

RESOLUTION OF THE CITY COUNCIL

No. 333

Approved May 12,,1995

RESOLVED, That the City Council endorses and urges passage by the General Assembly of House Bill 95-H 6560 - An Act Relating to Taxation -- Property Subject to Taxation, in substantially the form attached.

IN CITY COUNCIL
MAY 9 1995
READ AND PASSED
Evelyn V. Fargnoli
ACTING RES.
Michael A. Clement
CLERK

APPROVED
MAY 12 1995
Vincent A. Lionef
MAYOR

THE COMMITTEE ON
LEGISLATIVE MATTERS
RECOMMENDS, PASSED
Michael R. Clever
Chair
May 1, 1995

PD326

STATE OF RHODE ISLAND

95-H 6560

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 1995

A N A C T

RELATING TO TAXATION -- PROPERTY SUBJECT
TO TAXATION

95-H 6560

Introduced By: Reps. Fox, Moura,
S. Smith, Lima and Williams
Date Introduced: February 14, 1995

Referred To: Committee on Finance

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 members of the national guard, the naval militia,
14 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-
17 ing them, to an extent not exceeding five (5) acres so far as the

1 buildings and land are occupied and used exclusively for religious or
2 educational purposes;

3 (6) Dwelling houses and the land on which they stand, not exceed-
4 ing one acre in size, or the minimum lot size for zone in which the
5 dwelling house is located, whichever is the greater, owned by or held
6 in trust for any religious organization and actually used by its
7 officiating clergymen, to an amount not exceeding one hundred fifty
8 thousand dollars (\$150,000) for each house and land so owned and used
9 provided also, dwelling houses and the land on which they stand in
10 Bristol, not exceeding one (1) acre in size, or the minimum lot size
11 for zone in which the dwelling house is located, whichever is the
12 greater, owned by or held in trust for any religious organization and
13 actually used as a convent or nunnery by its religious order, to an
14 amount not exceeding five hundred thousand dollars (\$500,000) for each
15 house and land so owned and used;

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

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

29 (9) The estates, persons, and families of the president and pro-
30 fessors for the time being of Brown University for not more than ten
31 thousand dollars (\$10,000) for each officer, his estate, person, and
32 family included;

33 (10) Property especially exempt by charter unless the exemption

1 shall have been waived in whole or in part;

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

3 (12) The property, real and personal, held for or by an incorpo-
4 rated library, society, or any free public library, or any free public
5 library society, so far as the property shall be held exclusively for
6 library purposes, or for the aid or support of the aged poor, or for
7 the aid or support of poor friendless children, or for the aid or sup-
8 port of the poor generally; ~~or-for-a-hospital-for-the-sick-or-dis-~~
9 ~~abled;~~

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

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

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

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

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

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

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

22 (20) Manufacturer's inventory;

23 (a) For the purposes of sections 44-4-10, 44-5-3, 44-5-20, and
24 44-5-38, a person is deemed to be a manufacturer within a city or town
25 within this state if that person uses any premises, room, or place
26 therein primarily for the purpose of transforming raw materials into a
27 finished product for trade through any or all of the following opera-
28 tions: adapting, altering, finishing, making, and ornamenting; pro-
29 vided, however, that public utilities, building and construction con-
30 tractors, warehousing operations including distribution bases or out-
31 lets of out-of-state manufacturers, fabricating processes incidental
32 to warehousing or distribution of raw materials such as alteration of
33 stock for the convenience of a customer, shall be excluded from this

1 definition.

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

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

29 (d) Within the meaning of the preceding paragraphs of this sub-
30 division, the term "manufacturer" shall also include persons who are
31 principally engaged in any of the general activities respectively
32 coded and listed as establishments engaged in manufacturing in the
33 standard industrial classification manual prepared by the technical

1 committee on industrial classification, office of statistical stan-
2 dards, executive office of the president, United States bureau of the
3 budget, as revised from time to time, but eliminating as manufacturers
4 those persons, who, because of their limited type of manufacturing ac-
5 tivities, are classified in the manual as falling within a trade
6 rather than an industrial classification of manufacturers. Among those
7 thus eliminated, and accordingly also excluded as manufacturers within
8 the meaning of this subdivision, are persons primarily engaged in
9 selling, to the general public, products produced on the premises from
10 which they are sold, such as neighborhood bakeries, candy stores, ice
11 cream parlors, shade shops, and custom tailors, except, however, that
12 a person who manufactures bakery products for sale primarily for home
13 delivery, or through one or more nonbaking retail outlets, and whether
14 or not retail outlets are operated by person, shall be a manufacturer
15 within the meaning of this subdivision.

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

18 (f) The department of administration shall provide to the local
19 assessors the assistance as is necessary in determining the proper
20 application of the foregoing definitions.

21 (21) Real and tangible personal property acquired to provide a
22 treatment facility used primarily to control the pollution or contami-
23 nation of the waters or the air of the state, as defined in chapter 12
24 of title 46 and chapter 25 of title 23, respectively, the facility
25 having been constructed, reconstructed, erected, installed, or ac-
26 quired in furtherance of federal or state requirements or standards
27 for the control of water or air pollution or contamination, and certi-
28 fied as approved in an order entered by the director of environmental
29 management. The property shall be exempt as long as it is operated
30 properly in compliance with the order of approval of the director of
31 environmental management, provided further, that any grant of the ex-
32 emption by the director of environmental management in excess of ten
33 (10) years shall be approved by the city or town in which such prop-

1 erty is situated. This provision shall apply only to water and air
2 pollution control properties and facilities installed for the treat-
3 ment of waste waters and air contaminants resulting from industrial
4 processing; furthermore, it shall apply only to water or air pollution
5 control properties and facilities placed in operation for the first
6 time after April 13, 1970;

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

10 (a) As that machinery and equipment which is used exclusively in
11 the actual manufacture or conversion of raw materials or goods in the
12 process of manufacture by a manufacturer as set forth in subdivision
13 (20) of this section, and machinery, fixtures, and equipment used
14 exclusively by a manufacturer for research and development or for
15 quality assurance of its manufactured products; and

16 (b) As that machinery and equipment which is partially used in
17 the actual manufacture or conversion of raw materials or goods in pro-
18 cess of manufacture by a manufacturer as set forth in subdivision (20)
19 of this section, and machinery, fixtures, and equipment used by a
20 manufacturer for research and development or for quality assurance of
21 its manufactured products, to the extent to which the machinery and
22 equipment is used for the manufacturing processes, research, and
23 development or quality assurance. In the instances where machinery
24 and equipment is used in both manufacturing and/or research, and
25 development, and/or quality assurance activities and nonmanufacturing
26 activities, the assessment on machinery and equipment shall be pro-
27 rated by applying the percentage of usage of the equipment for the
28 manufacturing, research, and development and quality assurance activi-
29 ty to the value of the machinery and equipment for purposes of taxa-
30 tion, and the portion of the value used for manufacturing, research,
31 and development, and quality assurance shall be exempt from taxation.
32 The burden of demonstrating this percentage usage of machinery and
33 equipment for manufacturing and for research, and development, and/or

1 quality assurance of its manufactured products shall rest with manu-
2 facturer.

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

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

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

27 (26) Tangible personal property, the primary function of which is
28 the recycling, reuse, or recovery of materials (other than precious
29 metals, as defined in section 44-18-30 (Y) (1) from or the treatment
30 of "hazardous wastes", as defined in section 23-19.1-4, where the
31 "hazardous wastes" are generated primarily by the same taxpayer and
32 where the personal property is located at, in, or adjacent to a gener-
33 ating facility of the taxpayer. The taxpayer may, but need not, pro-

1 cure an order from the director of the department of environmental
2 management certifying that the tangible personal property has this
3 function, which order shall effect a conclusive presumption that the
4 tangible personal property qualifies for the exemption hereunder. If
5 any information relating to secret processes or methods of manufac-
6 ture, production, or treatment is disclosed to the department of envi-
7 ronmental management only to procure an order, and is a "trade secret"
8 as defined in section 28-21-10(b), it shall not be open to public
9 inspection or publicly disclosed unless disclosure is otherwise re-
10 quired under chapter 21 of title 28 or chapter 24.4 of title 23.

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

13 (28) The real and personal property of Providence Performing Arts
14 Center, a Rhode Island non-business corporation as of December 31,
15 1986.

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

PD326

95-H 6560

EXPLANATION
BY THE LEGISLATIVE COUNCIL

OF

AN ACT

RELATING TO TAXATION -- PROPERTY SUBJECT
TO TAXATION

- 1 This act would eliminate hospitals from tax exempt status.
- 2 This act would take effect upon passage.

PD326
