

2017 -- H 6127

LC002353

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

HOUSE RESOLUTION

CREATING A SPECIAL LEGISLATIVE COMMISSION TO STUDY AND PROVIDE
RECOMMENDATIONS ON THE FEASIBILITY OF REDUCING THE STATE'S SALES TAX
TO THREE PERCENT

Introduced By: Representatives Nunes, Hearn, Nardolillo, Shekarchi, and Hull

Date Introduced: April 14, 2017

Referred To: House Finance

1 WHEREAS, Sales taxes are calculated as a percentage of the price of a fairly broad base
2 of taxable items and are charged at the time of purchase for specific goods and services; and

3 WHEREAS, Section 44-18-18 of the Rhode Island General Laws establishes the state's
4 current retail sales tax rate at seven percent (7%); and

5 WHEREAS, Sales taxes inevitably take a larger share of income from low- and middle-
6 income families than from rich families because sales taxes are levied at a flat rate and spending
7 as a share of income falls as income rises. Resultantly, states that rely heavily on consumption
8 taxes as a revenue source tend to be hardest hit by growing income inequality; and

9 WHEREAS, In addition, inequality and/or a lesser sales tax imposed by neighboring
10 states results in lower retail sales, thereby lower tax revenue for our state; and

11 WHEREAS, A lower state sales tax in Rhode Island could increase in-state and out-of-
12 state consumerism; now, therefore be it

13 RESOLVED, That a special legislative commission be and the same is hereby created
14 consisting of ten (10) members: three (3) of whom shall be members of the Rhode Island House
15 of Representatives, not more than two (2) from the same political party, to be appointed by the
16 Speaker of the House; one of whom shall be the Tax Administrator of the Rhode Island Division
17 of Taxation, Department of Revenue, or designee; one of whom shall be a member of the House
18 Fiscal Advisory Staff, to be appointed by the Speaker of the House; one of whom shall be the
19 Chairperson of the most recent Sales Tax Commission, or designee; one of whom shall be the

1 CEO for the RI Center for Freedom & Prosperity, or designee; one of whom shall be the
2 Executive Director of the Rhode Island Public Expenditure Council, or designee; and two (2) of
3 whom shall work or own enterprises in the small business or retail industry, to be appointed by
4 the Speaker of the House.

5 In lieu of any appointment of a member of the legislature to a permanent advisory
6 commission, a legislative study commission, or any commission created by a General Assembly
7 resolution, the appointing authority may appoint a member of the general public to serve in lieu
8 of a legislator, provided that the Majority Leader or the Minority Leader of the political party
9 which is entitled to the appointment, consents to the member of the general public.

10 The purpose of said commission shall be to make a comprehensive study and analysis
11 and provide recommendations on feasible steps that can be taken to reduce the state's sales tax to
12 three percent.

13 Forthwith upon passage of this resolution, the members of the commission shall meet at
14 the call of the Speaker of the House and organize and shall select a chairperson.

15 Vacancies in said commission shall be filled in like manner as the original appointment.

16 The membership of said commission shall receive no compensation for their services.

17 All departments and agencies of the state shall furnish such advice and information,
18 documentary and otherwise, to said commission and its agents as is deemed necessary or
19 desirable by the commission to facilitate the purposes of this resolution.

20 The Speaker of the House is hereby authorized and directed to provide suitable quarters
21 for said commission; and be it further

22 RESOLVED, That the commission shall report its findings and recommendations to the
23 House of Representatives no later than January 2, 2018, and said commission shall expire on
24 March 2, 2018.

=====
LC002353
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
HOUSE RESOLUTION
CREATING A SPECIAL LEGISLATIVE COMMISSION TO STUDY AND PROVIDE
RECOMMENDATIONS ON THE FEASIBILITY OF REDUCING THE STATE'S SALES TAX
TO THREE PERCENT

1 This resolution would create a ten (10) member special legislative study commission
2 whose purpose it would be to study and provide recommendations on the feasibility of reducing
3 the state's sales tax to three percent, and who would report back to the House no later than
4 January 2, 2018, and whose life would expire on March 2, 2018.

=====
LC002353
=====