

2014 -- S 2919

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO TAXATION - SALES AND USE TAXES - LIABILITY AND
COMPUTATION

Introduced By: Senators Felag, Walaska, Ottiano, Kettle, and Picard

Date Introduced: April 30, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-18-18, 44-18-19 and 44-18-20 of the General Laws in Chapter
2 44-18 entitled "Sales and Use Taxes - Liability and Computation" are hereby amended to read as
3 follows:
4 **44-18-18. Sales tax imposed.** -- A tax is imposed upon sales at retail in this state
5 including charges for rentals of living quarters in hotels as defined in section 42-63.1-2, rooming
6 houses, or tourist camps, at the rate of six percent (6%) of the gross receipts of the retailer from
7 the sales or rental charges; provided, that the tax imposed on charges for the rentals applies only
8 to the first period of not exceeding thirty (30) consecutive calendar days of each rental; provided,
9 further, that for the period commencing July 1, 1990, the tax rate is seven percent (7%). The tax is
10 paid to the tax administrator by the retailer at the time and in the manner provided. Excluded from
11 this tax are those living quarters in hotels, rooming houses, or tourist camps for which the
12 occupant has a written lease for the living quarters which lease covers a rental period of twelve
13 (12) months or more. In recognition of the work being performed by the Streamlined Sales and
14 Use Tax Governing Board, upon passage any federal law which authorizes states to require
15 remote sellers to collect and remit sales and use taxes, the rate imposed under section 44-18-18
16 shall be reduced from seven percent (7%) to six and one-half percent (6.5%). The six and one-
17 half percent (6.5%) rate shall take effect on the date that the state requires remote sellers to collect
18 and remit sale and use taxes. Provided, that effective January 1, 2015, the rate imposed by this

1 [section shall be reduced and set at three percent \(3%\).](#)

2 **44-18-19. Collection of sales tax by retailer.** -- The retailer shall add the tax imposed by
3 this chapter to the sale price or charge, and when added the tax constitutes a part of the price or
4 charge, is a debt from the consumer or user to the retailer, and is recoverable at law in the same
5 manner as other debts; provided, that the amount of tax that the retailer collects from the
6 consumer or user is as follows:

7	Amount of Sale	Amount of Tax
8	\$0.01 to \$.08 inclusive	No Tax
9	.09 to .24 inclusive	.01
10	.25 to .41 inclusive	.02
11	.42 to .58 inclusive	.03
12	.59 to .74 inclusive	.04
13	.75 to .91 inclusive	.05
14	.92 to 1.08 inclusive	.06

15 and where the amount of the sale is more than one dollar and eight cents (\$1.08) the amount of
16 the tax is computed at the rate of six percent (6%); provided, that the amount of tax that the
17 retailer collects from the consumer or user for the period commencing July 1, 1990 is as follows:

18	Amount of Sale	Amount of Tax
19	\$ 0.01 to \$.07 inclusive	No Tax
20	.08 to .21 inclusive	.01
21	.22 to .35 inclusive	.02
22	.36 to .49 inclusive	.03
23	.50 to .64 inclusive	.04
24	.65 to .78 inclusive	.05
25	.79 to .92 inclusive	.06
26	.93 to 1.07 inclusive	.07

27 and where the amount of the sale is more than one dollar and seven cents (\$1.07) the amount of
28 the tax is computed at the rate of seven percent (7%).

29 [Provided, that effective January 1, 2015, the amount of the tax shall be computed at the rate of](#)
30 [three percent \(3%\).](#)

31 **44-18-20. Use tax imposed.** -- (a) An excise tax is imposed on the storage, use, or other
32 consumption in this state of tangible personal property, prewritten computer software delivered
33 electronically or by load and leave or services as defined in section 44-18-7.3; including a motor
34 vehicle, a boat, an airplane, or a trailer, purchased from any retailer at the rate of six percent (6%)

1 of the sale price of the property.

2 (b) An excise tax is imposed on the storage, use, or other consumption in this state of a
3 motor vehicle, a boat, an airplane, or a trailer purchased from other than a licensed motor vehicle
4 dealer or other than a retailer of boats, airplanes, or trailers respectively, at the rate of six percent
5 (6%) of the sale price of the motor vehicle, boat, airplane, or trailer.

6 (c) The word "trailer" as used in this section and in section 44-18-21 means and includes
7 those defined in section 31-1-5(a) -- (e) and also includes boat trailers, camping trailers, house
8 trailers, and mobile homes.

9 (d) Notwithstanding the provisions contained in this section and in section 44-18-21
10 relating to the imposition of a use tax and liability for this tax on certain casual sales, no tax is
11 payable in any casual sale:

12 (1) When the transferee or purchaser is the spouse, mother, father, brother, sister, or
13 child of the transferor or seller;

14 (2) When the transfer or sale is made in connection with the organization, reorganization,
15 dissolution, or partial liquidation of a business entity; provided:

16 (i) The last taxable sale, transfer, or use of the article being transferred or sold was
17 subjected to a tax imposed by this chapter;

18 (ii) The transferee is the business entity referred to or is a stockholder, owner, member,
19 or partner; and

20 (iii) Any gain or loss to the transferor is not recognized for income tax purposes under
21 the provisions of the federal income tax law and treasury regulations and rulings issued
22 thereunder;

23 (3) When the sale or transfer is of a trailer, other than a camping trailer, of the type
24 ordinarily used for residential purposes and commonly known as a house trailer or as a mobile
25 home; or

26 (4) When the transferee or purchaser is exempt under the provisions of section 44-18-30
27 or other general law of this state or special act of the general assembly of this state.

28 (e) The term "casual" means a sale made by a person other than a retailer; provided, that
29 in the case of a sale of a motor vehicle, the term means a sale made by a person other than a
30 licensed motor vehicle dealer or an auctioneer at an auction sale. In no case is the tax imposed
31 under the provisions of subsections (a) and (b) of this section on the storage, use, or other
32 consumption in this state of a used motor vehicle less than the product obtained by multiplying
33 the amount of the retail dollar value at the time of purchase of the motor vehicle by the applicable
34 tax rate; provided, that where the amount of the sale price exceeds the amount of the retail dollar

1 value, the tax is based on the sale price. The tax administrator shall use as his or her guide the
2 retail dollar value as shown in the current issue of any nationally recognized used vehicle guide
3 for appraisal purposes in this state. On request within thirty (30) days by the taxpayer after
4 payment of the tax, if the tax administrator determines that the retail dollar value as stated in this
5 subsection is inequitable or unreasonable, he or she shall, after affording the taxpayer reasonable
6 opportunity to be heard, re-determine the tax.

7 (f) Every person making more than five (5) retail sales of tangible personal property or
8 prewritten computer software delivered electronically or by load and leave, or services as defined
9 in section 44-18-7.3 during any twelve (12) month period, including sales made in the capacity of
10 assignee for the benefit of creditors or receiver or trustee in bankruptcy, is considered a retailer
11 within the provisions of this chapter.

12 (g) (1) "Casual sale" includes a sale of tangible personal property not held or used by a
13 seller in the course of activities for which the seller is required to hold a seller's permit or permits
14 or would be required to hold a seller's permit or permits if the activities were conducted in this
15 state; provided, that the sale is not one of a series of sales sufficient in number, scope, and
16 character (more than five (5) in any twelve (12) month period) to constitute an activity for which
17 the seller is required to hold a seller's permit or would be required to hold a seller's permit if the
18 activity were conducted in this state.

19 (2) Casual sales also include sales made at bazaars, fairs, picnics, or similar events by
20 nonprofit organizations, which are organized for charitable, educational, civic, religious, social,
21 recreational, fraternal, or literary purposes during two (2) events not to exceed a total of six (6)
22 days duration each calendar year. Each event requires the issuance of a permit by the division of
23 taxation. Where sales are made at events by a vendor, which holds a sales tax permit and is not a
24 nonprofit organization, the sales are in the regular course of business and are not exempt as casual
25 sales.

26 (h) The use tax imposed under this section for the period commencing July 1, 1990 is at
27 the rate of seven percent (7%). In recognition of the work being performed by the Streamlined
28 Sales and Use Tax Governing Board, upon passage of any federal law which authorizes states to
29 require remote sellers to collect and remit sales and use taxes, effective the first (1st) day of the
30 first (1st) state fiscal quarter following the change, the rate imposed under section 44-18-18 shall
31 be reduced from seven percent (7.0%) to six and one-half percent (6.5%). The six and one- half
32 percent (6.5%) rate shall take effect on the date that the state requires remote sellers to collect and
33 remit sales and use taxes. [Provided, that effective January 1, 2015, the rate imposed by this](#)
34 [section shall be reduced and set at three percent \(3%\).](#)

1 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO TAXATION - SALES AND USE TAXES - LIABILITY AND
COMPUTATION

- 1 This act would reduce the state sales tax rate and the use tax rate from seven percent (7%)
- 2 to three percent (3%) effective January 1, 2015.
- 3 This act would take effect upon passage.

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