

2018 -- S 2856

LC005581

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

A N A C T

RELATING TO TAXATION - MEAL AND BEVERAGE TAX

Introduced By: Senators DiPalma, and Euer

Date Introduced: May 03, 2018

Referred To: Senate Finance

(by request)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-18-18.1 of the General Laws in Chapter 44-18 entitled "Sales
2 and Use Taxes - Liability and Computation" is hereby amended to read as follows:

3 **44-18-18.1. Local meals and beverage tax.**

4 (a) There is hereby levied and imposed, upon every purchaser of a meal and/or beverage,
5 in addition to all other taxes and fees now imposed by law, a local meals and beverage tax upon
6 each and every meal and/or beverage sold within the state of Rhode Island in or from an eating
7 and/or drinking establishment, whether prepared in the eating and/or drinking establishment or
8 not and whether consumed at the premises or not, at a rate of one percent of the gross receipts.
9 The tax shall be paid to the tax administrator by the retailer at the time and in the manner
10 provided.

11 (b) All sums received by the division of taxation under this section as taxes, penalties, or
12 forfeitures, interest, costs of suit, and fines shall be distributed at least quarterly and credited and
13 paid by the state treasurer to the city or town where the meals and beverages are delivered.

14 (c) When used in this section, the following words have the following meanings:

15 (1) "Beverage" means all nonalcoholic beverages, as well as alcoholic beverages, beer,
16 lager beer, ale, porter, wine, similar fermented malt, or vinous liquor.

17 (2) "Eating and/or drinking establishment" means and includes restaurants, bars, taverns,
18 lounges, cafeterias, lunch counters, drive-ins, roadside ice cream and refreshment stands, fish-
19 and-chip places, fried chicken places, pizzerias, food-and-drink concessions, or similar facilities

1 in amusement parks, bowling alleys, clubs, caterers, drive-in theatres, industrial plants, race
2 tracks, shore resorts or other locations, lunch carts, mobile canteens and other similar vehicles,
3 and other like places of business that furnish or provide facilities for immediate consumption of
4 food at tables, chairs, or, counters or from trays, plates, cups, or other tableware, or in parking
5 facilities provided primarily for the use of patrons in consuming products purchased at the
6 location. Ordinarily, eating establishment does not mean and include food stores and
7 supermarkets. Eating establishments does not mean "vending machines," a self-contained
8 automatic device that dispenses for sale foods, beverages, or confection products. Retailers
9 selling prepared foods in bulk, either in customer-furnished containers or in the seller's
10 containers, for example "Soup and Sauce" establishments, are deemed to be selling prepared
11 foods ordinarily for immediate consumption and, as such, are considered eating establishments.

12 (3) "Meal" means any prepared food or beverage offered or held out for sale by an eating
13 and/or drinking establishment for the purpose of being consumed by any person to satisfy the
14 appetite and that is ready for immediate consumption. All such food and beverage, unless
15 otherwise specifically exempted or excluded herein shall be included, whether intended to be
16 consumed on the seller's premises or elsewhere, whether designated as breakfast, lunch, snack,
17 dinner, supper, or by some other name, and without regard to the manner, time, or place of
18 service.

19 (d) This local meals and beverage tax shall be administered and collected by the division
20 of taxation, and unless provided to the contrary in this chapter, all of the administration,
21 collection, and other provisions of chapters 18 and 19 of this title apply.

22 In recognition of the work being performed by the streamlined sales and use tax
23 governing board, upon passage of any federal law that authorizes states to require remote sellers
24 to collect and remit sales and use taxes, the rate imposed under this section shall be increased
25 from one percent (1%) to one and one-half percent (1.5%). The one and one-half percent (1.5%)
26 rate shall take effect on the date that the state requires remote sellers to collect and remit sales and
27 use taxes.

28 (e) The city of Newport, and the town of Middletown, are hereby authorized to collect an
29 additional one percent (1%) tax on meals and beverages within the purview of this section, the
30 proceeds of which shall be used to support schools, school safety, and capital improvements
31 within those municipalities.

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

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO TAXATION - MEAL AND BEVERAGE TAX

- 1 This act would authorize Newport and Middletown to collect an additional one percent
- 2 (1%) meal and beverage tax to fund schools, school safety, and capital improvements.
- 3 This act would take effect upon passage.

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