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POLITICS AND POLICY

Rhode Island Drops Sales Tax on Original Art

State Seeks to Build on Success of Industrial Towns That Reinvented Themselves as Artists' Enclaves

By WILLIAM HARLESS

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Rhode Island, aiming to build on the success of some of its old industrial towns that have reinvented themselves as artists' enclaves, has become the first U.S. state to stop collecting sales tax on original and limited-edition art sold there.

"They just made the whole state an arts district," said Herb Weiss, who for the past 15 years has been recruiting artists to Pawtucket, R.I., as the city's economic and cultural affairs officer. Pawtucket has offered artists who work in a designated arts district a state-granted exemption from sales tax on original art since 1999. A Rhode Island law expanded the exemption to artists statewide on Sunday.

Mr. Weiss said that many of Pawtucket's 19th- and 20th-century mills, which were almost empty by the 1990s, are now filled with artists, recruited with the lure of low rents and the tax break. In the past 15 years, two theaters, a public school for the arts, a concert venue and two independent breweries have opened in Pawtucket, about 50 miles southwest of Boston.

Artists have to apply to the state to qualify for the sales-tax exemption. The hope is that the statewide exemption will bring a similar boost to all of Rhode Island and its art dealers, who have struggled since the recession.



Ellen Waxman's art gallery, Five Main, in Wickford, R.I. Ms. Waxman led the charge to expand the tax exemption for artworks statewide. *Ellen Waxman/Five Main Gallery*

"The art industry, more so than other industries, was hit hard by the economic downturn—art is a luxury item, so in bad times people don't spend money on luxury items," said Ellen Waxman, who has owned the Five Main art gallery in the seaside village of Wickford, R.I., for 16 years. Last year, Ms. Waxman suggested to a state senator that Rhode Island expand the sales-tax exemption, and led the charge for it.

Ms. Waxman said she didn't feel it was fair for an art gallery in her village, where there was no exemption, to be competing with galleries in cities like Pawtucket that had arts districts offering the tax break, which was originally intended for blighted areas. "We're too small of a state to be pitting the

different communities against each other," she said. Her shop sells seaside paintings and photographs by artists from the area and elsewhere.



Ms. Waxman's gallery sells seaside paintings and photographs by artists from the area and elsewhere.
Ellen Waxman/Five Main Gallery

Randall Rosenbaum, executive director of the Rhode Island State Council on the Arts, said the new law requires regulators to document whether the program is successful or not. "I think as we look down the road, we find opportunities to encourage more reclamation of old buildings for artists' studios and live-work spaces—we find opportunities to turn some of our industrial past into our artistic future," he said.

In 2008, Louisiana began a program modeled partly on Rhode Island's, offering state and local sales-tax exemptions for original visual art. Today, the state has 67 neighborhood cultural districts, 21 of them in New Orleans. Gaye Hamilton, the Louisiana program's manager, said she would eventually

like to offer the tax exemption to other artists. "We very much would love to incentivize our culinary arts as well," she said.

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