

# RESOLUTION OF THE CITY COUNCIL

*No.* 327

*Approved* June 16, 1997

RESOLVED, that the City Council endorses and urges passage by the General Assembly of Senate Bill 97-S859 and House Bill 97-H6562 Relating to Personal Income Tax, in substantially the form attached.

IN CITY COUNCIL  
JUN 5 1997  
READ AND PASSED

*Evelyn V. Fargnoli*  
PRES.

*Michael R. Clement*  
CLERK

APPROVED

JUN 16 1997

*Vincent A. Cianci*  
MAYOR

FEB - 5 State Legislation  
THE COMMITTEE ON  
MAR 6 1997  
Recommends  
Jim M. Baylone  
Clerk

THE COMMITTEE ON State Legislation  
APR 21 1997  
Recommends Cont.  
Jim M. Baylone  
Clerk

THE COMMITTEE ON State Legislation  
June 2 + 3, 1997  
Recommends  
Jim M. Baylone  
Clerk

Council President Fargnoli and Councilman Pollina (By Request):

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RS371  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

97-S 859

JANUARY SESSION, A.D. 1997

A N A C T

RELATING TO PERSONAL INCOME TAX

97-S 859

Introduced By: Senators Perry, Walton,  
Graziano, Ruggerio, Caprio, et. al.

Date Introduced: February 13, 1997

Referred To: Senate Committee on  
Finance

It is enacted by the General Assembly as follows:

- 1       SECTION 1. Chapter 44-30 of the general laws entitled "Personal  
2       Income Tax" is hereby amended by adding thereto the following section:  
3       44-30-1.2. Exemption for tax for individuals. -- (A) This section  
4       shall only apply to individuals who have created work within a section  
5       of the defined economic development zone within the city of Providence  
6       for a period of ten (10) years without interruption. For the purposes  
7       of this section, a "work" shall mean an original and creative work,  
8       whether written, composed, created or executed for "one-of-a-kind,  
9       limited" production, before or after the passing of this section,  
10       which falls into one (1) of the following categories:  
11       (1) a book or other writing;  
12       (2) a play or the performance or production of a play;  
13       (3) a musical composition or the performance of a composition;  
14       (4) a painting or other like picture;  
15       (5) a sculpture;  
16       (6) traditional and fine crafts;  
17       (7) the creation of a film or the acting of a film;

1       (8) the creation of a dance or the performance of a dance;

2       For the purpose of this section, a "work" does not apply to any  
3 piece or performance treated or executed for industry oriented or  
4 related production.

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

6       (a) who has worked within the section of the economic development  
7 zone designed as the Arts and Entertainment District in the downtown  
8 area of the city of Providence and deriving the income exempted from  
9 within said district while working in said zone. For the purposes of  
10 this section, the arts and entertainment district is defined as the  
11 area bounded by Pine Street to the southeast, Dorrance Street to the  
12 northeast, Sabin Street to the northwest and Empire Street to the  
13 southwest. The above mentioned streets shall be included in the dis-  
14 trict; and

15       (b) Who is determined by the tax administrator, after considera-  
16 tion of any evidence in relation to the matter which the individual  
17 submits to him or her and after such consultation as may seem to him  
18 or her to be necessary with such person or body of persons as in his  
19 or her opinion may be of assistance to him or her, to have written,  
20 composed or executed either solely or jointly with another individual  
21 , a work or works which would fall into one (1) of the categories  
22 listed in section (A) above.

23       (C)(1) An individual to whom this section applies and who duly  
24 makes a claim to the tax administrator in that behalf shall, subject  
25 to paragraph (2) below, be entitled to have the profits or gains aris-  
26 ing to him or her from the publication, production or sale of a work  
27 or works in relation to which the tax administrator has made a deter-  
28 mination under subsection (B)(1)(b) to be taken as a modification  
29 reducing federal adjusted gross income.

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

33       (D)(1) Where an individual makes a claim to which subsection

1 (B)(1)(b) relates, the tax administrator may serve on him or her a  
2 notice or notices in writing requesting him or her to furnish to the  
3 tax administrator within such period as may be specified in the notice  
4 or notices such information, books, documents, or other evidence as  
5 may be appear to him or her to necessary for the purposes of a deter-  
6 mination under the said subsection (B)(1)(b).

7 (E) The tax administrator may serve on an individual who makes a  
8 claim under this subsection a notice or notices in writing requiring  
9 him or her to make available within such time as may be specified in  
10 the notice of all such books, accounts and documents in his or her  
11 possession or power as may be requested, being books, accounts and  
12 documents relating to the publication, production or sale of the work  
13 in respect of the profits orgains of which exemption is claimed.

14 (F) For the purpose of determination the amount of profits or  
15 gains subject to modification under this section, the tax administra-  
16 tor may make such apportionment of receipts and expenses as may be  
17 necessary.

18 (G) Notwithstanding any other provisions of this chapter, any  
19 individual seeking relief under this section shall file a Rhode Island  
20 personal income tax return listing the modification reducing federal  
21 adjusted gross income relating to profits or gains realized form the  
22 works as defined herein.

23 SECTION 2. Section 44-30-12 of the General Laws in Chapter 44-30  
24 entitled "Personal Income Tax" is hereby amended to read as follows:

25 44-30-12. Rhode Island income of a resident individual. --

26 (a) General. The Rhode Island income of a resident individual means  
27 his or her adjusted gross income for federal income tax purposes, with  
28 the modifications specified in this section.

29 (b) Modifications increasing federal adjusted gross income. There  
30 shall be added to federal adjusted gross income:

31 (1) Interest income on obligations of any state, or its political  
32 subdivisions, other than Rhode Island or its political subdivisions;

33 (2) Interest or dividend income on obligations or securities of

1 any authority, commission, or instrumentality of the United States,  
2 but not of Rhode Island or its political subdivisions, to the extent  
3 exempted by the laws of the United States from federal income tax but  
4 not from state income taxes;

5 (3) The modification described in section 44-30-25(g).

6 (c) Modifications reducing federal adjusted gross income. There  
7 shall be subtracted from federal adjusted gross income

8 (1) any interest income on obligations of the United States and  
9 its possessions to the extent includible in gross income for federal  
10 income tax purposes, and any interest or dividend income on obli-  
11 gations, or securities of any authority, commission, or instrumentality  
12 of the United States to the extent includible in gross income for  
13 federal income tax purposes but exempt from state income taxes under  
14 the laws of the United States; provided that the amount to be sub-  
15 tracted shall in any case be reduced by any interest on indebtedness  
16 incurred or continued to purchase or carry obligations or securities  
17 the income of which is exempt from Rhode Island personal income tax,  
18 to the extent the interest has been deducted in determining federal  
19 adjusted gross income or taxable income; (2) the modification de-  
20 scribed in section 44-30-25(f); the modification described in section  
21 44-30-1.1(c)(1) and 44-30-1.2.

22 (d) Modification for Rhode Island fiduciary adjustment. There  
23 shall be added to or subtracted from federal adjusted gross income (as  
24 the case may be) the taxpayer's share, as beneficiary of an estate or  
25 trust, of the Rhode Island fiduciary adjustment determined under  
26 section 44-30-17.

27 (e) Partners. The amounts of modifications required to be made  
28 under this section by a partner, which relate to items of income or  
29 deduction of a partnership, shall be determined under section  
30 44-30-15.

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

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RS371  
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# 97-S 859

## EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

AN ACT

RELATING TO PERSONAL INCOME TAX

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- 1        This act would create a personal income exemption for writ-
- 2        ers, composers and artists who have created work within the city
- 3        of Providence Arts and Entertainment District for a period of ten
- 4        (10) years.
- 5        This act would take effect upon passage.

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RS371  
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RS268  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

97-H 6562

JANUARY SESSION, A.D. 1997

A N A C T

RELATING TO PERSONAL INCOME TAX

97-H 6562

Introduced By: Reps. Moura, Fox, Wasyluk, Cicilline  
and Metts.

Date Introduced: February 27, 1997

Referred To: Committee on Finance

It is enacted by the General Assembly as follows:

- 1       SECTION 1. Chapter 44-30 of the general laws entitled "Personal  
2       Income Tax" is hereby amended by adding thereto the following section:  
3       44-30-1.2. Exemption for tax for individuals. -- (A) This section  
4       shall only apply to individuals who have created work within a section  
5       of the defined economic development zone within the city of Providence  
6       for a period of ten (10) years without interruption. For the purposes  
7       of this section, a "work" shall mean an original and creative work,  
8       whether written, composed, created or executed for "one-of-a-kind,  
9       limited" production, before or after the passing of this section,  
10       which falls into one (1) of the following categories:  
11       (1) a book or other writing;  
12       (2) a play or the performance or production of a play;  
13       (3) a musical composition or the performance of a composition;  
14       (4) a painting or other like picture;  
15       (5) a sculpture;  
16       (6) traditional and fine crafts;  
17       (7) the creation of a film or the acting of a film;

1       (8) the creation of a dance or the performance of a dance;  
2       For the purpose of this section, a "work" does not apply to any  
3       piece or performance treated or executed for industry oriented or  
4       related production.  
5       (B)(1) This section shall apply to any individual:  
6       (a) who has worked within the section of the economic development  
7       zone designed as the Arts and Entertainment District in the downtown  
8       area of the city of Providence and deriving the income exempted from  
9       within said district while working in said zone. For the purposes of  
10       this section, the arts and entertainment district is defined as the  
11       area bounded by Pine Street to the southeast, Dorrance Street to the  
12       northeast, Sabin Street to the northwest and Empire Street to the  
13       southwest. The above mentioned streets shall be included in the dis-  
14       trict; and  
15       (b) Who is determined by the tax administrator, after considera-  
16       tion of any evidence in relation to the matter which the individual  
17       submits to him or her and after such consultation as may seem to him  
18       or her to be necessary with such person or body of persons as in his  
19       or her opinion may be of assistance to him or her, to have written,  
20       composed or executed either solely or jointly with another individual  
21       , a work or works which would fall into one (1) of the categories  
22       listed in section (A) above.  
23       (C)(1) An individual to whom this section applies and who duly  
24       makes a claim to the tax administrator in that behalf shall, subject  
25       to paragraph (2) below, be entitled to have the profits or gains aris-  
26       ing to him or her from the publication, production or sale of a work  
27       or works in relation to which the tax administrator has made a deter-  
28       mination under subsection (B)(1)(b) to be taken as a modification  
29       reducing federal adjusted gross income.  
30       (2) The modification authorized by this section shall apply to  
31       the year in which the profit or gain from the publication, production  
32       or sale of a work is realized.  
33       (D)(1) Where an individual makes a claim to which subsection

1 (B)(1)(b) relates, the tax administrator may serve on him or her a  
2 notice or notices in writing requesting him or her to furnish to the  
3 tax administrator within such period as may be specified in the notice  
4 or notices such information, books, documents, or other evidence as  
5 may be appear to him or her to necessary for the purposes of a deter-  
6 mination under the said subsection (B)(1)(b).

7 (E) The tax administrator may serve on an individual who makes a  
8 claim under this subsection a notice or notices in writing requiring  
9 him or her to make available within such time as may be specified in  
10 the notice of all such books, accounts and documents in his or her  
11 possession or power as may be requested, being books, accounts and  
12 documents relating to the publication, production or sale of the work  
13 in respect of the profits orgains of which exemption is claimed.

14 (F) For the purpose of determination the amount of profits or  
15 gains subject to modification under this section, the tax administra-  
16 tor may make such apportionment of receipts and expenses as may be  
17 necessary.

18 (G) Notwithstanding any other provisions of this chapter, any  
19 individual seeking relief under this section shall file a Rhode Island  
20 personal income tax return listing the modification reducing federal  
21 adjusted gross income relating to profits or gains realized form the  
22 works as defined herein.

23 SECTION 2. Section 44-30-12 of the General Laws in Chapter 44-30  
24 entitled "Personal Income Tax" is hereby amended to read as follows:

25 44-30-12. Rhode Island income of a resident individual. --

26 (a) General. The Rhode Island income of a resident individual means  
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30 shall be added to federal adjusted gross income:

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32 subdivisions, other than Rhode Island or its political subdivisions;

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2 but not of Rhode Island or its political subdivisions, to the extent  
3 exempted by the laws of the United States from federal income tax but  
4 not from state income taxes;

5 (3) The modification described in section 44-30-25(g).

6 (c) Modifications reducing federal adjusted gross income. There  
7 shall be subtracted from federal adjusted gross income

8 (1) any interest income on obligations of the United States and  
9 its possessions to the extent includible in gross income for federal  
10 income tax purposes, and any interest or dividend income on obli-  
11 gations, or securities of any authority, commission, or instrumentality  
12 of the United States to the extent includible in gross income for  
13 federal income tax purposes but exempt from state income taxes under  
14 the laws of the United States; provided that the amount to be sub-  
15 tracted shall in any case be reduced by any interest on indebtedness  
16 incurred or continued to purchase or carry obligations or securities  
17 the income of which is exempt from Rhode Island personal income tax,  
18 to the extent the interest has been deducted in determining federal  
19 adjusted gross income or taxable income; (2) the modification de-  
20 scribed in section 44-30-25(f); the modification described in section  
21 44-30-1.1(c)(1) and 44-30-1.2.

22 (d) Modification for Rhode Island fiduciary adjustment. There  
23 shall be added to or subtracted from federal adjusted gross income (as  
24 the case may be) the taxpayer's share, as beneficiary of an estate or  
25 trust, of the Rhode Island fiduciary adjustment determined under  
26 section 44-30-17.

27 (e) Partners. The amounts of modifications required to be made  
28 under this section by a partner, which relate to items of income or  
29 deduction of a partnership, shall be determined under section  
30 44-30-15.

# 97-H 6562

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- 1        This act would create a personal income exemption for writ-
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RS268  
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