

RESOLUTION OF THE CITY COUNCIL

No. 293

Approved June 17, 1996

RECORDED
JUN 17 1996

RESOLVED, That the City Council endorses and urges passage by the General Assembly of House Bill 96-H 8849 entitled: "An Act relating to Taxation", as amended, in substantially the form attached.

IN CITY COUNCIL
JUN 6 1996
READ AND PASSED

Elizabeth V. Fargnoli
ACTING PRES.
Michael R. Clement
CLERK

APPROVED
JUN 17 1996
Vincent A. Cianci
MAYOR

THE COMMITTEE ON

Special Comm. on State Legislation

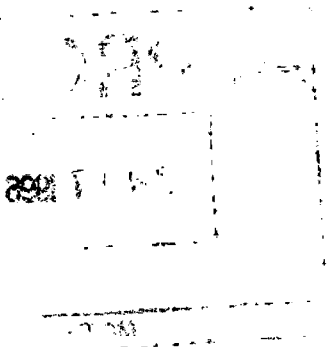
Recommendations

Approved

Clerk

Michael R. Clement

May 28, 1996



ES1253

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

96-H 8849

JANUARY SESSION, A.D. 1996

A N A C T

RELATING TO TAXATION

96-H 8849

Introduced by: Reps. Palangio, Giannini,
Fox, McCauley, DeSimone
Date Introduced: March 6, 1996

Referred To: 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 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[†]. provided, however, that any buildings, land
3 and/or personal property acquired within the city of Providence by
4 any entity for religious worship on or after January 1, 1995, shall
5 not be exempt from taxation and shall retain its taxable status;

6 (6) Dwelling houses and the land on which they stand, not exceed-
7 ing one acre in size, or the minimum lot size for zone in which the
8 dwelling house is located, whichever is the greater, owned by or held
9 in trust for any religious organization and actually used by its
10 officiating clergymen, to an amount not exceeding one hundred fifty
11 thousand dollars (\$150,000) for each house and land so owned and used
12 except in Bristol where the property described above shall be exempt
13 to an amount not exceeding five hundred thousand dollars (\$500,000)
14 provided also, dwelling houses and the land on which they stand in
15 Bristol, not exceeding one (1) acre in size, or the minimum lot size
16 for zone in which the dwelling house is located, whichever is the
17 greater, owned by or held in trust for any religious organization and
18 actually used as a convent or nunnery by its religious order, to an
19 amount not exceeding five hundred thousand dollars (\$500,000) for each
20 house and land so owned and used[†], provided, however, that any dwell-
21 ing houses and land on which they stand acquired within the city of
22 Providence on or after January 1, 1995, shall not be exempt from taxa-
23 tion and shall retain its taxable status;

24 (7) The intangible personal property owned by, or held in trust
25 for, any religious or charitable organization, if the principal or
26 income shall be used or appropriated for religious or charitable pur-
27 poses;

28 (8) The buildings and personal estate owned by any corporation
29 used for a school, academy, or seminary of learning, and of any
30 incorporated public charitable institution, and the land upon which
31 the buildings stand and immediately surrounding them to an extent not
32 exceeding one acre, so far as they are used exclusively for educa-
33 tional purposes, but no property or estate whatever shall hereafter be

1 exempt from taxation in any case where any part of the income or prof-
2 its thereof or of the business carried on thereon is divided among its
3 owners or stockholders†, and further provided that the buildings and
4 personal estate acquired by any such corporation or incorporated
5 public charitable institution, and any surrounding land, acquired
6 within the city of Providence for educational purposes on or after
7 January 1, 1995 shall not be exempt from taxation and shall retain its
8 taxable status;

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

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

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

16 (12) The property, real and personal, held for or by an incorpo-
17 rated library, society, or any free public library, or any free public
18 library society, so far as the property shall be held exclusively for
19 library purposes, or for the aid or support of the aged poor, or for
20 the aid or support of poor friendless children, or for the aid or sup-
21 port of the poor generally, or for a hospital for the sick or dis-
22 abled† provided, however, that any real or personal estate acquired
23 for hospital purposes acquired within the city of Providence on or
24 after July 1, 1995, shall not be exempt from taxation and shall retain
25 its taxable status;

26 (13) The real or personal estate belonging to or held in trust
27 for the benefit of incorporated organizations of veterans of any war
28 in which the United States has been engaged, the parent body of which
29 has been incorporated by act of congress, to the extent of two hundred
30 and fifty thousand dollars (\$250,000) if actually used and occupied by
31 the association; provided, however, that the city council of the city
32 of Cranston may by ordinance exempt the real or personal estate as de-
33 scribed above located within the city of Cranston to the extent of

1 five hundred thousand dollars (\$500,000.);

2 (14) The property real and personal, held for or by the fraternal
3 corporation, association, or body created to build and maintain a
4 building or buildings for its meetings or the meetings of the general
5 assembly of its members, or subordinate bodies of the fraternity, and
6 for the accommodation of other fraternal bodies or associations, the
7 entire net income of which real and personal property is exclusively
8 applied or to be used to build, furnish, and maintain an asylum or
9 asylums, a home or homes, a school or schools, for the free education
10 or relief of the members of the fraternity, or the relief, support and
11 care of worthy and indigent members of the fraternity, their wives,
12 widows, or orphans, and any fund given or held for the purpose of
13 public education, almshouses, and the land and buildings used in con-
14 nection therewith;

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

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

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

26 (18) The improvements made to any real property to provide a
27 shelter and fall-out protection from nuclear radiation, to the amount
28 of one thousand five hundred dollars (\$1,500) thereof; provided, that
29 the improvements meet applicable standards for shelter construction
30 established from time to time by the Rhode Island defense civil
31 preparedness agency. The improvements shall be deemed to comply with
32 the provisions of any building code or ordinance with respect to the
33 materials or the methods of construction used therein and any shelter

1 or the establishment thereof shall be deemed to comply with the provi-
2 sions of any zoning code or ordinance;

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

5 (20) Manufacturer's inventory;

6 (i) For the purposes of sections 44-4-10, 44-5-3, 44-5-20, and
7 44-5-38, a person is deemed to be a manufacturer within a city or town
8 within this state if that person uses any premises, room, or place
9 therein primarily for the purpose of transforming raw materials into a
10 finished product for trade through any or all of the following opera-
11 tions: adapting, altering, finishing, making, and ornamenting; pro-
12 vided, however, that public utilities, building and construction con-
13 tractors, warehousing operations including distribution bases or out-
14 lets of out-of-state manufacturers, fabricating processes incidental
15 to warehousing or distribution of raw materials such as alteration of
16 stock for the convenience of a customer, shall be excluded from this
17 definition.

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

29 (iii) For the purpose of section 44-11-2, a manufacturer is a
30 person whose principal business in this state consists of transforming
31 raw materials into a finished product for trade through any or all of
32 the operations described in subdivision (a) of this subdivision. A
33 person will be deemed to be thus principally engaged if the gross

1 receipts which that person derived from the manufacturing operations
2 in this state during the calendar year or fiscal year mentioned in
3 section 44-11-1 amounted to more than fifty percent (50%) of the total
4 gross receipts which that person derived from all his or her business
5 activities in which that person engaged in this state during the tax-
6 able year. For the purpose of computing the percentage, gross receipts
7 derived by a manufacturer from the sale, lease, or rental of finished
8 products manufactured by the manufacturer in this state, even though
9 his or her store or other selling place therein may be at a different
10 location from the location of his or her manufacturing plant in this
11 state, shall be deemed to have been derived from manufacturing.

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

32 (v) The term "person" shall mean and include, as appropriate, a
33 person, partnership, or corporation.

1 (vi) The department of administration shall provide to the local
2 assessors such assistance as is necessary in determining the proper
3 application of the foregoing definitions.

4 (21) Real and tangible personal property acquired to provide a
5 treatment facility used primarily to control the pollution or contami-
6 nation of the waters or the air of the state, as defined in chapter 12
7 of title 46 and chapter 25 of title 23, respectively, the facility
8 having been constructed, reconstructed, erected, installed, or ac-
9 quired in furtherance of federal or state requirements or standards
10 for the control of water or air pollution or contamination, and certi-
11 fied as approved in an order entered by the director of environmental
12 management. The property shall be exempt as long as it is operated
13 properly in compliance with the order of approval of the director of
14 environmental management, provided further, that any grant of the ex-
15 emption by the director of environmental management in excess of ten
16 (10) years shall be approved by the city or town in which the property
17 is situated. This provision shall apply only to water and air pollu-
18 tion control properties and facilities installed for the treatment of
19 waste waters and air contaminants resulting from industrial process-
20 ing; furthermore, it shall apply only to water or air pollution con-
21 trol properties and facilities placed in operation for the first time
22 after April 13, 1970;

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

26 (i) As that machinery and equipment which is used exclusively in
27 the actual manufacture or conversion of raw materials or goods in the
28 process of manufacture by a manufacturer as set forth in subdivision
29 (20) of this section, and machinery, fixtures, and equipment used
30 exclusively by a manufacturer for research and development or for
31 quality assurance of its manufactured products; and

32 (ii) As that machinery and equipment which is partially used in
33 the actual manufacture or conversion of raw materials or goods in pro-

1 cess of manufacture by a manufacturer as set forth in subdivision (20)
2 of this section, and machinery, fixtures, and equipment used by a
3 manufacturer for research and development or for quality assurance of
4 its manufactured products, to the extent to which the machinery and
5 equipment is used for the manufacturing processes, research, and
6 development or quality assurance. In the instances where machinery
7 and equipment is used in both manufacturing and/or research, and
8 development, and/or quality assurance activities and nonmanufacturing
9 activities, the assessment on machinery and equipment shall be pro-
10 rated by applying the percentage of usage of the equipment for the
11 manufacturing, research, and development and quality assurance activi-
12 ty to the value of the machinery and equipment for purposes of taxa-
13 tion, and the portion of the value used for manufacturing, research,
14 and development, and quality assurance shall be exempt from taxation.
15 The burden of demonstrating this percentage usage of machinery and
16 equipment for manufacturing and for research, and development, and/or
17 quality assurance of its manufactured products shall rest with manu-
18 facturer.

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

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

33 (25) Subject to authorization by formal action of the council of

1 any city or town, any real or personal property owned by, held in
2 trust for, or leased to an organization incorporated under chapter 6
3 of title 7, as amended, or an organization meeting the definition of
4 "charitable trust" set out in section 18-9-4, as amended, or an orga-
5 nization incorporated under the not for profits statutes of another
6 state or the District of Columbia, the purpose of which is the con-
7 serving of open space, as that term is defined in title 45, chapter
8 36, as amended, provided the property is used exclusively for the pur-
9 poses of the organization;

10 (26) Tangible personal property, the primary function of which is
11 the recycling, reuse, or recovery of materials (other than precious
12 metals, as defined in section 44-18-30 (Y) (1)) from or the treatment
13 of "hazardous wastes", as defined in section 23-19.1-4, where the
14 "hazardous wastes" are generated primarily by the same taxpayer and
15 where the personal property is located at, in, or adjacent to a gener-
16 ating facility of the taxpayer. The taxpayer may, but need not, pro-
17 cure an order from the director of the department of environmental
18 management certifying that the tangible personal property has this
19 function, which order shall effect a conclusive presumption that the
20 tangible personal property qualifies for the exemption hereunder. If
21 any information relating to secret processes or methods of manufac-
22 ture, production, or treatment is disclosed to the department of envi-
23 ronmental management only to procure an order and is a "trade secret"
24 as defined in section 28-21-10(b), it shall not be open to public
25 inspection or publicly disclosed unless disclosure is otherwise re-
26 quired under chapter 21 of title 28 or chapter 24.4 of title 23.

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

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

1

SECTION 2. This act shall take effect upon passage.

ES1253

96-H 8849

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
AN ACT
RELATING TO TAXATION

- 1 This act would tax property acquired by otherwise tax exempt
- 2 entities within the city of Providence if the property was ac-
- 3 quired after January 1, 1995.
- 4 This act would take effect upon passage.

ES1253
