

2020 -- H 7310

=====
LC003213
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

—————
A N A C T

RELATING TO TAXATION -- SALES AND USE TAXES

Introduced By: Representatives Shanley, Barros, and Casimiro

Date Introduced: January 24, 2020

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-18-18 of the General Laws in Chapter 44-18 entitled "Sales and
2 Use Taxes - Liability and Computation" is hereby amended to read as follows:

3 **44-18-18. Sales tax imposed.**

4 (a) A tax is imposed upon sales at retail in this state, including charges for rentals of
5 living quarters in hotels as defined in § 42-63.1-2, rooming houses, or tourist camps, at the rate of
6 six percent (6%) of the gross receipts of the retailer from the sales or rental charges; provided,
7 that the tax imposed on charges for the rentals applies only to the first period of not exceeding
8 thirty (30) consecutive calendar days of each rental; provided, further, that for the period
9 commencing July 1, 1990, the tax rate is seven percent (7%). The tax is paid to the tax
10 administrator by the retailer at the time and in the manner provided. Excluded from this tax are
11 those living quarters in hotels, rooming houses, or tourist camps for which the occupant has a
12 written lease for the living quarters which lease covers a rental period of twelve (12) months or
13 more.

14 (b) Sales tax generated within a particular city or town shall be allocated to said city or
15 town at the rate of one-half of one percent (0.05%). All sums received by the division of taxation
16 under this subsection as taxes, penalties, or forfeitures, interest, costs of suit, and fines shall be
17 distributed at least quarterly and credited and paid by the state treasurer to the city or town where
18 the sales are generated.

19 SECTION 2. Section 44-5-12.1 of the General Laws in Chapter 44-5 entitled "Levy and

1 Assessment of Local Taxes" is hereby amended to read as follows:

2 **44-5-12.1. Assessment of tangible personal property.**

3 (a) All tangible personal property subject to taxation shall be assessed for taxation based
4 on the original purchase price (new or used) including all costs such as freight and installation.
5 Assets will be classified and depreciated as defined in this section.

6 (b) The following classification and depreciation table shall be used in determining the
7 assessed value of tangible personal property.

8 State of Rhode Island Tangible Property Classification

9 Class of Assets	Class I Short Life	Class II Mid-Life	Class III
10 Long Life			
11 Age	1-5 yrs	6-12 yrs	13+ yrs
12 1	95	95	95
13 2	80	90	90
14 3	60	80	85
15 4	30	70	80
16 5	20	60	75
17 6	20	50	70
18 7	20	40	65
19 8	20	30	60
20 9	20	30	55
21 10	20	30	50
22 11	20	30	45
23 12	20	30	40
24 13	20	30	35
25 14	20	30	30
26 15+	20	30	30

27 Assets Shall Not be Trended

28 (c) Assets shall be classified on an annual basis by the Rhode Island Association of
29 Assessing Officers' Personal Property Committee based on the following table:

30 INDUSTRY GROUP IN YEARS	CLASS
31 Agriculture machinery and equipment	II
32 Aircraft and all helicopters	II
33 Amusement and theme parks	II
34 Apparel and fabricated textile manufacturing	II

1	Automobile repair shops	II
2	Bakeries and confectionery production	II
3	Barber and beauty shops	II
4	Billboards	III
5	Brewery equipment not used directly in manufacturing	II
6	Cable television: All equipment including set top boxes, remotes, and other	
7	related equipment	II
8	aerial, underground, and drops, including MDUS	III
9	Canneries and frozen food production	II
10	Cement processing	III
11	Chemical and allied production	II
12	Clay products processing	III
13	Cold storage and ice-making equipment	III
14	Cold storage warehouse equipment	II
15	Computers, personal computers (PC), laptops, tablets, cellphones,	
16	mainframe/servers, peripherals, keyboard, mouse	I
17	Condiments, processing	II
18	Construction equipment, general construction, backhoes, forklifts, loaders,	
19	cranes, unregistered vehicles	II
20	Dairy products processing	II
21	Data handling equipment, except computers	II
22	printers, copiers, bridges, routers and gateways	II
23	Distilling	II
24	Electrical equipment not used in manufacturing	II
25	Electronic equipment	II
26	Fabricated metal products/special tools	II
27	Fishing equipment, excluding boats and barges, lines, nets	I
28	Food and beverage production	II
29	Fur processing	II
30	Gas distribution, total distribution equipment	III
31	Glass and glass products/special tools	II
32	Grain and grain mill products processing	III
33	Gypsum products	III
34	Hand tools	II

1	Hospital furnishings and equipment	II
2	Hotel and motel furnishings and equipment	II
3	Jewelry products and pens	II
4	Knitwear and knit products, ex, work uniforms	I
5	Laundry equipment	II
6	Leather and leather products	II
7	Logging, timber cutting	II
8	Marine construction	II
9	Meatpacking	II
10	Medical and dental supply production	II
11	Metalworking machinery processing	II
12	Mining and quarrying	II
13	Motion picture and television production	II
14	Motor vehicle and parts/special tools	II
15	Office furniture and equipment	II
16	Optical lenses and instrument processing	II
17	Paints and varnishes	I
18	Petroleum refining	III
19	pipeline transportation	III
20	Plastics manufacturing	I/II
21	Plastic products processing/special tools	II
22	Primary metals production, nonferrous and foundry products	III
23	special tools	III
24	Primary steel mill products	III
25	Printing and publishing	II
26	Professional and scientific instruments	II
27	Radio and television, broadcasting	II
28	Railroad transportation equipment	II
29	locomotive	II
30	Recreation and amusement	II
31	Retail trades, fixtures and equipment	II
32	Residential furniture	II
33	Restaurant and bar equipment	II
34	Restaurant equipment, fast foods	II

1	Rubber products processing/special tools	II
2	Sawmills, permanent/portable	II.
3	Service establishments	II
4	Ship and boat building equipment/special tools	II
5	Soft drink processing and bottling	II
6	Stone products processing	III
7	Telecommunications, local and interstate	II
8	analog switching	II
9	circuit, digital, analog, optic	II
10	information/origination equipment	I/II
11	smart phones	I
12	metallic cable	III
13	fiber cable, poles, conduit	III
14	all other equipment	II
15	Telecommunications, cellular	
16	analog/digital switching	II
17	radio frequency channel and control	II
18	power equipment	II
19	antennae	II
20	towers	III
21	transmission equipment	II
22	cellular phones	I
23	Textile products, including finishing and dyeing	II
24	yarn, thread and woven fabrics	II
25	Theater equipment	II
26	Utilities/power production	III
27	generation, transmission, or distribution equipment	III
28	Waste reduction and resource recovery	II
29	Water transportation	III
30	vessels, barges and tugs	III
31	Water utilities	III
32	Wharves, docks and piers	III
33	Wholesale trade fixtures and equipment	II
34	Wood products and furniture manufacturing	II

1 (d) Any industry, group, or asset not enumerated in subsection (c) of this section, shall be
2 categorized as class II.

3 (e) Commencing January 1, 2021, the tangible tax assessed against any business may be
4 phased out in accordance with chapter 34.2 of title 44.

5 SECTION 3. Title 44 of the General Laws entitled "TAXATION" is hereby amended by
6 adding thereto the following chapter:

7 CHAPTER 34.2

8 TANGIBLE BUSINESS TAX ELIMINATION ACT OF 2020

9 **44-34.2-1. Tangible business tax phase-out.**

10 (a) Notwithstanding the provisions of chapter 3 of title 44, or any other provisions to the
11 contrary, the tangible tax established by § 44-3-1 may be phased out. The phase-out shall apply to
12 all personal property located within the state that is owned by any individuals, partnerships or
13 corporations.

14 (b) Pursuant to the provisions of this section, all tangible tax shall be assessed a value
15 according to the provisions of § 44-5-12.1.

16 (c)(1) The tangible tax phase-out shall commence with the tangible tax bills mailed to
17 taxpayers for the fiscal year 2021. The phase-out, beyond fiscal year 2025, shall be subject to
18 annual review and appropriation by the general assembly. The tax assessors of the various cities
19 and towns and fire districts shall reduce the average retail value of each class of property assessed
20 by using the prorated exemptions from the following table:

21 Percent of tax reduced

<u>fiscal year 2021</u>	<u>20%</u>
<u>fiscal year 2022</u>	<u>40%</u>
<u>fiscal year 2023</u>	<u>60%</u>
<u>fiscal year 2024</u>	<u>80%</u>
<u>fiscal years 2025 and thereafter</u>	<u>100%.</u>

27 (2) The tax rates and ratios of assessment shall be maintained at a level identical to the
28 level in effect for fiscal year 2021 for each city, town, and fire district.

29 (d) The state shall reimburse the various cities and towns and fire districts fifty percent
30 (50%) of the lost revenue each year during the phase out. This amount shall be in addition to any
31 state aid provided.

32 (e) If any provision of this chapter shall be held invalid by any court of competent
33 jurisdiction, the remainder of this chapter and the applications of the provisions hereof shall not
34 be affected thereby.

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

=====
LC003213
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- SALES AND USE TAXES

1 This act would phase out the tangible tax for businesses over five (5) years, while
2 reimbursing the city, towns, and fire districts fifty percent (50%) of the revenue lost. The act
3 would also provide that each city or town would receive one-half of one percent (0.05%) of any
4 sales tax revenue generated within said city or town.

5 This act would take effect upon passage.

=====
LC003213
=====