



## Town of Smithfield

Department of Planning & Economic Development

### STAFF MEMO

**DATE:** March 16, 2026  
**TO:** Smithfield Town Council  
**FROM:** Gregory S. Guertin, MA, Director of Planning & Economic Development  
**SUBJECT:** "An Ordinance Amending the Smithfield Zoning Ordinance, Article 2 entitled 'Definitions,' and Article 4 entitled 'Use Regulations,' Section 4.3, 'Table of Uses,' Relating to Data Centers"

At its regular meeting held on March 19, 2026, the Smithfield Planning Board reviewed a proposed ordinance entitled: "An Ordinance Amending the Smithfield Zoning Ordinance, Article 2 entitled 'Definitions,' and Article 4 entitled 'Use Regulations,' Section 4.3, 'Table of Uses,' Relating to Data Centers."

Following discussion, the Planning Board voted to issue a positive recommendation to the Town Council to approve the proposed amendment, with the recommendation that the definition of "Data Center" be revised to be more precise, objective, and less vague, and that the review provision be removed unless the Town Council determines that a revised review period should be retained. A formal recommended motion for the adoption of the amendment has been provided at the end of this memo.

The following information contained in this memo was produced by Planning Staff for consideration of the Town Council in its review of the proposed amendment.

#### **I. MOTION TO SCHEDULE A PUBLIC HEARING**

Move that the Town Council schedule a public hearing on May 5<sup>th</sup>, 2026 to consider, discuss, and act upon the proposed ordinance entitled "An Ordinance Amending the Smithfield Zoning Ordinance, Article 2 entitled 'Definitions,' and Article 4 entitled 'Use Regulations,' Section 4.3, 'Table of Uses,' Relating to Data Centers," and that the Council consider both the original draft reviewed by the Planning Board and the revised draft reflecting the Planning Board's recommendation regarding the definition and removal of the review provision unless otherwise revised by the Council.

## **II. Purpose of the Amendment**

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The purpose of the proposed amendment is to address data centers as a distinct land use not presently defined or regulated in the Smithfield Zoning Ordinance.

Although the proposed amendment would list Data Centers as not permitted in all zoning districts, it does not materially change the current regulatory status of the use. Under the existing Zoning Ordinance, uses not listed are not permitted. Because data centers are not currently listed as a defined or permitted use, they are not presently allowed as an identified land use. In that respect, the amendment primarily serves to define the use expressly, state the Town's position clearly in the Table of Uses, and establish a clearer framework for any future review or policy refinement.

The amendment has been advanced as an interim zoning measure while the Town evaluates whether, and under what conditions, this use may be appropriately regulated in the future.

## **III. Procedural Background**

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Planning Staff initially prepared this memorandum to assist the Planning Board in its review of the proposed text amendment and to support a recommendation to the Town Council. On March 19, 2026, the Planning Board reviewed the proposed amendment and voted to issue a positive recommendation to the Town Council, with the recommendation that the definition of "Data Center" be revised to be more precise, objective, and less vague, and that the review provision be removed unless the Town Council sees fit to retain a revised version. For Town Council consideration, Planning Staff is therefore providing both the original draft reviewed by the Planning Board and a revised draft reflecting those recommendations.

## **IV. Summary of Key Provisions**

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The original proposed ordinance amendment, as reviewed by the Planning Board, would: (1) add a definition of "Data Center" to Article 2 of the Smithfield Zoning Ordinance; (2) amend Article 4, § 4.3, Table of Uses, to list Data Centers as not permitted in all zoning districts; (3) take effect 30 days after passage by the Town Council and adoption in accordance with applicable law; and (4) include a review provision intended to prompt future reconsideration of the issue following additional study.

For Town Council consideration, Planning Staff is providing both the original draft reviewed by the Planning Board and a revised draft that incorporates a tightened definition of "Data Center" in response to the Planning Board's recommendation. The revised definition was informed in part by functional language used in two pending Rhode Island bills relating to data centers, with revisions made as necessary for local zoning purposes and to preserve the Town's distinction between principal-use data centers and accessory information-technology infrastructure. Consistent with the Planning Board's recommendation, the revised draft may also omit the original review provision unless the Town Council determines that a revised review period should be retained.

## **V. Background / Best-Practice Basis**

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Recent federal research and recent municipal regulatory practice both support treating data centers as a distinct land use rather than assuming they fit comfortably within conventional industrial or office categories.

On the technical side, the strongest current national source is the 2024 United States Data Center Energy Usage Report prepared by Lawrence Berkeley National Laboratory for the U.S. Department of Energy. That report estimates that U.S. data centers used about 176 terawatt-hours of electricity in 2023, equal to 4.4% of total U.S. electricity consumption. It further estimates that by 2028, U.S. data center electricity use could rise to roughly 325 to 580 terawatt-hours, equal to about 6.7% to 12.0% of total U.S. electricity use. Put simply, that means data centers already account for a meaningful share of the nation’s power demand, and within a few years could represent somewhere between roughly 1 out of every 15 and 1 out of every 8 units of electricity used nationwide. DOE summarized the same report by stating that data center load growth has tripled over the past decade and is projected to double or triple again by 2028. That does not mean every data center proposal will overwhelm a local grid, but it does support the conclusion that municipalities are justified in evaluating this use separately from ordinary buildings.

In practical terms, a data center is not simply a building full of computers. At larger scales, it can function more like a continuously operating, utility-intensive campus. The land use question is therefore not merely what happens inside the building, but also what the use demands from electric service, backup power systems, cooling systems, water and wastewater infrastructure, site design, and nearby properties. That is the basic planning reason many jurisdictions have moved toward separate data center standards.

Recent municipal regulatory documents illustrate that trend. Fairfax County, Virginia adopted a zoning ordinance amendment in September 2024 changing where data centers are permitted and adding data-center-specific standards relating to screening, building size, setbacks from residential property, noise-study requirements, and architectural treatment. Mesa, Arizona adopted a 2025 ordinance that treats data centers as a distinct use and provides that principal-use data centers are not allowed by right, but may be permitted only through a Planned Area Development Overlay in combination with General Industrial or Heavy Industrial zoning when specifically authorized by the City Council. Prince William County, Virginia has also published data center design standards intended to guide site design, building design, and sustainability measures and to minimize the physical, environmental, and visual impacts of data centers on adjacent development. These materials show that communities are increasingly regulating data centers as a distinct land use category rather than relying solely on conventional industrial zoning.

## **VI. Preliminary Impact Areas and Regulatory Topics for Further Study**

This section identifies preliminary, non-exhaustive impact areas and regulatory topics the Town may wish to evaluate if it elects to study whether, where, and under what conditions data centers may be appropriately regulated in the future. It is intended only as an initial planning framework based on currently available research and selected municipal examples, not as a final statement of impacts, a complete list of regulatory considerations, or a recommendation that any particular standard be adopted without further technical, legal, and policy review.

### **1) Electric demand and related utility infrastructure**

The clearest issue identified in current research is electric demand. As noted above, federal research projects major growth in national data center electricity use over the next several years.

In plain terms, the concern is that this is a land use that can require unusually large and unusually continuous power supply compared with more familiar local uses. For planning and zoning purposes, that raises questions about whether a proposed facility would require major utility upgrades, substations, backup generation, or other infrastructure with land use effects of their own.

There is also a related affordability concern. In some jurisdictions, the costs of transmission or network upgrades needed to serve very large new loads may be spread across other customers. Where those costs are socialized, or where projected large-load growth does not fully materialize after infrastructure is built, existing ratepayers may bear part of the cost. At the same time, that outcome is not automatic; whether large new loads increase or decrease average rates depends heavily on utility rate design, cost-allocation rules, and whether the customer pays enough to cover the incremental costs it causes. For Smithfield, this suggests that any future ordinance should account not only for the physical infrastructure needed to serve a data center, but also for the need to understand the scale and permanence of the proposed electric demand and any related utility improvements.

## 2) Water demand and cooling systems

Data centers can also vary substantially in water demand depending on how they are cooled. Some systems are primarily air-cooled, while others use water-based cooling. That difference matters. In simple terms, two facilities that appear similar from the street may place very different demands on the water system based on cooling technology alone. For that reason, it is not enough to regulate this use only through bulk and area standards.

Water-based cooling can also create wastewater-management issues. As cooling water recirculates, dissolved solids become more concentrated and a portion of the water must be discharged as blowdown to prevent scaling and corrosion. If that wastewater has high concentrations of dissolved solids or other treatment-related constituents, it can create treatment and disposal challenges for local systems. EPA's Quincy, Washington case study is a useful example: wastewater from data-center cooling created difficulties for the local reclamation facility and contributed to exceedances of discharge and aquifer-recharge requirements, which led to development of a dedicated reuse and treatment system. This does not mean every data center will create the same problem, but it does suggest that any future ordinance should require applicants to identify the proposed cooling system and disclose anticipated water demand, wastewater characteristics, and disposal or reuse methods as part of the review process.

## 3) Noise, generators, and mechanical equipment

Another recurring issue is noise, especially where facilities include large cooling equipment, transformers, or backup generators. From a land use standpoint, the concern is straightforward: a facility may look quiet from the outside while still generating a constant mechanical sound or periodic generator activity that can affect nearby properties, particularly at night.

Fairfax County's adopted ordinance requires a noise study prior to site plan approval and a post-construction noise study prior to issuance of a nonresidential use permit. It also requires screening of operating equipment and accessory substations. Those are useful examples because they shift the standard from a vague concern about nuisance impacts to measurable and reviewable performance requirements.

## 4) Land use compatibility and separation from sensitive uses

Another common regulatory response is physical separation from residential areas and other sensitive uses. That reflects a basic compatibility judgment: even where a data center may be appropriate somewhere in a municipality, it may not be appropriate directly adjacent to neighborhoods or other sensitive land uses.

Fairfax County requires data center buildings to be located at least 200 feet from the lot line of an R district or property developed with a residential use, and generally requires ground-level operating equipment to be at least 300 feet away unless separated by the principal building or approved through special exception. Whether Smithfield would ultimately choose those same distances is a separate question, but the example is useful because it shows how another municipality translated compatibility concerns into clear, enforceable standards.

#### 5) Visual character and site design

Data centers can also present unusual design issues because they are often very large buildings with limited windows, extensive service areas, mechanical yards, walls, security features, and other infrastructure that can produce a blank or fortress-like appearance. In plain terms, a community may not object only to what the use does, but also to what it looks like and how it meets the street.

Prince William County's data center design standards are intended to minimize the physical, environmental, and visual impacts of data centers on adjacent development and address topics such as building placement, buffer yards, screening of mechanical equipment, fencing, and sustainability measures. Fairfax also requires façade variation and fenestration or similar design features on data center buildings. These examples suggest that if Smithfield ever elects to permit data centers in some form, ordinary industrial design standards may not be sufficient by themselves.

#### 6) Application materials and public review

A final lesson from peer regulations is procedural: municipalities increasingly require more than a standard zoning or development application when evaluating this use.

Fairfax County requires additional submission materials for rezonings and special exceptions involving data centers, including a noise study and architectural depictions of the proposed building and associated equipment as viewed from all lot lines and street lines. That approach is significant because it recognizes that many of the relevant impacts are technical and should be disclosed early in the process rather than discovered in later stages of review.

## VII. Analysis of Draft Standards and Planning Board Recommendation

### 1) Definition of "Data Center"

**Finding:** The Planning Board expressed concern that the original draft definition could be tightened to be less vague and more objective. Staff agrees. The original draft appropriately attempted to distinguish principal-use data centers from ordinary accessory server rooms and routine information-technology infrastructure, but certain phrases relied on relative or comparative language that could invite ambiguity in future interpretation. The revised definition more clearly describes the use in functional terms and preserves the key distinction between principal-use facilities and accessory infrastructure supporting another permitted

principal use. It was also informed in part by language appearing in two pending Rhode Island bills relating to data centers in order to promote continuity with potential future state law, while retaining the modifications necessary for local zoning administration.

**Conclusion:** The revised definition better reflects the Planning Board’s recommendation and is preferable for Town Council consideration.

2) Table of Uses Amendment — Not Permitted in All Districts

**Finding:** Listing data centers as not permitted in all zoning districts is a clear interim control. It prevents the use from being treated by default as a warehouse, office, or generalized industrial use before the Town has adopted standards tailored to its actual characteristics and impacts.

**Conclusion:** Reasonable as an interim measure while the Town studies whether any district should accommodate the use in the future.

3) Two-Year Review / Interim Framework

**Finding:** The original draft included a two-year review provision intended to reinforce the interim character of the amendment and to prompt future reconsideration following additional study. During its review, however, the Planning Board recommended that this provision be removed unless the Town Council determines that a revised review period should be retained. In practical terms, the Board’s recommendation reflects the view that future reconsideration can occur through the ordinary ordinance amendment process and need not necessarily be directed through a fixed review provision in the ordinance itself.

**Conclusion:** The Planning Board’s recommendation supports removal of the review provision unless the Town Council affirmatively determines that a revised review period should remain in the ordinance.

## **VIII. Staff Recommendation**

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Planning Staff recommends that the Town Council proceed with consideration of the proposed amendment as an interim ordinance measure. This recommendation is based on the conclusion that the current zoning ordinance does not adequately address data centers as a distinct land use and that additional study is warranted before the Town considers whether such facilities should be permitted in any district.

## **IX. Recommended Town Council Motion**

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Move that the Town Council adopt the proposed ordinance amendment entitled “An Ordinance Amending the Smithfield Zoning Ordinance, Article 2 entitled ‘Definitions,’ and Article 4 entitled ‘Use Regulations,’ Section 4.3, ‘Table of Uses,’ Relating to Data Centers.”

## **X. References**

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- Lawrence Berkeley National Laboratory. 2024. United States Data Center Energy Usage Report (prepared for the U.S. Department of Energy);
- U.S. Department of Energy. December 20, 2024. DOE Releases New Report Evaluating Increase in Electricity Demand from Data Centers;
- City of Mesa, Arizona. 2025. Ordinance No. 5957 and Mesa City Code § 11-31-36, Data Centers;
- Prince William County, Virginia. 2022. Data Center Overlay District Design Standards.
- California Public Utilities Commission, Public Advocates Office. (2025, October 27). How will data center growth impact California ratepayers?
- U.S. Department of Energy, Federal Energy Management Program. (n.d.). Best management practice #10: Cooling tower management.
- Fairfax County, Virginia. (2024). Zoning Ordinance Amendment ZO 112-1-2024-9: Data centers [Adopted ordinance amendment].

**AN ORDINANCE AMENDING THE SMITHFIELD ZONING ORDINANCE,**

**ARTICLE 2 ENTITLED “DEFINITIONS,”  
AND ARTICLE 4 ENTITLED “USE REGULATIONS,”  
SECTION 4.3, “TABLE OF USES,”  
RELATING TO DATA CENTERS**

**Summary Explanation**

This ordinance amends the Smithfield Zoning Ordinance to address the emergence of Data Centers as a distinct land use with infrastructure demands and operational characteristics that are not presently evaluated or regulated under the Town’s zoning framework. The ordinance adds a definition of “Data Center” to Article 2 (Definitions) to clearly identify and distinguish this use from traditional office, warehouse, or industrial facilities, and amends Article 4, §4.3 (Table of Uses) to list Data Centers as Not Permitted (N) in all zoning districts.

These amendments establish a precautionary, interim control intended to protect the public health, safety, and welfare while the Town undertakes additional research and coordination regarding infrastructure capacity, utility system impacts, energy demand and reliability considerations, potential ratepayer and fiscal impacts, land use compatibility, cumulative effects, and the development of appropriate zoning classifications, siting criteria, and performance standards. This ordinance does not permanently prohibit Data Centers. The Town expressly intends to revisit this matter following completion of further technical and policy analysis to determine whether, and under what conditions, this use may be appropriately accommodated in the future.

**THE TOWN OF SMITHFIELD HEREBY ORDAINS:**

**Section 1. Amendment to Article 2, “Definitions.”**

**Article 2, “Definitions,” of the Smithfield Zoning Ordinance is hereby amended by adding the following definition in alphabetical order (Additions shown in underline with blue font; deletions shown in strikethrough.):**

**Data Center**

A room, building, structure, facility, or group of facilities designed, constructed, or operated as a principal use for the primary purpose of housing computer systems, servers, network equipment, and associated infrastructure for the storage, processing, transmission, or management of digital data or applications, at a scale and intensity substantially greater than that customarily associated with general office, institutional, commercial, or industrial uses.

This term includes facilities supporting enterprise computing, colocation services, cloud computing, artificial intelligence processing, edge computing, or similar high-intensity computing operations, whether operated for a single user or multiple users, and whether permanent, modular, or temporary in nature.

This term does not include server rooms or information technology infrastructure that is customarily incidental and subordinate to another permitted principal use.

**Section 2. Amendment to Article 4, “Use Regulations,” Section 4.3, “Table of Uses.”**

**Article 4, “Use Regulations,” Section 4.3, “Table of Uses,” of the Smithfield Zoning Ordinance is hereby amended by adding the following entry under J. Industrial Uses (Additions shown in underline with blue font; deletions shown in strikethrough.):**

**4.3 TABLE OF USES**

P = Permitted by RIGHT

S = Use Permitted by SPECIAL USE PERMIT

N = Use Not Permitted

Zoning Uses	ZONING DISTRICTS												
	R-200	R-80	R-Med	R-20	R-20M	MU	V	C	HC	LI	I	PC	PD
<b>J. INDUSTRIAL USES</b>													
<u>9. Data Centers</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>

ORIGINAL VERSION REVIEWED BY PLANNING BOARD

**Section 3. Effective date**

**This Ordinance shall take effect 30 days after passage by the Town Council and adoption in accordance with the provisions of the Smithfield Town Charter and the Rhode Island Zoning Enabling Act, R.I. Gen. Laws § 45-24-51 et seq.**

**Section 4. Review Provision**

**This Ordinance shall be subject to review on the date that is two (2) years following the Effective Date of this Ordinance. On or before such date, the Smithfield Town Council and the Planning Board shall evaluate the completion of any technical and policy analysis to determine whether, and under what conditions, this use may be appropriately accommodated. Such review should determine whether this Ordinance should be continued, amended, or terminated. Unless otherwise voted on, this Ordinance shall remain in full force and effect.**

**Adopted by the Smithfield Town Council on \_\_\_\_\_, 2026.**

**Attest: \_\_\_\_\_  
Town Clerk**

**Attest: \_\_\_\_\_  
Council President**

**Attest: \_\_\_\_\_  
Town Solicitor**

ORIGINAL VERSION REVIEWED BY PLANNING BOARD

**AN ORDINANCE AMENDING THE SMITHFIELD ZONING ORDINANCE,**

**ARTICLE 2 ENTITLED “DEFINITIONS,”  
AND ARTICLE 4 ENTITLED “USE REGULATIONS,”  
SECTION 4.3, “TABLE OF USES,”  
RELATING TO DATA CENTERS**

**Summary Explanation**

This ordinance amends the Smithfield Zoning Ordinance to address the emergence of Data Centers as a distinct land use with infrastructure demands and operational characteristics that are not presently evaluated or regulated under the Town’s zoning framework. The ordinance adds a definition of “Data Center” to Article 2 (Definitions) to clearly identify and distinguish this use from traditional office, warehouse, or industrial facilities, and amends Article 4, §4.3 (Table of Uses) to list Data Centers as Not Permitted (N) in all zoning districts.

These amendments establish a precautionary, interim control intended to protect the public health, safety, and welfare while the Town undertakes additional research and coordination regarding infrastructure capacity, utility system impacts, energy demand and reliability considerations, potential ratepayer and fiscal impacts, land use compatibility, cumulative effects, and the development of appropriate zoning classifications, siting criteria, and performance standards. This ordinance does not permanently prohibit Data Centers. The Town expressly intends to revisit this matter following completion of further technical and policy analysis to determine whether, and under what conditions, this use may be appropriately accommodated in the future.

**THE TOWN OF SMITHFIELD HEREBY ORDAINS:**

**Section 1. Amendment to Article 2, “Definitions.”**

**Article 2, “Definitions,” of the Smithfield Zoning Ordinance is hereby amended by adding the following definition in alphabetical order (Additions shown in underline with blue font; deletions shown in strikethrough.):**

**Data Center**

A facility, or portion of a facility, used as a principal use and primarily engaged in the storage, processing, transmission, or management of digital data or applications using computer servers, data storage equipment, network equipment, and associated mechanical and electrical systems.

This term includes colocation facilities, cloud computing facilities, artificial intelligence computing facilities, and similar high-density computing operations, whether operated for a single user or multiple users.

This term does not include server rooms, network closets, telecommunications equipment, or similar information-technology infrastructure that is accessory and subordinate to another permitted principal use and intended solely to support the on-site operational needs of that principal use.



**Section 3. Effective date**

**This Ordinance shall take effect 30 days after passage by the Town Council and adoption in accordance with the provisions of the Smithfield Town Charter and the Rhode Island Zoning Enabling Act, R.I. Gen. Laws § 45-24-51 et seq.**

**Adopted by the Smithfield Town Council on \_\_\_\_\_, 2026.**

**Attest: \_\_\_\_\_  
Town Clerk**

**Attest: \_\_\_\_\_  
Council President**

**Attest: \_\_\_\_\_  
Town Solicitor**

**AN ORDINANCE AMENDING THE SMITHFIELD ZONING ORDINANCE,**

**ARTICLE 2 ENTITLED “DEFINITIONS,”  
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**Summary Explanation**

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These amendments establish a precautionary, interim control intended to protect the public health, safety, and welfare while the Town undertakes additional research and coordination regarding infrastructure capacity, utility system impacts, energy demand and reliability considerations, potential ratepayer and fiscal impacts, land use compatibility, cumulative effects, and the development of appropriate zoning classifications, siting criteria, and performance standards. This ordinance does not permanently prohibit Data Centers. The Town expressly intends to revisit this matter following completion of further technical and policy analysis to determine whether, and under what conditions, this use may be appropriately accommodated in the future.

**THE TOWN OF SMITHFIELD HEREBY ORDAINS:**

**Section 1. Amendment to Article 2, “Definitions.”**

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This term includes colocation facilities, cloud computing facilities, artificial intelligence computing facilities, and similar high-density computing operations, whether operated for a single user or multiple users.

This term does not include server rooms, network closets, telecommunications equipment, or similar information-technology infrastructure that is accessory and subordinate to another permitted principal use and intended solely to support the on-site operational needs of that principal use.



**Section 3. Effective date**

**This Ordinance shall take effect 30 days after passage by the Town Council and adoption in accordance with the provisions of the Smithfield Town Charter and the Rhode Island Zoning Enabling Act, R.I. Gen. Laws § 45-24-51 et seq.**

**Adopted by the Smithfield Town Council on \_\_\_\_\_, 2026.**

**Attest: \_\_\_\_\_  
Town Clerk**

**Attest: \_\_\_\_\_  
Council President**

**Attest: \_\_\_\_\_  
Town Solicitor**

2026 -- S 2346

LC004263

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND COMMERCE CORPORATION

Introduced By: Senators DiPalma, Tikoian, Ciccone, Britto, Gallo, and Urso

Date Introduced: January 29, 2026

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-64-3 of the General Laws in Chapter 42-64 entitled "Rhode Island  
2 Commerce Corporation" is hereby amended to read as follows:

3 **42-64-3. Definitions.**

4 As used in this chapter, the following words and terms shall have the following meanings,  
5 unless the context indicates another or different meaning or intent:

6 (1) "Administrative penalty" means a monetary penalty not to exceed the civil penalty  
7 specified in § 42-64-9.2.

8 (2) "Airport facility" means developments consisting of runways, hangars, control towers,  
9 ramps, wharves, bulkheads, buildings, structures, parking areas, improvements, facilities, or other  
10 real or personal property necessary, convenient, or desirable for the landing, taking off,  
11 accommodation, and servicing of aircraft of all types, operated by carriers engaged in the  
12 transportation of passengers or cargo, or for the loading, unloading, interchange, or transfer of the  
13 passengers or their baggage, or the cargo, or otherwise for the accommodation, use or convenience  
14 of the passengers or the carriers or their employees (including related facilities and  
15 accommodations at sites removed from landing fields and other landing areas), or for the landing,  
16 taking off, accommodation, and servicing of aircraft owned or operated by persons other than  
17 carriers. It also means facilities providing access to an airport facility, consisting of rail, rapid  
18 transit, or other forms of mass transportation which furnish a connection between the air terminal

1 and other points within the state, including appropriate mass transportation terminal facilities at  
2 and within the air terminal itself and suitable offsite facilities for the accommodation of air  
3 passengers, baggage, mail, express, freight, and other users of the connecting facility.

4 (3) “BOCA code” means the BOCA basic building code published by building officials &  
5 code administrators international, inc., as the code may from time to time be promulgated by the  
6 building officials & code administrators international, inc.

7 (4) “Bonds” and “notes” means the bonds, notes, securities, or other obligations or  
8 evidences of indebtedness issued by the corporation pursuant to this chapter, all of which shall be  
9 issued under the name of and known as obligations of the “Rhode Island commerce corporation.”

10 (5) “Civic facility” means any real or personal property designed and intended for the  
11 purpose of providing facilities for educational, cultural, community, or other civic purposes.

12 (6) “Colocation tenant” means a person that contracts with the owner or operator of a  
13 qualified data center to use or occupy all or part of a qualified data center for a period of at least  
14 two (2) years.

15 (7) “Compliance schedule” means a schedule of remedial measures including an  
16 enforceable sequence of actions or operations leading to compliance with an effluent limitation or  
17 any other limitation, prohibition, or standard.

18 ~~(7)~~(8) “Corporation,” “port authority,” or “authority” means the governmental agency and  
19 public instrumentality, formerly known as the “Rhode Island port authority and economic  
20 development corporation” and/or also formerly known as the “Rhode Island economic development  
21 corporation,” and now known as the Rhode Island commerce corporation authorized, created, and  
22 established pursuant to § 42-64-4, or any subsidiary corporation thereof which is established  
23 pursuant to § 42-64-7.1.

24 ~~(8)~~(9) “Director” means the executive director of the economic development corporation  
25 until such time that the secretary of commerce is appointed. Upon the appointment of a secretary  
26 of commerce, “Director” means the chief executive officer of the Rhode Island commerce  
27 corporation, who shall also be the secretary of the Rhode Island executive office of commerce.

28 (10) “Eligible qualified data center costs” means expenditures made for the development,  
29 acquisition, construction, rehabilitation, including wages pursuant to § 39-26.9-5 for any direct and  
30 indirect qualified licensed labor for construction and installation of data center equipment,  
31 renovation, repair or operation of a facility to be used as a qualified data center, including the cost  
32 of land (including land for required parking and regulatory setbacks), buildings, site  
33 characterization and assessment, engineering services, design services and data center equipment  
34 acquisitions. “Eligible qualified data center costs” does not include expenditures made in

1 connection with real or personal property that is located outside the boundaries of the facility.

2 (11) “Enterprise information technology equipment” means:

3 (i) Hardware that support computing, networking or data storage functions, including  
4 servers and routers;

5 (ii) Networking systems equipment that support computing, networking or data storage  
6 functions and have an industry designation as equipment within the enterprise class or data center  
7 class of networking systems; and

8 (iii) Generators and other equipment used to ensure an uninterrupted power supply for the  
9 hardware and networking systems equipment.

10 (12) “Facility” means one or more contiguous tracts of land in the state and any structure  
11 and personal property contained on such land.

12 ~~(9)~~(13) “Federal land” means real property within the state, now acquired or hereafter  
13 acquired by the Rhode Island commerce corporation which was formerly owned by the United  
14 States government, or any agency or instrumentality thereof, including without limiting the  
15 generality of the foregoing, any and all real property now or formerly owned or used by the United  
16 States government in the towns of North Kingstown, Portsmouth, Middletown, and Charlestown  
17 and the city of Newport as military installations or for other purposes related to the national defense.  
18 Without limiting the generality of the foregoing, federal land shall also mean and include certain  
19 land in the town of North Kingstown, or any portion thereof, which has or shall revert to the state  
20 pursuant to the provisions of Public Laws 1939, chapter 696 and is now or hereafter acquired by  
21 the corporation from the state.

22 ~~(10)~~(14) “Industrial facility” means any real or personal property, the demolition, removal,  
23 relocation, acquisition, expansion, modification, alteration, or improvement of existing buildings,  
24 structures, or facilities, the construction of new buildings, structures, or facilities, the replacement,  
25 acquisition, modification, or renovation of existing machinery and equipment, or the acquisition of  
26 new machinery and equipment, or any combination of the United States, which shall be suitable  
27 for manufacturing, research, production, processing, agriculture, and marine commerce, or  
28 warehousing; or convention centers, trade centers, exhibition centers, or offices (including offices  
29 for the government of the United States or any agency, department, board, bureau, corporation, or  
30 other instrumentality of the United States, or for the state or any state agency, or for any  
31 municipality); or facilities for other industrial, commercial, or business purposes of every type and  
32 description; and facilities appurtenant or incidental to the foregoing, including headquarters or  
33 office facilities, whether or not at the location of the remainder of the facility, warehouses,  
34 distribution centers, access roads, sidewalks, utilities, railway sidings, trucking, and similar

1 facilities, parking areas, waterways, dockage, wharfage, and other improvements necessary or  
2 convenient for the construction, development, maintenance, and operation of those facilities.

3 ~~(14)~~(15) “Local governing body” means any town or city council, commission, or other  
4 elective governing body now or hereafter vested by state statute, charter, or other law, with  
5 jurisdiction to initiate and adopt local ordinances, whether or not these local ordinances require the  
6 approval of the elected or appointed chief executive officer or other official or body to become  
7 effective.

8 ~~(12)~~(16) “Local redevelopment corporation” means any agency or corporation created and  
9 existing pursuant to the provisions of chapter 31 of title 45.

10 ~~(13)~~(17) “Municipality” means any city or town within the state now existing or hereafter  
11 created, or any state agency.

12 (18) “Operator” means a person that contracts with the owner of a qualified data center to  
13 operate such a qualified data center.

14 (19) “Owner” means a person that holds a leasehold estate in excess of fifty (50) years or  
15 a fee title to a facility.

16 ~~(14)~~(20) “Parent corporation” means, when used in connection with a subsidiary  
17 corporation established pursuant to § 42-64-7.1, the governmental agency and public  
18 instrumentality created and established pursuant to § 42-64-4.

19 (21) “Person” means an individual, an estate, a trust, a receiver, a cooperative association,  
20 a corporation, a company, a firm, a partnership, a limited partnership, a limited liability company,  
21 a limited liability partnership or a joint venture.

22 ~~(15)~~(22) “Personal property” means all tangible personal property, new or used, including,  
23 without limiting the generality of the foregoing, all machinery, equipment, transportation  
24 equipment, ships, aircraft, railroad rolling stock, locomotives, pipelines, and all other things and  
25 rights usually included within that term. “Personal property” also means and includes any and all  
26 interests in the property which are less than full title, such as leasehold interests, security interests,  
27 and every other interest or right, legal or equitable.

28 ~~(16)~~(23) “Pollutant” means any material or effluent which may alter the chemical, physical,  
29 biological or radiological characteristics or integrity of water, including but not limited to, dredged  
30 spoil, solid waste, incinerator residue, sewage, garbage, sewage sludge, munitions, chemical  
31 wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, cellar  
32 dirt, or industrial, municipal, agricultural or other waste petroleum or petroleum products,  
33 including, but not limited to, oil.

34 ~~(17)~~(24) “Pollution” means the discharge of any gaseous, liquid, or solid substance or

1 combination thereof (including noise) into the air, water, or land which affects the physical,  
2 chemical, or biological properties (including temperature) of the air, water, or land in a manner or  
3 to an extent which renders or is likely to render the air, water, or land harmful or inimical to the  
4 public health, safety, or welfare, or to animal, bird, or aquatic life, or to the use of the air or water  
5 for domestic, industrial, or agricultural purposes or recreation including the man-made or man-  
6 induced alteration of the chemical, physical, biological or radiological integrity of water.

7 ~~(18)~~(25) “Pollution control facility” means any land or interest in land, the demolition,  
8 removal, relocation, acquisition, expansion, modification, alteration, or improvement of existing  
9 buildings, structures, or facilities, the construction of new buildings, structures, or facilities, the  
10 replacement, modification, or renovation of existing machinery and equipment, or the acquisition  
11 of new machinery and equipment, or any combination thereof, having to do with or the purpose of  
12 which is the abatement, control, or prevention of pollution, including industrial pollution, and all  
13 real and personal property incidental to that facility.

14 ~~(19)~~(26) “Port facility” means harbors, ports, and all real and personal property used in  
15 connection therewith, including, but not limited to, waterways, channels, wharves, docks, yards,  
16 bulkheads, slips, basins, pipelines, ships, boats, railroads, trucks, and other motor vehicles, aircraft,  
17 parking areas, shipyards, piers, quays, elevators, compressors, loading and unloading facilities,  
18 storage facilities, and warehouses of every type, buildings and facilities used in the manufacturing,  
19 processing, assembling, storing, or handling of any produce or products, other structures and  
20 facilities necessary for the convenient use of the harbors and seaports, including dredged  
21 approaches, railways, railroad terminals, side tracks, airports, roads, highways, tunnels, viaducts,  
22 bridges, and other approaches, useful in connection therewith, and any other shipping or  
23 transportation facility useful in the operation of a port or harbor.

24 ~~(20)~~(27) “Project” or “port project” means the acquisition, ownership, operation,  
25 construction, reconstruction, rehabilitation, improvement, development, sale, lease, or other  
26 disposition of, or the provision of financing for, any real or personal property (by whomever owned)  
27 or any interests in real or personal property, including without limiting the generality of the  
28 foregoing, any port facility, recreational facility, industrial facility, airport facility, pollution control  
29 facility, utility facility, solid waste disposal facility, civic facility, residential facility, water supply  
30 facility, energy facility or renewable energy facility, or any other facility, or any combination of  
31 two (2) or more of the foregoing, or any other activity undertaken by the corporation.

32 ~~(21)~~(28) “Project cost” means the sum total of all costs incurred by the Rhode Island  
33 commerce corporation in carrying out all works and undertakings, which the corporation deems  
34 reasonable and necessary for the development of a project. These shall include, but are not

1 necessarily limited to, the costs of all necessary studies, surveys, plans, and specifications,  
2 architectural, engineering, or other special services, acquisition of land and any buildings on the  
3 land, site preparation and development, construction, reconstruction, rehabilitation, improvement,  
4 and the acquisition of any machinery and equipment or other personal property as may be deemed  
5 necessary in connection with the project (other than raw materials, work in process, or stock in  
6 trade); the necessary expenses incurred in connection with the initial occupancy of the project; an  
7 allocable portion of the administrative and operating expenses of the corporation; the cost of  
8 financing the project, including interest on all bonds and notes issued by the corporation to finance  
9 the project from the date thereof to one year from the date when the corporation shall deem the  
10 project substantially occupied; and the cost of those other items, including any indemnity or surety  
11 bonds and premiums on insurance, legal fees, real estate brokers and agent fees, fees and expenses  
12 of trustees, depositories, and paying agent for bonds and notes issued by the Rhode Island  
13 commerce corporation, including reimbursement to any project user for any expenditures as may  
14 be allowed by the corporation (as would be costs of the project under this section had they been  
15 made directly by the corporation), and relocation costs, all as the corporation shall deem necessary.

16 ~~(22)~~(29) "Project user" means the person, company, corporation, partnership, or  
17 commercial entity, municipality, state, or United States of America who shall be the user of, or  
18 beneficiary of, a port project.

19 (30) "Qualified data center" means a facility that is developed, acquired, constructed,  
20 rehabilitated, renovated, repaired or operated, to house a group of networked computer services in  
21 one physical location or multiple contiguous locations to centralize the storage, management and  
22 dissemination of data and information pertaining to a particular business or classification or body  
23 of knowledge and meets the following criteria by the sixth anniversary of the certification pursuant  
24 to § 42-64-43(c)(i):

25 (i) The owner or operator makes a qualified investment of at least:

26 (A) Two hundred million dollars (\$200,000,000) if the data center is located in an  
27 enterprise zone designated pursuant to chapter 64.3 of title 42 ("distressed areas economic  
28 revitalization act") or a federal qualified opportunity zone designated pursuant to the Tax Cuts and  
29 Jobs Act of 2017, Pub. L. 115-97, as amended from time to time; or

30 (B) Four hundred million dollars (\$400,000,000) if the data center is not located in an  
31 enterprise zone designated pursuant to chapter 64.3 of title 42 ("distressed areas economic  
32 revitalization act") or a federal qualified opportunity zone designated pursuant to the Tax Cuts and  
33 Jobs Act of 2017, Pub. L. 115-97, as amended from time to time;

34 (ii) The owner or operator expends a minimum of thirty million dollars (\$30,000,000) on

1 direct and/or indirect labor and this requirement shall be satisfied by work physically occurring at  
2 the facility; and

3 (iii) The owner or operator shall invest at least ten million dollars (\$10,000,000) in a  
4 renewable energy resource, as defined in § 39-26-5, or an energy storage system, as defined in §  
5 39-33-1(2), located in the state.

6 (31) “Qualified data center equipment” means computer equipment, software and hardware  
7 purchased or leased for the processing, storage, retrieval or communication of data, utilized at a  
8 qualified data center, including:

9 (i) Computer servers, routers, connections, chassis, networking equipment, switches,  
10 racking, fiber optics and copper cables, trays, conduits and other enabling machinery, equipment  
11 and hardware, regardless of whether such personal property is affixed to or incorporated into real  
12 property;

13 (ii) Equipment used in the operation of computer equipment or software for the benefit of  
14 a qualified data center, including component parts, replacement parts and upgrades, regardless of  
15 whether the personal property is affixed to or incorporated into real property;

16 (iii) Equipment necessary to the transformation, generation, distribution or management of  
17 electricity that is required to operate computer servers and related equipment, including substations,  
18 generators, uninterrupted energy equipment, supplies, conduits, fuel piping and storage, cabling,  
19 duct banks, switches, switchboards, batteries and testing equipment;

20 (iv) Equipment necessary to cool and maintain a controlled environment for the operation  
21 of computer servers and other equipment of a qualified data center, including chillers, mechanical  
22 equipment, refrigerant piping, fuel piping and storage, adiabatic and free cooling systems, cooling  
23 towers, water softeners, air handling units, indoor direct exchange units, fans, ducting and filters;

24 (v) Water conservation systems, including equipment designated to collect, conserve and  
25 reuse water;

26 (vi) Conduit, ducting and fiber optic and copper cables located outside the qualified data  
27 center, that are directly related to connecting one or more qualified data center locations;

28 (vii) Monitoring equipment and security systems;

29 (viii) Modular data centers and preassembled components of any item described in this  
30 subsection, including components used in the manufacturing of modular data centers; and

31 (ix) Any other personal property, exclusive of motor vehicles, that is essential to the  
32 operations of a qualified data center or that is acquired for incorporation into or used or consumed  
33 in the operation of the qualified data center.

34 (32) “Qualified investment” means the aggregate, nonduplicative eligible data center costs

1 [incurred and paid by an owner, operator and colocation tenant of a qualified data center.](#)

2 ~~(23)~~(33) “Real property” means lands, structures (new or used), franchises, and interests in  
3 land, including lands under water, and riparian rights, space rights, and air rights, and all other  
4 things and rights usually included within the term. “Real property” shall also mean and include any  
5 and all interests in that property less than fee simple, such as easements, incorporeal hereditaments,  
6 and every estate, interest or right, legal or equitable, including terms for years and liens thereon by  
7 way of judgments, mortgages or otherwise, and also all claims for damages to that real property.

8 ~~(24)~~(34) “Recreational facility” means any building, development, or improvement,  
9 provided that building, facility, development, or improvement is designed in whole or in part to  
10 attract tourists to the state or to provide essential overnight accommodations to transients visiting  
11 this state, including, without limiting in any way the generality of the foregoing, marinas, beaches,  
12 bathing facilities, ski facilities, convention facilities, hotels, motels, golf courses, camp grounds,  
13 arenas, theatres, lodges, guest cottages, and all types of real or personal property related thereto as  
14 may be determined from time to time by the corporation.

15 ~~(25)~~(35) “Renewable energy facility” means any real or personal property, or any  
16 combination thereof, related to, or incidental to, any project, designed, intended, or utilized for an  
17 eligible renewable energy resource that meets the criteria set forth in §§ 39-26-5(a) and 39-26-5(c).

18 ~~(26)~~(36) “Revenues” means: (i) with respect to any project, the rents, fees, tolls, charges,  
19 installment payments, repayments, and other income or profit derived from a project or a  
20 combination of projects pursuant to any lease, conditional sales contract, installment sales contract,  
21 loan agreement, or other contract or agreement, or any combination thereof, and (ii) any receipts,  
22 fees, payments, moneys, revenues, or other payments received or to be received by the corporation  
23 in the exercise of its corporate powers under this chapter, including, without limitation, loan  
24 repayments, grants, aid, appropriations and other assistance for the state, the United States or any  
25 corporation, department or instrumentality of either or of a political subdivision thereof, bond  
26 proceeds, investment earnings, insurance proceeds, amounts in reserves and other funds and  
27 accounts established by or pursuant to this chapter or in connection with the issuance of bonds, and  
28 any other taxes, assessments, fees, charges, awards or other income or amounts received or  
29 receivable by the corporation.

30 ~~(27)~~(37) “Rule or regulation” means any directive promulgated by the Rhode Island  
31 commerce corporation not inconsistent with the laws of the United States or the state, for the  
32 improvement of navigation and commerce or other project purposes and shall include, but not be  
33 limited to, charges, tolls, rates, rentals, and security provisions fixed or established by the  
34 corporation.

1           ~~(28)~~(38) “Sewage” shall be construed to mean the same as “pollutant” as defined in  
2 ~~subsection (16) above~~ this section.

3           ~~(29)~~(39) “Sewage treatment facility” means the sewage treatment plant, structure,  
4 combined sewer overflows, equipment, interceptors, mains, pumping stations and other property,  
5 real, personal or mixed, for the treatment, storage, collection, transporting or disposal of sewage,  
6 or any property or system to be used in whole or in part for any of the aforesaid purposes located  
7 or operated within the boundaries of the Quonset Point/Davisville Industrial Park, or utilized by  
8 the corporation for the transport, collection, treatment, storage, or disposal of waste.

9           ~~(30)~~(40) “Solid waste” means garbage, refuse, and other discarded materials, including,  
10 but not limited to, solid waste materials resulting from industrial, recreational, utility, and  
11 commercial enterprises, hotels, apartments, or any other public building or private building, or  
12 agricultural, or residential activities.

13           ~~(31)~~(41) “Solid waste disposal facility” means any real or personal property, related to or  
14 incidental to any project, which is designed or intended or designated for the purpose of treating,  
15 compacting, composting, or disposing of solid waste materials, including treatment, compacting,  
16 composting, or disposal plants, site and equipment furnishings thereof, and their appurtenances.

17           ~~(32)~~(42) “Source” means any building, structure, facility, or installation from which there  
18 is or may be the discharge of sewage.

19           ~~(33)~~(43) “State” means the state of Rhode Island.

20           ~~(34)~~(44) “State agency” means any office, department, board, commission, bureau,  
21 division, authority, or public corporation, agency, or instrumentality of the state.

22           ~~(35)~~(45) “State guide plan” means the plan adopted pursuant to § 42-11-10, which  
23 establishes the statewide planning program.

24           ~~(36)~~(46) “Utility facility” means any real or personal property designed, intended or  
25 utilized for generating, manufacturing, producing, storing, transmitting, distributing, delivering, or  
26 furnishing natural or manufactured gas, steam, electrical, or nuclear energy, heat, light, or power  
27 directly or indirectly to or for any project, project user, or for the public, the collection and disposal  
28 of storm and sanitary sewage; any railroads necessary or desirable for the free flow of commerce  
29 to and from projects; any roads, highways, bridges, tunnels, viaducts, or other crossings necessary  
30 or desirable for the free flow of commerce to and from projects, and any public transportation  
31 systems or facilities, including, but not limited to, bus, truck, ferry, and railroad terminals, depots,  
32 tracked vehicles, and other rolling stock and ferries; and any appurtenances, equipment, and  
33 machinery or other personal property necessary or desirable for the utilization thereof.

34           ~~(37)~~(47) “Water supply facility” means any real or personal property, or any combination

1 thereof, related to or incidental to any project, designed, intended, or utilized for the furnishing of  
2 water for domestic, industrial, irrigation, or other purposes and including artesian wells, reservoirs,  
3 dams, related equipment, and pipelines, and other facilities.

4 SECTION 2. Chapter 42-64 of the General Laws entitled "Rhode Island Commerce  
5 Corporation" is hereby amended by adding thereto the following section:

6 **42-64-43. Qualified data center location incentive.**

7 (a) The director, in consultation with the director of revenue, as defined in § 42-142-1(b),  
8 shall review applications of owners or operators of a data center to determine whether the data  
9 center qualifies for sales and use tax exemption pursuant to § 44-18-30.

10 (b) To apply for the sales and use tax exemption pursuant § 44-18-30, the owner or operator  
11 of a data center shall submit an application to the director, on a form prescribed by the corporation  
12 that shall include:

13 (1) The name, address and telephone number of the owner or operator;

14 (2) The address of the site where the qualified data center is or will be located;

15 (3) The anticipated aggregate square feet of the qualified data center for which the sales  
16 and use tax exemption is being sought;

17 (4) The anticipated investment associated with the qualified data center for which the sales  
18 and use tax exemption is being sought;

19 (5) The anticipated labor costs which the data center will maintain for the first six (6) years  
20 following the issuance of a certificate; and

21 (6) An affirmation, signed by an authorized representative representing the owner or  
22 operator, that the data center is expected to satisfy the certification requirements in this section as  
23 a qualified data center.

24 (c)(1) Within sixty (60) days after receiving a completed application, the director shall  
25 review the application submitted by the owner or operator of a data center and certify the data  
26 center as a qualified data center provided the data center is expected to meet all requirements of the  
27 definition of a "qualified data center."

28 (2) The director shall issue a written certification that the data center qualifies for the sales  
29 and use tax exemption or provide written reasons for its denial of the certificate and an opportunity  
30 for the applicant to cure any deficiencies.

31 (3) Failure to approve or deny the application within sixty (60) days after the date the owner  
32 or operator submits the application to the director shall constitute approval of the qualified data  
33 center, and the director shall issue written certification to the owner or operator within fourteen  
34 (14) days.

1           (4) The certification shall provide the following information:  
2           (i) The effective date of the certification;  
3           (ii) The name of the owner or operator of the qualified data center;  
4           (iii) The location of the qualified data center; and  
5           (iv) The beginning and ending date of the sales and use tax exemption which shall begin  
6 on the effective date of the certification and be valid for thirty (30) years after the effective date.  
7           (5) The director shall send a copy of the certification to the director of revenue.  
8           (d) The effective date of the certification shall be the date on which the application was  
9 submitted to the corporation or a prospective date stated in the application that does not exceed five  
10 (5) years after the date on which the application was submitted; provided that, the certification shall  
11 be valid for thirty (30) years after the effective date.  
12           (e) On the sixth anniversary of the effective date of the certification, the owner or operator  
13 shall file a report with the corporation and documents necessary to evidence the owner or operator's  
14 compliance with the requirements for a qualified data center as set forth in § 42-64-3(30). The  
15 corporation shall review the report and additional documents submitted to the corporation to  
16 determine compliance with § 42-64-3(30) within three (3) months of the owner or operator's  
17 submission. The corporation shall assess the following penalties for noncompliance:  
18           (1) If the owner or operator has failed to comply with § 42-64-3(30)(i), the owner or  
19 operator shall pay seven percent (7%) of the difference between the minimum required investment  
20 and the actual investment;  
21           (2) If the owner or operator has failed to comply with § 42-64-3(30)(ii), the owner or  
22 operator shall pay seven-and-one half percent (7.5%) of the difference between the minimum  
23 required payroll and the actual payroll; and  
24           (3) If the owner or operator has failed to comply with § 42-64-3(30)(iii), the owner or  
25 operator shall pay ten percent (10%) of the difference between the minimum required investment  
26 in a renewable energy system or energy storage system and the actual investment in renewable  
27 energy system or energy storage system.  
28           (f) Any penalty assessed pursuant to subsection (e) of this section, shall be paid to the  
29 department, as established by chapter 142 of title 42. Any amount which is subject to penalty under  
30 more than one section of subsection (e) of this section, shall only be penalized once under the  
31 highest penalty rate.  
32           (g) Within fourteen (14) days of the corporation's completion of its review pursuant to  
33 subsection (e) of this section or, if applicable, the owner or operator's payment of a penalty assessed  
34 pursuant to subsection (f) of this section, the corporation shall issue a certificate of compliance.

1           (h) For every year following the sixth anniversary of the effective date of the certification  
2 up to and including the thirtieth anniversary of the effective date of the certification, the owner or  
3 operator shall expend a minimum of five million dollars (\$5,000,000) on direct and/or indirect  
4 labor. The owner or operator shall file, within forty-five (45) days after each anniversary following  
5 the sixth anniversary of the effective date of the certification, documents necessary for the  
6 corporation to confirm compliance with this section. If the owner or operator has failed to comply  
7 with this section, the owner or operator shall pay to the department seven and one-half percent  
8 (7.5%) of the difference between the minimum required labor expenditure and the actual labor  
9 expenditure. Within fourteen (14) days of the corporation's completion of its review pursuant to  
10 this section or, if applicable, the owner or operator's payment of a penalty assessed pursuant to this  
11 section, the corporation shall issue an annual certificate of compliance.

12           (i) The corporation, in consultation with the director of revenue, shall promulgate rules and  
13 regulations and shall issue instructions and forms necessary for implementation of this section  
14 within one year of the effective date of this section.

15           SECTION 3. Section 44-18-30 of the General Laws in Chapter 44-18 entitled "Sales and  
16 Use Taxes — Liability and Computation" is hereby amended to read as follows:

17           **44-18-30. Gross receipts exempt from sales and use taxes.**

18           There are exempted from the taxes imposed by this chapter the following gross receipts:

19           (1) Sales and uses beyond constitutional power of state. From the sale and from the storage,  
20 use, or other consumption in this state of tangible personal property the gross receipts from the sale  
21 of which, or the storage, use, or other consumption of which, this state is prohibited from taxing  
22 under the Constitution of the United States or under the constitution of this state.

23           (2) Newspapers.

24           (i) From the sale and from the storage, use, or other consumption in this state of any  
25 newspaper.

26           (ii) "Newspaper" means an unbound publication printed on newsprint that contains news,  
27 editorial comment, opinions, features, advertising matter, and other matters of public interest.

28           (iii) "Newspaper" does not include a magazine, handbill, circular, flyer, sales catalog, or  
29 similar item unless the item is printed for, and distributed as, a part of a newspaper.

30           (3) School meals. From the sale and from the storage, use, or other consumption in this  
31 state of meals served by public, private, or parochial schools, school districts, colleges, universities,  
32 student organizations, and parent-teacher associations to the students or teachers of a school,  
33 college, or university whether the meals are served by the educational institutions or by a food  
34 service or management entity under contract to the educational institutions.

1 (4) Containers.

2 (i) From the sale and from the storage, use, or other consumption in this state of:

3 (A) Non-returnable containers, including boxes, paper bags, and wrapping materials that  
4 are biodegradable and all bags and wrapping materials utilized in the medical and healing arts,  
5 when sold without the contents to persons who place the contents in the container and sell the  
6 contents with the container.

7 (B) Containers when sold with the contents if the sale price of the contents is not required  
8 to be included in the measure of the taxes imposed by this chapter.

9 (C) Returnable containers when sold with the contents in connection with a retail sale of  
10 the contents or when resold for refilling.

11 (D) Keg and barrel containers, whether returnable or not, when sold to alcoholic beverage  
12 producers who place the alcoholic beverages in the containers.

13 (ii) As used in this subdivision, the term “returnable containers” means containers of a kind  
14 customarily returned by the buyer of the contents for reuse. All other containers are “non-returnable  
15 containers.”

16 (5)(i) Charitable, educational, and religious organizations. From the sale to, as in defined  
17 in this section, and from the storage, use, and other consumption in this state, or any other state of  
18 the United States of America, of tangible personal property by hospitals not operated for a profit;  
19 “educational institutions” as defined in subdivision (18) not operated for a profit; churches,  
20 orphanages, and other institutions or organizations operated exclusively for religious or charitable  
21 purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting  
22 leagues and associations and bands for boys and girls under the age of nineteen (19) years; the  
23 following vocational student organizations that are state chapters of national vocational student  
24 organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of  
25 America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers  
26 of America/Home Economics Related Occupations (FHA/HERD); Vocational Industrial Clubs of  
27 America (VICA); organized nonprofit golden age and senior citizens clubs for men and women;  
28 and parent-teacher associations; and from the sale, storage, use, and other consumption in this state,  
29 of and by the Industrial Foundation of Burrillville, a Rhode Island domestic nonprofit corporation.

30 (ii) In the case of contracts entered into with the federal government, its agencies, or  
31 instrumentalities, this state, or any other state of the United States of America, its agencies, any  
32 city, town, district, or other political subdivision of the states; hospitals not operated for profit;  
33 educational institutions not operated for profit; churches, orphanages, and other institutions or  
34 organizations operated exclusively for religious or charitable purposes, the contractor may purchase

1 such materials and supplies (materials and/or supplies are defined as those that are essential to the  
2 project) that are to be utilized in the construction of the projects being performed under the contracts  
3 without payment of the tax.

4 (iii) The contractor shall not charge any sales or use tax to any exempt agency, institution,  
5 or organization but shall in that instance provide his or her suppliers with certificates in the form  
6 as determined by the division of taxation showing the reason for exemption and the contractor's  
7 records must substantiate the claim for exemption by showing the disposition of all property so  
8 purchased. If any property is then used for a nonexempt purpose, the contractor must pay the tax  
9 on the property used.

10 (6) Gasoline. From the sale and from the storage, use, or other consumption in this state  
11 of: (i) Gasoline and other products taxed under chapter 36 of title 31 and (ii) Fuels used for the  
12 propulsion of airplanes.

13 (7) Purchase for manufacturing purposes.

14 (i) From the sale and from the storage, use, or other consumption in this state of computer  
15 software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, and  
16 water, when the property or service is purchased for the purpose of being manufactured into a  
17 finished product for resale and becomes an ingredient, component, or integral part of the  
18 manufactured, compounded, processed, assembled, or prepared product, or if the property or  
19 service is consumed in the process of manufacturing for resale computer software, tangible personal  
20 property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

21 (ii) "Consumed" means destroyed, used up, or worn out to the degree or extent that the  
22 property cannot be repaired, reconditioned, or rendered fit for further manufacturing use.

23 (iii) "Consumed" includes mere obsolescence.

24 (iv) "Manufacturing" means and includes: manufacturing, compounding, processing,  
25 assembling, preparing, or producing.

26 (v) "Process of manufacturing" means and includes all production operations performed in  
27 the producing or processing room, shop, or plant, insofar as the operations are a part of and  
28 connected with the manufacturing for resale of tangible personal property, electricity, natural gas,  
29 artificial gas, steam, refrigeration, or water and all production operations performed insofar as the  
30 operations are a part of and connected with the manufacturing for resale of computer software.

31 (vi) "Process of manufacturing" does not mean or include administration operations such  
32 as general office operations, accounting, collection, or sales promotion, nor does it mean or include  
33 distribution operations that occur subsequent to production operations, such as handling, storing,  
34 selling, and transporting the manufactured products, even though the administration and

1 distribution operations are performed by, or in connection with, a manufacturing business.

2 (8) State and political subdivisions. From the sale to, and from the storage, use, or other  
3 consumption by, this state, any city, town, district, or other political subdivision of this state. Every  
4 redevelopment agency created pursuant to chapter 31 of title 45 is deemed to be a subdivision of  
5 the municipality where it is located.

6 (9) Food and food ingredients. From the sale and storage, use, or other consumption in this  
7 state of food and food ingredients as defined in § 44-18-7.1(l).

8 For the purposes of this exemption “food and food ingredients” shall not include candy,  
9 soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending  
10 machines, or prepared food, as those terms are defined in § 44-18-7.1, unless the prepared food is:

11 (i) Sold by a seller whose primary NAICS classification is manufacturing in sector 311,  
12 except sub-sector 3118 (bakeries);

13 (ii) Sold in an unheated state by weight or volume as a single item;

14 (iii) Bakery items, including: bread, rolls, buns, biscuits, bagels, croissants, pastries,  
15 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas; and

16 is not sold with utensils provided by the seller, including: plates, knives, forks, spoons,  
17 glasses, cups, napkins, or straws.

18 (10) Medicines, drugs, and durable medical equipment. From the sale and from the storage,  
19 use, or other consumption in this state, of:

20 (i) “Drugs” as defined in § 44-18-7.1(h)(i), sold on prescriptions, medical oxygen, and  
21 insulin whether or not sold on prescription. For purposes of this exemption drugs shall not include  
22 over-the-counter drugs and grooming and hygiene products as defined in § 44-18-7.1(h)(iii).

23 (ii) Durable medical equipment as defined in § 44-18-7.1(k) for home use only, including,  
24 but not limited to: syringe infusers, ambulatory drug delivery pumps, hospital beds, convalescent  
25 chairs, and chair lifts. Supplies used in connection with syringe infusers and ambulatory drug  
26 delivery pumps that are sold on prescription to individuals to be used by them to dispense or  
27 administer prescription drugs, and related ancillary dressings and supplies used to dispense or  
28 administer prescription drugs, shall also be exempt from tax.

29 (11) Prosthetic devices and mobility enhancing equipment. From the sale and from the  
30 storage, use, or other consumption in this state, of prosthetic devices as defined in § 44-18-7.1(t),  
31 sold on prescription, including, but not limited to: artificial limbs, dentures, spectacles, eyeglasses,  
32 and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on prescription;  
33 and mobility enhancing equipment as defined in § 44-18-7.1(p), including wheelchairs, crutches,  
34 and canes.

1 (12) Coffins, caskets, urns, shrouds and burial garments. From the sale and from the  
2 storage, use, or other consumption in this state of coffins, caskets, burial containers, urns, urn liners,  
3 urn vaults, grave liners, grave vaults, burial tent setups, prayer cards, shrouds, and other burial  
4 garments that are ordinarily sold by a funeral director as part of the business of funeral directing.

5 (13) Motor vehicles sold to nonresidents.

6 (i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide nonresident  
7 of this state who does not register the motor vehicle in this state, whether the sale or delivery of the  
8 motor vehicle is made in this state or at the place of residence of the nonresident. A motor vehicle  
9 sold to a bona fide nonresident whose state of residence does not allow a like exemption to its  
10 nonresidents is not exempt from the tax imposed under § 44-18-20. In that event, the bona fide  
11 nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate that would be imposed  
12 in his or her state of residence not to exceed the rate that would have been imposed under § 44-18-  
13 20. Notwithstanding any other provisions of law, a licensed motor vehicle dealer shall add and  
14 collect the tax required under this subdivision and remit the tax to the tax administrator under the  
15 provisions of chapters 18 and 19 of this title. When a Rhode Island licensed, motor vehicle dealer  
16 is required to add and collect the sales and use tax on the sale of a motor vehicle to a bona fide  
17 nonresident as provided in this section, the dealer in computing the tax takes into consideration the  
18 law of the state of the nonresident as it relates to the trade-in of motor vehicles.

19 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may  
20 require any licensed motor vehicle dealer to keep records of sales to bona fide nonresidents as the  
21 tax administrator deems reasonably necessary to substantiate the exemption provided in this  
22 subdivision, including the affidavit of a licensed motor vehicle dealer that the purchaser of the  
23 motor vehicle was the holder of, and had in his or her possession a valid out-of-state motor vehicle  
24 registration or a valid out-of-state driver's license.

25 (iii) Any nonresident who registers a motor vehicle in this state within ninety (90) days of  
26 the date of its sale to him or her is deemed to have purchased the motor vehicle for use, storage, or  
27 other consumption in this state, and is subject to, and liable for, the use tax imposed under the  
28 provisions of § 44-18-20.

29 (14) Sales in public buildings by blind people. From the sale and from the storage, use, or  
30 other consumption in all public buildings in this state of all products or wares by any person  
31 licensed under § 40-9-11.1.

32 (15) Air and water pollution control facilities. From the sale, storage, use, or other  
33 consumption in this state of tangible personal property or supplies acquired for incorporation into  
34 or used and consumed in the operation of a facility, the primary purpose of which is to aid in the

1 control of the pollution or contamination of the waters or air of the state, as defined in chapter 12  
2 of title 46 and chapter 23 of title 23, respectively, and that has been certified as approved for that  
3 purpose by the director of environmental management. The director of environmental management  
4 may certify to a portion of the tangible personal property or supplies acquired for incorporation  
5 into those facilities or used and consumed in the operation of those facilities to the extent that that  
6 portion has as its primary purpose the control of the pollution or contamination of the waters or air  
7 of this state. As used in this subdivision, “facility” means any land, facility, device, building,  
8 machinery, or equipment.

9 (16) Camps. From the rental charged for living quarters, or sleeping, or housekeeping  
10 accommodations at camps or retreat houses operated by religious, charitable, educational, or other  
11 organizations and associations mentioned in subsection (5), or by privately owned and operated  
12 summer camps for children.

13 (17) Certain institutions. From the rental charged for living or sleeping quarters in an  
14 institution licensed by the state for the hospitalization, custodial, or nursing care of human beings.

15 (18) Educational institutions. From the rental charged by any educational institution for  
16 living quarters, or sleeping, or housekeeping accommodations or other rooms or accommodations  
17 to any student or teacher necessitated by attendance at an educational institution. “Educational  
18 institution” as used in this section means an institution of learning not operated for profit that is  
19 empowered to confer diplomas, educational, literary, or academic degrees; that has a regular  
20 faculty, curriculum, and organized body of pupils or students in attendance throughout the usual  
21 school year; that keeps and furnishes to students and others records required and accepted for  
22 entrance to schools of secondary, collegiate, or graduate rank; and no part of the net earnings of  
23 which inures to the benefit of any individual.

24 (19) Motor vehicle and adaptive equipment for persons with disabilities.

25 (i) From the sale of: (A) Special adaptations; (B) The component parts of the special  
26 adaptations; or (C) A specially adapted motor vehicle; provided that the owner furnishes to the tax  
27 administrator an affidavit of a licensed physician to the effect that the specially adapted motor  
28 vehicle is necessary to transport a family member with a disability or where the vehicle has been  
29 specially adapted to meet the specific needs of the person with a disability. This exemption applies  
30 to not more than one motor vehicle owned and registered for personal, noncommercial use.

31 (ii) For the purpose of this subsection the term “special adaptations” includes, but is not  
32 limited to: wheelchair lifts, wheelchair carriers, wheelchair ramps, wheelchair securements, hand  
33 controls, steering devices, extensions, relocations, and crossovers of operator controls, power-  
34 assisted controls, raised tops or dropped floors, raised entry doors, or alternative signaling devices

1 to auditory signals.

2 (iii) From the sale of: (a) Special adaptations, (b) The component parts of the special  
3 adaptations, for a “wheelchair accessible taxicab” as defined in § 39-14-1, and/or a “wheelchair  
4 accessible public motor vehicle” as defined in § 39-14.1-1.

5 (iv) For the purpose of this subdivision the exemption for a “specially adapted motor  
6 vehicle” means a use tax credit not to exceed the amount of use tax that would otherwise be due on  
7 the motor vehicle, exclusive of any adaptations. The use tax credit is equal to the cost of the special  
8 adaptations, including installation.

9 (20) Heating fuels. From the sale and from the storage, use, or other consumption in this  
10 state of every type of heating fuel.

11 (21) Electricity and gas. From the sale and from the storage, use, or other consumption in  
12 this state of electricity and gas.

13 (22) Manufacturing machinery and equipment.

14 (i) From the sale and from the storage, use, or other consumption in this state of tools, dies,  
15 molds, machinery, equipment (including replacement parts), and related items to the extent used in  
16 an industrial plant in connection with the actual manufacture, conversion, or processing of tangible  
17 personal property, or to the extent used in connection with the actual manufacture, conversion, or  
18 processing of computer software as that term is utilized in industry numbers 7371, 7372, and 7373  
19 in the standard industrial classification manual prepared by the Technical Committee on Industrial  
20 Classification, Office of Statistical Standards, Executive Office of the President, United States  
21 Bureau of the Budget, as revised from time to time, to be sold, or that machinery and equipment  
22 used in the furnishing of power to an industrial manufacturing plant. For the purposes of this  
23 subdivision, “industrial plant” means a factory at a fixed location primarily engaged in the  
24 manufacture, conversion, or processing of tangible personal property to be sold in the regular  
25 course of business;

26 (ii) Machinery and equipment and related items are not deemed to be used in connection  
27 with the actual manufacture, conversion, or processing of tangible personal property, or in  
28 connection with the actual manufacture, conversion, or processing of computer software as that  
29 term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification  
30 manual prepared by the Technical Committee on Industrial Classification, Office of Statistical  
31 Standards, Executive Office of the President, United States Bureau of the Budget, as revised from  
32 time to time, to be sold to the extent the property is used in administration or distribution operations;

33 (iii) Machinery and equipment and related items used in connection with the actual  
34 manufacture, conversion, or processing of any computer software or any tangible personal property

1 that is not to be sold and that would be exempt under subdivision (7) or this subdivision if purchased  
2 from a vendor or machinery and equipment and related items used during any manufacturing,  
3 converting, or processing function is exempt under this subdivision even if that operation, function,  
4 or purpose is not an integral or essential part of a continuous production flow or manufacturing  
5 process;

6 (iv) Where a portion of a group of portable or mobile machinery is used in connection with  
7 the actual manufacture, conversion, or processing of computer software or tangible personal  
8 property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under  
9 this subdivision even though the machinery in that group is used interchangeably and not otherwise  
10 identifiable as to use.

11 (23) Trade-in value of motor vehicles. From the sale and from the storage, use, or other  
12 consumption in this state of so much of the purchase price paid for a new or used automobile as is  
13 allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller, or of  
14 the proceeds applicable only to the automobile as are received from the manufacturer of  
15 automobiles for the repurchase of the automobile whether the repurchase was voluntary or not  
16 towards the purchase of a new or used automobile by the buyer. For the purpose of this subdivision,  
17 the word "automobile" means a private passenger automobile not used for hire and does not refer  
18 to any other type of motor vehicle.

19 (24) Precious metal bullion.

20 (i) From the sale and from the storage, use, or other consumption in this state of precious  
21 metal bullion, substantially equivalent to a transaction in securities or commodities.

22 (ii) For purposes of this subdivision, "precious metal bullion" means any elementary  
23 precious metal that has been put through a process of smelting or refining, including, but not limited  
24 to: gold, silver, platinum, rhodium, and chromium, and that is in a state or condition that its value  
25 depends upon its content and not upon its form.

26 (iii) The term does not include fabricated precious metal that has been processed or  
27 manufactured for some one or more specific and customary industrial, professional, or artistic uses.

28 (25) Commercial vessels. From sales made to a commercial ship, barge, or other vessel of  
29 fifty (50) tons burden or over, primarily engaged in interstate or foreign commerce, and from the  
30 repair, alteration, or conversion of the vessels, and from the sale of property purchased for the use  
31 of the vessels including provisions, supplies, and material for the maintenance and/or repair of the  
32 vessels.

33 (26) Commercial fishing vessels. From the sale and from the storage, use, or other  
34 consumption in this state of vessels and other watercraft that are in excess of five (5) net tons and

1 that are used exclusively for “commercial fishing,” as defined in this subdivision, and from the  
2 repair, alteration, or conversion of those vessels and other watercraft, and from the sale of property  
3 purchased for the use of those vessels and other watercraft including provisions, supplies, and  
4 material for the maintenance and/or repair of the vessels and other watercraft and the boats nets,  
5 cables, tackle, and other fishing equipment appurtenant to or used in connection with the  
6 commercial fishing of the vessels and other watercraft. “Commercial fishing” means taking or  
7 attempting to take any fish, shellfish, crustacea, or bait species with the intent of disposing of it for  
8 profit or by sale, barter, trade, or in commercial channels. The term does not include subsistence  
9 fishing, i.e., the taking for personal use and not for sale or barter; or sport fishing; but shall include  
10 vessels and other watercraft with a Rhode Island party and charter boat license issued by the  
11 department of environmental management pursuant to § 20-2-27.1 that meet the following criteria:  
12 (i) The operator must have a current United States Coast Guard (U.S.C.G.) license to carry  
13 passengers for hire; (ii) U.S.C.G. vessel documentation in the coast wide fishery trade; (iii)  
14 U.S.C.G. vessel documentation as to proof of Rhode Island home port status or a Rhode Island boat  
15 registration to prove Rhode Island home port status; and (iv) The vessel must be used as a  
16 commercial passenger carrying fishing vessel to carry passengers for fishing. The vessel must be  
17 able to demonstrate that at least fifty percent (50%) of its annual gross income derives from charters  
18 or provides documentation of a minimum of one hundred (100) charter trips annually; and (v) The  
19 vessel must have a valid Rhode Island party and charter boat license. The tax administrator shall  
20 implement the provisions of this subdivision by promulgating rules and regulations relating thereto.

21 (27) Clothing and footwear. From the sales of articles of clothing, including footwear,  
22 intended to be worn or carried on or about the human body for sales prior to October 1, 2012.  
23 Effective October 1, 2012, the exemption will apply to the sales of articles of clothing, including  
24 footwear, intended to be worn or carried on or about the human body up to two hundred and fifty  
25 dollars (\$250) of the sales price per item. For the purposes of this section, “clothing or footwear”  
26 does not include clothing accessories or equipment or special clothing or footwear primarily  
27 designed for athletic activity or protective use as these terms are defined in § 44-18-7.1(f). In  
28 recognition of the work being performed by the streamlined sales and use tax governing board,  
29 upon passage of any federal law that authorizes states to require remote sellers to collect and remit  
30 sales and use taxes, this unlimited exemption will apply as it did prior to October 1, 2012. The  
31 unlimited exemption on sales of clothing and footwear shall take effect on the date that the state  
32 requires remote sellers to collect and remit sales and use taxes.

33 (28) Water for residential use. From the sale and from the storage, use, or other  
34 consumption in this state of water furnished for domestic use by occupants of residential premises.

1 (29) Bibles. [Unconstitutional; see *Ahlburn v. Clark*, 728 A.2d 449 (R.I. 1999); see Notes  
2 to Decisions.] From the sale and from the storage, use, or other consumption in the state of any  
3 canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited  
4 to, the Old Testament and the New Testament versions.

5 (30) Boats.

6 (i) From the sale of a boat or vessel to a bona fide nonresident of this state who does not  
7 register the boat or vessel in this state or document the boat or vessel with the United States  
8 government at a home port within the state, whether the sale or delivery of the boat or vessel is  
9 made in this state or elsewhere; provided, that the nonresident transports the boat within thirty (30)  
10 days after delivery by the seller outside the state for use thereafter solely outside the state.

11 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may  
12 require the seller of the boat or vessel to keep records of the sales to bona fide nonresidents as the  
13 tax administrator deems reasonably necessary to substantiate the exemption provided in this  
14 subdivision, including the affidavit of the seller that the buyer represented himself or herself to be  
15 a bona fide nonresident of this state and of the buyer that he or she is a nonresident of this state.

16 (31) Youth activities equipment. From the sale, storage, use, or other consumption in this  
17 state of items for not more than twenty dollars (\$20.00) each by nonprofit Rhode Island  
18 eleemosynary organizations, for the purposes of youth activities that the organization is formed to  
19 sponsor and support; and by accredited elementary and secondary schools for the purposes of the  
20 schools or of organized activities of the enrolled students.

21 (32) Farm equipment. From the sale and from the storage or use of machinery and  
22 equipment used directly for commercial farming and agricultural production; including, but not  
23 limited to: tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,  
24 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,  
25 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and  
26 other farming equipment, including replacement parts appurtenant to or used in connection with  
27 commercial farming and tools and supplies used in the repair and maintenance of farming  
28 equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or the  
29 production within this state of agricultural products, including, but not limited to, field or orchard  
30 crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or production  
31 provides at least two thousand five hundred dollars (\$2,500) in annual gross sales to the operator,  
32 whether an individual, a group, a partnership, or a corporation for exemptions issued prior to July  
33 1, 2002. For exemptions issued or renewed after July 1, 2002, there shall be two (2) levels. Level I  
34 shall be based on proof of annual, gross sales from commercial farming of at least twenty-five

1 hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption provided in this  
2 subdivision except for motor vehicles with an excise tax value of five thousand dollars (\$5,000) or  
3 greater. Level II shall be based on proof of annual gross sales from commercial farming of at least  
4 ten thousand dollars (\$10,000) or greater and shall be valid for purchases subject to the exemption  
5 provided in this subdivision including motor vehicles with an excise tax value of five thousand  
6 dollars (\$5,000) or greater. For the initial issuance of the exemptions, proof of the requisite amount  
7 of annual gross sales from commercial farming shall be required for the prior year; for any renewal  
8 of an exemption granted in accordance with this subdivision at either level I or level II, proof of  
9 gross annual sales from commercial farming at the requisite amount shall be required for each of  
10 the prior two (2) years. Certificates of exemption issued or renewed after July 1, 2002, shall clearly  
11 indicate the level of the exemption and be valid for four (4) years after the date of issue. This  
12 exemption applies even if the same equipment is used for ancillary uses, or is temporarily used for  
13 a non-farming or a non-agricultural purpose, but shall not apply to motor vehicles acquired after  
14 July 1, 2002, unless the vehicle is a farm vehicle as defined pursuant to § 31-1-8 and is eligible for  
15 registration displaying farm plates as provided for in § 31-3-31.

16 (33) Compressed air. From the sale and from the storage, use, or other consumption in the  
17 state of compressed air.

18 (34) Flags. From the sale and from the storage, consumption, or other use in this state of  
19 United States, Rhode Island or POW-MIA flags.

20 (35) Motor vehicle and adaptive equipment to certain veterans. From the sale of a motor  
21 vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or  
22 the loss of use of a leg, foot, hand, or arm, or any veteran who is a double amputee, whether service  
23 connected or not. The motor vehicle must be purchased by and especially equipped for use by the  
24 qualifying veteran. Certificate of exemption or refunds of taxes paid is granted under rules or  
25 regulations that the tax administrator may prescribe.

26 (36) Textbooks. From the sale and from the storage, use, or other consumption in this state  
27 of textbooks by an "educational institution," as defined in subsection (18) of this section, and any  
28 educational institution within the purview of § 16-63-9(4), and used textbooks by any purveyor.

29 (37) Tangible personal property and supplies used in on-site hazardous waste recycling,  
30 reuse, or treatment. From the sale, storage, use, or other consumption in this state of tangible  
31 personal property or supplies used or consumed in the operation of equipment, the exclusive  
32 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as  
33 defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes," as defined  
34 in § 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely by the same

1 taxpayer and where the personal property is located at, in, or adjacent to a generating facility of the  
2 taxpayer in Rhode Island. The taxpayer shall procure an order from the director of the department  
3 of environmental management certifying that the equipment and/or supplies as used or consumed,  
4 qualify for the exemption under this subdivision. If any information relating to secret processes or  
5 methods of manufacture, production, or treatment is disclosed to the department of environmental  
6 management only to procure an order, and is a “trade secret” as defined in § 28-21-10(b), it is not  
7 open to public inspection or publicly disclosed unless disclosure is required under chapter 21 of  
8 title 28 or chapter 24.4 of title 23.

9 (38) Promotional and product literature of boat manufacturers. From the sale and from the  
10 storage, use, or other consumption of promotional and product literature of boat manufacturers  
11 shipped to points outside of Rhode Island that either: (i) Accompany the product that is sold; (ii)  
12 Are shipped in bulk to out-of-state dealers for use in the sale of the product; or (iii) Are mailed to  
13 customers at no charge.

14 (39) Food items paid for by food stamps. From the sale and from the storage, use, or other  
15 consumption in this state of eligible food items payment for which is properly made to the retailer  
16 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of 1977,  
17 7 U.S.C. § 2011 et seq.

18 (40) Transportation charges. From the sale or hiring of motor carriers as defined in § 39-  
19 12-2(12) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed  
20 with the Rhode Island public utilities commission on the number of miles driven or by the number  
21 of hours spent on the job.

22 (41) Trade-in value of boats. From the sale and from the storage, use, or other consumption  
23 in this state of so much of the purchase price paid for a new or used boat as is allocated for a trade-  
24 in allowance on the boat of the buyer given in trade to the seller or of the proceeds applicable only  
25 to the boat as are received from an insurance claim as a result of a stolen or damaged boat, towards  
26 the purchase of a new or used boat by the buyer.

27 (42) Equipment used for research and development. From the sale and from the storage,  
28 use, or other consumption of equipment to the extent used for research and development purposes  
29 by a qualifying firm. For the purposes of this subsection, “qualifying firm” means a business for  
30 which the use of research and development equipment is an integral part of its operation and  
31 “equipment” means scientific equipment, computers, software, and related items.

32 (43) Coins. From the sale and from the other consumption in this state of coins having  
33 numismatic or investment value.

34 (44) Farm structure construction materials. Lumber, hardware, and other materials used in

1 the new construction of farm structures, including production facilities such as, but not limited to:  
2 farrowing sheds, free stall and stanchion barns, milking parlors, silos, poultry barns, laying houses,  
3 fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing rooms,  
4 machinery storage, seasonal farm worker housing, certified farm markets, bunker and trench silos,  
5 feed storage sheds, and any other structures used in connection with commercial farming.

6 (45) Telecommunications carrier access service. Carrier access service or  
7 telecommunications service when purchased by a telecommunications company from another  
8 telecommunications company to facilitate the provision of telecommunications service.

9 (46) Boats or vessels brought into the state exclusively for winter storage, maintenance,  
10 repair, or sale. Notwithstanding the provisions of §§ 44-18-10, 44-18-11 and 44-18-20, the tax  
11 imposed by § 44-18-20 is not applicable for the period commencing on the first day of October in  
12 any year up to and including the 30th day of April next succeeding with respect to the use of any  
13 boat or vessel within this state exclusively for purposes of: (i) Delivery of the vessel to a facility in  
14 this state for storage, including dry storage and storage in water by means of apparatus preventing  
15 ice damage to the hull, maintenance, or repair; (ii) The actual process of storage, maintenance, or  
16 repair of the boat or vessel; or (iii) Storage for the purpose of selling the boat or vessel.

17 (47) Jewelry display product. From the sale and from the storage, use, or other  
18 consumption in this state of tangible personal property used to display any jewelry product;  
19 provided that title to the jewelry display product is transferred by the jewelry manufacturer or seller  
20 and that the jewelry display product is shipped out of state for use solely outside the state and is not  
21 returned to the jewelry manufacturer or seller.

22 (48) Boats or vessels generally. Notwithstanding the provisions of this chapter, the tax  
23 imposed by §§ 44-18-20 and 44-18-18 shall not apply with respect to the sale and to the storage,  
24 use, or other consumption in this state of any new or used boat. The exemption provided for in this  
25 subdivision does not apply after October 1, 1993, unless prior to October 1, 1993, the federal ten  
26 percent (10%) surcharge on luxury boats is repealed.

27 (49) Banks and regulated investment companies interstate toll-free calls. Notwithstanding  
28 the provisions of this chapter, the tax imposed by this chapter does not apply to the furnishing of  
29 interstate and international, toll-free terminating telecommunication service that is used directly  
30 and exclusively by or for the benefit of an eligible company as defined in this subdivision; provided  
31 that an eligible company employs on average during the calendar year no less than five hundred  
32 (500) "full-time equivalent employees" as that term is defined in § 42-64.5-2. For purposes of this  
33 section, an "eligible company" means a "regulated investment company" as that term is defined in  
34 the Internal Revenue Code of 1986, 26 U.S.C. § 851, or a corporation to the extent the service is

1 provided, directly or indirectly, to or on behalf of a regulated investment company, an employee  
2 benefit plan, a retirement plan or a pension plan, or a state-chartered bank.

3 (50) Mobile and manufactured homes generally. From the sale and from the storage, use,  
4 or other consumption in this state of mobile and/or manufactured homes as defined and subject to  
5 taxation pursuant to the provisions of chapter 44 of title 31.

6 (51) Manufacturing business reconstruction materials.

7 (i) From the sale and from the storage, use, or other consumption in this state of lumber,  
8 hardware, and other building materials used in the reconstruction of a manufacturing business  
9 facility that suffers a disaster, as defined in this subdivision, in this state. "Disaster" means any  
10 occurrence, natural or otherwise, that results in the destruction of sixty percent (60%) or more of  
11 an operating manufacturing business facility within this state. "Disaster" does not include any  
12 damage resulting from the willful act of the owner of the manufacturing business facility.

13 (ii) Manufacturing business facility includes, but is not limited to, the structures housing  
14 the production and administrative facilities.

15 (iii) In the event a manufacturer has more than one manufacturing site in this state, the sixty  
16 percent (60%) provision applies to the damages suffered at that one site.

17 (iv) To the extent that the costs of the reconstruction materials are reimbursed by insurance,  
18 this exemption does not apply.

19 (52) Tangible personal property and supplies used in the processing or preparation of floral  
20 products and floral arrangements. From the sale, storage, use, or other consumption in this state of  
21 tangible personal property or supplies purchased by florists, garden centers, or other like producers  
22 or vendors of flowers, plants, floral products, and natural and artificial floral arrangements that are  
23 ultimately sold with flowers, plants, floral products, and natural and artificial floral arrangements  
24 or are otherwise used in the decoration, fabrication, creation, processing, or preparation of flowers,  
25 plants, floral products, or natural and artificial floral arrangements, including descriptive labels,  
26 stickers, and cards affixed to the flower, plant, floral product, or arrangement, artificial flowers,  
27 spray materials, floral paint and tint, plant shine, flower food, insecticide, and fertilizers.

28 (53) Horse food products. From the sale and from the storage, use, or other consumption  
29 in this state of horse food products purchased by a person engaged in the business of the boarding  
30 of horses.

31 (54) Non-motorized recreational vehicles sold to nonresidents.

32 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to  
33 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle  
34 in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this

1 state or at the place of residence of the nonresident; provided that a non-motorized recreational  
2 vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption to  
3 its nonresidents is not exempt from the tax imposed under § 44-18-20; provided, further, that in  
4 that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate  
5 that would be imposed in his or her state of residence not to exceed the rate that would have been  
6 imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed, non-motorized  
7 recreational vehicle dealer shall add and collect the tax required under this subdivision and remit  
8 the tax to the tax administrator under the provisions of chapters 18 and 19 of this title. Provided,  
9 that when a Rhode Island licensed, non-motorized recreational vehicle dealer is required to add and  
10 collect the sales and use tax on the sale of a non-motorized recreational vehicle to a bona fide  
11 nonresident as provided in this section, the dealer in computing the tax takes into consideration the  
12 law of the state of the nonresident as it relates to the trade-in of motor vehicles.

13 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may  
14 require any licensed, non-motorized recreational vehicle dealer to keep records of sales to bona fide  
15 nonresidents as the tax administrator deems reasonably necessary to substantiate the exemption  
16 provided in this subdivision, including the affidavit of a licensed, non-motorized recreational  
17 vehicle dealer that the purchaser of the non-motorized recreational vehicle was the holder of, and  
18 had in his or her possession a valid out-of-state non-motorized recreational vehicle registration or  
19 a valid out-of-state driver's license.

20 (iii) Any nonresident who registers a non-motorized recreational vehicle in this state within  
21 ninety (90) days of the date of its sale to him or her is deemed to have purchased the non-motorized  
22 recreational vehicle for use, storage, or other consumption in this state, and is subject to, and liable  
23 for, the use tax imposed under the provisions of § 44-18-20.

24 (iv) "Non-motorized recreational vehicle" means any portable dwelling designed and  
25 constructed to be used as a temporary dwelling for travel, camping, recreational, and vacation use  
26 that is eligible to be registered for highway use, including, but not limited to, "pick-up coaches" or  
27 "pick-up campers," "travel trailers," and "tent trailers" as those terms are defined in chapter 1 of  
28 title 31.

29 (55) Sprinkler and fire alarm systems in existing buildings. From the sale in this state of  
30 sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials  
31 necessary and attendant to the installation of those systems that are required in buildings and  
32 occupancies existing therein in July 2003 in order to comply with any additional requirements for  
33 such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003  
34 and that are not required by any other provision of law or ordinance or regulation adopted pursuant

1 to that act. The exemption provided in this subdivision shall expire on December 31, 2008.

2 (56) Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-  
3 18-18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other  
4 consumption in this state of any new or used aircraft or aircraft parts.

5 (57) Renewable energy products. Notwithstanding any other provisions of Rhode Island  
6 general laws, the following products shall also be exempt from sales tax: solar photovoltaic  
7 modules or panels, or any module or panel that generates electricity from light; solar thermal  
8 collectors, including, but not limited to, those manufactured with flat glass plates, extruded plastic,  
9 sheet metal, and/or evacuated tubes; geothermal heat pumps, including both water-to-water and  
10 water-to-air type pumps; wind turbines; towers used to mount wind turbines if specified by or sold  
11 by a wind turbine manufacturer; DC to AC inverters that interconnect with utility power lines; and  
12 manufactured mounting racks and ballast pans for solar collector, module, or panel installation. Not  
13 to include materials that could be fabricated into such racks; monitoring and control equipment, if  
14 specified or supplied by a manufacturer of solar thermal, solar photovoltaic, geothermal, or wind  
15 energy systems or if required by law or regulation for such systems but not to include pumps, fans  
16 or plumbing or electrical fixtures unless shipped from the manufacturer affixed to, or an integral  
17 part of, another item specified on this list; and solar storage tanks that are part of a solar domestic  
18 hot water system or a solar space heating system. If the tank comes with an external heat exchanger  
19 it shall also be tax exempt, but a standard hot water tank is not exempt from state sales tax.

20 (58) Returned property. The amount charged for property returned by customers upon  
21 rescission of the contract of sale when the entire amount exclusive of handling charges paid for the  
22 property is refunded in either cash or credit, and where the property is returned within one hundred  
23 twenty (120) days from the date of delivery.

24 (59) Dietary supplements. From the sale and from the storage, use, or other consumption  
25 of dietary supplements as defined in § 44-18-7.1(l)(v), sold on prescriptions.

26 (60) Blood. From the sale and from the storage, use, or other consumption of human blood.

27 (61) Agricultural products for human consumption. From the sale and from the storage,  
28 use, or other consumption of livestock and poultry of the kinds of products that ordinarily constitute  
29 food for human consumption and of livestock of the kind the products of which ordinarily constitute  
30 fibers for human use.

31 (62) Diesel emission control technology. From the sale and use of diesel retrofit  
32 technology that is required by § 31-47.3-4.

33 (63) Feed for certain animals used in commercial farming. From the sale of feed for  
34 animals as described in subsection (61) of this section.

1           (64) Alcoholic beverages. From the sale and storage, use, or other consumption in this  
2 state by a Class A licensee of alcoholic beverages, as defined in § 44-18-7.1, excluding beer and  
3 malt beverages; provided, further, notwithstanding § 6-13-1 or any other general or public law to  
4 the contrary, alcoholic beverages, as defined in § 44-18-7.1, shall not be subject to minimum  
5 markup.

6           (65) Seeds and plants used to grow food and food ingredients. From the sale, storage, use,  
7 or other consumption in this state of seeds and plants used to grow food and food ingredients as  
8 defined in § 44-18-7.1(l)(i). “Seeds and plants used to grow food and food ingredients” shall not  
9 include marijuana seeds or plants.

10          (66) Feminine hygiene products. From the sale and from the storage, use, or other  
11 consumption of tampons, panty liners, menstrual cups, sanitary napkins, and other similar products  
12 the principal use of which is feminine hygiene in connection with the menstrual cycle.

13          (67) “Breast pump collection and storage supplies” means items of tangible personal  
14 property used in conjunction with a breast pump to collect milk expressed from a human breast and  
15 to store collected milk until it is ready for consumption. “Breast pump collection and storage  
16 supplies” include, but are not limited to, breast shields and breast shield connectors; breast pump  
17 tubes and tubing adaptors; breast pump valves and membranes; backflow protectors and backflow  
18 protector adaptors; bottles and bottle caps specific to the operation of the breast pump; breast milk  
19 storage bags; and related items sold as part of a breast pump kit pre-packaged by the breast pump  
20 manufacturer. “Breast pump collection and storage supplies” does not include: bottles and bottle  
21 caps not specific to the operation of the breast pump; breast pump travel bags and other similar  
22 carrying accessories, including ice packs, labels, and other similar products, unless sold as part of  
23 a breast pump kit pre-packed by the breast pump manufacturer; breast pump cleaning supplies,  
24 unless sold as part of a breast pump kit pre-packaged by the breast pump manufacturer; nursing  
25 bras, bra pads, breast shells, and other similar products; and creams, ointments, and other similar  
26 products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples.

27          (68) Trade-in value of motorcycles. From the sale and from the storage, use, or other  
28 consumption in this state of so much of the purchase price paid for a new or used motorcycle as is  
29 allocated for a trade-in allowance on the motorcycle of the buyer given in trade to the seller, or of  
30 the proceeds applicable only to the motorcycle as are received from the manufacturer of  
31 motorcycles for the repurchase of the motorcycle whether the repurchase was voluntary or not  
32 towards the purchase of a new or used motorcycle by the buyer. For the purpose of this subsection,  
33 the word “motorcycle” means a motorcycle not used for hire and does not refer to any other type  
34 of motor vehicle.

1 [\(69\) Qualified data center equipment. From the sale and from the storage, use, or other](#)  
2 [consumption in this state, qualified data center equipment as defined in § 42-64-3 and as certified](#)  
3 [pursuant to § 42-64-43\(c\).](#)

4 SECTION 4. Section 39-26.9-2 of the General Laws in Chapter 39-26.9 entitled "Labor  
5 Standards in Renewable Energy Projects" is hereby amended to read as follows:

6 **39-26.9-2. Definitions.**

7 For the purposes of this chapter:

8 (1) "Approved apprenticeship program" or "apprenticeship program" means an  
9 apprenticeship program that has been approved by the U.S. Department of Labor, or by a  
10 recognized state apprenticeship agency, pursuant to 29 C.F.R. Parts 29 and 30; however, such  
11 programs shall not include those that have obtained only provisional approval status. The required  
12 apprenticeship programs may either be programs that have specifically allocated funding and are  
13 subject to the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.  
14 ("ERISA"), or non-ERISA programs financed by general funds of employers.

15 (2) "Covered project" means a [qualified data center pursuant to § 42-64-3 or a](#) renewable  
16 energy project ~~that~~, [which renewable energy project](#):

17 (i) Utilizes renewable energy resources;

18 (ii) Is situated on land;

19 (iii) Is situated on or in water;

20 (iv) Has a construction commencement date on or after April 1, 2023;

21 (v) Has a total nameplate capacity of one megawatt (1 MW) or more in aggregate size; and

22 (vi) Is constructed and/or operated pursuant to chapter 26.1, 26.4, or 26.6 of this title.

23 (3) "Department" means the department of labor and training.

24 (4) "Director" means the director of the department of labor and training.

25 (5) "Labor organization" means any organization that exists and is constituted for the  
26 purpose, in whole or in part, of collective bargaining, or of dealing with employers concerning  
27 grievances, terms or conditions of employment, or of other mutual aid or protection and that is not  
28 a company union as defined in § 28-7-3.

29 (6) "Labor peace agreement" means an agreement between an entity and a labor  
30 organization that, at a minimum, protects the state's proprietary interest by prohibiting labor  
31 organizations and members from engaging in picketing, work stoppages, boycotts, and any other  
32 economic interference during the deployment of a covered project. This agreement means that the  
33 applicant has agreed not to disrupt efforts by the labor organizations to communicate with, and  
34 attempt to organize and represent, the applicant's employees. This requirement shall not be

1 applicable to maintenance work performed on renewable energy solar projects [or qualified data](#)  
2 [centers pursuant to § 42-64-3.](#)

3 (7) “Renewable energy project” means the construction, installation, use, maintenance,  
4 operation, changing, or retiring of a renewable energy resource.

5 (8) “Renewable energy resources” means any renewable power generation source listed in  
6 § 39-26-5(a).

7 SECTION 5. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND COMMERCE  
CORPORATION

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1           This act would establish property, tangible, sales and use tax exemptions as incentives for  
2 the location of qualified data centers in Rhode Island upon a minimum qualified investment of two  
3 hundred million dollars (\$200,000,000) in a designated enterprise zone and four hundred million  
4 dollars (\$400,000,000) in a non-enterprise zone. The application requirements and approval process  
5 would be in a form and manner prescribed by the Rhode Island commerce corporation.

6           This act would take effect upon passage.

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LC004263  
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2026 -- S 2776

LC005535

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- PUBLIC UTILITIES COMMISSION

Introduced By: Senators DiPalma, Ciccone, Tikoian, Burke, and Urso

Date Introduced: March 04, 2026

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 39-1 of the General Laws entitled "Public Utilities Commission" is  
2 hereby amended by adding thereto the following section:

3 **39-1-64. Data centers -- Electric cost allocation.**

4 (a) As used in this section, "data center" means a facility, or portion of a facility, primarily  
5 engaged in the storage, processing, or transmission of digital information using computer servers  
6 and related equipment, and having a projected or actual electric demand of fifty megawatts (50  
7 MW) or greater at a single site.

8 (b) The public utilities commission shall require that any costs reasonably attributable to  
9 the planning, construction, expansion, operation, or maintenance of electric generation,  
10 transmission, or distribution facilities necessary to serve a data center shall be borne exclusively by  
11 that data center.

12 (c) No such costs shall be recovered from residential customers or from commercial  
13 customers that are not data centers as defined in this section.

14 (d) The commission shall require electric distribution companies to establish one or more  
15 dedicated rate classes, tariffs, contracts, or other cost recovery mechanisms applicable to data  
16 centers to ensure compliance with this section.

17 (e) Nothing in this section shall be construed to alter participation in, or obligations under,  
18 regional transmission organizations, federally regulated wholesale electric markets, or federal  
19 reliability standards.

1 SECTION 2. Section 42-98-7 of the General Laws in Chapter 42-98 entitled "Energy  
2 Facility Siting Act" is hereby amended to read as follows:

3 **42-98-7. Powers and duties.**

4 (a)(1) The siting board is the licensing and permitting authority for all licenses, permits,  
5 assents, or variances that, under any statute of the state or ordinance of any political subdivision of  
6 the state, would be required for siting, construction, or alteration of a major energy facility in the  
7 state.

8 (2) Any agency, board, council, or commission of the state or political subdivision of the  
9 state that, absent this chapter, would be required to issue a permit, license, assent, or variance in  
10 order for the siting, construction, or alteration of a major energy facility to proceed, shall sit and  
11 function at the direction of the siting board. These agencies shall follow the procedures established  
12 by statute, ordinance, and/or regulation provided for determining the permit, license, assent, or  
13 variance, but, instead of issuing the permit, license, assent, or variance, shall forward its findings  
14 from the proceeding, together with the record supporting the findings and a recommendation for  
15 final action, to the siting board.

16 (3) Notwithstanding any provision in this chapter to the contrary, in those instances in  
17 which the department of environmental management exercises a permitting or licensing function  
18 under the delegated authority of federal law, including, but not limited to, the federal Clean Water  
19 Act (33 U.S.C. § 1251 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et  
20 seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), and those state laws and regulations that  
21 implement those federal laws, the department of environmental management shall be the licensing  
22 and permitting authority. Moreover, the authority to issue licenses and permits delegated to the  
23 department of environmental management pursuant to chapter 1 of title 2 and to the coastal  
24 resources management council pursuant to chapter 23 of title 46, shall remain with those agencies,  
25 but in all other respects the department of environmental management and the coastal resources  
26 management council shall follow the procedures set forth in this chapter.

27 (b) The siting board is authorized and empowered to summon and examine witnesses and  
28 to compel the production and examination of papers, books, accounts, documents, records,  
29 certificates, and other legal evidence that may be necessary for the determination of its jurisdiction  
30 and decision of any question before, or the discharge of any duty required by law of, the board.

31 (c) The siting board is empowered to issue any orders, rules, or regulations as may be  
32 required to effectuate the purposes of this chapter.

33 (d) The siting board shall, by regulation, determine the standards for intervention.

34 (e) The siting board's proceedings shall in all respects comply with the requirements of the

1 Administrative Procedures Act, chapter 35 of this title, except where otherwise explicitly provided.

2 (f) In the case of any application involving electric generation, transmission, or distribution  
3 facilities intended, in whole or in part, to serve a data center as defined in § 39-1-64, the energy  
4 facility siting board shall consult with the public utilities commission regarding ratepayer impacts  
5 and electric cost allocation.

6 (1) The board may condition approval of any such application upon a showing that the  
7 applicant has obtained approval from the public utilities commission for rates, tariffs, contracts, or  
8 other mechanisms ensuring compliance with § 39-1-64.

9 (2) Nothing in this section shall be construed to authorize the energy facility siting board  
10 to set electric rates or to exercise ratemaking authority.

11 SECTION 3. Title 46 of the General Laws entitled "WATERS AND NAVIGATION" is  
12 hereby amended by adding thereto the following chapter:

13 CHAPTER 15.9

14 DATA CENTER WATER USE DISCLOSURE

15 **46-15.9-1. Definitions.**

16 As used in this chapter, “data center” means a facility, or portion of a facility, primarily  
17 engaged in the storage, processing, or transmission of digital information using computer servers  
18 and related equipment, and having a projected or actual electric demand of fifty megawatts (50  
19 MW) or greater at a single site.

20 **46-15.9-2. Water use disclosure.**

21 (a) Each data center shall annually submit to the department of environmental management  
22 a report containing:

23 (1) Average daily water withdrawal;

24 (2) Peak daily water withdrawal;

25 (3) Cooling technologies utilized; and

26 (4) Water recycling or reuse practices.

27 (b) The department shall prescribe the form and manner of such reporting.

28 **46-15.9-3. Water efficiency plans.**

29 The director of the department of environmental management may require a data center to  
30 submit a water efficiency, conservation, or recycling plan as a condition of any permit issued under  
31 this title.

32 **46-15.9-4. Site restoration assurance.**

33 The director may require financial assurance, in a form acceptable to the department, to  
34 ensure site restoration in the event of abandonment or cessation of operations

1 SECTION 4. Severability.

2 If any provision of this act or its application to any person or circumstance is held invalid,  
3 the remainder of the act and the application of its provisions to other persons or circumstances shall  
4 not be affected.

5 SECTION 5. This act shall take effect upon passage.

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LC005535  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO PUBLIC UTILITIES AND CARRIERS -- PUBLIC UTILITIES COMMISSION

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- 1           This act would require that certain data centers requiring large amounts of electricity be
- 2 required to fund the cost of necessary infrastructure improvements to supply such electricity.
- 3           This act would take effect upon passage.

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LC005535  
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# TOWN OF SMITHFIELD, RHODE ISLAND PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Smithfield Town Council will hold a Public Hearing at the Smithfield Town Hall, 64 Farnum Pike, Smithfield, RI on **Tuesday, May 5, 2026 at 7:00 PM.** to consider and act upon proposed **zoning ordinance text amendments** to the Smithfield Zoning Ordinance.

This ordinance amends the Smithfield Zoning Ordinance to address the emergence of Data Centers as a distinct land use with infrastructure demands and operational characteristics that are not presently evaluated or regulated under the Town’s zoning framework. The ordinance adds a definition of “Data Center” to Article 2 (Definitions) to clearly identify and distinguish this use from traditional office, warehouse, or industrial facilities, and amends Article 4, §4.3 (Table of Uses) to list Data Centers as Not Permitted (N) in all zoning districts.

These amendments establish a precautionary, interim control intended to protect the public health, safety, and welfare while the Town undertakes additional research and coordination regarding infrastructure capacity, utility system impacts, energy demand and reliability considerations, potential ratepayer and fiscal impacts, land use compatibility, cumulative effects, and the development of appropriate zoning classifications, siting criteria, and performance standards. This ordinance does not permanently prohibit Data Centers. The Town expressly intends to revisit this matter following completion of further technical and policy analysis to determine whether, and under what conditions, this use may be appropriately accommodated in the future.

At the Town Council Hearing opportunity will be given to all interested persons to be heard upon the proposed amendment. The proposed amendment may be altered or amended prior to the close of the Public Hearing, without further advertising, as a result of further study or because of the views expressed at the Public Hearing; provided that any such alteration or amendment remains within the scope of the amendment as advertised and is presented for comment during the Hearing.

A complete copy of the proposed amendment is available for inspection or copying at the Smithfield Planning Office, Town Hall, 64 Farnum Pike, Smithfield, Rhode Island during regular business hours (8:30 AM – 4:30 PM on Monday, Wednesday, & Thursday, 8:30 AM – 6:00 PM on Tuesday, & 8:30 – 12:00 on Friday). Interested persons requiring special accommodations or assistance are requested to notify the Town Manager's Office (401-233-1010) at least 48 hours in advance of the Hearing.

BY ORDER OF THE TOWN COUNCIL.  
John J. Tassoni Jr., Town Council President

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Please publish as a display ad in the **April 16th, April 23rd, & April 30th, 2026** editions of The Valley Breeze/Observer using type size at least as large as the normal type size used in news articles.