenting; provided,
31 however, that public utilities, building and construction con-
32 tractors, warehousing operations including distribution bases or

1 outlets of out-of-state manufacturers, fabricating processes
2 incidental to warehousing or distribution of raw materials such
3 as alteration of stock for the convenience of a customer, shall
4 be excluded from this definition.

5 (b) For the purpose of sections 44-3-3, 44-4-10, 44-5-38,
6 and section 8 of chapter 245, public laws of Rhode Island, 1966,
7 as amended, the term "manufacturer's inventory" or any such simi-
8 lar term shall mean and include his raw materials, his work in
9 process and finished products which have been manufactured by him
10 in this state, and not sold, leased or traded by him or the title
11 or right to possession thereof otherwise divested, provided, how-
12 ever, that said term shall not include any such finished products
13 which are held by him in any retail store or other similar
14 selling place operated by him whether or not such retail estab-
15 lishment is located in the same building in which he operates his
16 manufacturing plant.

17 (c) For the purpose of 44-11-2 in chapter 11 of this title
18 entitled "Business corporation tax," a manufacturer is a person
19 whose principal business in this state consists of transforming
20 raw materials into a finished product for trade through any or
21 all of the operations described in paragraph (a) of this subsec-
22 tion. A person will be deemed to be thus principally engaged if
23 the gross receipts which he derived from such manufacturing oper-
24 ations in this state during the calendar year or fiscal year men-
25 tioned in 44-11-1 amounted to more than fifty per cent (50%) of
26 the total gross receipts which he derived from all his business
27 activities in which he engaged in this state during such taxable
28 year. For the purpose of computing such percentage, gross
29 receipts derived by a manufacturer from the sale, lease or rental
30 of finished products manufactured by him in this state, even
31 though his store or other selling place therein may be at a dif-
32 ferent location from the location of his manufacturing plant in

1 this state, shall be deemed to have been derived from manufac-
2 turing.

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

25 (e) The term "person" shall mean and include, as appropri-
26 ate, a person, partnership or corporation.

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

30 (22) Real and tangible personal property acquired to provide
31 a treatment facility used primarily to control the pollution or
32 contamination of the waters or the air of the state, as defined

1 in chapter 12 of title 46 and chapter 25 of title 23, respec-
2 tively, said facility having been constructed, reconstructed,
3 erected, installed or acquired in furtherance of federal or state
4 requirements or standards for the control of water or air pollu-
5 tion or contamination, and certified as approved in an order
6 entered by the director of environmental management. Such prop-
7 erty shall be exempt as long as it is operated properly in com-
8 pliance with such order of approval of the director of environ-
9 mental management, provided further, that any grant of such ex-
10 emption by the director of environmental management in excess of
11 ten (10) years shall be approved by the city or town in which
12 such property is situated. This provision shall apply only to
13 such water and air pollution control properties and facilities as
14 are installed for the treatment of waste waters and air contami-
15 nants resulting from industrial processing; furthermore, it shall
16 apply only to water or air pollution control properties and
17 facilities placed in operation for the first time after April 13,
18 1970.

19 (23) New manufacturing machinery and equipment acquired
20 owned or used by a manufacturer and purchased after December 31,
21 1974. Manufacturing machinery and equipment is defined as that
22 which is used directly and exclusively in the actual manufacture
23 or conversion of raw materials or goods in process of manufacture
24 by a manufacturer as set forth in section 44-3-3, subparagraph
25 (21) of the general laws, and machinery, fixtures and equipment
26 used exclusively by a manufacturer for research and development
27 of its manufactured products.

28 (24) Precious metal bullion, meaning thereby any elementary
29 metal which has been put through a process of smelting or refin-
30 ing, and which is in such state or condition that its value
31 depends upon its content and not upon its form. The term does not
32 include fabricated precious metal which has been processed or

1 manufactured for some one or more specific and customary indus-
2 trial, professional or artistic uses.

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

13 SECTION 2. Sections 44-5-3 and 44-5-38 of the General Laws
14 in Chapter 44-5 entitled "Levy and assessment of local taxes" are
15 hereby amended to read as follows:

16 44-5-3. Ratable property of town. -- The ratable property
17 of the town shall consist of the ratable real estate and the
18 ratable tangible personal property (which shall not, however,
19 include manufacturer's manufacturing machinery and equipment of a
20 manufacturer) and the ratable tangible-personal-property-of-manu-
21 ~~facturers-consisting-of--manufacturer's~~ manufacturing machinery
22 and equipment of a manufacturer.

23 For the purposes of this section and sections 44-5-20,
24 44-5-22, 44-5-38, general laws of Rhode Island, 1956, as amended,
25 and 8 and 9 of chapter 245, public laws of Rhode Island, 1966,
26 the term 'manufacturer's machinery and equipment' or
27 'manufacturing machinery and equipment' shall be defined as that
28 which is used directly and exclusively in the actual manufacture
29 or conversion of materials or goods in process of manufacture by
30 a manufacturer as set forth in section 44-3-3, subparagraph (21)
31 of the general laws, and machinery, fixtures and equipment used
32 exclusively by a manufacturer for research and development of its

1 manufactured products, but shall not include (i) motor vehicles
2 required by law to be registered with the registry of motor vehi-
3 cles, (ii) store fixtures and other equipment situated in or upon
4 retail store or other similar selling place operated by a manu-
5 facturer, whether or not such retail establishment store or other
6 similar selling place is located in the same building in which he
7 operates his manufacturing plant, and (iii) fixtures or other
8 equipment situated in or upon premises used to conduct a business
9 which is unrelated to the manufacture of finished products for
10 trade and their sale by the manufacturer thereof, whether or not
11 the premises wherein such unrelated business is conducted is in
12 the same building in which the manufacturer has his manufacturing
13 plant. The levy on tangible-personal-property-of-manufacturers
14 consisting-of-manufacturer's manufacturing machinery and equip-
15 ment of a manufacturer shall be at the rate provided in section
16 44-5-38.

17 44-5-38. Rate of levy against tangible-personal-property
18 consisting-of manufacturing machinery and equipment acquired or
19 used by a manufacturer. -- Tangible-personal-property-consisting
20 of Manufacturing machinery and equipment acquired owned or used
21 by a manufacturer shall be subject to taxation at a uniform rate
22 of assessment not to exceed fifty per cent (50%) of the full and
23 fair cash value of such property. The levy and assessment of the
24 tax upon such manufacturer's manufacturing machinery and equip-
25 ment shall be subject to and limited to the following:

26 (a) Assessment and levy on manufacturer's machinery and
27 equipment.

28 (1) In assessing the valuation of such property and appor-
29 tioning the levy of such tax on December 31, 1968, the assessors
30 in the several cities and towns shall not exceed seventy-five per
31 cent (75%) of the total adjusted levy on the machinery, equipment
32 and inventories of all manufacturers of the city or town as

1 established by the division of local and metropolitan government
2 using the levy based on the assessment of the city or town of
3 December 31, 1966, provided that in apportioning the levy as
4 above set forth, the assessor may add to such total adjusted
5 levy, the increase in levy on manufacturer's machinery, equipment
6 and inventory occasioned by manufacturers found to be operating
7 but not taxed in the city or town as of December 31, 1966, or who
8 have located in such city or town since said date.

9 (2) In apportioning the levy of such tax on manufacturers'
10 machinery and equipment within a city or town for fiscal years
11 ending after December 31, 1969, the assessors of any such city or
12 town shall apportion the levy of such tax in an amount not to
13 exceed one hundred three and one-half per cent (103 1/2%) of the
14 total adjusted levy on manufacturer's machinery and equipment for
15 the next prior fiscal year; provided that in apportioning the
16 levy of such tax, as provided in this subparagraph, the assessors
17 of any city or town may add to the total adjusted levy for the
18 next prior fiscal year, the increase in levy on manufacturer's
19 machinery and equipment occasioned by manufacturers who have
20 located or who have increased investment within the meaning of
21 subparagraph (c) below in such city or town since the date of the
22 next prior assessment.

23 (b) Assessment and levy on individual manufacturers.

24 (1) In assessing the valuation of such property and appor-
25 tioning the levy of such tax on December 31, 1968, the assessors
26 of the several cities and towns shall not exceed seventy-three
27 and one-half per cent (73 1/2%) of the adjusted levy of such tax
28 on the machinery, equipment and inventory of any manufacturer of
29 the city or town for the next prior year; provided, however, that
30 if the application of the foregoing provision will result in the
31 total tax levy thus obtained on manufacturers' machinery and
32 equipment of a city or town for the year for which the date of

1 assessment of valuations was December 31, 1968, as such assess-
2 ment of valuations is established under the provisions of the
3 first paragraph of this section, being less in amount than the
4 amount of the total adjusted levy as computed in accordance with
5 the seventy-five per cent (75%) limitation prescribed under the
6 provisions of subparagraph (a) (1), the assessor of said city or
7 town, for the purpose of bringing such total levy on such machin-
8 ery and equipment to an amount not exceeding the amount of the
9 total adjusted levy as computed by such seventy-five per cent
10 (75%) limitation, may apply the amount of such total adjusted tax
11 levy, as was thus limited and computed under the provisions of
12 said subparagraph (a) (1), to the total assessed valuation as of
13 December 31, 1968, as such valuation is established under the
14 provisions of the first paragraph of this section, on the machin-
15 ery and equipment of all manufacturers of the city or town, and
16 apply the resulting classified tax rate thereby obtained to such
17 assessed valuations as of December 31, 1968, on the machinery and
18 equipment of each manufacturer of said city or town.

19 (2) In assessing the valuation of such property and appor-
20 tioning the levy of such tax for fiscal years ending after Decem-
21 ber 31, 1969, the assessors of the several cities and towns shall
22 not exceed one hundred five per cent (105%) of the adjusted levy
23 of such tax on the machinery and equipment of any manufacturer
24 for the next prior fiscal year.

25 (c) As to such property constituting an increase in invest-
26 ment, the limitations fixed in subparagraphs (a) and (b) above
27 shall not apply to that portion of the tax levy on a manufacturer
28 derived from a substantial increase in investment in additional
29 machinery and equipment or that portion of the tax levy applica-
30 ble to such property not previously taxed in the city or town.
31 For the purposes of this section, the term "substantial" shall
32 mean an investment in any one (1) year equal to at least fifteen

1 (m) for purposes of this paragraph, in determining the total
2 amount of the tax levy on manufacturing machinery and equipment
3 owned or used by a manufacturer on the 31st day of December 1973,
4 the assessors in the several cities and towns shall not exceed
5 ninety per cent (90%) of such levy on such class of property made
6 as of December 31, 1972; thereafter annually commencing in 1974
7 on the 31st day of December, the assessors shall reduce such levy
8 on such class of property whether or not acquired subsequent to
9 December 31, 1972, except as herein provided, as follows: to
10 eighty per cent (80%) of such December 31, 1972 levy on December
11 31, 1974; to seventy per cent (70%) of such December 31, 1972
12 levy on December 31, 1975; to sixty per cent (60%) of such Decem-
13 ber 31, 1972 levy on December 31, 1976; to fifty per cent (50%)
14 of such December 31, 1972 levy on December 31, 1977; to forty per
15 cent (40%) of such December 31, 1972 levy on December 31, 1978;
16 to thirty per cent (30%) of such December 31, 1972 levy on Decem-
17 ber 31, 1979; to twenty per cent (20%) of such December 31, 1972
18 levy on December 31, 1980; to ten per cent (10%) of such December
19 31, 1972 levy on December 31, 1981; and thereafter such property
20 shall be exempt from taxation.

21 SECTION 3. This act shall take effect upon passage.

EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

AN ACT
RELATING TO TAXATION OF MACHINERY
AND EQUIPMENT

1 This act would exclude any non-manufacturing furniture, fix-
2 tures and equipment owned or leased by a manufacturer from the
3 tax phase-out, with some exceptions.

4 This act would take effect upon its passage.

April 6, 1982

Governor J. Joseph Garrahy
222 State House
Providence, Rhode Island 02903

Dear Governor Garrahy,

Enclosed is certified copy of Resolution No. 158,
effective March 29, 1982, the same being self-explanatory.

The sponsor of said Resolution is Councilman Nicholas
W. Easton.

Very truly yours,

Rose M. Mendonca,
City Clerk.

RMM/jma

April 6, 1982

Representative Joseph DeAngelis
2 Whitman Street
Esmond, Rhode Island 02917

Dear Representative DeAngelis,

Enclosed is certified copy of Resolution No. 158,
effective March 29, 1982, the same being self-explanatory.

The sponsor of said Resolution is Councilman Nicholas
W. Easton.

Very truly yours,

Rose M. Mendonca,
City Clerk.

RMM/jma

April 6, 1982

Representative Frederick Lippitt
108 Prospect Street
Providence, Rhode Island 02906

Dear Representative Lippitt,

Enclosed is certified copy of Resolution No. 158,
effective March 29, 1982, the same being self-explanatory.

The sponsor of said Resolution is Councilman Nicholas
W. Easton.

Very truly yours,

Rose M. Mendonca,
City Clerk.

RMM/jma

April 6, 1982

Senator Rocco A. Quattrocchi
Room 318 State House
Providence, Rhode Island 02903

Dear Senator Quattrocchi,

Enclosed is certified copy of Resolution No. 158,
effective March 29, 1982, the same being self-explanatory.

The sponsor of said Resolution is Councilman Nicholas
W. Easton.

Very truly yours,

Rose M. Mendonca,
City Clerk.

RMM/jma

April 6, 1982

Senator Lila M. Sapinsley
25 Cooke Street
Providence, Rhode Island 02906

Dear Senator Sapinsley,

Enclosed is certified copy of Resolution No. 158,
effective March 29, 1982, the same being self-explanatory.

The sponsor of said Resolution is Councilman Nicholas
W. Easton.

Very truly yours,

Rose M. Mendonca,
City Clerk.

RMM/jma

April 6, 1982

Senator William A. Castro
Chairman - Committee on Corporations
110 Brown Street
East Providence, Rhode Island 02914

Dear Senator Castro,

Enclosed is certified copy of Resolution No. 158,
effective March 29, 1982, the same being self-explanatory.

The sponsor of said Resolution is Councilman Nicholas
W. Easton.

Very truly yours,

Rose M. Mendonca,
City Clerk.

RMM/jma

April 5, 1982

Senator John C. Revens, Jr.
250 Burt Street
Warwick, Rhode Island 02886

Dear Senator Revens,

Enclosed is certified copy of Resolution No. 158,
effective March 29, 1982, the same being self-explanatory.

The sponsor of said Resolution is Councilman Nicholas
W. Easton.

Very truly yours,

Rose M. Mendonca,
City Clerk.

RMM/jma



State of Rhode Island and Providence Plantations

EXECUTIVE CHAMBER, PROVIDENCE

J. Joseph Garrahy
Governor

April 22, 1982

Ms. Rose M. Mendonca
City Clerk of Providence
Providence City Hall
Providence, Rhode Island

Dear Ms. Mendonca:

On behalf of Governor Garrahy I acknowledge receipt of your note of April 6, 1982 and the enclosed copy of City Council Resolution No. 158, in which you express your support for 82-S-2377.

Please be assured that I shall personally bring your letter and the Resolution to the Governor's attention.

Very truly yours,

A handwritten signature in dark ink, appearing to read "W. G. Brody", written over the typed name.

William G. Brody
Executive Counsel
To The Governor