



128 Dorrance Street, Suite 400
Providence, RI 02903
Phone: (401) 831-7171
Fax: (401) 831-7175
www.riaclu.org
info@riaclu.org

ACLU OF RI POSITION: AMEND

TESTIMONY ON 24-S 2931, RELATING TO SALES AND USE TAXES – LIABILITY AND COMPUTATION May 14, 2024

The ACLU of Rhode Island appreciates the opportunity to comment on this Department of Revenue proposal, as it seeks to amend a statute that has generated numerous complaints to our office from authors affected by it. While this bill makes one minor change in the law – creating a four-year expiration period for the granting of a sales tax exemption to Rhode Island artists for their works – the interpretation of the underlying statute itself by the Department of Revenue (DOR) and the R.I. State Council on the Arts (RISCA) has been the subject of tremendous controversy and an ACLU lawsuit.

While it may seem slightly off-topic, we believe this bill should serve as an opportunity for a broader review of the law’s language and implementation. Any attempt to amend this law should address its application by DOR and RISCA that has created confusion in the artistic community – and particularly among authors – and undermined a major purpose of the law.

The statewide sales tax exemption on art has been in effect for over a decade now, but its implementation has been rocky. A few years ago, the ACLU was forced to sue the DOR when it decided that non-fiction books did not constitute artwork covered by the sales tax exemption law. More recently, authors have found themselves denied a sales tax exemption for their books with no explanation whatsoever. Attached to our testimony is a recent example of an exemption denial letter from DOR which, in rejecting the request for a sales tax exemption, cites no reason and instead simply refers the rejected author to RISCA’s website home page.

In past instances, we have seen that authors were advised that their book was not a “one-of-a-kind, limited-production” work of art, but whatever that phrase means, it is difficult to comprehend how the state applies this standard to books, film, music or most of the other artistic endeavors covered by the statute. In addition, in regulations that were proposed but then withdrawn by RISCA last month, the agency further sought to limit the statutory exemption to self-published works that sold fewer than 300 copies and were not sold through an online marketplace or third-party vendor. These arbitrary attempts to limit the scope of the statute have come out of thin air and undermine the goal of the statute, to “strengthen Rhode Island’s identity as an arts-friendly destination.” R.I.G.L. § 44-18-30B(a)(4).

In order to avoid these continuing efforts by the state to unfairly minimize the reach, and thereby the intent, of the statute, we urge the bill sponsor and committee to address the statute more broadly and clarify its scope to avoid the ongoing problems that Rhode Island authors are consistently facing in seeking to take advantage of this commendable law. We would be happy to assist in that effort.

Thank you in advance for considering our views.



Rhode Island Department of Revenue
Division of Taxation

May 2, 2024



Account ID #: XXXX0411

Dear Taxpayer,

The Division of Taxation has received the Application for Sales Tax Exemption for Artistic Works for the applicant [REDACTED]. We regret to inform you that the application is hereby being denied in accordance with R.I. Gen. Laws § 44-18-30B.

Please refer to the Rhode Island State Council on the Arts website at <https://risca.online> for further information.

If you disagree with this decision, you may request a hearing under R.I. Gen. Laws § 44-19-17. A request for hearing must be submitted, in writing, addressed to the Tax Administrator within thirty (30) days of the date of this notice.

Thank you,

Susanna Coburn
Chief, Audit and Investigation
(401) 574-8962 Phone
(401) 574-8916 Fax
Tax.Audit@Tax.RI.Gov

