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**ARTICLE 5 AS AMENDED**

RELATING TO TAXES, REVENUES AND FEES

SECTION 1. Section 19-14-4 of the General Laws in Chapter 19-14 entitled "Licensed Activities" is hereby amended to read as follows:

**19-14-4. Annual fee.**

(a) Each licensee shall pay an annual license fee as follows:

- (1) Each small-loan lender license and each branch certificate, the sum of five hundred fifty dollars (\$550);
  - (2) Each loan-broker license and each branch certificate, the sum of five hundred fifty dollars (\$550);
  - (3) Each lender license and each branch certificate, the sum of one thousand one hundred dollars (\$1,100);
  - (4) Each sale of checks license, the sum of three hundred sixty dollars (\$360);
  - (5) Each check cashing license, the sum of three hundred sixty dollars (\$360);
  - (6) Each electronic money transfer license, the sum of three hundred sixty dollars (\$360);
  - (7) Each registration to provide debt-management services, the sum of two hundred dollars (\$200);
  - (8) Each mortgage-loan originator license, the sum of ~~one~~ **four** hundred dollars (~~\$100~~ **400**);
- and
- (9) Each third-party loan-servicer license and each branch certificate, the sum of one thousand one hundred dollars (\$1,100).

(b) Any licensee who shall not pay the annual fee by December 31 of each year shall be subject to a daily penalty of twenty-five dollars (\$25) per day, subject to a maximum of seven hundred fifty dollars (\$750). The penalty shall be paid to the director to, and for the use of, the state. The penalty may be waived for good cause by the director, or the director's designee, upon written request.

SECTION 2. Section 19-14.9-12 of the General Laws in Chapter 19-14.9 entitled "Rhode Island Fair Debt Collection Practices Act" is hereby amended to read as follows:

**19-14.9-12. Registration required.**

(1) After July 1, 2008, no person shall engage within this state in the business of a debt

1 collector, or engage in soliciting the right to collect or receive payment for another of an account,  
2 bill, or other indebtedness, or advertise for or solicit in print the right to collect or receive payment  
3 for another of an account, bill, or other indebtedness, without first registering with the director, or  
4 the director's designee.

5 (2) The application for registration shall be in writing; shall contain information as the  
6 director may determine; and shall be accompanied by a registration fee of ~~one~~ seven hundred fifty  
7 dollars (~~\$100~~ 750).

8 (3) The registration shall be for a period of one year. Each registration shall plainly state  
9 the name of the registrant and the city or town with the name of the street and number, if any, of  
10 the place where the business is to be carried on; provided that the business shall at all times be  
11 conducted in the name of the registrant as it appears on the registration.

12 (4) No person registered to act within this state as a debt collector shall do so under any  
13 other name or at any other place of business than that named in the registration. The registration  
14 shall be for a single location but may, with notification to the director, be moved to a different  
15 location. A registration shall not be transferable or assignable.

16 (5) This section shall not apply:

17 (a) To the servicer of a debt by a mortgage; or

18 (b) To any debt collector located out of this state, provided that the debt collector:

19 (1) Is collecting debts on behalf of an out-of-state creditor for a debt that was incurred out  
20 of state; and

21 (2) Only collects debts in this state using interstate communication methods, including  
22 telephone, facsimile, or mail.

23 (c) To any regulated institution as defined under § 19-1-1, national banking association,  
24 federal savings bank, federal savings and loan association, federal credit union, or any bank, trust  
25 company, savings bank, savings and loan association, or credit union organized under the laws of  
26 this state, or any other state of the United States, or any subsidiary of the above; but except as  
27 provided herein, this section shall apply to a subsidiary or affiliate, as defined by the director, of an  
28 exempted entity and of a bank holding company established in accordance with state or federal law.

29 SECTION 3. Section 23-17-38.1 of the General Laws in Chapter 23-17 entitled "Licensing  
30 of Health-Care Facilities" is hereby amended to read as follows:

31 **23-17-38.1. Hospitals -- Licensing fee.**

32 ~~(a) There is also imposed a hospital licensing fee at the rate of five and eight hundred fifty-~~  
33 ~~six thousandths percent (5.856%) upon the net patient services revenue of every hospital for the~~  
34 ~~hospital's first fiscal year ending on or after January 1, 2016, except that the license fee for all~~

1 ~~hospitals located in Washington County, Rhode Island shall be discounted by thirty seven percent~~  
2 ~~(37%). The discount for Washington County hospitals is subject to approval by the Secretary of the~~  
3 ~~U.S. Department of Health and Human Services of a state plan amendment submitted by the~~  
4 ~~executive office of health and human services for the purpose of pursuing a waiver of the uniformity~~  
5 ~~requirement for the hospital license fee. This licensing fee shall be administered and collected by~~  
6 ~~the tax administrator, division of taxation within the department of revenue, and all the~~  
7 ~~administration, collection, and other provisions of chapter 51 of title 44 shall apply. Every hospital~~  
8 ~~shall pay the licensing fee to the tax administrator on or before July 10, 2018, and payments shall~~  
9 ~~be made by electronic transfer of monies to the general treasurer and deposited to the general fund.~~  
10 ~~Every hospital shall, on or before June 14, 2018, make a return to the tax administrator containing~~  
11 ~~the correct computation of net patient services revenue for the hospital fiscal year ending~~  
12 ~~September 30, 2016, and the licensing fee due upon that amount. All returns shall be signed by the~~  
13 ~~hospital's authorized representative, subject to the pains and penalties of perjury.~~

14 (b)(a) There is also imposed a hospital licensing fee at the rate of six percent (6%) upon  
15 the net patient-services revenue of every hospital for the hospital's first fiscal year ending on or  
16 after January 1, 2017, except that the license fee for all hospitals located in Washington County,  
17 Rhode Island shall be discounted by thirty-seven percent (37%). The discount for Washington  
18 County hospitals is subject to approval by the Secretary of the U.S. Department of Health and  
19 Human Services of a state plan amendment submitted by the executive office of health and human  
20 services for the purpose of pursuing a waiver of the uniformity requirement for the hospital license  
21 fee. This licensing fee shall be administered and collected by the tax administrator, division of  
22 taxation within the department of revenue, and all the administration, collection, and other  
23 provisions of chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax  
24 administrator on or before July 10, 2019, and payments shall be made by electronic transfer of  
25 monies to the general treasurer and deposited to the general fund. Every hospital shall, on or before  
26 June 14, 2019, make a return to the tax administrator containing the correct computation of net  
27 patient-services revenue for the hospital fiscal year ending September 30, 2017, and the licensing  
28 fee due upon that amount. All returns shall be signed by the hospital's authorized representative,  
29 subject to the pains and penalties of perjury.

30 (b) There is also imposed a hospital licensing fee at the rate of six percent (6%) upon the  
31 net patient-services revenue of every hospital for the hospital's first fiscal year ending on or after  
32 January 1, 2018, except that the license fee for all hospitals located in Washington County, Rhode  
33 Island shall be discounted by thirty-seven percent (37%). The discount for Washington County  
34 hospitals is subject to approval by the Secretary of the U.S. Department of Health and Human

1 Services of a state plan amendment submitted by the executive office of health and human services  
2 for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This  
3 licensing fee shall be administered and collected by the tax administrator, division of taxation  
4 within the department of revenue, and all the administration, collection, and other provisions of  
5 chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator  
6 on or before July 13, 2020, and payments shall be made by electronic transfer of monies to the  
7 general treasurer and deposited to the general fund. Every hospital shall, on or before June 15,  
8 2020, make a return to the tax administrator containing the correct computation of net patient-  
9 services revenue for the hospital fiscal year ending September 30, 2018, and the licensing fee due  
10 upon that amount. All returns shall be signed by the hospital's authorized representative, subject to  
11 the pains and penalties of perjury.

12 (c) There is also imposed a hospital licensing fee for state fiscal year 2021 against each  
13 hospital in the state. The hospital licensing fee is equal to five percent (5.0%) of the net patient-  
14 services revenue of every hospital for the hospital's first fiscal year ending on or after January 1,  
15 2018, except that the license fee for all hospitals located in Washington County, Rhode Island shall  
16 be discounted by thirty-seven percent (37%). The discount for Washington County hospitals is  
17 subject to approval by the Secretary of the U.S. Department of Health and Human Services of a  
18 state plan amendment submitted by the executive office of health and human services for the  
19 purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This  
20 licensing fee shall be administered and collected by the tax administrator, division of taxation  
21 within the department of revenue, and all the administration, collection, and other provisions of  
22 chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator  
23 on or before July 13, 2021, and payments shall be made by electronic transfer of monies to the  
24 general treasurer and deposited to the general fund. Every hospital shall, on or before June 15,  
25 2020, make a return to the tax administrator containing the correct computation of net patient-  
26 services revenue for the hospital fiscal year ending September 30, 2018, and the licensing fee due  
27 upon that amount. All returns shall be signed by the hospital's authorized representative, subject to  
28 the pains and penalties of perjury.

29 ~~(e)~~(d) For purposes of this section the following words and phrases have the following  
30 meanings:

31 (1) "Hospital" means the actual facilities and buildings in existence in Rhode Island,  
32 licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on  
33 that license, regardless of changes in licensure status pursuant to chapter 17.14 of title 23 (hospital  
34 conversions) and § 23-17-6(b) (change in effective control), that provides short-term acute inpatient

1 and/or outpatient care to persons who require definitive diagnosis and treatment for injury, illness,  
2 disabilities, or pregnancy. Notwithstanding the preceding language, the negotiated Medicaid  
3 managed care payment rates for a court-approved purchaser that acquires a hospital through  
4 receivership, special mastership, or other similar state insolvency proceedings (which court-  
5 approved purchaser is issued a hospital license after January 1, 2013) shall be based upon the newly  
6 negotiated rates between the court-approved purchaser and the health plan, and such rates shall be  
7 effective as of the date that the court-approved purchaser and the health plan execute the initial  
8 agreement containing the newly negotiated rate. The rate-setting methodology for inpatient hospital  
9 payments and outpatient hospital payments set forth in §§ 40-8-13.4(b) and 40-8-13.4(b)(2),  
10 respectively, shall thereafter apply to negotiated increases for each annual twelve-month (12)  
11 period as of July 1 following the completion of the first full year of the court-approved purchaser's  
12 initial Medicaid managed care contract.

13 (2) "Gross patient-services revenue" means the gross revenue related to patient care  
14 services.

15 (3) "Net patient-services revenue" means the charges related to patient care services less  
16 (i) charges attributable to charity care; (ii) bad debt expenses; and (iii) contractual allowances.

17 ~~(d)~~(e) The tax administrator shall make and promulgate any rules, regulations, and  
18 procedures not inconsistent with state law and fiscal procedures that he or she deems necessary for  
19 the proper administration of this section and to carry out the provisions, policy, and purposes of  
20 this section.

21 ~~(e)~~(f) The licensing fee imposed by ~~this~~ section (b) shall apply to hospitals as defined herein  
22 that are duly licensed on July 1, ~~2018~~ 2019, and shall be in addition to the inspection fee imposed  
23 by § 23-17-38 and to any licensing fees previously imposed in accordance with § 23-17-38.1.

24 (g) The licensing fee imposed by section (c) shall apply to hospitals as defined herein that  
25 are duly licensed on July 1, 2020 and shall be in addition to the inspection fee imposed by § 23-17-  
26 38 and to any licensing fees previously imposed in accordance with § 23-17-38.1.

27 SECTION 4. Section 42-17.1-9.1 of the General Laws in Chapter 42-17.1 entitled  
28 "Department of Environmental Management" is hereby amended to read as follows:

29 **42-17.1-9.1. User fees at state beaches, parks, and recreation areas.**

30 (a) The department of environmental management in pursuance of its administrative duties  
31 and responsibilities may charge a user fee for any state beach, or recreational area under its  
32 jurisdiction, and fees for the use of its services or facilities.

33 (b) The fee may be on a daily or annual basis, or both, and may be based on vehicle parking  
34 or other appropriate means. The fees may recognize the contribution of Rhode Island taxpayers to

1 support the facilities in relation to other users of the state's facilities. The fee structure may  
2 acknowledge the need to provide for all people, regardless of circumstances.

3 (c) An additional fee for camping and other special uses may be charged where appropriate.  
4 Rates so charged should be comparable to equivalent commercial facilities.

5 (d) All such fees shall be established after a public hearing.

6 (e) All daily fees from beach parking, which shall also include fees charged and collected  
7 at Ninigret conservation area and Charlestown breachway, shall be shared with the municipality in  
8 which the facility is located on the basis of seventy-three percent (73%) retained by the state and  
9 twenty-seven percent (27%) remitted to the municipality; provided, further, from July 1, 2016, until  
10 October 1, ~~2016~~ 2021, the beach fees charged and collected under this subsection shall be equal to  
11 those in effect on June 30, 2011. ~~Further, purchasers of season passes between May 14, 2016, and~~  
12 ~~June 30, 2016, shall be eligible to receive a credit for the difference between the amount of the July~~  
13 ~~1, 2016, fee and the amount originally paid. Said credits may be applied against the purchase of a~~  
14 ~~season pass in 2017.~~

15 (f) Fifty percent (50%) of all user and concession fees received by the state shall be  
16 deposited as general revenues. For the year beginning July 1, 1979, the proportion of user and  
17 concession fees to be received by the state shall be sixty-five percent (65%); for the year beginning  
18 July 1, 1980, eighty-five percent (85%); and for the year beginning July 1, 1981, and all years  
19 thereafter, one hundred percent (100%). The general revenue monies appropriated are hereby  
20 specifically dedicated to meeting the costs of development, renovation of, and acquisition of state-  
21 owned recreation areas and for regular maintenance, repair and operation of state owned recreation  
22 areas. Purchases of vehicles and equipment and repairs to facilities shall not exceed four hundred  
23 thousand dollars (\$400,000) annually. Notwithstanding the provisions of § 37-1-1 or any other  
24 provision of the general laws, the director of the department of environmental management is  
25 hereby authorized to accept any grant, devise, bequest, donation, gift, or assignment of money,  
26 bonds, or other valuable securities for deposit in the same manner as provided above for user and  
27 concession fees retained by the state.

28 (g) No fee shall be charged to any school or other nonprofit organization provided that a  
29 representative of the school or other organization gives written notice of the date and time of their  
30 arrival to the facility.

31 SECTION 5. Section 42-63.1-3 of the General Laws in Chapter 42-63.1 entitled "Tourism  
32 and Development" is hereby amended to read as follows:

33 **42-63.1-3. Distribution of tax.**

34 (a) For returns and tax payments received on or before December 31, 2015, except as

1 provided in § 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax  
2 collected from residential units offered for tourist or transient use through a hosting platform, shall  
3 be distributed as follows by the division of taxation and the city of Newport:

4 (1) Forty-seven percent (47%) of the tax generated by the hotels in the district, except as  
5 otherwise provided in this chapter, shall be given to the regional tourism district wherein the hotel  
6 is located; provided, however, that from the tax generated by the hotels in the city of Warwick,  
7 thirty-one percent (31%) of the tax shall be given to the Warwick regional tourism district  
8 established in § 42-63.1-5(a)(5) and sixteen percent (16%) of the tax shall be given to the Greater  
9 Providence-Warwick Convention and Visitors' Bureau established in § 42-63.1-11; and provided  
10 further, that from the tax generated by the hotels in the city of Providence, sixteen percent (16%)  
11 of that tax shall be given to the Greater Providence-Warwick Convention and Visitors' Bureau  
12 established by § 42-63.1-11, and thirty-one percent (31%) of that tax shall be given to the  
13 Convention Authority of the city of Providence established pursuant to the provisions of chapter  
14 84 of the public laws of January, 1980; provided, however, that the receipts attributable to the  
15 district as defined in § 42-63.1-5(a)(7) shall be deposited as general revenues, and that the receipts  
16 attributable to the district as defined in § 42-63.1-5(a)(8) shall be given to the Rhode Island  
17 commerce corporation as established in chapter 64 of title 42.

18 (2) Twenty-five percent (25%) of the hotel tax shall be given to the city or town where the  
19 hotel, which generated the tax, is physically located, to be used for whatever purpose the city or  
20 town decides.

21 (3) Twenty-one (21%) of the hotel tax shall be given to the Rhode Island commerce  
22 corporation established in chapter 64 of title 42, and seven percent (7%) to the Greater Providence-  
23 Warwick Convention and Visitors' Bureau.

24 (b) For returns and tax payments received after December 31, 2015, except as provided in  
25 § 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from  
26 residential units offered for tourist or transient use through a hosting platform, shall be distributed  
27 as follows by the division of taxation and the city of Newport:

28 (1) For the tax generated by the hotels in the Aquidneck Island district, as defined in § 42-  
29 63.1-5, forty-two percent (42%) of the tax shall be given to the Aquidneck Island district, twenty-  
30 five (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is  
31 physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick  
32 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-eight percent (28%) of  
33 the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title  
34 42.

1 (2) For the tax generated by the hotels in the Providence district as defined in § 42-63.1-5,  
2 twenty eight percent (28%) of the tax shall be given to the Providence district, twenty-five percent  
3 (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is  
4 physically located, twenty-three (23%) of the tax shall be given to the Greater Providence-Warwick  
5 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four (24%) of the tax shall  
6 be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

7 (3) For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5,  
8 twenty-eight percent (28%) of the tax shall be given to the Warwick District, twenty-five percent  
9 (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is  
10 physically located, twenty-three percent (23%) of the tax shall be given to the Greater Providence-  
11 Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four (24%) of  
12 the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title  
13 42.

14 (4) For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5,  
15 twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which  
16 generated the tax, is physically located, five percent (5%) of the tax shall be given to the Greater  
17 Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy  
18 percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in  
19 chapter 64 of title 42.

20 (5) With respect to the tax generated by hotels in districts other than those set forth in  
21 subdivisions (b)(1) through (b)(4), forty-two percent (42%) of the tax shall be given to the regional  
22 tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five percent (25%)  
23 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically  
24 located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention  
25 and Visitors Bureau established in § 42-63.1-11, and twenty-eight (28%) of the tax shall be given  
26 to the Rhode Island commerce corporation established in chapter 64 of title 42.

27 (c) ~~The~~ [For returns and tax payments received before July 1, 2019, the](#) proceeds of the hotel  
28 tax collected from residential units offered for tourist or transient use through a hosting platform  
29 shall be distributed as follows by the division of taxation and the city of Newport: twenty-five  
30 percent (25%) of the tax shall be given to the city or town where the residential unit, which  
31 generated the tax, is physically located, and seventy-five percent (75%) of the tax shall be given to  
32 the Rhode Island commerce corporation established in chapter 64 of title 42.

33 (d) The Rhode Island commerce corporation shall be required in each fiscal year to spend  
34 on the promotion and marketing of Rhode Island as a destination for tourists or businesses an

1 amount of money of no less than the total proceeds of the hotel tax it receives pursuant to this  
2 chapter for such fiscal year.

3 (e) Notwithstanding the foregoing provisions of this section, for returns and tax payments  
4 received on or after July 1, 2016, and on or before June 30, 2017, except as provided in § 42-63.1-  
5 12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from residential  
6 units offered for tourist or transient use through a hosting platform, shall be distributed in  
7 accordance with the distribution percentages established in subsections (a)(1) through (a)(3) of this  
8 section by the division of taxation and the city of Newport.

9 (f) For returns and tax payments received on or after July 1, 2018, except as provided in §  
10 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from  
11 residential units offered for tourist or transient use through a hosting platform, shall be distributed  
12 as follows by the division of taxation and the city of Newport:

13 (1) For the tax generated by the hotels in the Aquidneck Island district, as defined in § 42-  
14 63.1-5, forty-five percent (45%) of the tax shall be given to the Aquidneck Island district, twenty-  
15 five (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is  
16 physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick  
17 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-five percent (25%) of the  
18 tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

19 (2) For the tax generated by the hotels in the Providence district as defined in § 42-63.1-5,  
20 thirty percent (30%) of the tax shall be given to the Providence district, twenty-five percent (25%)  
21 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically  
22 located, twenty-four (24%) of the tax shall be given to the Greater Providence-Warwick  
23 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one (21%) of the tax shall  
24 be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

25 (3) For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5,  
26 thirty percent (30%) of the tax shall be given to the Warwick District, twenty-five percent (25%)  
27 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically  
28 located, twenty-four percent (24%) of the tax shall be given to the Greater Providence-Warwick  
29 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one (21%) of the tax shall  
30 be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

31 (4) For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5,  
32 twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which  
33 generated the tax, is physically located, five percent (5%) of the tax shall be given to the Greater  
34 Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy

1 percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in  
2 chapter 64 of title 42.

3 (5) With respect to the tax generated by hotels in districts other than those set forth in  
4 subdivisions (b)(1) through (b)(4), forty-five percent (45%) of the tax shall be given to the regional  
5 tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five percent (25%)  
6 of the tax shall be given to the city or town where the hotel, which generated the tax, is physically  
7 located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention  
8 and Visitors Bureau established in § 42-63.1-11, and twenty-five (25%) of the tax shall be given to  
9 the Rhode Island commerce corporation established in chapter 64 of title 42.

10 (g) For returns and tax payments received on or after July 1, 2019, except as provided in §  
11 42-63.1-12, the proceeds of the hotel tax, including such portion of the hotel tax collected from  
12 residential units offered for tourist or transient use through a hosting platform, shall be distributed  
13 as follows by the division of taxation and the city of Newport:

14 (1) For the tax generated in the Aquidneck Island district, as defined in § 42-63.1-5, forty-  
15 five percent (45%) of the tax shall be given to the Aquidneck Island district, twenty-five percent  
16 (25%) of the tax shall be given to the city or town where the hotel or residential unit, which  
17 generated the tax, is physically located, five percent (5%) of the tax shall be given to the Greater  
18 Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-five  
19 percent (25%) of the tax shall be given to the Rhode Island commerce corporation established in  
20 chapter 64 of title 42.

21 (2) For the tax generated in the Providence district as defined in § 42-63.1-5, thirty percent  
22 (30%) of the tax shall be given to the Providence district, twenty-five percent (25%) of the tax shall  
23 be given to the city or town where the hotel or residential unit, which generated the tax, is physically  
24 located, twenty-four percent (24%) of the tax shall be given to the Greater Providence-Warwick  
25 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one percent (21%) of the  
26 tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

27 (3) For the tax generated in the Warwick district as defined in § 42-63.1-5, thirty percent  
28 (30%) of the tax shall be given to the Warwick District, twenty-five percent (25%) of the tax shall  
29 be given to the city or town where the hotel or residential unit, which generated the tax, is physically  
30 located, twenty-four percent (24%) of the tax shall be given to the Greater Providence-Warwick  
31 Convention and Visitors Bureau established in § 42-63.1-11, and twenty-one percent (21%) of the  
32 tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

33 (4) For the tax generated in the Statewide district, as defined in § 42-63.1-5, twenty-five  
34 percent (25%) of the tax shall be given to the city or town where the hotel or residential unit, which

1 generated the tax, is physically located, five percent (5%) of the tax shall be given to the Greater  
2 Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy  
3 percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in  
4 chapter 64 of title 42.

5 (5) With respect to the tax generated in districts other than those set forth in subsections  
6 (g)(1) through (g)(4) of this section, forty-five percent (45%) of the tax shall be given to the regional  
7 tourism district, as defined in § 42-63.1-5, wherein the hotel or residential unit is located, twenty-  
8 five percent (25%) of the tax shall be given to the city or town where the hotel or residential unit,  
9 which generated the tax, is physically located, five percent (5%) of the tax shall be given to the  
10 Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and  
11 twenty-five percent (25%) of the tax shall be given to the Rhode Island commerce corporation  
12 established in chapter 64 of title 42.

13 SECTION 6. Section 42-142-8 of the General Laws in Chapter 42-142 entitled  
14 "Department of Revenue" is hereby amended to read as follows:

15 **42-142-8. Collection unit.**

16 (a) The director of the department of revenue is authorized to establish within the  
17 department of revenue a collection unit for the purpose of assisting state agencies in the collection  
18 of debts owed to the state. The director of the department of revenue may enter into an agreement  
19 with any state agency(ies) to collect any delinquent debt owed to the state.

20 (b) The director of the department of revenue shall initially implement a pilot program to  
21 assist the agency(ies) with the collection of delinquent debts owed to the state.

22 (c) The agency(ies) participating in the pilot program shall refer to the collection unit  
23 within the department of revenue, debts owed by delinquent debtors where the nature and amount  
24 of the debt owed has been determined and reconciled by the agency and the debt is: (i) The subject  
25 of a written settlement agreement and/or written waiver agreement and the delinquent debtor has  
26 failed to timely make payments under said agreement and/or waiver and is therefore in violation of  
27 the terms of said agreement and/or waiver; (ii) The subject of a final administrative order or  
28 decision and the debtor has not timely appealed said order or decision; (iii) The subject of final  
29 order, judgment or decision of a court of competent jurisdiction and the debtor has not timely  
30 appealed said order, judgment or decision. The collection unit shall not accept a referral of any  
31 delinquent debt unless it satisfies subsection (c)(i), (ii) or (iii) of this section.

32 (d) Any agency(ies) entering into an agreement with the department of revenue to allow  
33 the collection unit of the department to collect a delinquent debt owed to the state shall indemnify  
34 the department of revenue against injuries, actions, liabilities, or proceedings arising from the

1 collection, or attempted collection, by the collection unit of the debt owed to the state.

2 (e) Before referring a delinquent debt to the collection unit, the agency(ies) must notify the  
3 debtor of its intention to submit the debt to the collection unit for collection and of the debtor's right  
4 to appeal that decision not less than thirty (30) days before the debt is submitted to the collection  
5 unit.

6 (f) At such time as the agency(ies) refers a delinquent debt to the collection unit, the agency  
7 shall: (i) Represent in writing to the collection unit that it has complied with all applicable state and  
8 federal laws and regulations relating to the collection of the debt, including, but not limited to, the  
9 requirement to provide the debtor with the notice of referral to the collection unit under subsection  
10 (e) of this section; and (ii) Provide the collection unit personnel with all relevant supporting  
11 documentation including, but not limited to, notices, invoices, ledgers, correspondence,  
12 agreements, waivers, decisions, orders, and judgments necessary for the collection unit to attempt  
13 to collect the delinquent debt.

14 (g) The referring agency(ies) shall assist the collection unit by providing any and all  
15 information, expertise, and resources deemed necessary by the collection unit to collect the  
16 delinquent debts referred to the collection unit.

17 (h) Upon receipt of a referral of a delinquent debt from an agency(ies), the amount of the  
18 delinquent debt shall accrue interest at ~~the an~~ annual rate of interest established by law for the  
19 referring agency or at an annual rate of 13%, whichever percentage rate is greater. ~~with such rate~~  
20 ~~determined by adding two percent (2%) to the prime rate which was in effect on October 1 of the~~  
21 ~~preceding year; provided however, in no event shall the rate of interest exceed twenty one percent~~  
22 ~~(21%) per annum nor be less than eighteen percent (18%) per annum.~~

23 (i) Upon receipt of a referral of a delinquent debt from the agency(ies), the collection unit  
24 shall provide the delinquent debtor with a "Notice of Referral" advising the debtor that:

25 (1) The delinquent debt has been referred to the collection unit for collection; and

26 (2) The collection unit will initiate, in its names, any action that is available under state law  
27 for the collection of the delinquent debt, including, but not limited to, referring the debt to a third  
28 party to initiate said action.

29 (j) Upon receipt of a referral of a delinquent debt from an agency(ies), the director of the  
30 department of revenue shall have the authority to institute, in its name, any action(s) that are  
31 available under state law for collection of the delinquent debt and interest, penalties, and/or fees  
32 thereon and to, with or without suit, settle the delinquent debt.

33 (k) In exercising its authority under this section, the collection unit shall comply with all  
34 state and federal laws and regulations related to the collection of debts.

1 (l) Upon the receipt of payment from a delinquent debtor, whether a full or partial payment,  
2 the collection unit shall disburse/deposit the proceeds of said payment in the following order:

3 (1) To the appropriate federal account to reimburse the federal government funds owed to  
4 them by the state from funds recovered; and

5 (2) The balance of the amount collected to the referring agency.

6 (m) Notwithstanding the above, the establishment of a collection unit within the department  
7 of revenue shall be contingent upon an annual appropriation by the general assembly of amounts  
8 necessary and sufficient to cover the costs and expenses to establish, maintain, and operate the  
9 collection unit including, but not limited to, computer hardware and software, maintenance of the  
10 computer system to manage the system, and personnel to perform work within the collection unit.

11 (n) In addition to the implementation of any pilot program, the collection unit shall comply  
12 with the provisions of this section in the collection of all delinquent debts under this section.

13 (o) The department of revenue is authorized to promulgate rules and regulations as it deems  
14 appropriate with respect to the collection unit.

15 (p) By September 1, 2020, and each year thereafter, the department of revenue shall  
16 specifically assess the performance, effectiveness, and revenue impact of the collections associated  
17 with this section, including, but not limited to, the total amounts referred and collected by each  
18 referring agency during the previous state fiscal year to the governor, the speaker of the house of  
19 representatives, the president of the senate, the chairpersons of the house and senate finance  
20 committees, and the house and senate fiscal advisors. Such report shall include the net revenue  
21 impact to the state of the collection unit.

22 (q) No operations of a collection unit pursuant to this chapter shall be authorized after June  
23 30, 2021.

24 SECTION 7. Sections 44-11-2.2 and 44-11-19 of the General Laws in Chapter 44-11  
25 entitled "Business Corporation Tax" are hereby amended to read as follows:

26 **44-11-2.2. Pass-through entities -- Definitions -- Withholding -- Returns.**

27 (a) Definitions.

28 (1) "Administrative Adjustment Request" means an administrative adjustment request filed  
29 by a partnership under IRC section 6227.

30 (2) "Audited Partnership" means a partnership or an entity taxed as a partnership federally  
31 subject to a partnership level audit resulting in a federal adjustment.

32 (3) "Direct Partner" means a partner that holds an interest directly in a partnership or pass-  
33 through entity.

34 (4) "Federal Adjustment" means a change to an item or amount determined under the

1 Internal Revenue Code (IRC) that is used by a taxpayer to compute Rhode Island tax owed whether  
2 that change results from action by the IRS, including a partnership level audit, or the filing of an  
3 amended federal return, federal refund claim, or an administrative adjustment request by the  
4 taxpayer. A federal adjustment is positive to the extent that it increases state taxable income as  
5 determined under Rhode Island state laws and is negative to the extent that it decreases state taxable  
6 income as determined under Rhode Island state laws.

7 (5) "Final Determination Date" means if the federal adjustment arises from an IRS audit or  
8 other action by the IRS, the final determination date is the first day on which no federal adjustments  
9 arising from that audit or other action remain to be finally determined, whether by IRS decision  
10 with respect to which all rights of appeal have been waived or exhausted, by agreement, or, if  
11 appealed or contested, by a final decision with respect to which all rights of appeal have been  
12 waived or exhausted. For agreements required to be signed by the IRS and the taxpayer, the final  
13 determination date is the date on which the last party signed the agreement.

14 (6) "Final Federal Adjustment" means a federal adjustment after the final determination  
15 date for that federal adjustment has passed.

16 (7) "Indirect Partner" means a partner in a partnership or pass-through entity that itself  
17 holds an interest directly, or through another indirect partner, in a partnership or pass-through  
18 entity.

19 ~~(1) "Pass-through entity" means a corporation that for the applicable tax year is treated as~~  
20 ~~an S Corporation under IRC § 1362(a) [26 U.S.C. § 1362(a)], and a general partnership, limited~~  
21 ~~partnership, limited liability partnership, trust, or limited liability company that for the applicable~~  
22 ~~tax year is not taxed as a corporation for federal tax purposes under the state's check-the-box~~  
23 ~~regulation.~~

24 ~~(2)~~(8) "Member" means an individual who is a shareholder of an S corporation; a partner  
25 in a general partnership, a limited partnership, or a limited liability partnership; a member of a  
26 limited liability company; or a beneficiary of a trust;

27 ~~(3)~~(9) "Nonresident" means an individual who is not a resident of or domiciled in the state,  
28 a business entity that does not have its commercial domicile in the state, and a trust not organized  
29 in the state.

30 (10) "Partner" means a person that holds an interest directly or indirectly in a partnership  
31 or other pass-through entity.

32 (11) "Partnership" means an entity subject to taxation under Subchapter K of the IRC.

33 (12) "Partnership Level Audit" means an examination by the IRS at the partnership level  
34 pursuant to Subchapter C of Title 26, Subtitle F, Chapter 63 of the IRC, as enacted by the Bipartisan

1 [Budget Act of 2015, Public Law 114-74, which results in Federal Adjustments.](#)

2 [\(13\) "Pass-through entity" means a corporation that for the applicable tax year is treated as](#)  
3 [an S Corporation under IRC § 1362\(a\) \[26 U.S.C. § 1362\(a\)\], and a general partnership, limited](#)  
4 [partnership, limited liability partnership, trust, or limited liability company that for the applicable](#)  
5 [tax year is not taxed as a corporation for federal tax purposes under the state's check-the-box](#)  
6 [regulation.](#)

7 [\(14\) "Tiered Partner" means any partner that is a partnership or pass-through entity.](#)

8 (b) Withholding.

9 (1) A pass-through entity shall withhold income tax at the highest Rhode Island  
10 withholding tax rate provided for individuals or seven percent (7%) for corporations on the  
11 member's share of income of the entity that is derived from or attributable to sources within this  
12 state distributed to each nonresident member and pay the withheld amount in the manner prescribed  
13 by the tax administrator. The pass-through entity shall be liable for the payment of the tax required  
14 to be withheld under this section and shall not be liable to such member for the amount withheld  
15 and paid over in compliance with this section. A member of a pass-through entity that is itself a  
16 pass-through entity (a "lower-tier pass-through entity") shall be subject to this same requirement to  
17 withhold and pay over income tax on the share of income distributed by the lower-tier pass-through  
18 entity to each of its nonresident members. The tax administrator shall apply tax withheld and paid  
19 over by a pass-through entity on distributions to a lower-tier pass-through entity to the withholding  
20 required of that lower-tier pass-through entity.

21 (2) A pass-through entity shall, at the time of payment made pursuant to this section, deliver  
22 to the tax administrator a return upon a form prescribed by the tax administrator showing the total  
23 amounts paid or credited to its nonresident members, the amount withheld in accordance with this  
24 section, and any other information the tax administrator may require. A pass-through entity shall  
25 furnish to its nonresident member annually, but not later than the fifteenth day of the third month  
26 after the end of its taxable year, a record of the amount of tax withheld on behalf of such member  
27 on a form prescribed by the tax administrator.

28 (c) Notwithstanding subsection (b), a pass-through entity is not required to withhold tax  
29 for a nonresident member if:

30 (1) The member has a pro rata or distributive share of income of the pass-through entity  
31 from doing business in, or deriving income from sources within, this state of less than \$1,000 per  
32 annual accounting period;

33 (2) The tax administrator has determined by regulation, ruling, or instruction that the  
34 member's income is not subject to withholding;

1 (3) The member elects to have the tax due paid as part of a composite return filed by the  
2 pass-through entity under subsection (d); or

3 (4) The entity is a publicly traded partnership as defined by 26 U.S.C. § 7704(b) that is  
4 treated as a partnership for the purposes of the Internal Revenue Code and that has agreed to file  
5 an annual information return reporting the name, address, taxpayer identification number and other  
6 information requested by the tax administrator of each unitholder with an income in the state in  
7 excess of \$500.

8 (d) Composite return.

9 (1) A pass-through entity may file a composite income tax return on behalf of electing  
10 nonresident members reporting and paying income tax at the state's highest marginal rate on the  
11 members' pro rata or distributive shares of income of the pass-through entity from doing business  
12 in, or deriving income from sources within, this State.

13 (2) A nonresident member whose only source of income within a state is from one or more  
14 pass-through entities may elect to be included in a composite return filed pursuant to this section.

15 (3) A nonresident member that has been included in a composite return may file an  
16 individual income tax return and shall receive credit for tax paid on the member's behalf by the  
17 pass-through entity.

18 (e) Partnership Level Audit

19 (1) A partnership shall report final federal adjustments pursuant to IRC section 6225(a)(2)  
20 arising from a partnership level audit or an administrative adjustment request and make payments  
21 by filing the applicable supplemental return as prescribed under § 44-11-2.2(e)(1)(ii), and as  
22 required under § 44-11-19(b), in lieu of taxes owed by its direct and indirect partners.

23 (i) Failure of the audited partnership or tiered partner to report final federal adjustments  
24 pursuant to IRC section 6225(a) and 6225(c) or pay does not prevent the tax administrator from  
25 assessing the audited partnership, direct partners or indirect partners for taxes they owe, using the  
26 best information available, in the event that a partnership or tiered partner fails to timely make any  
27 report or payment required by § 44-11-19(b) for any reason.

28 (ii) The tax administrator may promulgate rules and regulations, not inconsistent with law,  
29 to carry into effect the provisions of this chapter.

30 **44-11-19. Supplemental returns -- Additional tax or refund.**

31 (a) Any taxpayer which fails to include in its return any items of income or assets or any  
32 other information required by this chapter or by regulations prescribed in pursuance of this chapter  
33 shall make a supplemental return disclosing these facts. Except in the case of final federal  
34 adjustments that are required to be reported by a partnership and its partners using the procedures

1 under section (b) below. Any taxpayer whose return to the collector of internal revenue, or whose  
2 net income returned, shall be changed or corrected by any official of the United States government  
3 in any respect affecting a tax imposed by this chapter including a return or other similar report filed  
4 pursuant to IRC section 6225(c)(2), shall, within sixty (60) days after receipt of a notification of  
5 the final adjustment and determination of the change or correction, make the supplemental return  
6 required by this section (a).

7 (b) Except for the distributive share of adjustments that have been reported as required  
8 under section (a), partnerships and partners shall, within one hundred and eighty (180) days after  
9 receipt of notification of the final federal adjustments arising from a partnership level audit or an  
10 administrative adjustment, make the supplemental return and make payments as required by this  
11 section (b).

12 ~~(b)~~(c) Upon the filing of a supplemental return the tax administrator shall examine the  
13 return and shall determine any additional tax or refund that may be due and shall notify the taxpayer.  
14 Any additional tax shall be paid within fifteen (15) days after the notification together with interest  
15 at the annual rate provided by § 44-1-7 from the original due date of the return for the taxable year  
16 to the date of payment of the additional tax. Any refund shall be made by the tax administrator  
17 together with interest at the annual rate provided by § 44-1-7.1 from the date of payment of the tax  
18 to the date of the refund.

19 SECTION 8. Chapter 44-11 of the General Laws entitled "Business Corporation Tax" is  
20 hereby amended by adding thereto the following section:

21 **44-11-2.3. Pass-through entities -- Election to pay state income tax at the entity level.**

22 (a) Definitions. As used in this section:

23 (1) "Election" means the annual election to be made by the pass-through entity by filing  
24 the prescribed tax form and remitting the appropriate tax.

25 (2) "Net income" means the net ordinary income, net rental real estate income, other net  
26 rental income, guaranteed payments, and other business income less specially allocated  
27 depreciation and deductions allowed pursuant to § 179 of the United States Revenue Code (26  
28 U.S.C. § 179), all of which would be reported on federal tax form schedules C and E. Net income  
29 for purposes of this section does not include specially allocated investment income or any other  
30 types of deductions.

31 (3) "Owner" means an individual who is a shareholder of an S Corporation; a partner in a  
32 general partnership, a limited partnership, or a limited liability partnership; a member of a limited  
33 liability company, a beneficiary of a trust; or a sole proprietor.

34 (4) "Pass-through entity" means a corporation that for the applicable tax year is treated as

1 an S Corporation under I.R.C. 1362(a) (26 U.S.C. § 1362(a)), or a general partnership, limited  
2 partnership, limited liability partnership, trust, limited liability company or unincorporated sole  
3 proprietorship that for the applicable tax year is not taxed as a corporation for federal tax purposes  
4 under the state's regulations.

5 (5) "State tax credit" means the amount of tax paid by the pass-through entity at the entity  
6 level which is passed through to an owner on a pro rata basis.

7 (b) Elections.

8 (1) For tax years beginning on or after January 1, 2019, a pass-through entity may elect to  
9 pay the state tax at the entity level at the rate of five and ninety-nine hundredths percent (5.99%).

10 (2) If a pass-through entity elects to pay an entity tax under this subsection, the entity shall  
11 not have to comply with the provisions of § 44-11-2.2 regarding withholding on non-resident  
12 owners. In that instance, the entity shall not have to comply with the provisions of § 44-11-2.2  
13 regarding withholding on non-resident owners.

14 (c) Reporting.

15 (1) The pass-through entity shall report the pro rata share of the state income taxes paid by  
16 the entity which sums will be allowed as a state tax credit for an owner on his or her personal  
17 income tax return.

18 (2) The pass-through entity shall also report the pro rata share of the state income taxes  
19 paid by the entity as an income (addition) modification to be reported by an owner on his or her  
20 personal income tax returns.

21 (d) State tax credit shall be the amount of tax paid by the pass-through entity, at the entity  
22 level, which is passed through to the owners, on a pro rata basis.

23 (e) A similar type of tax imposed by another state on the owners' income paid at the state  
24 entity level shall be deemed to be allowed as a credit for taxes paid to another jurisdiction in  
25 accordance with the provisions of § 44-30-18.

26 (f) "Combined reporting" as set forth in § 44-11-4.1 shall not apply to reporting under this  
27 section.

28 SECTION 9. Sections 44-18-7, 44-18-7.1, 44-18-7.3, 44-18-8, 44-18-15, 44-18-15.2, 44-  
29 18-18, 44-18-18.1, 44-18-20, 44-18-21, 44-18-22, 44-18-23, 44-18-25 and 44-18-36.1 of the  
30 General Laws in Chapter 44-18 entitled "Sales and Use Taxes - Liability and Computation" are  
31 hereby amended to read as follows:

32 **44-18-7. Sales defined.**

33 "Sales" means and includes:

34 (1) Any transfer of title or possession, exchange, barter, lease, or rental, conditional or

1 otherwise, in any manner or by any means of tangible personal property for a consideration.  
2 "Transfer of possession", "lease", or "rental" includes transactions found by the tax administrator  
3 to be in lieu of a transfer of title, exchange, or barter.

4 (2) The producing, fabricating, processing, printing, or imprinting of tangible personal  
5 property for a consideration for consumers who furnish either directly or indirectly the materials  
6 used in the producing, fabricating, processing, printing, or imprinting.

7 (3) The furnishing and distributing of tangible personal property for a consideration by  
8 social, athletic, and similar clubs and fraternal organizations to their members or others.

9 (4) The furnishing, preparing, or serving for consideration of food, meals, or drinks,  
10 including any cover, minimum, entertainment, or other charge in connection therewith.

11 (5) A transaction whereby the possession of tangible personal property is transferred, but  
12 the seller retains the title as security for the payment of the price.

13 (6) Any withdrawal, except a withdrawal pursuant to a transaction in foreign or interstate  
14 commerce, of tangible personal property from the place where it is located for delivery to a point  
15 in this state for the purpose of the transfer of title or possession, exchange, barter, lease, or rental,  
16 conditional or otherwise, in any manner or by any means whatsoever, of the property for a  
17 consideration.

18 (7) A transfer for a consideration of the title or possession of tangible personal property,  
19 which has been produced, fabricated, or printed to the special order of the customer, or any  
20 publication.

21 (8) The furnishing and distributing of electricity, natural gas, artificial gas, steam,  
22 refrigeration, and water.

23 (9)(i) The furnishing for consideration of intrastate, interstate, and international  
24 telecommunications service sourced in this state in accordance with §§ 44-18.1-15 and 44-18.1-16  
25 and all ancillary services, and any maintenance services of telecommunication equipment other  
26 than as provided for in § 44-18-12(b)(ii). For the purposes of chapters 18 and 19 of this title only,  
27 telecommunication service does not include service rendered using a prepaid telephone calling  
28 arrangement.

29 (ii) Notwithstanding the provisions of paragraph (i) of this subdivision, in accordance with  
30 the Mobile Telecommunications Sourcing Act (4 U.S.C. §§ 116 -- 126), subject to the specific  
31 exemptions described in 4 U.S.C. § 116(c), and the exemptions provided in §§ 44-18-8 and 44-18-  
32 12, mobile telecommunications services that are deemed to be provided by the customer's home  
33 service provider are subject to tax under this chapter if the customer's place of primary use is in this  
34 state regardless of where the mobile telecommunications services originate, terminate, or pass

1 through. Mobile telecommunications services provided to a customer, the charges for which are  
2 billed by or for the customer's home service provider, shall be deemed to be provided by the  
3 customer's home service provider.

4 (10) The furnishing of service for transmission of messages by telegraph, cable, or radio  
5 and the furnishing of community antenna television, subscription television, and cable television  
6 services.

7 (11) The rental of living quarters in any hotel, rooming house, or tourist camp.

8 (12) The transfer for consideration of prepaid telephone calling arrangements and the  
9 recharge of prepaid telephone calling arrangements sourced to this state in accordance with §§ 44-  
10 18.1-11 and 44-18.1-15. "Prepaid telephone calling arrangement" means and includes prepaid  
11 calling service and prepaid wireless calling service.

12 (13) The sale, storage, use, or other consumption of over-the-counter drugs as defined in §  
13 44-18-7.1(h)(ii).

14 (14) The sale, storage, use, or other consumption of prewritten computer software delivered  
15 electronically or by load and leave as defined in § 44-18-7.1(g)(v).

16 (15) The sale, storage, use, or other consumption of vendor-hosted prewritten computer  
17 software as defined in § 44-18-7.1(g)(vii).

18 [\(16\) The sale, storage, use, or other consumption of specified digital products as defined in](#)  
19 [44-18-7.1\(x\).](#)

20 (17~~6~~) The sale, storage, use, or other consumption of medical marijuana as defined in § 21-  
21 28.6-3.

22 (18~~7~~) The furnishing of services in this state as defined in § 44-18-7.3.

23 **44-18-7.1. Additional definitions.**

24 (a) "Agreement" means the streamlined sales and use tax agreement.

25 (b) "Alcoholic beverages" means beverages that are suitable for human consumption and  
26 contain one-half of one percent (.5%) or more of alcohol by volume.

27 (c) "Bundled transaction" is the retail sale of two or more products, except real property  
28 and services to real property, where (1) The products are otherwise distinct and identifiable, and  
29 (2) The products are sold for one non-itemized price. A "bundled transaction" does not include the  
30 sale of any products in which the "sales price" varies, or is negotiable, based on the selection by  
31 the purchaser of the products included in the transaction.

32 (i) "Distinct and identifiable products" does not include:

33 (A) Packaging -- such as containers, boxes, sacks, bags, and bottles -- or other materials --  
34 such as wrapping, labels, tags, and instruction guides -- that accompany the "retail sale" of the

1 products and are incidental or immaterial to the "retail sale" thereof. Examples of packaging that  
2 are incidental or immaterial include grocery sacks, shoeboxes, dry cleaning garment bags, and  
3 express delivery envelopes and boxes.

4 (B) A product provided free of charge with the required purchase of another product. A  
5 product is "provided free of charge" if the "sales price" of the product purchased does not vary  
6 depending on the inclusion of the products "provided free of charge."

7 (C) Items included in the member state's definition of "sales price," pursuant to appendix  
8 C of the agreement.

9 (ii) The term "one non-itemized price" does not include a price that is separately identified  
10 by product on binding sales or other supporting sales-related documentation made available to the  
11 customer in paper or electronic form including, but not limited to, an invoice, bill of sale, receipt,  
12 contract, service agreement, lease agreement, periodic notice of rates and services, rate card, or  
13 price list.

14 (iii) A transaction that otherwise meets the definition of a "bundled transaction" as defined  
15 above, is not a "bundled transaction" if it is:

16 (A) The "retail sale" of tangible personal property and a service where the tangible personal  
17 property is essential to the use of the service, and is provided exclusively in connection with the  
18 service, and the true object of the transaction is the service; or

19 (B) The "retail sale" of services where one service is provided that is essential to the use or  
20 receipt of a second service and the first service is provided exclusively in connection with the  
21 second service and the true object of the transaction is the second service; or

22 (C) A transaction that includes taxable products and nontaxable products and the "purchase  
23 price" or "sales price" of the taxable products is de minimis.

24 1. De minimis means the seller's "purchase price" or "sales price" of the taxable products  
25 is ten percent (10%) or less of the total "purchase price" or "sales price" of the bundled products.

26 2. Sellers shall use either the "purchase price" or the "sales price" of the products to  
27 determine if the taxable products are de minimis. Sellers may not use a combination of the  
28 "purchase price" and "sales price" of the products to determine if the taxable products are de  
29 minimis.

30 3. Sellers shall use the full term of a service contract to determine if the taxable products  
31 are de minimis; or

32 (D) The "retail sale" of exempt tangible personal property and taxable tangible personal  
33 property where:

34 1. The transaction includes "food and food ingredients", "drugs", "durable medical

1 equipment", "mobility enhancing equipment", "over-the-counter drugs", "prosthetic devices" (all  
2 as defined in this section) or medical supplies; and

3 2. Where the seller's "purchase price" or "sales price" of the taxable tangible personal  
4 property is fifty percent (50%) or less of the total "purchase price" or "sales price" of the bundled  
5 tangible personal property. Sellers may not use a combination of the "purchase price" and "sales  
6 price" of the tangible personal property when making the fifty percent (50%) determination for a  
7 transaction.

8 (d) "Certified automated system (CAS)" means software certified under the agreement to  
9 calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit  
10 to the appropriate state, and maintain a record of the transaction.

11 (e) "Certified service provider (CSP)" means an agent certified under the agreement to  
12 perform all the seller's sales and use tax functions, other than the seller's obligation to remit tax on  
13 its own purchases.

14 (f) Clothing and related items.

15 (i) "Clothing" means all human wearing apparel suitable for general use.

16 (ii) "Clothing accessories or equipment" means incidental items worn on the person or in  
17 conjunction with "clothing." "Clothing accessories or equipment" does not include "clothing",  
18 "sport or recreational equipment", or "protective equipment."

19 (iii) "Protective equipment" means items for human wear and designed as protection of the  
20 wearer against injury or disease or as protections against damage or injury of other persons or  
21 property but not suitable for general use. "Protective equipment" does not include "clothing",  
22 "clothing accessories or equipment", and "sport or recreational equipment."

23 (iv) "Sport or recreational equipment" means items designed for human use and worn in  
24 conjunction with an athletic or recreational activity that are not suitable for general use. "Sport or  
25 recreational equipment" does not include "clothing", "clothing accessories or equipment", and  
26 "protective equipment."

27 (g) Computer and related items.

28 (i) "Computer" means an electronic device that accepts information in digital or similar  
29 form and manipulates it for a result based on a sequence of instructions.

30 (ii) "Computer software" means a set of coded instructions designed to cause a "computer"  
31 or automatic data processing equipment to perform a task.

32 (iii) "Delivered electronically" means delivered to the purchaser by means other than  
33 tangible storage media.

34 (iv) "Electronic" means relating to technology having electrical, digital, magnetic, wireless,

1 optical, electromagnetic, or similar capabilities.

2 (v) "Load and leave" means delivery to the purchaser by use of a tangible storage media  
3 where the tangible storage media is not physically transferred to the purchaser.

4 (vi) "Prewritten computer software" means "computer software," including prewritten  
5 upgrades, that is not designed and developed by the author or other creator to the specifications of  
6 a specific purchaser. The combining of two (2) or more "prewritten computer software" programs  
7 or prewritten portions thereof does not cause the combination to be other than "prewritten computer  
8 software." "Prewritten computer software" includes software designed and developed by the author  
9 or other creator to the specifications of a specific purchaser when it is sold to a person other than  
10 the specific purchaser. Where a person modifies or enhances "computer software" of which the  
11 person is not the author or creator, the person shall be deemed to be the author or creator only of  
12 such person's modifications or enhancements. "Prewritten computer software" or a prewritten  
13 portion thereof that is modified or enhanced to any degree, where such modification or  
14 enhancement is designed and developed to the specifications of a specific purchaser, remains  
15 "prewritten computer software"; provided, however, that where there is a reasonable, separately  
16 stated charge or an invoice or other statement of the price given to the purchaser for such  
17 modification or enhancement, such modification or enhancement shall not constitute "prewritten  
18 computer software."

19 (vii) "Vendor-hosted prewritten computer software" means prewritten computer software  
20 that is accessed through the internet and/or a vendor-hosted server regardless of whether the access  
21 is permanent or temporary and regardless of whether any downloading occurs.

22 (h) Drugs and related items.

23 (i) "Drug" means a compound, substance, or preparation, and any component of a  
24 compound, substance, or preparation, other than "food and food ingredients," "dietary  
25 supplements" or "alcoholic beverages":

26 (A) Recognized in the official United States Pharmacopoeia, official Homeopathic  
27 Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;

28 or

29 (B) Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease;

30 or

31 (C) Intended to affect the structure or any function of the body.

32 "Drug" shall also include insulin and medical oxygen whether or not sold on prescription.

33 (ii) "Over-the-counter drug" means a drug that contains a label that identifies the product  
34 as a drug as required by 21 C.F.R. § 201.66. The "over-the-counter drug" label includes:

1 (A) A "Drug Facts" panel; or

2 (B) A statement of the "active ingredient(s)" with a list of those ingredients contained in  
3 the compound, substance, or preparation.

4 "Over-the-counter drug" shall not include "grooming and hygiene products."

5 (iii) "Grooming and hygiene products" are soaps and cleaning solutions, shampoo,  
6 toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the  
7 items meet the definition of "over-the-counter drugs."

8 (iv) "Prescription" means an order, formula, or recipe issued in any form of oral, written,  
9 electronic, or other means of transmission by a duly licensed practitioner authorized by the laws of  
10 the member state.

11 (i) "Delivery charges" means charges by the seller of personal property or services for  
12 preparation and delivery to a location designated by the purchaser of personal property or services  
13 including, but not limited to: transportation, shipping, postage, handling, crating, and packing.

14 "Delivery charges" shall not include the charges for delivery of "direct mail" if the charges  
15 are separately stated on an invoice or similar billing document given to the purchaser.

16 (j) "Direct mail" means printed material delivered or distributed by United States mail or  
17 other delivery service to a mass audience or to addressees on a mailing list provided by the  
18 purchaser or at the direction of the purchaser when the cost of the items are not billed directly to  
19 the recipients. "Direct mail" includes tangible personal property supplied directly or indirectly by  
20 the purchaser to the direct mail seller for inclusion in the package containing the printed material.  
21 "Direct mail" does not include multiple items of printed material delivered to a single address.

22 (k) "Durable medical equipment" means equipment including repair and replacement parts  
23 for same which:

24 (i) Can withstand repeated use; and

25 (ii) Is primarily and customarily used to serve a medical purpose; and

26 (iii) Generally is not useful to a person in the absence of illness or injury; and

27 (iv) Is not worn in or on the body.

28 Durable medical equipment does not include mobility enhancing equipment.

29 (l) Food and related items.

30 (i) "Food and food ingredients" means substances, whether in liquid, concentrated, solid,  
31 frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are  
32 consumed for their taste or nutritional value. "Food and food ingredients" does not include  
33 "alcoholic beverages", "tobacco", "candy", "dietary supplements", and "soft drinks."

34 (ii) "Prepared food" means:

1 (A) Food sold in a heated state or heated by the seller;

2 (B) Two (2) or more food ingredients mixed or combined by the seller for sale as a single  
3 item; or

4 (C) Food sold with eating utensils provided by the seller, including: plates, knives, forks,  
5 spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used  
6 to transport the food.

7 "Prepared food" in (B) does not include food that is only cut, repackaged, or pasteurized  
8 by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring  
9 cooking by the consumer as recommended by the Food and Drug Administration in chapter 3, part  
10 401.11 of its Food Code so as to prevent food borne illnesses.

11 (iii) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners  
12 in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars,  
13 drops, or pieces. "Candy" shall not include any preparation containing flour and shall require no  
14 refrigeration.

15 (iv) "Soft drinks" means non-alcoholic beverages that contain natural or artificial  
16 sweeteners. "Soft drinks" do not include beverages that contain milk or milk products, soy, rice,  
17 or similar milk substitutes, or greater than fifty percent (50%) of vegetable or fruit juice by volume.

18 (v) "Dietary supplement" means any product, other than "tobacco", intended to supplement  
19 the diet that:

20 (A) Contains one or more of the following dietary ingredients:

21 1. A vitamin;

22 2. A mineral;

23 3. An herb or other botanical;

24 4. An amino acid;

25 5. A dietary substance for use by humans to supplement the diet by increasing the total  
26 dietary intake; or

27 6. A concentrate, metabolite, constituent, extract, or combination of any ingredient  
28 described above; and

29 (B) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or  
30 if not intended for ingestion in such a form, is not represented as conventional food and is not  
31 represented for use as a sole item of a meal or of the diet; and

32 (C) Is required to be labeled as a dietary supplement, identifiable by the "supplemental  
33 facts" box found on the label and as required pursuant to 21 C.F.R. § 101.36.

34 (m) "Food sold through vending machines" means food dispensed from a machine or other

1 mechanical device that accepts payment.

2 (n) "Hotel" means every building or other structure kept, used, maintained, advertised as,  
3 or held out to the public to be a place where living quarters are supplied for pay to transient or  
4 permanent guests and tenants and includes a motel.

5 (i) "Living quarters" means sleeping rooms, sleeping or housekeeping accommodations, or  
6 any other room or accommodation in any part of the hotel, rooming house, or tourist camp that is  
7 available for or rented out for hire in the lodging of guests.

8 (ii) "Rooming house" means every house, boat, vehicle, motor court, or other structure  
9 kept, used, maintained, advertised, or held out to the public to be a place where living quarters are  
10 supplied for pay to transient or permanent guests or tenants, whether in one or adjoining buildings.

11 (iii) "Tourist camp" means a place where tents or tent houses, or camp cottages, or cabins  
12 or other structures are located and offered to the public or any segment thereof for human  
13 habitation.

14 (o) "Lease or rental" means any transfer of possession or control of tangible personal  
15 property for a fixed or indeterminate term for consideration. A lease or rental may include future  
16 options to purchase or extend. Lease or rental does not include:

17 (i) A transfer of possession or control of property under a security agreement or deferred  
18 payment plan that requires the transfer of title upon completion of the required payments;

19 (ii) A transfer of possession or control of property under an agreement that requires the  
20 transfer of title upon completion of required payments and payment of an option price does not  
21 exceed the greater of one hundred dollars (\$100) or one percent of the total required payments; or

22 (iii) Providing tangible personal property along with an operator for a fixed or  
23 indeterminate period of time. A condition of this exclusion is that the operator is necessary for the  
24 equipment to perform as designed. For the purpose of this subsection, an operator must do more  
25 than maintain, inspect, or set-up the tangible personal property.

26 (iv) Lease or rental does include agreements covering motor vehicles and trailers where the  
27 amount of consideration may be increased or decreased by reference to the amount realized upon  
28 sale or disposition of the property as defined in 26 U.S.C. § 7701(h)(1).

29 (v) This definition shall be used for sales and use tax purposes regardless if a transaction  
30 is characterized as a lease or rental under generally accepted accounting principles, the Internal  
31 Revenue Code, the Uniform Commercial Code, or other provisions of federal, state, or local law.

32 (vi) This definition will be applied only prospectively from the date of adoption and will  
33 have no retroactive impact on existing leases or rentals. This definition shall neither impact any  
34 existing sale-leaseback exemption or exclusions that a state may have, nor preclude a state from

1 adopting a sale-leaseback exemption or exclusion after the effective date of the agreement.

2 (p) "Mobility enhancing equipment" means equipment, including repair and replacement  
3 parts to same, that:

4 (i) Is primarily and customarily used to provide or increase the ability to move from one  
5 place to another and that is appropriate for use either in a home or a motor vehicle; and

6 (ii) Is not generally used by persons with normal mobility; and

7 (iii) Does not include any motor vehicle or equipment on a motor vehicle normally  
8 provided by a motor vehicle manufacturer.

9 Mobility enhancing equipment does not include durable medical equipment.

10 (q) "Model 1 Seller" means a seller that has selected a CSP as its agent to perform all the  
11 seller's sales and use tax functions, other than the seller's obligation to remit tax on its own  
12 purchases.

13 (r) "Model 2 Seller" means a seller that has selected a CAS to perform part of its sales and  
14 use tax functions, but retains responsibility for remitting the tax.

15 (s) "Model 3 Seller" means a seller that has sales in at least five member states, has total  
16 annual sales revenue of at least five hundred million dollars (\$500,000,000), has a proprietary  
17 system that calculates the amount of tax due each jurisdiction, and has entered into a performance  
18 agreement with the member states that establishes a tax performance standard for the seller. As  
19 used in this definition, a seller includes an affiliated group of sellers using the same proprietary  
20 system.

21 (t) "Prosthetic device" means a replacement, corrective, or supportive device including  
22 repair and replacement parts for same worn on or in the body to:

23 (i) Artificially replace a missing portion of the body;

24 (ii) Prevent or correct physical deformity or malfunction; or

25 (iii) Support a weak or deformed portion of the body.

26 (u) "Purchaser" means a person to whom a sale of personal property is made or to whom a  
27 service is furnished.

28 (v) "Purchase price" applies to the measure subject to use tax and has the same meaning as  
29 sales price.

30 (w) "Seller" means a person making sales, leases, or rentals of personal property or  
31 services.

32 [\(x\) Specified Digital Products](#)

33 [\(i\) "Specified digital products" means electronically transferred.](#)

34 [\(A\) "Digital Audio-Visual Works" which means a series of related images which, when](#)

1 shown in succession, impart an impression of motion, together with accompanying sounds, if any:

2 (B) "Digital Audio Works" which means works that result from the fixation of a series of  
3 musical, spoken, or other sounds, including ringtones, and/or;

4 (C) "Digital Books" which means works that are generally recognized in the ordinary and  
5 usual sense as "books".

6 (ii) For purposes of the definition of "digital audio works", "ringtones" means digitized  
7 sound files that are downloaded onto a device and that may be used to alert the customer with  
8 respect to a communication.

9 (iii) For purposes of the definitions of "specified digital products", "transferred  
10 electronically" means obtained by the purchaser by means other than tangible storage media.

11 (~~x~~y) "State" means any state of the United States and the District of Columbia.

12 (~~y~~z) "Telecommunications" tax base/exemption terms.

13 (i) Telecommunication terms shall be defined as follows:

14 (A) "Ancillary services" means services that are associated with or incidental to the  
15 provision of "telecommunications services", including, but not limited to, "detailed  
16 telecommunications billing", "directory assistance", "vertical service", and "voice mail services".

17 (B) "Conference bridging service" means an "ancillary service" that links two (2) or more  
18 participants of an audio or video conference call and may include the provision of a telephone  
19 number. "Conference bridging service" does not include the "telecommunications services" used  
20 to reach the conference bridge.

21 (C) "Detailed telecommunications billing service" means an "ancillary service" of  
22 separately stating information pertaining to individual calls on a customer's billing statement.

23 (D) "Directory assistance" means an "ancillary service" of providing telephone number  
24 information, and/or address information.

25 (E) "Vertical service" means an "ancillary service" that is offered in connection with one  
26 or more "telecommunications services", which offers advanced calling features that allow  
27 customers to identify callers and to manage multiple calls and call connections, including  
28 "conference bridging services".

29 (F) "Voice mail service" means an "ancillary service" that enables the customer to store,  
30 send, or receive recorded messages. "Voice mail service" does not include any "vertical services"  
31 that the customer may be required to have in order to utilize the "voice mail service".

32 (G) "Telecommunications service" means the electronic transmission, conveyance, or  
33 routing of voice, data, audio, video, or any other information or signals to a point, or between or  
34 among points. The term "telecommunications service" includes such transmission, conveyance, or

1 routing in which computer processing applications are used to act on the form, code, or protocol of  
2 the content for purposes of transmission, conveyance, or routing without regard to whether such  
3 service is referred to as voice over internet protocol services or is classified by the Federal  
4 Communications Commission as enhanced or value added. "Telecommunications service" does  
5 not include:

6 (1) Data processing and information services that allow data to be generated, acquired,  
7 stored, processed, or retrieved and delivered by an electronic transmission to a purchaser where  
8 such purchaser's primary purpose for the underlying transaction is the processed data or  
9 information;

10 (2) Installation or maintenance of wiring or equipment on a customer's premises;

11 (3) Tangible personal property;

12 (4) Advertising, including, but not limited to, directory advertising;

13 (5) Billing and collection services provided to third parties;

14 (6) Internet access service;

15 (7) Radio and television audio and video programming services, regardless of the medium,  
16 including the furnishing of transmission, conveyance, and routing of such services by the  
17 programming service provider. Radio and television audio and video programming services shall  
18 include, but not be limited to, cable service as defined in 47 U.S.C. § 522(6) and audio and video  
19 programming services delivered by commercial mobile radio service providers as defined in 47  
20 C.F.R. § 20.3;

21 (8) "Ancillary services"; or

22 (9) Digital products "delivered electronically", including, but not limited to: software,  
23 music, video, reading materials, or ring tones.

24 (H) "800 service" means a "telecommunications service" that allows a caller to dial a toll-  
25 free number without incurring a charge for the call. The service is typically marketed under the  
26 name "800", "855", "866", "877", and "888" toll-free calling, and any subsequent numbers  
27 designated by the Federal Communications Commission.

28 (I) "900 service" means an inbound toll "telecommunications service" purchased by a  
29 subscriber that allows the subscriber's customers to call in to the subscriber's prerecorded  
30 announcement or live service. "900 service" does not include the charge for: collection services  
31 provided by the seller of the "telecommunications services" to the subscriber, or service or product  
32 sold by the subscriber to the subscriber's customer. The service is typically marketed under the  
33 name "900 service," and any subsequent numbers designated by the Federal Communications  
34 Commission.

1 (J) "Fixed wireless service" means a "telecommunications service" that provides radio  
2 communication between fixed points.

3 (K) "Mobile wireless service" means a "telecommunications service" that is transmitted,  
4 conveyed, or routed regardless of the technology used, whereby the origination and/or termination  
5 points of the transmission, conveyance, or routing are not fixed, including, by way of example only,  
6 "telecommunications services" that are provided by a commercial mobile radio service provider.

7 (L) "Paging service" means a "telecommunications service" that provides transmission of  
8 coded radio signals for the purpose of activating specific pagers; such transmissions may include  
9 messages and/or sounds.

10 (M) "Prepaid calling service" means the right to access exclusively "telecommunications  
11 services", which must be paid for in advance and that enables the origination of calls using an  
12 access number or authorization code, whether manually or electronically dialed, and that is sold in  
13 predetermined units or dollars of which the number declines with use in a known amount.

14 (N) "Prepaid wireless calling service" means a "telecommunications service" that provides  
15 the right to utilize "mobile wireless service", as well as other non-telecommunications services,  
16 including the download of digital products "delivered electronically", content and "ancillary  
17 services" which must be paid for in advance that is sold in predetermined units of dollars of which  
18 the number declines with use in a known amount.

19 (O) "Private communications service" means a telecommunications service that entitles the  
20 customer to exclusive or priority use of a communications channel or group of channels between  
21 or among termination points, regardless of the manner in which such channel or channels are  
22 connected, and includes switching capacity, extension lines, stations, and any other associated  
23 services that are provided in connection with the use of such channel or channels.

24 (P) "Value-added non-voice data service" means a service that otherwise meets the  
25 definition of "telecommunications services" in which computer processing applications are used to  
26 act on the form, content, code, or protocol of the information or data primarily for a purpose other  
27 than transmission, conveyance, or routing.

28 (ii) "Modifiers of Sales Tax Base/Exemption Terms" -- the following terms can be used to  
29 further delineate the type of "telecommunications service" to be taxed or exempted. The terms  
30 would be used with the broader terms and subcategories delineated above.

31 (A) "Coin-operated telephone service" means a "telecommunications service" paid for by  
32 inserting money into a telephone accepting direct deposits of money to operate.

33 (B) "International" means a "telecommunications service" that originates or terminates in  
34 the United States and terminates or originates outside the United States, respectively. United States

1 includes the District of Columbia or a U.S. territory or possession.

2 (C) "Interstate" means a "telecommunications service" that originates in one United States  
3 state, or a United States territory or possession, and terminates in a different United States state or  
4 a United States territory or possession.

5 (D) "Intrastate" means a "telecommunications service" that originates in one United States  
6 state or a United States territory or possession, and terminates in the same United States state or a  
7 United States territory or possession.

8 (E) "Pay telephone service" means a "telecommunications service" provided through any  
9 pay telephone.

10 (F) "Residential telecommunications service" means a "telecommunications service" or  
11 "ancillary services" provided to an individual for personal use at a residential address, including an  
12 individual dwelling unit such as an apartment. In the case of institutions where individuals reside,  
13 such as schools or nursing homes, "telecommunications service" is considered residential if it is  
14 provided to and paid for by an individual resident rather than the institution.

15 The terms "ancillary services" and "telecommunications service" are defined as a broad  
16 range of services. The terms "ancillary services" and "telecommunications service" are broader  
17 than the sum of the subcategories. Definitions of subcategories of "ancillary services" and  
18 "telecommunications service" can be used by a member state alone or in combination with other  
19 subcategories to define a narrower tax base than the definitions of "ancillary services" and  
20 "telecommunications service" would imply. The subcategories can also be used by a member state  
21 to provide exemptions for certain subcategories of the more broadly defined terms.

22 A member state that specifically imposes tax on, or exempts from tax, local telephone or  
23 local telecommunications service may define "local service" in any manner in accordance with §  
24 44-18.1-28, except as limited by other sections of this Agreement.

25 (~~z~~aa) "Tobacco" means cigarettes, cigars, chewing, or pipe tobacco, or any other item that  
26 contains tobacco.

27 **44-18-7.3. Services defined.**

28 (a) "Services" means all activities engaged in for other persons for a fee, retainer,  
29 commission, or other monetary charge, which activities involve the performance of a service in this  
30 state as distinguished from selling property.

31 (b) The following businesses and services performed in this state, along with the applicable  
32 ~~2007~~ 2017 North American Industrial Classification System (NAICS) codes, are included in the  
33 definition of services:

34 (1) Taxicab and limousine services including but not limited to:

1 (i) Taxicab services including taxi dispatchers (485310); and  
2 (ii) Limousine services (485320).  
3 (2) Other road transportation service including but not limited to:  
4 (i) Charter bus service (485510);  
5 (ii) "Transportation network companies" (TNC) defined as an entity that uses a digital  
6 network to connect transportation network company riders to transportation network operators who  
7 provide prearranged rides. Any TNC operating in this state is a retailer as provided in § 44-18-15  
8 and is required to file a business application and registration form and obtain a permit to make sales  
9 at retail with the tax administrator, to charge, collect, and remit Rhode Island sales and use tax; and  
10 (iii) All other transit and ground passenger transportation (485999).  
11 (3) Pet care services (812910) except veterinary and testing laboratories services.  
12 (4)(i) "Room reseller" or "reseller" means any person, except a tour operator as defined in  
13 § 42-63.1-2, having any right, permission, license, or other authority from or through a hotel as  
14 defined in § 42-63.1-2, to reserve, or arrange the transfer of occupancy of, accommodations the  
15 reservation or transfer of which is subject to this chapter, such that the occupant pays all or a portion  
16 of the rental and other fees to the room reseller or reseller. Room reseller or reseller shall include,  
17 but not be limited to, sellers of travel packages as defined in this section. Notwithstanding the  
18 provisions of any other law, where said reservation or transfer of occupancy is done using a room  
19 reseller or reseller, the application of the sales and use tax under §§ 44-18-18 and 44-18-20, and  
20 the hotel tax under § 44-18-36.1 shall be as follows: The room reseller or reseller is required to  
21 register with, and shall collect and pay to, the tax administrator the sales and use and hotel taxes,  
22 with said taxes being calculated upon the amount of rental and other fees paid by the occupant to  
23 the room reseller or reseller, less the amount of any rental and other fees paid by the room reseller  
24 or reseller to the hotel. The hotel shall collect and pay to the tax administrator said taxes upon the  
25 amount of rental and other fees paid to the hotel by the room reseller or reseller and/or the occupant.  
26 No assessment shall be made by the tax administrator against a hotel because of an incorrect  
27 remittance of the taxes under this chapter by a room reseller or reseller. No assessment shall be  
28 made by the tax administrator against a room reseller or reseller because of an incorrect remittance  
29 of the taxes under this chapter by a hotel. If the hotel has paid the taxes imposed under this chapter,  
30 the occupant and/or room reseller or reseller, as applicable, shall reimburse the hotel for said taxes.  
31 If the room reseller or reseller has paid said taxes, the occupant shall reimburse the room reseller  
32 or reseller for said taxes. Each hotel and room reseller or reseller shall add and collect, from the  
33 occupant or the room reseller or the reseller, the full amount of the taxes imposed on the rental and  
34 other fees. When added to the rental and other fees, the taxes shall be a debt owed by the occupant

1 to the hotel or room reseller or reseller, as applicable, and shall be recoverable at law in the same  
2 manner as other debts. The amount of the taxes collected by the hotel and/or room reseller or  
3 reseller from the occupant under this chapter shall be stated and charged separately from the rental  
4 and other fees, and shall be shown separately on all records thereof, whether made at the time the  
5 transfer of occupancy occurs, or on any evidence of the transfer issued or used by the hotel or the  
6 room reseller or the reseller. A room reseller or reseller shall not be required to disclose to the  
7 occupant the amount of tax charged by the hotel; provided, however, the room reseller or reseller  
8 shall represent to the occupant that the separately stated taxes charged by the room reseller or  
9 reseller include taxes charged by the hotel. No person shall operate a hotel in this state, or act as a  
10 room reseller or reseller for any hotel in the state, unless the tax administrator has issued a permit  
11 pursuant to § 44-19-1.

12 (ii) "Travel package" means a room, or rooms, bundled with one or more other, separate  
13 components of travel such as air transportation, car rental, or similar items, which travel package  
14 is charged to the customer or occupant for a single, retail price. When the room occupancy is  
15 bundled for a single consideration, with other property, services, amusement charges, or any other  
16 items, the separate sale of which would not otherwise be subject to tax under this chapter, the entire  
17 single consideration shall be treated as the rental or other fees for room occupancy subject to tax  
18 under this chapter; provided, however, that where the amount of the rental, or other fees for room  
19 occupancy is stated separately from the price of such other property, services, amusement charges,  
20 or other items, on any sales slip, invoice, receipt, or other statement given the occupant, and such  
21 rental and other fees are determined by the tax administrator to be reasonable in relation to the  
22 value of such other property, services, amusement charges, or other items, only such separately  
23 stated rental and other fees will be subject to tax under this chapter. The value of the transfer of any  
24 room, or rooms, bundled as part of a travel package may be determined by the tax administrator  
25 from the room reseller's and/or reseller's and/or hotel's books and records that are kept in the regular  
26 course of business.

27 (5) Investigation, Guard, and Armored Car Services (~~56164~~ [561611, 561612 & 561613](#)).

28 (c) All services as defined herein are required to file a business application and registration  
29 form and obtain a permit to make sales at retail with the tax administrator, to charge, collect, and  
30 remit Rhode Island sales and use tax.

31 (d) The tax administrator is authorized to promulgate rules and regulations in accordance  
32 with the provisions of chapter 35 of title 42 to carry out the provisions, policies, and purposes of  
33 this chapter.

34 **44-18-8. Retail sale or sale at retail defined.**

1 A "retail sale" or "sale at retail" means any sale, lease, or rentals of tangible personal  
2 property, prewritten computer software delivered electronically or by load and leave, vendor-hosted  
3 prewritten computer software, [specified digital products](#), or services as defined in § 44-18-7.3 for  
4 any purpose other than resale, sublease, or subrent in the regular course of business. The sale of  
5 tangible personal property to be used for purposes of rental in the regular course of business is  
6 considered to be a sale for resale. In regard to telecommunications service as defined in § 44-18-  
7 7(9), retail sale does not include the purchase of telecommunications service by a  
8 telecommunications provider from another telecommunication provider for resale to the ultimate  
9 consumer; provided, that the purchaser submits to the seller a certificate attesting to the  
10 applicability of this exclusion, upon receipt of which the seller is relieved of any tax liability for  
11 the sale.

12 **44-18-15. "Retailer" defined.**

13 (a) "Retailer" includes:

14 (1) Every person engaged in the business of making sales at retail including prewritten  
15 computer software delivered electronically or by load and leave, vendor-hosted prewritten  
16 computer software, [specified digital products](#), sales of services as defined in § 44-18-7.3, and sales  
17 at auction of tangible personal property owned by the person or others.

18 (2) Every person making sales of tangible personal property including prewritten computer  
19 software delivered electronically or by load and leave, or vendor-hosted prewritten computer  
20 software [or specified digital products](#), or sales of services as defined in § 44-18-7.3, through an  
21 independent contractor or other representative, if the retailer enters into an agreement with a  
22 resident of this state, under which the resident, for a commission or other consideration, directly or  
23 indirectly refers potential customers, whether by a link on an internet website or otherwise, to the  
24 retailer, provided the cumulative gross receipts from sales by the retailer to customers in the state  
25 who are referred to the retailer by all residents with this type of an agreement with the retailer, is  
26 in excess of five thousand dollars (\$5,000) during the preceding four (4) quarterly periods ending  
27 on the last day of March, June, September and December. Such retailer shall be presumed to be  
28 soliciting business through such independent contractor or other representative, which presumption  
29 may be rebutted by proof that the resident with whom the retailer has an agreement did not engage  
30 in any solicitation in the state on behalf of the retailer that would satisfy the nexus requirement of  
31 the United States Constitution during such four (4) quarterly periods.

32 (3) Every person engaged in the business of making sales for storage, use, or other  
33 consumption of: (i) tangible personal property, (ii) sales at auction of tangible personal property  
34 owned by the person or others, (iii) prewritten computer software delivered electronically or by

1 load and leave, (iv) vendor-hosted prewritten computer software, (v) specified digital products, and  
2 (vi) services as defined in § 44-18-7.3.

3 (4) A person conducting a horse race meeting with respect to horses, which are claimed  
4 during the meeting.

5 (5) Every person engaged in the business of renting any living quarters in any hotel as  
6 defined in § 42-63.1-2, rooming house, or tourist camp.

7 (6) Every person maintaining a business within or outside of this state who engages in the  
8 regular or systematic solicitation of sales of tangible personal property, prewritten computer  
9 software delivered electronically or by load and leave, vendor-hosted prewritten computer  
10 software, and/or specified digital products in this State by means of:

11 (i) Advertising in newspapers, magazines, and other periodicals published in this state, sold  
12 over the counter in this state or sold by subscription to residents of this state, billboards located in  
13 this state, airborne advertising messages produced or transported in the airspace above this state,  
14 display cards and posters on common carriers or any other means of public conveyance  
15 incorporated or operated primarily in this state, brochures, catalogs, circulars, coupons, pamphlets,  
16 samples, and similar advertising material mailed to, or distributed within this state to residents of  
17 this state;

18 (ii) Telephone;

19 (iii) Computer assisted shopping networks; and

20 (iv) Television, radio or any other electronic media, which is intended to be broadcast to  
21 consumers located in this state.

22 (b) When the tax administrator determines that it is necessary for the proper administration  
23 of chapters 18 and 19 of this title to regard any salespersons, representatives, truckers, peddlers, or  
24 canvassers as the agents of the dealers, distributors, supervisors, employers, or persons under whom  
25 they operate or from whom they obtain the tangible personal property sold by them, irrespective of  
26 whether they are making sales on their own behalf or on behalf of the dealers, distributors,  
27 supervisors, or employers, the tax administrator may so regard them and may regard the dealers,  
28 distributors, supervisors, or employers as retailers for purposes of chapters 18 and 19 of this title.

29 **44-18-15.2. "Remote seller" and "remote sale" defined -- Collection of sales and use**  
30 **tax by remote seller.**

31 (a) As used in this section:

32 (1) "Remote seller" means any seller, other than a marketplace facilitator or referrer, who  
33 does not have a physical presence in this state and makes retail sales to purchasers.

34 ~~(b) Upon passage of any federal law authorizing states to require remote sellers to collect~~

1 ~~and remit sales and use taxes, this state will require a remote seller making remote sales in the state~~  
2 ~~to pay, collect, and remit sales and use taxes at the rate imposed under § 44-18-18, and in~~  
3 ~~accordance with the provisions of this article, chapters 18.1 and 19 of this title, and applicable~~  
4 ~~federal law.~~

5 **44-18-18. Sales tax imposed.**

6 A tax is imposed upon sales at retail in this state including charges for rentals of living  
7 quarters in hotels as defined in § 42-63.1-2, rooming houses, or tourist camps, at the rate of six  
8 percent (6%) of the gross receipts of the retailer from the sales or rental charges; provided, that the  
9 tax imposed on charges for the rentals applies only to the first period of not exceeding thirty (30)  
10 consecutive calendar days of each rental; provided, further, that for the period commencing July 1,  
11 1990, the tax rate is seven percent (7%). The tax is paid to the tax administrator by the retailer at  
12 the time and in the manner provided. Excluded from this tax are those living quarters in hotels,  
13 rooming houses, or tourist camps for which the occupant has a written lease for the living quarters  
14 which lease covers a rental period of twelve (12) months or more. ~~In recognition of the work being~~  
15 ~~performed by the streamlined sales and use tax governing board, upon passage of any federal law~~  
16 ~~that authorizes states to require remote sellers to collect and remit sales and use taxes, the rate~~  
17 ~~imposed under this section shall be reduced from seven percent (7%) to six and one half percent~~  
18 ~~(6.5%). The six and one half percent (6.5%) rate shall take effect on the date that the state requires~~  
19 ~~remote sellers to collect and remit sale and use taxes.~~

20 **44-18-18.1. Local meals and beverage tax.**

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

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

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

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

33 (2) "Eating and/or drinking establishment" means and includes restaurants, bars, taverns,  
34 lounges, cafeterias, lunch counters, drive-ins, roadside ice cream and refreshment stands, fish-and-

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

13 (3) "Meal" means any prepared food or beverage offered or held out for sale by an eating  
14 and/or drinking establishment for the purpose of being consumed by any person to satisfy the  
15 appetite and that is ready for immediate consumption. All such food and beverage, unless otherwise  
16 specifically exempted or excluded herein shall be included, whether intended to be consumed on  
17 the seller's premises or elsewhere, whether designated as breakfast, lunch, snack, dinner, supper, or  
18 by some other name, and without regard to the manner, time, or place of 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, collection,  
21 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 governing~~  
23 ~~board, upon passage of any federal law that authorizes states to require remote sellers to collect and~~  
24 ~~remit sales and use taxes, the rate imposed under this section shall be increased from one percent~~  
25 ~~(1%) to one and one half percent (1.5%). The one and one half percent (1.5%) rate shall take effect~~  
26 ~~on the date that the state requires remote sellers to collect and remit sales and use taxes.~~

27 **44-18-20. Use tax imposed.**

28 (a) An excise tax is imposed on the storage, use, or other consumption in this state of  
29 tangible personal property; prewritten computer software delivered electronically or by load and  
30 leave; vendor-hosted prewritten computer software; specified digital products; or services as  
31 defined in § 44-18-7.3, including a motor vehicle, a boat, an airplane, or a trailer, purchased from  
32 any retailer at the rate of six percent (6%) of the sale price of the property.

33 (b) An excise tax is imposed on the storage, use, or other consumption in this state of a  
34 motor vehicle, a boat, an airplane, or a trailer purchased from other than a licensed motor vehicle

1 dealer or other than a retailer of boats, airplanes, or trailers respectively, at the rate of six percent  
2 (6%) of the sale price of the motor vehicle, boat, airplane, or trailer.

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

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

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

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

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

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

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

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

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

24 (e) The term "casual" means a sale made by a person other than a retailer, provided, that in  
25 the case of a sale of a motor vehicle, the term means a sale made by a person other than a licensed  
26 motor vehicle dealer or an auctioneer at an auction sale. In no case is the tax imposed under the  
27 provisions of subsections (a) and (b) of this section on the storage, use, or other consumption in  
28 this state of a used motor vehicle less than the product obtained by multiplying the amount of the  
29 retail dollar value at the time of purchase of the motor vehicle by the applicable tax rate; provided,  
30 that where the amount of the sale price exceeds the amount of the retail dollar value, the tax is  
31 based on the sale price. The tax administrator shall use as his or her guide the retail dollar value as  
32 shown in the current issue of any nationally recognized, used-vehicle guide for appraisal purposes  
33 in this state. On request within thirty (30) days by the taxpayer after payment of the tax, if the tax  
34 administrator determines that the retail dollar value as stated in this subsection is inequitable or

1 unreasonable, he or she shall, after affording the taxpayer reasonable opportunity to be heard, re-  
2 determine the tax.

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

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

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

23 (h) The use tax imposed under this section for the period commencing July 1, 1990, is at  
24 the rate of seven percent (7%). ~~In recognition of the work being performed by the streamlined sales  
25 and use tax governing board, upon passage of any federal law that authorizes states to require  
26 remote sellers to collect and remit sales and use taxes, effective the first (1st) day of the first (1st)  
27 state fiscal quarter following the change, the rate imposed under § 44-18-18 shall be reduced from  
28 seven percent (7.0%) to six and one half percent (6.5%). The six and one half percent (6.5%) rate  
29 shall take effect on the date that the state requires remote sellers to collect and remit sales and use  
30 taxes.~~

31 **44-18-21. Liability for use tax.**

32 (a) Every person storing, using, or consuming in this state tangible personal property,  
33 including a motor vehicle, boat, airplane, or trailer, purchased from a retailer, and a motor vehicle,  
34 boat, airplane, or trailer, purchased from other than a licensed motor vehicle dealer or other than a

1 retailer of boats, airplanes, or trailers respectively; or storing, using or consuming specified  
2 prewritten computer software delivered electronically or by load and leave, or vendor-hosted  
3 prewritten computer software, [or specified digital products](#), or services as defined in § 44-18-7.3 is  
4 liable for the use tax. The person's liability is not extinguished until the tax has been paid to this  
5 state, except that a receipt from a retailer engaging in business in this state or from a retailer who  
6 is authorized by the tax administrator to collect the tax under rules and regulations that he or she  
7 may prescribe, given to the purchaser pursuant to the provisions of § 44-18-22, is sufficient to  
8 relieve the purchaser from further liability for the tax to which the receipt refers.

9 (b) Each person before obtaining an original or transferral registration for any article or  
10 commodity in this state, which article or commodity is required to be licensed or registered in the  
11 state, shall furnish satisfactory evidence to the tax administrator that any tax due under this chapter  
12 with reference to the article or commodity has been paid, and for the purpose of effecting  
13 compliance, the tax administrator, in addition to any other powers granted to him or her, may invoke  
14 the provisions of § 31-3-4 in the case of a motor vehicle. The tax administrator, when he or she  
15 deems it to be for the convenience of the general public, may authorize any agency of the state  
16 concerned with the licensing or registering of these articles or commodities to collect the use tax  
17 on any articles or commodities which the purchaser is required by this chapter to pay before  
18 receiving an original or transferral registration. The general assembly shall annually appropriate a  
19 sum that it deems necessary to carry out the purposes of this section. Notwithstanding the  
20 provisions of §§ 44-18-19, 44-18-22, and 44-18-24, the sales or use tax on any motor vehicle and/or  
21 recreational vehicle requiring registration by the administrator of the division of motor vehicles  
22 shall not be added by the retailer to the sale price or charge but shall be paid directly by the  
23 purchaser to the tax administrator, or his or her authorized deputy or agent as provided in this  
24 section.

25 (c) In cases involving total loss or destruction of a motor vehicle occurring within one  
26 hundred twenty (120) days from the date of purchase and upon which the purchaser has paid the  
27 use tax, the amount of the tax constitutes an overpayment. The amount of the overpayment may be  
28 credited against the amount of use tax on any subsequent vehicle which the owner acquires to  
29 replace the lost or destroyed vehicle or may be refunded, in whole or in part.

30 **44-18-22. Collection of use tax by retailer.**

31 Every retailer engaging in business in this state and making sales of tangible personal  
32 property or prewritten computer software delivered electronically or by load and leave, or vendor-  
33 hosted prewritten computer software, [or specified digital products](#), or services as defined in § 44-  
34 18-7.3, for storage, use, or other consumption in this state, not exempted under this chapter shall,

1 at the time of making the sales, or if the storage, use, or other consumption of the tangible personal  
2 property, prewritten computer software delivered electronically or by load and leave, vendor-hosted  
3 prewritten computer software, [or specified digital products](#), or services as defined in § 44-18-7.3,  
4 is not then taxable under this chapter, at the time the storage, use, or other consumption becomes  
5 taxable, collect the tax from the purchaser and give to the purchaser a receipt in the manner and  
6 form prescribed by the tax administrator.

7 **44-18-23. "Engaging in business" defined.**

8 As used in §§ 44-18-21 and 44-18-22 the term "engaging in business in this state" means  
9 the selling or delivering in this state, or any activity in this state related to the selling or delivering  
10 in this state of tangible personal property or prewritten computer software delivered electronically  
11 or by load and leave, or vendor-hosted prewritten computer software, [or specified digital products](#),  
12 for storage, use, or other consumption in this state; or services as defined in § 44-18-7.3 in this  
13 state. This term includes, but is not limited to, the following acts or methods of transacting business:

14 (1) Maintaining, occupying, or using in this state permanently or temporarily, directly or  
15 indirectly or through a subsidiary, representative, or agent by whatever name called and whether or  
16 not qualified to do business in this state, any office, place of distribution, sales or sample room or  
17 place, warehouse or storage place, or other place of business;

18 (2) Having any subsidiary, representative, agent, salesperson, canvasser, or solicitor  
19 permanently or temporarily, and whether or not the subsidiary, representative, or agent is qualified  
20 to do business in this state, operate in this state for the purpose of selling, delivering, or the taking  
21 of orders for any tangible personal property, or prewritten computer software delivered  
22 electronically or by load and leave, or vendor-hosted prewritten computer software, [or specified](#)  
23 [digital products](#), or services as defined in § 44-18-7.3;

24 (3) The regular or systematic solicitation of sales of tangible personal property, or  
25 prewritten computer software delivered electronically or by load and leave, or vendor-hosted  
26 prewritten computer software, [or specified digital products](#), or services as defined in § 44-18-7.3,  
27 in this state by means of:

28 (i) Advertising in newspapers, magazines, and other periodicals published in this state, sold  
29 over the counter in this state or sold by subscription to residents of this state, billboards located in  
30 this state, airborne advertising messages produced or transported in the air space above this state,  
31 display cards and posters on common carriers or any other means of public conveyance  
32 incorporated or operating primarily in this state, brochures, catalogs, circulars, coupons, pamphlets,  
33 samples, and similar advertising material mailed to, or distributed within this state to residents of  
34 this state;

- 1 (ii) Telephone;
- 2 (iii) Computer-assisted shopping networks; and
- 3 (iv) Television, radio or any other electronic media, which is intended to be broadcast to
- 4 consumers located in this state.

5 **44-18-25. Presumption that sale is for storage, use, or consumption -- Resale**

6 **certificate.**

7 It is presumed that all gross receipts are subject to the sales tax, and that the use of all

8 tangible personal property, or prewritten computer software delivered electronically or by load and

9 leave, or vendor-hosted prewritten computer software, [or specified digital products](#), or services as

10 defined in § 44-18-7.3, are subject to the use tax, and that all tangible personal property, or

11 prewritten computer software delivered electronically or by load and leave, or vendor-hosted

12 prewritten computer software, [or specified digital products](#), or services as defined in § 44-18-7.3,

13 sold or in processing or intended for delivery or delivered in this state is sold or delivered for

14 storage, use, or other consumption in this state, until the contrary is established to the satisfaction

15 of the tax administrator. The burden of proving the contrary is upon the person who makes the sale

16 and the purchaser, unless the person who makes the sale takes from the purchaser a certificate to

17 the effect that the purchase was for resale. The certificate shall contain any information and be in

18 the form that the tax administrator may require.

19 **44-18-30. Gross receipts exempt from sales and use taxes.**

20 There are exempted from the taxes imposed by this chapter the following gross receipts:

21 (1) Sales and uses beyond constitutional power of state. From the sale and from the storage,

22 use, or other consumption in this state of tangible personal property the gross receipts from the sale

23 of which, or the storage, use, or other consumption of which, this state is prohibited from taxing

24 under the Constitution of the United States or under the constitution of this state.

25 (2) Newspapers.

26 (i) From the sale and from the storage, use, or other consumption in this state of any

27 newspaper.

28 (ii) "Newspaper" means an unbound publication printed on newsprint that contains news,

29 editorial comment, opinions, features, advertising matter, and other matters of public interest.

30 (iii) "Newspaper" does not include a magazine, handbill, circular, flyer, sales catalog, or

31 similar item unless the item is printed for, and distributed as, a part of a newspaper.

32 (3) School meals. From the sale and from the storage, use, or other consumption in this

33 state of meals served by public, private, or parochial schools, school districts, colleges, universities,

34 student organizations, and parent-teacher associations to the students or teachers of a school,

1 college, or university whether the meals are served by the educational institutions or by a food  
2 service or management entity under contract to the educational institutions.

3 (4) Containers.

4 (i) From the sale and from the storage, use, or other consumption in this state of:

5 (A) Non-returnable containers, including boxes, paper bags, and wrapping materials that  
6 are biodegradable and all bags and wrapping materials utilized in the medical and healing arts,  
7 when sold without the contents to persons who place the contents in the container and sell the  
8 contents with the container.

9 (B) Containers when sold with the contents if the sale price of the contents is not required  
10 to be included in the measure of the taxes imposed by this chapter.

11 (C) Returnable containers when sold with the contents in connection with a retail sale of  
12 the contents or when resold for refilling.

13 (D) Keg and barrel containers, whether returnable or not, when sold to alcoholic beverage  
14 producers who place the alcoholic beverages in the containers.

15 (ii) As used in this subdivision, the term "returnable containers" means containers of a kind  
16 customarily returned by the buyer of the contents for reuse. All other containers are "non-returnable  
17 containers".

18 (5)(i) Charitable, educational, and religious organizations. From the sale to, as in defined  
19 in this section, and from the storage, use, and other consumption in this state, or any other state of  
20 the United States of America, of tangible personal property by hospitals not operated for a profit;  
21 "educational institutions" as defined in subdivision (18) not operated for a profit; churches,  
22 orphanages, and other institutions or organizations operated exclusively for religious or charitable  
23 purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting  
24 leagues and associations and bands for boys and girls under the age of nineteen (19) years; the  
25 following vocational student organizations that are state chapters of national vocational student  
26 organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of  
27 America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers  
28 of America/Home Economics Related Occupations (FHA/HERD); Vocational Industrial Clubs of  
29 America (VICA); organized nonprofit golden age and senior citizens clubs for men and women;  
30 and parent-teacher associations; and from the sale, storage, use, and other consumption in this state,  
31 of and by the Industrial Foundation of Burrillville, a Rhode Island domestic nonprofit corporation.

32 (ii) In the case of contracts entered into with the federal government, its agencies, or  
33 instrumentalities, this state, or any other state of the United States of America, its agencies, any  
34 city, town, district, or other political subdivision of the states; hospitals not operated for profit;

1 educational institutions not operated for profit; churches, orphanages, and other institutions or  
2 organizations operated exclusively for religious or charitable purposes, the contractor may purchase  
3 such materials and supplies (materials and/or supplies are defined as those that are essential to the  
4 project) that are to be utilized in the construction of the projects being performed under the contracts  
5 without payment of the tax.

6 (iii) The contractor shall not charge any sales or use tax to any exempt agency, institution,  
7 or organization but shall in that instance provide his or her suppliers with certificates in the form  
8 as determined by the division of taxation showing the reason for exemption and the contractor's  
9 records must substantiate the claim for exemption by showing the disposition of all property so  
10 purchased. If any property is then used for a nonexempt purpose, the contractor must pay the tax  
11 on the property used.

12 (6) Gasoline. From the sale and from the storage, use, or other consumption in this state of:  
13 (i) gasoline and other products taxed under chapter 36 of title 31 and (ii) fuels used for the  
14 propulsion of airplanes.

15 (7) Purchase for manufacturing purposes.

16 (i) From the sale and from the storage, use, or other consumption in this state of computer  
17 software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, and  
18 water, when the property or service is purchased for the purpose of being manufactured into a  
19 finished product for resale and becomes an ingredient, component, or integral part of the  
20 manufactured, compounded, processed, assembled, or prepared product, or if the property or  
21 service is consumed in the process of manufacturing for resale computer software, tangible personal  
22 property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

23 (ii) "Consumed" means destroyed, used up, or worn out to the degree or extent that the  
24 property cannot be repaired, reconditioned, or rendered fit for further manufacturing use.

25 (iii) "Consumed" includes mere obsolescence.

26 (iv) "Manufacturing" means and includes: manufacturing, compounding, processing,  
27 assembling, preparing, or producing.

28 (v) "Process of manufacturing" means and includes all production operations performed in  
29 the producing or processing room, shop, or plant, insofar as the operations are a part of and  
30 connected with the manufacturing for resale of tangible personal property, electricity, natural gas,  
31 artificial gas, steam, refrigeration, or water and all production operations performed insofar as the  
32 operations are a part of and connected with the manufacturing for resale of computer software.

33 (vi) "Process of manufacturing" does not mean or include administration operations such  
34 as general office operations, accounting, collection, or sales promotion, nor does it mean or include

1 distribution operations that occur subsequent to production operations, such as handling, storing,  
2 selling, and transporting the manufactured products, even though the administration and  
3 distribution operations are performed by, or in connection with, a manufacturing business.

4 (8) State and political subdivisions. From the sale to, and from the storage, use, or other  
5 consumption by, this state, any city, town, district, or other political subdivision of this state. Every  
6 redevelopment agency created pursuant to chapter 31 of title 45 is deemed to be a subdivision of  
7 the municipality where it is located.

8 (9) Food and food ingredients. From the sale and storage, use, or other consumption in this  
9 state of food and food ingredients as defined in § 44-18-7.1(l).

10 For the purposes of this exemption "food and food ingredients" shall not include candy,  
11 soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending  
12 machines, or prepared food, as those terms are defined in § 44-18-7.1, unless the prepared food is:

13 (i) Sold by a seller whose primary NAICS classification is manufacturing in sector 311,  
14 except sub-sector 3118 (bakeries);

15 (ii) Sold in an unheated state by weight or volume as a single item;

16 (iii) Bakery items, including: bread, rolls, buns, biscuits, bagels, croissants, pastries,  
17 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas; and

18 is not sold with utensils provided by the seller, including: plates, knives, forks, spoons,  
19 glasses, cups, napkins, or straws.

20 (10) Medicines, drugs, and durable medical equipment. From the sale and from the storage,  
21 use, or other consumption in this state, of:

22 (i) "Drugs" as defined in § 44-18-7.1(h)(i), sold on prescriptions, medical oxygen, and  
23 insulin whether or not sold on prescription. For purposes of this exemption drugs shall not include  
24 over-the-counter drugs and grooming and hygiene products as defined in § 44-18-7.1(h)(iii).

25 (ii) Durable medical equipment as defined in § 44-18-7.1(k) for home use only, including,  
26 but not limited to: syringe infusers, ambulatory drug delivery pumps, hospital beds, convalescent  
27 chairs, and chair lifts. Supplies used in connection with syringe infusers and ambulatory drug  
28 delivery pumps that are sold on prescription to individuals to be used by them to dispense or  
29 administer prescription drugs, and related ancillary dressings and supplies used to dispense or  
30 administer prescription drugs, shall also be exempt from tax.

31 (11) Prosthetic devices and mobility enhancing equipment. From the sale and from the  
32 storage, use, or other consumption in this state, of prosthetic devices as defined in § 44-18-7.1(t),  
33 sold on prescription, including, but not limited to: artificial limbs, dentures, spectacles, eyeglasses,  
34 and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on prescription;

1 and mobility enhancing equipment as defined in § 44-18-7.1(p), including wheelchairs, crutches,  
2 and canes.

3 (12) Coffins, caskets, urns, shrouds and burial garments. From the sale and from the  
4 storage, use, or other consumption in this state of coffins, ~~or~~ caskets, ~~and~~ urns, shrouds ~~or~~ and other  
5 burial garments that are ordinarily sold by a funeral director as part of the business of funeral  
6 directing.

7 (13) Motor vehicles sold to nonresidents.

8 (i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide nonresident  
9 of this state who does not register the motor vehicle in this state, whether the sale or delivery of the  
10 motor vehicle is made in this state or at the place of residence of the nonresident. A motor vehicle  
11 sold to a bona fide nonresident whose state of residence does not allow a like exemption to its  
12 nonresidents is not exempt from the tax imposed under § 44-18-20. In that event, the bona fide  
13 nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate that would be imposed  
14 in his or her state of residence not to exceed the rate that would have been imposed under § 44-18-  
15 20. Notwithstanding any other provisions of law, a licensed motor vehicle dealer shall add and  
16 collect the tax required under this subdivision and remit the tax to the tax administrator under the  
17 provisions of chapters 18 and 19 of this title. When a Rhode Island licensed, motor vehicle dealer  
18 is required to add and collect the sales and use tax on the sale of a motor vehicle to a bona fide  
19 nonresident as provided in this section, the dealer in computing the tax takes into consideration the  
20 law of the state of the nonresident as it relates to the trade-in of motor vehicles.

21 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may  
22 require any licensed motor vehicle dealer to keep records of sales to bona fide nonresidents as the  
23 tax administrator deems reasonably necessary to substantiate the exemption provided in this  
24 subdivision, including the affidavit of a licensed motor vehicle dealer that the purchaser of the  
25 motor vehicle was the holder of, and had in his or her possession a valid out-of-state motor vehicle  
26 registration or a valid out-of-state driver's license.

27 (iii) Any nonresident who registers a motor vehicle in this state within ninety (90) days of  
28 the date of its sale to him or her is deemed to have purchased the motor vehicle for use, storage, or  
29 other consumption in this state, and is subject to, and liable for, the use tax imposed under the  
30 provisions of § 44-18-20.

31 (14) Sales in public buildings by blind people. From the sale and from the storage, use, or  
32 other consumption in all public buildings in this state of all products or wares by any person  
33 licensed under § 40-9-11.1.

34 (15) Air and water pollution control facilities. From the sale, storage, use, or other

1 consumption in this state of tangible personal property or supplies acquired for incorporation into  
2 or used and consumed in the operation of a facility, the primary purpose of which is to aid in the  
3 control of the pollution or contamination of the waters or air of the state, as defined in chapter 12  
4 of title 46 and chapter 23 of title 23, respectively, and that has been certified as approved for that  
5 purpose by the director of environmental management. The director of environmental management  
6 may certify to a portion of the tangible personal property or supplies acquired for incorporation  
7 into those facilities or used and consumed in the operation of those facilities to the extent that that  
8 portion has as its primary purpose the control of the pollution or contamination of the waters or air  
9 of this state. As used in this subdivision, "facility" means any land, facility, device, building,  
10 machinery, or equipment.

11 (16) Camps. From the rental charged for living quarters, or sleeping, or housekeeping  
12 accommodations at camps or retreat houses operated by religious, charitable, educational, or other  
13 organizations and associations mentioned in subsection (5), or by privately owned and operated  
14 summer camps for children.

15 (17) Certain institutions. From the rental charged for living or sleeping quarters in an  
16 institution licensed by the state for the hospitalization, custodial, or nursing care of human beings.

17 (18) Educational institutions. From the rental charged by any educational institution for  
18 living quarters, or sleeping, or housekeeping accommodations or other rooms or accommodations  
19 to any student or teacher necessitated by attendance at an educational institution. "Educational  
20 institution" as used in this section means an institution of learning not operated for profit that is  
21 empowered to confer diplomas, educational, literary, or academic degrees; that has a regular  
22 faculty, curriculum, and organized body of pupils or students in attendance throughout the usual  
23 school year; that keeps and furnishes to students and others records required and accepted for  
24 entrance to schools of secondary, collegiate, or graduate rank; and no part of the net earnings of  
25 which inures to the benefit of any individual.

26 (19) Motor vehicle and adaptive equipment for persons with disabilities.

27 (i) From the sale of: (A) Special adaptations; (B) The component parts of the special  
28 adaptations; or (C) A specially adapted motor vehicle; provided that the owner furnishes to the tax  
29 administrator an affidavit of a licensed physician to the effect that the specially adapted motor  
30 vehicle is necessary to transport a family member with a disability or where the vehicle has been  
31 specially adapted to meet the specific needs of the person with a disability. This exemption applies  
32 to not more than one motor vehicle owned and registered for personal, noncommercial use.

33 (ii) For the purpose of this subsection the term "special adaptations" includes, but is not  
34 limited to: wheelchair lifts, wheelchair carriers, wheelchair ramps, wheelchair securements, hand

1 controls, steering devices, extensions, relocations, and crossovers of operator controls, power-  
2 assisted controls, raised tops or dropped floors, raised entry doors, or alternative signaling devices  
3 to auditory signals.

4 (iii) From the sale of: (a) Special adaptations, (b) The component parts of the special  
5 adaptations, for a "wheelchair accessible taxicab" as defined in § 39-14-1, and/or a "wheelchair  
6 accessible public motor vehicle" as defined in § 39-14.1-1.

7 (iv) For the purpose of this subdivision the exemption for a "specially adapted motor  
8 vehicle" means a use tax credit not to exceed the amount of use tax that would otherwise be due on  
9 the motor vehicle, exclusive of any adaptations. The use tax credit is equal to the cost of the special  
10 adaptations, including installation.

11 (20) Heating fuels. From the sale and from the storage, use, or other consumption in this  
12 state of every type of heating fuel.

13 (21) Electricity and gas. From the sale and from the storage, use, or other consumption in  
14 this state of electricity and gas.

15 (22) Manufacturing machinery and equipment.

16 (i) From the sale and from the storage, use, or other consumption in this state of tools, dies,  
17 molds, machinery, equipment (including replacement parts), and related items to the extent used in  
18 an industrial plant in connection with the actual manufacture, conversion, or processing of tangible  
19 personal property, or to the extent used in connection with the actual manufacture, conversion, or  
20 processing of computer software as that term is utilized in industry numbers 7371, 7372, and 7373  
21 in the standard industrial classification manual prepared by the Technical Committee on Industrial  
22 Classification, Office of Statistical Standards, Executive Office of the President, United States  
23 Bureau of the Budget, as revised from time to time, to be sold, or that machinery and equipment  
24 used in the furnishing of power to an industrial manufacturing plant. For the purposes of this  
25 subdivision, "industrial plant" means a factory at a fixed location primarily engaged in the  
26 manufacture, conversion, or processing of tangible personal property to be sold in the regular  
27 course of business;

28 (ii) Machinery and equipment and related items are not deemed to be used in connection  
29 with the actual manufacture, conversion, or processing of tangible personal property, or in  
30 connection with the actual manufacture, conversion, or processing of computer software as that  
31 term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification  
32 manual prepared by the Technical Committee on Industrial Classification, Office of Statistical  
33 Standards, Executive Office of the President, United States Bureau of the Budget, as revised from  
34 time to time, to be sold to the extent the property is used in administration or distribution operations;

1 (iii) Machinery and equipment and related items used in connection with the actual  
2 manufacture, conversion, or processing of any computer software or any tangible personal property  
3 that is not to be sold and that would be exempt under subdivision (7) or this subdivision if purchased  
4 from a vendor or machinery and equipment and related items used during any manufacturing,  
5 converting, or processing function is exempt under this subdivision even if that operation, function,  
6 or purpose is not an integral or essential part of a continuous production flow or manufacturing  
7 process;

8 (iv) Where a portion of a group of portable or mobile machinery is used in connection with  
9 the actual manufacture, conversion, or processing of computer software or tangible personal  
10 property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under  
11 this subdivision even though the machinery in that group is used interchangeably and not otherwise  
12 identifiable as to use.

13 (23) Trade-in value of motor vehicles. From the sale and from the storage, use, or other  
14 consumption in this state of so much of the purchase price paid for a new or used automobile as is  
15 allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller, or of  
16 the proceeds applicable only to the automobile as are received from the manufacturer of  
17 automobiles for the repurchase of the automobile whether the repurchase was voluntary or not  
18 towards the purchase of a new or used automobile by the buyer. For the purpose of this subdivision,  
19 the word "automobile" means a private passenger automobile not used for hire and does not refer  
20 to any other type of motor vehicle.

21 (24) Precious metal bullion.

22 (i) From the sale and from the storage, use, or other consumption in this state of precious  
23 metal bullion, substantially equivalent to a transaction in securities or commodities.

24 (ii) For purposes of this subdivision, "precious metal bullion" means any elementary  
25 precious metal that has been put through a process of smelting or refining, including, but not limited  
26 to: gold, silver, platinum, rhodium, and chromium, and that is in a state or condition that its value  
27 depends upon its content and not upon its form.

28 (iii) The term does not include fabricated precious metal that has been processed or  
29 manufactured for some one or more specific and customary industrial, professional, or artistic uses.

30 (25) Commercial vessels. From sales made to a commercial ship, barge, or other vessel of  
31 fifty (50) tons burden or over, primarily engaged in interstate or foreign commerce, and from the  
32 repair, alteration, or conversion of the vessels, and from the sale of property purchased for the use  
33 of the vessels including provisions, supplies, and material for the maintenance and/or repair of the  
34 vessels.

1           (26) Commercial fishing vessels. From the sale and from the storage, use, or other  
2 consumption in this state of vessels and other watercraft that are in excess of five (5) net tons and  
3 that are used exclusively for "commercial fishing", as defined in this subdivision, and from the  
4 repair, alteration, or conversion of those vessels and other watercraft, and from the sale of property  
5 purchased for the use of those vessels and other watercraft including provisions, supplies, and  
6 material for the maintenance and/or repair of the vessels and other watercraft and the boats nets,  
7 cables, tackle, and other fishing equipment appurtenant to or used in connection with the  
8 commercial fishing of the vessels and other watercraft. "Commercial fishing" means taking or  
9 attempting to take any fish, shellfish, crustacea, or bait species with the intent of disposing of it for  
10 profit or by sale, barter, trade, or in commercial channels. The term does not include subsistence  
11 fishing, i.e., the taking for personal use and not for sale or barter; or sport fishing; but shall include  
12 vessels and other watercraft with a Rhode Island party and charter boat license issued by the  
13 department of environmental management pursuant to § 20-2-27.1 that meet the following criteria:  
14 (i) The operator must have a current U.S.C.G. license to carry passengers for hire; (ii) U.S.C.G.  
15 vessel documentation in the coast wide fishery trade; (iii) U.S.C.G. vessel documentation as to  
16 proof of Rhode Island home port status or a Rhode Island boat registration to prove Rhode Island  
17 home port status; and (iv) The vessel must be used as a commercial passenger carrying fishing  
18 vessel to carry passengers for fishing. The vessel must be able to demonstrate that at least fifty  
19 percent (50%) of its annual gross income derives from charters or provides documentation of a  
20 minimum of one hundred (100) charter trips annually; and (v) The vessel must have a valid Rhode  
21 Island party and charter boat license. The tax administrator shall implement the provisions of this  
22 subdivision by promulgating rules and regulations relating thereto.

23           (27) Clothing and footwear. From the sales of articles of clothing, including footwear,  
24 intended to be worn or carried on or about the human body for sales prior to October 1, 2012.  
25 Effective October 1, 2012, the exemption will apply to the sales of articles of clothing, including  
26 footwear, intended to be worn or carried on or about the human body up to two hundred and fifty  
27 dollars (\$250) of the sales price per item. For the purposes of this section, "clothing or footwear"  
28 does not include clothing accessories or equipment or special clothing or footwear primarily  
29 designed for athletic activity or protective use as these terms are defined in section 44-18-7.1(f). In  
30 recognition of the work being performed by the streamlined sales and use tax governing board,  
31 upon passage of any federal law that authorizes states to require remote sellers to collect and remit  
32 sales and use taxes, this unlimited exemption will apply as it did prior to October 1, 2012. The  
33 unlimited exemption on sales of clothing and footwear shall take effect on the date that the state  
34 requires remote sellers to collect and remit sales and use taxes.

1 (28) Water for residential use. From the sale and from the storage, use, or other  
2 consumption in this state of water furnished for domestic use by occupants of residential premises.

3 (29) Bibles. [Unconstitutional; see Ahlburn v. Clark, 728 A.2d 449 (R.I. 1999); see Notes  
4 to Decisions.] From the sale and from the storage, use, or other consumption in the state of any  
5 canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited  
6 to, the Old Testament and the New Testament versions.

7 (30) Boats.

8 (i) From the sale of a boat or vessel to a bona fide nonresident of this state who does not  
9 register the boat or vessel in this state or document the boat or vessel with the United States  
10 government at a home port within the state, whether the sale or delivery of the boat or vessel is  
11 made in this state or elsewhere; provided, that the nonresident transports the boat within thirty (30)  
12 days after delivery by the seller outside the state for use thereafter solely outside the state.

13 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may  
14 require the seller of the boat or vessel to keep records of the sales to bona fide nonresidents as the  
15 tax administrator deems reasonably necessary to substantiate the exemption provided in this  
16 subdivision, including the affidavit of the seller that the buyer represented himself or herself to be  
17 a bona fide nonresident of this state and of the buyer that he or she is a nonresident of this state.

18 (31) Youth activities equipment. From the sale, storage, use, or other consumption in this  
19 state of items for not more than twenty dollars (\$20.00) each by nonprofit Rhode Island  
20 eleemosynary organizations, for the purposes of youth activities that the organization is formed to  
21 sponsor and support; and by accredited elementary and secondary schools for the purposes of the  
22 schools or of organized activities of the enrolled students.

23 (32) Farm equipment. From the sale and from the storage or use of machinery and  
24 equipment used directly for commercial farming and agricultural production; including, but not  
25 limited to: tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,  
26 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,  
27 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and  
28 other farming equipment, including replacement parts appurtenant to or used in connection with  
29 commercial farming and tools and supplies used in the repair and maintenance of farming  
30 equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or the  
31 production within this state of agricultural products, including, but not limited to, field or orchard  
32 crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or production  
33 provides at least two thousand five hundred dollars (\$2,500) in annual gross sales to the operator,  
34 whether an individual, a group, a partnership, or a corporation for exemptions issued prior to July

1 1, 2002. For exemptions issued or renewed after July 1, 2002, there shall be two (2) levels. Level I  
2 shall be based on proof of annual, gross sales from commercial farming of at least twenty-five  
3 hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption provided in this  
4 subdivision except for motor vehicles with an excise tax value of five thousand dollars (\$5,000) or  
5 greater. Level II shall be based on proof of annual gross sales from commercial farming of at least  
6 ten thousand dollars (\$10,000) or greater and shall be valid for purchases subject to the exemption  
7 provided in this subdivision including motor vehicles with an excise tax value of five thousand  
8 dollars (\$5,000) or greater. For the initial issuance of the exemptions, proof of the requisite amount  
9 of annual gross sales from commercial farming shall be required for the prior year; for any renewal  
10 of an exemption granted in accordance with this subdivision at either level I or level II, proof of  
11 gross annual sales from commercial farming at the requisite amount shall be required for each of  
12 the prior two (2) years. Certificates of exemption issued or renewed after July 1, 2002, shall clearly  
13 indicate the level of the exemption and be valid for four (4) years after the date of issue. This  
14 exemption applies even if the same equipment is used for ancillary uses, or is temporarily used for  
15 a non-farming or a non-agricultural purpose, but shall not apply to motor vehicles acquired after  
16 July 1, 2002, unless the vehicle is a farm vehicle as defined pursuant to § 31-1-8 and is eligible for  
17 registration displaying farm plates as provided for in § 31-3-31.

18 (33) Compressed air. From the sale and from the storage, use, or other consumption in the  
19 state of compressed air.

20 (34) Flags. From the sale and from the storage, consumption, or other use in this state of  
21 United States, Rhode Island or POW-MIA flags.

22 (35) Motor vehicle and adaptive equipment to certain veterans. From the sale of a motor  
23 vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or  
24 the loss of use of a leg, foot, hand, or arm, or any veteran who is a double amputee, whether service  
25 connected or not. The motor vehicle must be purchased by and especially equipped for use by the  
26 qualifying veteran. Certificate of exemption or refunds of taxes paid is granted under rules or  
27 regulations that the tax administrator may prescribe.

28 (36) Textbooks. From the sale and from the storage, use, or other consumption in this state  
29 of textbooks by an "educational institution", as defined in subsection (18) of this section, and any  
30 educational institution within the purview of § 16-63-9(4), and used textbooks by any purveyor.

31 (37) Tangible personal property and supplies used in on-site hazardous waste recycling,  
32 reuse, or treatment. From the sale, storage, use, or other consumption in this state of tangible  
33 personal property or supplies used or consumed in the operation of equipment, the exclusive  
34 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as

1 defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes", as defined  
2 in § 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely by the same  
3 taxpayer and where the personal property is located at, in, or adjacent to a generating facility of the  
4 taxpayer in Rhode Island. The taxpayer shall procure an order from the director of the department  
5 of environmental management certifying that the equipment and/or supplies as used or consumed,  
6 qualify for the exemption under this subdivision. If any information relating to secret processes or  
7 methods of manufacture, production, or treatment is disclosed to the department of environmental  
8 management only to procure an order, and is a "trade secret" as defined in § 28-21-10(b), it is not  
9 open to public inspection or publicly disclosed unless disclosure is required under chapter 21 of  
10 title 28 or chapter 24.4 of title 23.

11 (38) Promotional and product literature of boat manufacturers. From the sale and from the  
12 storage, use, or other consumption of promotional and product literature of boat manufacturers  
13 shipped to points outside of Rhode Island that either: (i) Accompany the product that is sold; (ii)  
14 Are shipped in bulk to out-of-state dealers for use in the sale of the product; or (iii) Are mailed to  
15 customers at no charge.

16 (39) Food items paid for by food stamps. From the sale and from the storage, use, or other  
17 consumption in this state of eligible food items payment for which is properly made to the retailer  
18 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of 1977,  
19 7 U.S.C. § 2011 et seq.

20 (40) Transportation charges. From the sale or hiring of motor carriers as defined in § 39-  
21 12-2(1) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed with  
22 the Rhode Island public utilities commission on the number of miles driven or by the number of  
23 hours spent on the job.

24 (41) Trade-in value of boats. From the sale and from the storage, use, or other consumption  
25 in this state of so much of the purchase price paid for a new or used boat as is allocated for a trade-  
26 in allowance on the boat of the buyer given in trade to the seller or of the proceeds applicable only  
27 to the boat as are received from an insurance claim as a result of a stolen or damaged boat, towards  
28 the purchase of a new or used boat by the buyer.

29 (42) Equipment used for research and development. From the sale and from the storage,  
30 use, or other consumption of equipment to the extent used for research and development purposes  
31 by a qualifying firm. For the purposes of this subsection, "qualifying firm" means a business for  
32 which the use of research and development equipment is an integral part of its operation and  
33 "equipment" means scientific equipment, computers, software, and related items.

34 (43) Coins. From the sale and from the other consumption in this state of coins having

1 numismatic or investment value.

2 (44) Farm structure construction materials. Lumber, hardware, and other materials used in  
3 the new construction of farm structures, including production facilities such as, but not limited to:  
4 farrowing sheds, free stall and stanchion barns, milking parlors, silos, poultry barns, laying houses,  
5 fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing rooms,  
6 machinery storage, seasonal farm worker housing, certified farm markets, bunker and trench silos,  
7 feed storage sheds, and any other structures used in connection with commercial farming.

8 (45) Telecommunications carrier access service. Carrier access service or  
9 telecommunications service when purchased by a telecommunications company from another  
10 telecommunications company to facilitate the provision of telecommunications service.

11 (46) Boats or vessels brought into the state exclusively for winter storage, maintenance,  
12 repair, or sale. Notwithstanding the provisions of §§ 44-18-10, 44-18-11 and 44-18-20, the tax  
13 imposed by § 44-18-20 is not applicable for the period commencing on the first day of October in  
14 any year up to and including the 30th day of April next succeeding with respect to the use of any  
15 boat or vessel within this state exclusively for purposes of: (i) Delivery of the vessel to a facility in  
16 this state for storage, including dry storage and storage in water by means of apparatus preventing  
17 ice damage to the hull, maintenance, or repair; (ii) The actual process of storage, maintenance, or  
18 repair of the boat or vessel; or (iii) Storage for the purpose of selling the boat or vessel.

19 (47) Jewelry display product. From the sale and from the storage, use, or other consumption  
20 in this state of tangible personal property used to display any jewelry product; provided that title to  
21 the jewelry display product is transferred by the jewelry manufacturer or seller and that the jewelry  
22 display product is shipped out of state for use solely outside the state and is not returned to the  
23 jewelry manufacturer or seller.

24 (48) Boats or vessels generally. Notwithstanding the provisions of this chapter, the tax  
25 imposed by §§ 44-18-20 and 44-18-18 shall not apply with respect to the sale and to the storage,  
26 use, or other consumption in this state of any new or used boat. The exemption provided for in this  
27 subdivision does not apply after October 1, 1993, unless prior to October 1, 1993, the federal ten  
28 percent (10%) surcharge on luxury boats is repealed.

29 (49) Banks and regulated investment companies interstate toll-free calls. Notwithstanding  
30 the provisions of this chapter, the tax imposed by this chapter does not apply to the furnishing of  
31 interstate and international, toll-free terminating telecommunication service that is used directly  
32 and exclusively by or for the benefit of an eligible company as defined in this subdivision; provided  
33 that an eligible company employs on average during the calendar year no less than five hundred  
34 (500) "full-time equivalent employees" as that term is defined in § 42-64.5-2. For purposes of this

1 section, an "eligible company" means a "regulated investment company" as that term is defined in  
2 the Internal Revenue Code of 1986, 26 U.S.C. § 851, or a corporation to the extent the service is  
3 provided, directly or indirectly, to or on behalf of a regulated investment company, an employee  
4 benefit plan, a retirement plan or a pension plan, or a state-chartered bank.

5 (50) Mobile and manufactured homes generally. From the sale and from the storage, use,  
6 or other consumption in this state of mobile and/or manufactured homes as defined and subject to  
7 taxation pursuant to the provisions of chapter 44 of title 31.

8 (51) Manufacturing business reconstruction materials.

9 (i) From the sale and from the storage, use, or other consumption in this state of lumber,  
10 hardware, and other building materials used in the reconstruction of a manufacturing business  
11 facility that suffers a disaster, as defined in this subdivision, in this state. "Disaster" means any  
12 occurrence, natural or otherwise, that results in the destruction of sixty percent (60%) or more of  
13 an operating manufacturing business facility within this state. "Disaster" does not include any  
14 damage resulting from the willful act of the owner of the manufacturing business facility.

15 (ii) Manufacturing business facility includes, but is not limited to, the structures housing  
16 the production and administrative facilities.

17 (iii) In the event a manufacturer has more than one manufacturing site in this state, the sixty  
18 percent (60%) provision applies to the damages suffered at that one site.

19 (iv) To the extent that the costs of the reconstruction materials are reimbursed by insurance,  
20 this exemption does not apply.

21 (52) Tangible personal property and supplies used in the processing or preparation of floral  
22 products and floral arrangements. From the sale, storage, use, or other consumption in this state of  
23 tangible personal property or supplies purchased by florists, garden centers, or other like producers  
24 or vendors of flowers, plants, floral products, and natural and artificial floral arrangements that are  
25 ultimately sold with flowers, plants, floral products, and natural and artificial floral arrangements  
26 or are otherwise used in the decoration, fabrication, creation, processing, or preparation of flowers,  
27 plants, floral products, or natural and artificial floral arrangements, including descriptive labels,  
28 stickers, and cards affixed to the flower, plant, floral product, or arrangement, artificial flowers,  
29 spray materials, floral paint and tint, plant shine, flower food, insecticide, and fertilizers.

30 (53) Horse food products. From the sale and from the storage, use, or other consumption  
31 in this state of horse food products purchased by a person engaged in the business of the boarding  
32 of horses.

33 (54) Non-motorized recreational vehicles sold to nonresidents.

34 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to

1 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle  
2 in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this  
3 state or at the place of residence of the nonresident; provided that a non-motorized recreational  
4 vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption to  
5 its nonresidents is not exempt from the tax imposed under § 44-18-20; provided, further, that in  
6 that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate  
7 that would be imposed in his or her state of residence not to exceed the rate that would have been  
8 imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed, non-motorized  
9 recreational vehicle dealer shall add and collect the tax required under this subdivision and remit  
10 the tax to the tax administrator under the provisions of chapters 18 and 19 of this title. Provided,  
11 that when a Rhode Island licensed, non-motorized recreational vehicle dealer is required to add and  
12 collect the sales and use tax on the sale of a non-motorized recreational vehicle to a bona fide  
13 nonresident as provided in this section, the dealer in computing the tax takes into consideration the  
14 law of the state of the nonresident as it relates to the trade-in of motor vehicles.

15 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may  
16 require any licensed, non-motorized recreational vehicle dealer to keep records of sales to bona fide  
17 nonresidents as the tax administrator deems reasonably necessary to substantiate the exemption  
18 provided in this subdivision, including the affidavit of a licensed, non-motorized recreational  
19 vehicle dealer that the purchaser of the non-motorized recreational vehicle was the holder of, and  
20 had in his or her possession a valid out-of-state non-motorized recreational vehicle registration or  
21 a valid out-of-state driver's license.

22 (iii) Any nonresident who registers a non-motorized recreational vehicle in this state within  
23 ninety (90) days of the date of its sale to him or her is deemed to have purchased the non-motorized  
24 recreational vehicle for use, storage, or other consumption in this state, and is subject to, and liable  
25 for, the use tax imposed under the provisions of § 44-18-20.

26 (iv) "Non-motorized recreational vehicle" means any portable dwelling designed and  
27 constructed to be used as a temporary dwelling for travel, camping, recreational, and vacation use  
28 that is eligible to be registered for highway use, including, but not limited to, "pick-up coaches" or  
29 "pick-up campers," "travel trailers," and "tent trailers" as those terms are defined in chapter 1 of  
30 title 31.

31 (55) Sprinkler and fire alarm systems in existing buildings. From the sale in this state of  
32 sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials  
33 necessary and attendant to the installation of those systems that are required in buildings and  
34 occupancies existing therein in July 2003 in order to comply with any additional requirements for

1 such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003  
2 and that are not required by any other provision of law or ordinance or regulation adopted pursuant  
3 to that act. The exemption provided in this subdivision shall expire on December 31, 2008.

4 (56) Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-18-  
5 18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other consumption  
6 in this state of any new or used aircraft or aircraft parts.

7 (57) Renewable energy products. Notwithstanding any other provisions of Rhode Island  
8 general laws, the following products shall also be exempt from sales tax: solar photovoltaic  
9 modules or panels, or any module or panel that generates electricity from light; solar thermal  
10 collectors, including, but not limited to, those manufactured with flat glass plates, extruded plastic,  
11 sheet metal, and/or evacuated tubes; geothermal heat pumps, including both water-to-water and  
12 water-to-air type pumps; wind turbines; towers used to mount wind turbines if specified by or sold  
13 by a wind turbine manufacturer; DC to AC inverters that interconnect with utility power lines; and  
14 manufactured mounting racks and ballast pans for solar collector, module, or panel installation. Not  
15 to include materials that could be fabricated into such racks; monitoring and control equipment, if  
16 specified or supplied by a manufacturer of solar thermal, solar photovoltaic, geothermal, or wind  
17 energy systems or if required by law or regulation for such systems but not to include pumps, fans  
18 or plumbing or electrical fixtures unless shipped from the manufacturer affixed to, or an integral  
19 part of, another item specified on this list; and solar storage tanks that are part of a solar domestic  
20 hot water system or a solar space heating system. If the tank comes with an external heat exchanger  
21 it shall also be tax exempt, but a standard hot water tank is not exempt from state sales tax.

22 (58) Returned property. The amount charged for property returned by customers upon  
23 rescission of the contract of sale when the entire amount exclusive of handling charges paid for the  
24 property is refunded in either cash or credit, and where the property is returned within one hundred  
25 twenty (120) days from the date of delivery.

26 (59) Dietary supplements. From the sale and from the storage, use, or other consumption  
27 of dietary supplements as defined in § 44-18-7.1(l)(v), sold on prescriptions.

28 (60) Blood. From the sale and from the storage, use, or other consumption of human blood.

29 (61) Agricultural products for human consumption. From the sale and from the storage,  
30 use, or other consumption of livestock and poultry of the kinds of products that ordinarily constitute  
31 food for human consumption and of livestock of the kind the products of which ordinarily constitute  
32 fibers for human use.

33 (62) Diesel emission control technology. From the sale and use of diesel retrofit technology  
34 that is required by § 31-47.3-4.

1 (63) Feed for certain animals used in commercial farming. From the sale of feed for animals  
2 as described in subsection (61) of this section.

3 (64) Alcoholic beverages. From the sale and storage, use, or other consumption in this state  
4 by a Class A licensee of alcoholic beverages, as defined in § 44-18-7.1, excluding beer and malt  
5 beverages; provided, further, notwithstanding § 6-13-1 or any other general or public law to the  
6 contrary, alcoholic beverages, as defined in § 44-18-7.1, shall not be subject to minimum markup.

7 (65) Seeds and plants used to grow food and food ingredients. From the sale, storage, use,  
8 or other consumption in this state of seeds and plants used to grow food and food ingredients as  
9 defined in § 44-18-7.1(1)(i). "Seeds and plants used to grow food and food ingredients" shall not  
10 include marijuana seeds or plants.

11 [\(66\) Feminine hygiene products. From the sale and from the storage, use, or other](#)  
12 [consumption of tampons, panty liners, menstrual cups, sanitary napkins, and other similar products](#)  
13 [the principal use of which is feminine hygiene in connection with the menstrual cycle.](#)

14 **44-18-36.1. Hotel tax.**

15 (a) There is imposed a hotel tax of five percent (5%) upon the total consideration charged  
16 for occupancy of any space furnished by any hotel, travel packages, or room reseller or reseller as  
17 defined in § 44-18-7.3(b) in this state. A house, condominium, or other resident dwelling shall be  
18 exempt from the five percent (5%) hotel tax under this subsection if the house, condominium, or  
19 other resident dwelling is rented in its entirety. The hotel tax is in addition to any sales tax imposed.  
20 This hotel tax is administered and collected by the division of taxation and unless provided to the  
21 contrary in this chapter, all the administration, collection, and other provisions of chapters 18 and  
22 19 of this title apply. Nothing in this chapter shall be construed to limit the powers of the convention  
23 authority of the city of Providence established pursuant to the provisions of chapter 84 of the public  
24 laws of 1980, except that distribution of hotel tax receipts shall be made pursuant to chapter 63.1  
25 of title 42 rather than chapter 84 of the public laws of 1980.

26 (b) There is hereby levied and imposed, upon the total consideration charged for occupancy  
27 of any space furnished by any hotel in this state, in addition to all other taxes and fees now imposed  
28 by law, a local hotel tax at a rate of one percent (1%). The local hotel tax shall be administered and  
29 collected in accordance with subsection (a).

30 (c) All sums received by the division of taxation from the local hotel tax, penalties or  
31 forfeitures, interest, costs of suit and fines shall be distributed at least quarterly, credited and paid  
32 by the state treasurer to the city or town where the space for occupancy that is furnished by the  
33 hotel is located. Unless provided to the contrary in this chapter, all of the administration, collection,  
34 and other provisions of chapters 18 and 19 of this title shall apply.

1 (d) Notwithstanding the provisions of subsection (a) of this section, the city of Newport  
2 shall have the authority to collect from hotels located in the city of Newport the tax imposed by  
3 subsection (a) of this section.

4 (1) Within ten (10) days of collection of the tax, the city of Newport shall distribute the tax  
5 as provided in § 42-63.1-3. No later than the first day of March and the first day of September in  
6 each year in which the tax is collected, the city of Newport shall submit to the division of taxation  
7 a report of the tax collected and distributed during the six (6) month period ending thirty (30) days  
8 prior to the reporting date.

9 (2) The city of Newport shall have the same authority as the division of taxation to recover  
10 delinquent hotel taxes pursuant to chapter 44-19, and the amount of any hotel tax, penalty and  
11 interest imposed by the city of Newport until collected constitutes a lien on the real property of the  
12 taxpayer.

13 ~~In recognition of the work being performed by the Streamlined Sales and Use Tax~~  
14 ~~Governing Board, upon any federal law which requires remote sellers to collect and remit taxes,~~  
15 ~~effective the first (1st) day of the first (1st) state fiscal quarter following the change, the rate~~  
16 ~~imposed under § 44-18-36.1(b) shall be one and one-half percent (1.5%).~~

17 SECTION 10. Sections 44-18.2-2 and 44-18.2-3 of the General Laws in Chapter 44-18.2  
18 entitled "Sales and Use Tax - Non-Collecting Retailers, Referrers, and Retail Sale Facilitators Act"  
19 are hereby amended to read as follows:

20 **44-18.2-2. Definitions.**

21 For the purposes of this chapter:

22 (1) "Division of taxation" means the Rhode Island department of revenue, division of  
23 taxation. The division may also be referred to in this chapter as the "division of taxation", "tax  
24 division", or "division."

25 (2) "In-state customer" means a person or persons who makes a purchase of tangible  
26 personal property, prewritten computer software delivered electronically or by load and leave as  
27 defined in § 44-18-7.1(g)(v), vendor-hosted prewritten computer software, [specified digital](#)  
28 [products](#), and/or taxable services as defined under § 44-18-1 et seq. for use, storage, and/or other  
29 consumption in this state.

30 (3) "In-state software" means software used by in-state customers on their computers,  
31 smartphones, and other electronic and/or communication devices, including information or  
32 software such as cached files, cached software, or "cookies", or other data tracking tools, that are  
33 stored on property in this state or distributed within this state, for the purpose of purchasing tangible  
34 personal property, prewritten computer software delivered electronically or by load and leave,

1 vendor-hosted prewritten computer software, [specified digital products](#), and/or taxable services.

2 (4) "Marketplace" means a physical or electronic place including, but not limited to, a store,  
3 booth, Internet website, catalog, television or radio broadcast, or a dedicated sales software  
4 application where tangible personal property, prewritten computer software delivered  
5 electronically or by load and leave, vendor-hosted prewritten computer software, [specified digital](#)  
6 [products](#), and/or taxable services is/are sold or offered for sale for delivery in this state regardless  
7 of whether the tangible personal property, prewritten computer software delivered electronically or  
8 by load and leave, ~~or~~ vendor-hosted prewritten computer software, [or specified digital products](#)  
9 have a physical presence in the state.

10 (5) "Marketplace facilitator" means any person or persons that contracts or otherwise  
11 agrees with a marketplace seller to facilitate for consideration, regardless of whether deducted as  
12 fees from the transaction, the sale of the marketplace seller's products through a physical or  
13 electronic marketplace operated by the person or persons, and engages:

14 (a) Directly or indirectly, through one or more affiliated persons in any of the following:

15 (i) Transmitting or otherwise communicating the offer or acceptance between the buyer  
16 and seller;

17 (ii) Owning or operating the infrastructure, electronic or physical, or technology that brings  
18 buyers and sellers together;

19 (iii) Providing a virtual currency that buyers are allowed or required to use to purchase  
20 products from the seller; or

21 (iv) Software development or research and development activities related to any of the  
22 activities described in (b) of this subsection (5), if such activities are directly related to a physical  
23 or electronic marketplace operated by the person or an affiliated person; and

24 (b) In any of the following activities with respect to the seller's products:

25 (i) Payment processing services;

26 (ii) Fulfillment or storage services;

27 (iii) Listing products for sale;

28 (iv) Setting prices;

29 (v) Branding sales as those of the marketplace facilitator;

30 (vi) Order taking;

31 (vii) Advertising or promotion; or

32 (viii) Providing customer service or accepting or assisting with returns or exchanges.

33 (6) "Marketplace seller" means a person, not a related party to a marketplace facilitator,  
34 who has an agreement with a marketplace facilitator and makes retail sales of tangible personal

1 property, prewritten computer software delivered electronically or by load and leave, vendor-hosted  
2 prewritten computer software, [specified digital products](#), and/or taxable services through a  
3 marketplace owned, operated, or controlled by a marketplace facilitator, whether or not such person  
4 is required to register to collect and remit sales tax.

5 (7) "Non-collecting retailer" means any person or persons who meets at least one of the  
6 following criteria:

7 (A) Uses in-state software to make sales at retail of tangible personal property, prewritten  
8 computer software delivered electronically or by load and leave, and/or taxable services; or

9 (B) Sells, leases, or delivers in this state, or participates in any activity in this state in  
10 connection with the selling, leasing, or delivering in this state, of tangible personal property,  
11 prewritten computer software delivered electronically or by load and leave, and/or taxable services  
12 for use, storage, distribution, or consumption within this state. This includes, but shall not be limited  
13 to, any of the following acts or methods of transacting business:

14 (i) Engaging in, either directly or indirectly through a referrer, retail sale facilitator, or other  
15 third party, direct response marketing targeted at in-state customers. For purposes of this  
16 subsection, direct response marketing includes, but is not limited to, sending, transmitting, or  
17 broadcasting via flyers, newsletters, telephone calls, targeted electronic mail, text messages, social  
18 media messages, targeted mailings; collecting, analyzing and utilizing individual data on in-state  
19 customers; using information or software, including cached files, cached software, or "cookies", or  
20 other data tracking tools, that are stored on property in or distributed within this state; or taking any  
21 other action(s) that use persons, tangible property, intangible property, digital files or information,  
22 or software in this state in an effort to enhance the probability that the person's contacts with a  
23 potential in-state customer will result in a sale to that in-state customer;

24 (ii) Entering into one or more agreements under which a person or persons who has  
25 physical presence in this state refers, either directly or indirectly, potential in-state customers of  
26 tangible personal property, prewritten computer software delivered electronically or by load and  
27 leave, and/or taxable services to the non-collecting retailer for a fee, commission, or other  
28 consideration whether by an internet-based link or an internet website, or otherwise. An agreement  
29 under which a non-collecting retailer purchases advertisements from a person or persons in this  
30 state to be delivered in this state on television, radio, in print, on the internet or by any other medium  
31 in this state, shall not be considered an agreement under this subsection (ii), unless the  
32 advertisement revenue or a portion thereof paid to the person or persons in this state consists of a  
33 fee, commission, or other consideration that is based in whole or in part upon sales of tangible  
34 personal property, prewritten computer software delivered electronically or by load and leave,

1 and/or taxable services; or

2 (iii) Using a retail sale facilitator to sell, lease, or deliver in this state, or participate in any  
3 activity in this state in connection with the selling, leasing, or delivering in this state, of tangible  
4 personal property, prewritten computer software delivered electronically or by load and leave,  
5 and/or taxable services for use, storage, or consumption in this state.

6 (C) Uses a sales process that includes listing, branding, or selling tangible personal  
7 property, prewritten computer software delivered electronically or by load and leave, and/or taxable  
8 services for sale, soliciting, processing orders, fulfilling orders, providing customer service and/or  
9 accepting or assisting with returns or exchanges occurring in this state, regardless of whether that  
10 part of the process has been subcontracted to an affiliate or third party. The sales process for which  
11 the in-state customer is charged not more than the basic charge for shipping and handling as used  
12 in this subsection shall not include shipping via a common carrier or the United States mail;

13 (D) Offers its tangible personal property, prewritten computer software delivered  
14 electronically or by load and leave, and/or taxable services for sale through one or more retail sale  
15 facilitators that has physical presence in this state;

16 (E) Is related to a person that has physical presence in this state, and such related person  
17 with a physical presence in this state:

18 (i) Sells tangible personal property, prewritten computer software delivered electronically  
19 or by load and leave, and/or taxable services that are the same or substantially similar to that sold  
20 by a non-collecting retailer under a business name that is the same or substantially similar to that  
21 of the non-collecting retailer;

22 (ii) Maintains an office, distribution facility, salesroom, warehouse, storage place, or other  
23 similar place of business in this state to facilitate the delivery of tangible personal property,  
24 prewritten computer software delivered electronically or by load and leave, and/or taxable services  
25 sold by the non-collecting retailer;

26 (iii) Uses, with consent or knowledge of the non-collecting retailer, trademarks, service  
27 marks, or trade names in this state that are the same or substantially similar to those used by the  
28 non-collecting retailer;

29 (iv) Delivers or has delivered (except for delivery by common carrier or United States mail  
30 for which the in-state customer is charged not more than the basic charge for shipping and  
31 handling), installs, or assembles tangible personal property in this state, or performs maintenance  
32 or repair services on tangible personal property in this state, which tangible personal property is  
33 sold to in-state customers by the non-collecting retailer;

34 (v) Facilitates the delivery of tangible personal property purchased from a non-collecting

1 retailer but delivered in this state by allowing an in-state customer to pick up the tangible personal  
2 property at an office distribution facility, salesroom, warehouse, storage place, or other similar  
3 place of business maintained in this state; or

4 (vi) Shares management, business systems, business practices, computer resources,  
5 communication systems, payroll, personnel, or other such business resources and activities with  
6 the non-collecting retailer, and/or engages in intercompany transactions with the non-collecting  
7 retailer, either or both of which relate to the activities that establish or maintain the non-collecting  
8 retailer's market in this state.

9 (F) Any person or persons who meets at least one of the criteria in subsections (7)(A) --  
10 (7)(E) above shall be presumed to be a non-collecting retailer.

11 (G) The term "non-collecting retailer" will no longer apply to any entity that meets the  
12 definition of this subsection effective ninety (90) days after the enactment of this amended chapter,  
13 at which time such entity shall be classified as a "remote seller" as referenced in R.I. Gen. Laws §  
14 44-18-15.2.

15 (8) "Person" means person as defined in § 44-18-6.

16 (9) "Referrer" means every person who:

17 (A) Contracts or otherwise agrees with a retailer to list and/or advertise for sale in this state  
18 tangible personal property, prewritten computer software delivered electronically or by load and  
19 leave, vendor-hosted prewritten computer software, and/or taxable services in any forum,  
20 including, but not limited to, a catalog or internet website;

21 (B) Receives a fee, commission, and/or other consideration from a retailer for the listing  
22 and/or advertisement;

23 (C) Transfers, via in-state software, internet link, or otherwise, an in-state customer to the  
24 retailer or the retailer's employee, affiliate, or website to complete a purchase; and

25 (D) Does not collect payments from the in-state customer for the transaction.

26 (E) A person or persons who engages in the activity set forth in all of the activities set forth  
27 in subsections (9)(A) -- (9)(D) above shall be presumed to be a referrer.

28 (10) "Related" means:

29 (A) Having a relationship with the non-collecting retailer within the meaning of the internal  
30 revenue code of 1986 as amended; or

31 (B) Having one or more ownership relationships and a purpose of having the ownership  
32 relationship is to avoid the application of this chapter.

33 (11) A "retail sale" or "sale at retail" means any retail sale or sale at retail as defined in §  
34 44-18-8.

1 (12) "Retail sale facilitator" means any person or persons that facilitates a sale by a retailer  
2 by engaging in the following types of activities:

3 (A) Using in-state software to make sales at retail of tangible personal property, prewritten  
4 computer software delivered electronically or by load and leave, and/or taxable services; or

5 (B) Contracting or otherwise agreeing with a retailer to list and/or advertise for sale  
6 tangible personal property, prewritten computer software delivered electronically or by load and  
7 leave, and/or taxable services in any forum, including, but not limited to, a catalog or internet  
8 website; and

9 (C) Either directly or indirectly through agreements or arrangements with third parties,  
10 collecting payments from the in-state customer and transmitting those payments to a retailer. A  
11 person or persons may be a retail sale facilitator regardless of whether they deduct any fees from  
12 the transaction. The division may define in regulation circumstances under which a retail sale  
13 facilitator shall be deemed to facilitate a retail sale.

14 (D) A person or persons who engages in the type of activity set forth in subsection (12) (A)  
15 above or both of the types of activities set forth in subsections (12) (B) and (12) (C) above shall be  
16 presumed to be a retail sale facilitator.

17 (E) The term "retail sale facilitator" will no longer apply to any entity that meets the  
18 definition of this subsection effective ninety (90) days after the enactment of this amended chapter,  
19 at which time such entity shall be classified as a "marketplace facilitator" as referenced above in  
20 R.I. Gen. Laws § 44-18.2-2(5).

21 (13) A "retailer" means retailer as defined in § 44-18-15.

22 [\(14\) Specified digital products refers to the same term as defined in § 44-18-7.1\(x\) effective](#)  
23 [July 1, 2019.](#)

24 ~~(14)~~[\(15\)](#) "State" means the State of Rhode Island and Providence Plantations.

25 ~~(15)~~[\(16\)](#) "Streamlined agreement" means the Streamlined Sales and Use Tax Agreement  
26 as referenced in § 44-18.1-1 et seq.

27 ~~(16)~~[\(17\)](#) "Vendor-hosted prewritten computer software" refers to the same term as defined  
28 in R.I. Gen. Laws § 44-18-7.1(g)(vii) effective October 1, 2018.

29 **44-18.2-3. Requirements for non-collecting retailers, referrers, and retail sale**  
30 **facilitators.**

31 (A) Except as otherwise provided below in § 44-18.2-4, beginning on the later of July 15,  
32 2017, or two (2) weeks after the enactment of this chapter, and for each tax year thereafter prior to  
33 ninety (90) days after the effective date of the amendment of this chapter, any non-collecting  
34 retailer, referrer, or retail sale facilitator, as defined in this chapter, that in the immediately

1 preceding calendar year either:

2 (i) Has gross revenue from the sale of tangible personal property, prewritten computer  
3 software delivered electronically or by load and leave, and/or has taxable services delivered into  
4 this state equal to or exceeding one hundred thousand dollars (\$100,000); or

5 (ii) Has sold tangible personal property, prewritten computer software delivered  
6 electronically or by load and leave, and/or taxable services for delivery into this state in two  
7 hundred (200) or more separate transactions shall comply with the requirements in subsections (F),  
8 (G), and (H) as applicable.

9 (B) A non-collecting retailer, as defined in this chapter, shall comply with subsection (F)  
10 below if it meets the criteria of either subsection (A)(i) or (A)(ii) above.

11 (C) A referrer, as defined in this chapter, shall comply with subsection (G) below if it meets  
12 the criteria of either subsection (A)(i) or (A)(ii) above.

13 (D) A retail sale facilitator, as defined in this chapter, shall comply with subsection (H)  
14 below if it meets the criteria of either subsection (A)(i) or (A)(ii) above.

15 (E) Any noncollecting retailer, retail sale facilitator and/or referrer that is collecting and  
16 remitting sales tax into this state prior to the enactment of this amended chapter, date to be inserted  
17 after enactment, shall be deemed a remote seller and/or marketplace facilitator and/or referrer and  
18 shall continue to collect and remit sales tax.

19 Beginning on ninety (90) days after the enactment of this amended chapter, date to be  
20 inserted after enactment, any remote seller, marketplace seller, marketplace facilitator, and/or  
21 referrer, as defined in this chapter, who is not collecting and remitting sales tax shall comply with  
22 the requirements in subsection (I) if that remote seller, marketplace seller, marketplace facilitator,  
23 and/or referrer, as defined in this chapter: (i) has not been collecting or remitting sales tax in this  
24 state and, in the immediately preceding calendar year either:

25 (i) Has gross revenue from the sale of tangible personal property, prewritten computer  
26 software delivered electronically or by load and leave, vendor-hosted prewritten computer  
27 software, [specified digital products](#), and/or has taxable services delivered into this state equal to or  
28 exceeding one hundred thousand dollars (\$100,000); or

29 (ii) Has sold tangible personal property, prewritten computer software delivered  
30 electronically or by load and leave, vendor-hosted prewritten computer software, [specified digital](#)  
31 [products](#), and/or taxable services for delivery into this state in two hundred (200) or more separate  
32 transactions.

33 (F) Non-collecting retailer. A non-collecting retailer shall either register in this state for a  
34 permit to make sales at retail and collect and remit sales and use tax on all taxable sales into the

1 state or:

2 (1) Post a conspicuous notice on its website that informs in-state customers that sales or  
3 use tax is due on certain purchases made from the non-collecting retailer and that this state requires  
4 the in-state customer to file a sales or use tax return;

5 (2) At the time of purchase, notify in-state customers that sales or use tax is due on taxable  
6 purchases made from the non-collecting retailer and that the state of Rhode Island requires the in-  
7 state customer to file a sales or use tax return;

8 (3) Within forty-eight (48) hours of the time of purchase, notify in-state customers in  
9 writing that sales or use tax is due on taxable purchases made from the non-collecting retailer and  
10 that this state requires the in-state customer to file a sales or use tax return reflecting said purchase;

11 (4) On or before January 31 of each year, including January 31, 2018, for purchases made  
12 in calendar year 2017, send a written notice to all in-state customers who have cumulative annual  
13 taxable purchases from the non-collecting retailer totaling one hundred dollars (\$100) or more for  
14 the prior calendar year. The notification shall show the name of the non-collecting retailer, the total  
15 amount paid by the in-state customer to the non-collecting retailer in the previous calendar year,  
16 and, if available, the dates of purchases, the dollar amount of each purchase, and the category or  
17 type of the purchase, including, whether the purchase is exempt or not exempt from taxation in  
18 Rhode Island. The notification shall include such other information as the division may require by  
19 rule and regulation. The notification shall state that the state of Rhode Island requires a sales or use  
20 tax return to be filed and sales or use tax to be paid on certain categories or types of purchases made  
21 by the in-state customer from the non-collecting retailer. The notification shall be sent separately  
22 to all in-state customers by first-class mail and shall not be included with any other shipments or  
23 mailings. The notification shall include the words "Important Tax Document Enclosed" on the  
24 exterior of the mailing; and

25 (5) Beginning on February 15, 2018, and not later than each February 15 thereafter, a non-  
26 collecting retailer that has not registered in this state for a permit to make sales at retail and collect  
27 and remit sales and use tax on all taxable sales into the state for any portion of the prior calendar  
28 year, shall file with the division on such form and/or in such format as the division prescribes an  
29 attestation that the non-collecting retailer has complied with the requirements of subsections (F)  
30 (1) -- (F) (4) herein.

31 (G) Referrer. At such time during any calendar year, or any portion thereof, that a referrer  
32 receives more than ten thousand dollars (\$10,000) from fees, commissions, and/or other  
33 compensation paid to it by retailers with whom it has a contract or agreement to list and/or advertise  
34 for sale tangible personal property, prewritten computer software delivered electronically or by

1 load and leave, and/or taxable services, said referrer shall within thirty (30) days provide written  
2 notice to all such retailers that the retailers' sales may be subject to this state's sales and use tax.

3 (H) Retail sale facilitator. Beginning January 15, 2018, and each year thereafter, a retail  
4 sale facilitator shall provide the division of taxation with:

5 (i) A list of names and addresses of the retailers for whom during the prior calendar year  
6 the retail sale facilitator collected Rhode Island sales and use tax; and

7 (ii) A list of names and addresses of the retailers who during the prior calendar year used  
8 the retail sale facilitator to serve in-state customers but for whom the retail sale facilitator did not  
9 collect Rhode Island sales and use tax.

10 (I) *Remote sellers, referrers, and marketplace facilitators.* A remote seller, referrer, and  
11 marketplace facilitator shall register in this state for a permit to make sales at retail and collect and  
12 remit sales and use tax on all taxable sales into the state.

13 (i) A marketplace facilitator shall collect sales and use tax on all sales made through the  
14 marketplace to purchasers in this state whether or not the marketplace seller (1) has or is required  
15 to have a permit to make sales at retail or (2) would have been required to collect and remit sales  
16 and use tax had the sale not been made through the marketplace ~~provider~~ facilitator.

17 (ii) A marketplace facilitator shall certify to its marketplace sellers that it will collect and  
18 remit sales and use tax on sales of taxable items made through the marketplace. A marketplace  
19 seller that accepts a marketplace ~~provider's~~ facilitator's collection certificate in good faith may  
20 exclude sales made through the marketplace from the marketplace seller's returns under Chapters  
21 18 and 19 of Title 44 of the Rhode Island General Laws.

22 (iii) A marketplace facilitator with respect to a sale of tangible personal property,  
23 prewritten computer software delivered electronically by load and leave, vendor-hosted prewritten  
24 software, and/or taxable services it facilitates:

25 ~~(A)~~ (a) shall have all the obligations and rights of a retailer under Chapters 18 and 19 of  
26 Title 44 of the Rhode Island General Laws and under any regulations adopted pursuant thereto,  
27 including, but not limited to, the duty to obtain a certificate of authority, to collect tax, file returns,  
28 remit tax, and the right to accept a certificate or other documentation from a customer substantiating  
29 an exemption or exclusion from tax, the right to receive a refund or credit allowed by law; and ~~(B)~~  
30 (b) shall keep such records and information and cooperate with the tax administrator to ensure the  
31 proper collection and remittance of tax imposed, collected, or required to be collected under  
32 Chapters 18 and 19 of Title 44 of the Rhode Island General Laws.

33 (iv) A marketplace facilitator shall be subject to audit by the tax administrator with respect  
34 to all retail sales for which it is required to collect and pay the tax imposed under Chapters 18 and

1 19 of Title 44 of the Rhode Island General Laws. Where the tax administrator audits the  
2 marketplace facilitator, the tax administrator is prohibited from auditing the marketplace seller for  
3 the same retail sales unless the marketplace facilitator seeks relief under ~~this subsection (iv)~~  
4 [subsection \(v\)](#).

5 (v) If the marketplace facilitator demonstrates to the tax administrator's satisfaction that the  
6 marketplace facilitator has made a reasonable effort to obtain accurate information from the  
7 marketplace seller about a retail sale and that the failure to collect and pay the correct amount of  
8 tax imposed under Chapters 18 and 19 of Title 44 of the Rhode Island General Laws was due to  
9 incorrect information provided to the marketplace facilitator by the marketplace seller, then the  
10 marketplace facilitator shall be relieved of liability of the tax for that retail sale. This subsection (v)  
11 does not apply with regard to a retail sale for which the marketplace facilitator is the seller or if the  
12 marketplace facilitator and seller are affiliates. Where the marketplace facilitator is relieved under  
13 this subsection (v), the seller is liable for the tax imposed under Chapters 18 and 19 of Title 44 of  
14 the Rhode Island General Laws.

15 (vi) A class action may not be brought against a marketplace facilitator on behalf of  
16 purchasers arising from or in any way related to an overpayment of sales or use tax collected by  
17 the marketplace facilitator, regardless of whether such action is characterized as a tax refund claim.  
18 Nothing in this subsection (vi) shall affect a purchaser's right to seek a refund as otherwise allowed  
19 by law.

20 (J) Any person or entity that engages in any activity or activities of a non-collecting retailer,  
21 referrer, and/or retail sale facilitator as defined herein shall be presumed to be a non-collecting  
22 retailer, referrer, and/or retail sale facilitator as applicable even if referred to by another name or  
23 designation. Said person or entity shall be subject to the terms and conditions set forth in this  
24 chapter.

25 SECTION 11. Section 44-19-7 of the General Laws in Chapter 44-19 entitled "Sales and  
26 Use Taxes - Enforcement and Collection" is hereby amended to read as follows:

27 **44-19-7. Registration of retailers.**

28 Every retailer selling tangible personal property or prewritten computer software delivered  
29 electronically or by load and leave or vendor-hosted prewritten computer software [or specified](#)  
30 [digital products](#) for storage, use, or other consumption in this state, as well as services as defined  
31 in § 44-18-7.3, in this state, or renting living quarters in any hotel as defined in § 42-63.1-2, rooming  
32 house, or tourist camp in this state must register with the tax administrator and give the name and  
33 address of all agents operating in this state, the location of all distribution or sales houses or offices,  
34 or of any hotel as defined in § 42-63.1-2, rooming house, or tourist camp or other places of business

1 in this state, and other information that the tax administrator may require.

2 SECTION 12. Sections 44-30-59, 44-30-71.2, 44-30-71.4 and 44-30-84 of the General  
3 Laws in Chapter 44-30 entitled "Personal Income Tax" are hereby amended to read as follows:

4 **44-30-59. Report of change in federal taxable income.**

5 (a) Subject to regulations of the tax administrator, if the amount of a taxpayer's federal  
6 taxable income reported on his or her federal income tax return for any taxable year beginning on  
7 or after January 1, 1971, is changed or corrected by the United States Internal Revenue Service or  
8 other competent authority, or as the result of a renegotiation of a contract or subcontract with the  
9 United States, the taxpayer shall report the change or correction in federal taxable income within  
10 ninety (90) days after the final determination of the change, correction, or renegotiation, or as  
11 otherwise required by the tax administrator, and shall concede the accuracy of the determination or  
12 state wherein it is erroneous. Any taxpayer filing an amended federal income tax return shall also  
13 file within ninety (90) days thereafter an amended Rhode Island personal income tax return and  
14 shall give any information that the tax administrator may require.

15 (b) In the case of a partnership level audit pursuant to § 44-11-2.2(e)(1), partners shall,  
16 within one hundred and eighty days (180) days after receipt of notification of the final federal  
17 adjustments arising from a partnership level audit or an administrative adjustment, make the  
18 supplemental return and make payments as required by this subsection (b).

19 **44-30-71.2. ~~Withholding of tax from lottery and pari-mutuel betting winnings~~**  
20 **Withholding of tax from lottery, pari-mutuel betting, video lottery terminal games and casino**  
21 **gaming winnings.**

22 (a) Consistent with federal rules and regulations and procedures related to W-2G  
23 withholdings, the ~~The~~ director of lotteries shall:

24 (1) Deduct ~~deduct~~ and withhold from the prize money, of any person winning a prize from  
25 the state lottery; and

26 (2) Require the deduction and withholding from winnings from video lottery terminal  
27 games and casino gaming as defined in § 42-61.2-1 a tax computed in such a manner as to result,  
28 so far as practicable, in an amount substantially equivalent to the tax reasonably estimated to be  
29 due resulting from the inclusion in the individual's Rhode Island income of his or her prize money  
30 received during the calendar year. The method of determining the amount to be withheld shall be  
31 prescribed by regulations of the tax administrator, which regulations and amounts shall be based  
32 upon the federal rules, regulations and procedures.

33 (b) Every licensee conducting or operating events upon which pari-mutuel betting is  
34 allowed shall deduct and withhold from the winnings of any person a tax computed in such manner

1 as to result, so far as practicable, in an amount substantially equivalent to the tax reasonably  
2 estimated to be due resulting from the inclusion in the individual's Rhode Island income of his or  
3 her winnings received during the calendar year. The method of determining the amount to be  
4 withheld shall be prescribed by regulations of the tax administrator, which regulations and the  
5 amounts shall be based upon the federal rules, regulations and procedures.

6 **44-30-71.4. Employee leasing companies -- Payroll companies.**

7 (a) Employee leasing company certification.

8 (1) Every "employee leasing company", defined in this section as any individual, firm,  
9 partnership or corporation engaged in providing workers to employers or firms under a contract or  
10 leasing arrangement, shall, as a condition of doing business in this state, be certified by the division  
11 of taxation each year, that the company has complied with the withholding provisions of chapter  
12 30 of this title.

13 (2) Employee leasing companies must apply to the division of taxation during the month  
14 of July of each year [on forms prescribed by the tax administrator](#) for a certificate executed by the  
15 tax administrator certifying that all taxes withheld from employees, or subject to withholding from  
16 employees have been remitted to the division of taxation including the withholding provisions of  
17 chapter 30 of this title and the contribution, interest, and penalty provisions pursuant to the  
18 Employment Security Act, chapters 42 -- 44 of title 28, and the Temporary Disability Insurance  
19 Act, chapters 39 -- 41 of title 28 have been remitted to the department of labor and training. No  
20 certificate shall be issued if taxes subject to withholding or contributions have not been withheld  
21 and remitted.

22 (3) No employee leasing firm may conduct business in this state without the certification  
23 prescribed in subdivision (2) of this subsection. Any employer or firm that engages any employee  
24 leasing company that is not certified by the tax administrator shall be jointly and severally liable  
25 for the taxes required to be withheld and remitted under § 44-30-71 or chapters 39 -- 44 of title 28.

26 (b) Payroll companies -- Joint liability. Every payroll company, herein defined as any  
27 individual, firm, partnership or corporation engaging in providing payroll services to employers  
28 which services include the withholding of tax including the withholding provisions of chapter 30  
29 of this title and the contribution, interest, and penalty provisions pursuant to the Employment  
30 Security Act, chapters 42 -- 44 of title 28, and the Temporary Disability Insurance Act, chapters 39  
31 -- 41 of title 28 from employee wages and which receives moneys from a customer or employer for  
32 Rhode Island withholding from the wages of the customer's employees, and who fails to remit said  
33 withholding to the division of taxation or contributions to the department of labor and training on  
34 a timely basis, shall be jointly and severally liable with the customer or employer for said

1 withholdings.

2 **44-30-84. Interest on underpayment.**

3 (a) General.

4 (1) If any amount of Rhode Island personal income tax, including any amount of the tax  
5 withheld by an employer, is not paid on or before the due date, interest on the amount at the annual  
6 rate provided by § 44-1-7 shall be paid for the period from the due date to the date paid, whether  
7 or not any extension of time for payment was granted. The interest shall not be paid if its amount  
8 is less than two dollars (\$2.00).

9 (2) Interest prescribed under this section may be waived by the tax administrator in the  
10 event the underpayment results from the state's closing of banks and credit unions in which the  
11 taxpayer's monies are deposited and the taxpayer has no other funds from which to pay his or her  
12 tax.

13 (b) Estimated tax. If an individual fails to file a declaration of estimated Rhode Island  
14 personal income tax as required by § 44-30-55, or to pay any installment of the tax as required by  
15 § 44-30-56, the individual shall pay interest at the annual rate provided by § 44-1-7 for the period  
16 the failure continues, until the fifteenth day of the fourth month following the close of the taxable  
17 year. The interest in respect of any unpaid installment shall be computed on the amount by which  
18 his or her actual payments and credits in respect of the tax are less than eighty percent (80%) of the  
19 installment at the time it is due. Notwithstanding the foregoing, no interest shall be payable if one  
20 of the exceptions specified in 26 U.S.C. § 6654(d)(1) or (2) would apply if the exceptions referred  
21 to the corresponding Rhode Island tax amounts and returns.

22 (c) Payment prior to notice of deficiency. If, prior to the mailing to the taxpayer of notice  
23 of deficiency under § 44-30-81, the tax administrator mails to the taxpayer a notice of proposed  
24 increase of tax and within thirty (30) days after the date of the notice of the proposed increase the  
25 taxpayer pays all amounts shown on the notice to be due to the tax administrator, no interest under  
26 this section on the amount so paid shall be imposed for the period after the date of the notice of  
27 proposed increase.

28 (d) Payment within ten (10) days after notice and demand. If notice and demand is made  
29 for payment of any amount, and the amount is paid within ten (10) days after the effective date of  
30 the notice and demand under § 44-30-81(b), interest under this section on the amount so paid shall  
31 not be imposed for the period after the date of the notice and demand.

32 (e) Suspension of interest on deficiencies. If a waiver of restrictions on assessment of a  
33 deficiency has been filed by the taxpayer, and if notice and demand by the tax administrator for  
34 payment of the deficiency is not made within thirty (30) days after the filing of the waiver, interest

1 shall thereupon cease to accrue until the date of notice and demand.

2 (f) Interest treated as tax. Interest under this section shall be paid upon notice and demand  
3 and shall be assessed, collected, and paid in the same manner as the tax, except that interest under  
4 subsection (b) of this section may be assessed without regard to the restrictions of § 44-30-81.

5 (g) No interest on interest. No interest shall be imposed on any interest provided in this  
6 section.

7 (h) Interest on civil penalties and additions to tax. Interest shall be imposed under  
8 subsection (a) of this section in respect of any assessable civil penalty or addition to tax only if the  
9 assessable penalty or addition to tax is not paid within fifteen (15) days from the effective date of  
10 notice and demand therefor under § 44-30-81(b), and in that case interest shall be imposed only for  
11 the period from the effective date of the notice and demand to the date of payment.

12 (i) Tax reduced by carryback. If the amount of tax for any taxable year is reduced by reason  
13 of a carryback of a net operating loss, the reduction in tax shall not affect the computation of interest  
14 under this section for the period ending with the last day of the taxable year in which the net  
15 operating loss arises.

16 (j) Limitation on assessment or collection. Interest prescribed under this section may be  
17 assessed or collected at any time during the period within which the tax or other amount to which  
18 the interest relates may be assessed or collected.

19 (k) Interest on erroneous refund. Any portion of tax or other amount which has been  
20 erroneously refunded, and which is recoverable by the tax administrator, shall bear interest at the  
21 annual rate provided by § 44-1-7 from the date of the payment of the refund.

22 (l) Timely Deposits for Withheld Tax. If an entity fails to remit withheld tax at the times  
23 prescribed by the tax administrator, there may be interest assessed at the annual rate provided by §  
24 44-1-7 for the period the failure continues, until the thirty-first day of the first month following the  
25 close of the taxable year. The interest with respect to any failed remittances shall be computed as  
26 prescribed by the tax administrator.

27 SECTION 13. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is hereby  
28 amended by adding thereto the following section:

29 **44-30-85.1. Electronic filing of withholding tax returns and penalties.**

30 (1) Beginning on January 1, 2020, every employer required to deduct and withhold tax  
31 under this chapter, who had an average tax amount of two hundred dollars (\$200) or more per  
32 month for the previous calendar year, shall file a return and remit said payments by electronic funds  
33 transfer or other electronic means as defined by the tax administrator. The tax administrator shall  
34 adopt any rules necessary to administer a program of electronic funds transfer or other electronic

1 filing system.

2 (2) Beginning on January 1, 2020, if any person fails to pay said taxes by electronic funds  
3 transfer or other electronic means defined by the tax administrator as required hereunder, there shall  
4 be added to the amount of tax the lesser of five percent (5%) of the withheld tax payment amount  
5 that was not filed electronically or five hundred dollars (\$500), whichever is less, unless there was  
6 reasonable cause for the failure and such failure was not due to negligence or willful neglect.

7 (3) Notwithstanding the provisions of § 44-30-85.1(2), beginning on January 1, 2020, if  
8 any person fails to file a return by electronic means defined by the tax administrator as required  
9 hereunder, there shall be added to the amount of tax equal to fifty dollars (\$50), unless there was  
10 reasonable cause for the failure and such failure was not due to negligence or willful neglect.

11 SECTION 14. Section 44-33.6-7 of the General Laws in Chapter 44-33.6 entitled "Historic  
12 Preservation Tax Credits 2013" is hereby amended to read as follows:

13 **44-33.6-7. Timing and reapplication.**

14 (a) Taxpayers shall have twelve (12) months from the approval of Part 2 application to  
15 commence substantial construction activities related to the subject substantial rehabilitation. Upon  
16 commencing substantial construction activities, the taxpayer shall submit an affidavit of  
17 commencement of substantial construction to the commission, together with evidence of such  
18 requirements having been satisfied. Furthermore, after commencement of substantial construction  
19 activities, no project shall remain idle prior to completion for a period of time exceeding six (6)  
20 months. In the event that a taxpayer does not commence substantial construction activities within  
21 twelve (12) months from the approval of Part 2 application, or in the event that a project remains  
22 idle prior to completion for a period of time exceeding six (6) months, the subject taxpayer shall  
23 forfeit all fees paid prior to such date and its then-current contract for tax credits shall be deemed  
24 null and void, and shall terminate without need for further action or documentation. Upon any such  
25 forfeiture and termination, a taxpayer may re-apply for tax credits pursuant to this chapter, however,  
26 notwithstanding anything contained herein to the contrary, one hundred percent (100%) of the fees  
27 required shall be paid upon reapplication and such fees shall be non-refundable. Additionally, any  
28 taxpayer reapplying for tax credits pursuant to this § 44-33.6-7 shall be required to submit evidence  
29 with its application establishing the reason for delay in commencement or the project sitting idle,  
30 as the case may be, and provide evidence, reasonably satisfactory to the commission, that such  
31 condition or event causing same has been resolved. All taxpayers shall submit a reasonably detailed  
32 project timeline to the commission together with the Part 2 application. The provisions of this  
33 section shall be further detailed and incorporated into the form of contract for tax credits used in  
34 connection with this chapter.

1 (b) Notwithstanding any other provision of law to the contrary, projects that have been  
2 approved for historic preservation tax credits and have been funded through the cultural arts and  
3 the economy grant program, as enacted in chapter 145 of the 2014 Pub. L., and whose tax credits  
4 expire on December 31, 2019, shall remain in full force and effect until December 31, 2022.

5 SECTION 15. Sections 44-44-3 and 44-44-3.7 of the General Laws in Chapter 44-44  
6 entitled "Taxation of Beverage Containers, Hard-to-Dispose Material and Litter Control  
7 Participation Permittee" are hereby amended to read as follows:

8 **44-44-3. Imposition of tax on beverage containers.**

9 There shall be levied and imposed a tax of ~~four cents (\$0.04)~~ eight cents (\$0.08) on each  
10 case of beverage containers sold by a beverage wholesaler to a beverage retailer or consumer within  
11 this state. The tax shall be collected by the beverage wholesaler. The tax provided for in this section  
12 shall not be levied, imposed, or collected on reusable and refillable beverage containers.

13 **44-44-3.7. Imposition of tax on hard-to-dispose material.**

14 (a) There shall be levied and imposed a tax of ~~five cents (\$0.05)~~ ten cents (\$0.10) per quart  
15 (32 oz.) or ~~five and 3/10th cents (\$0.053)~~ ten and 6/10 cents (\$0.106) per liter on lubricating oils,  
16 ~~ten cents (\$0.10)~~ twenty cents (\$0.20) per gallon or ~~two and 64/100th cents (\$0.0264)~~ five and  
17 28/100th cents (\$0.0528) per liter on antifreeze, ~~one fourth of one cent (\$.0025)~~ one half cent  
18 (\$0.005) per gallon or ~~66/10,000ths cents (\$.00066)~~ one hundred thirty two thousandths (\$0.00132)  
19 per liter on organic solvents, and ~~fifty cents (\$.50)~~ one dollar (\$1.00) per tire as defined above. The  
20 tax shall be separately stated and collected upon the sale by the hard-to-dispose material  
21 wholesalers to a hard-to-dispose material retailer. In the case of new motor vehicles, a fee of ~~three~~  
22 ~~dollars (\$3.00)~~ six dollars (\$6.00) per vehicle shall be levied and paid to the division of motor  
23 vehicles in conjunction with titling of the vehicle. Every hard-to-dispose material retailer selling,  
24 using, or otherwise consuming in this state any hard-to-dispose material is liable for the tax imposed  
25 by this section. Its liability is not extinguished until the tax has been paid to the state, except that a  
26 receipt from a hard-to-dispose material wholesaler engaging in business in this state or from a hard-  
27 to-dispose material wholesaler who is authorized by the tax administrator to collect the tax under  
28 rules and regulations that he or she may prescribe given to the hard-to-dispose material retailer is  
29 sufficient to relieve the hard-to-dispose material retailer from further liability for the tax to which  
30 the receipt refers.

31 (b) In the event that a person purchases hard-to-dispose material for its own use or  
32 consumption and not for resale from a hard-to-dispose material wholesaler or retailer not engaged  
33 in business in this state or not authorized by the tax administrator to collect the tax, that person  
34 shall be liable for the tax imposed by this section.

1           SECTION 16. The provisions of 44-18-30 (12) in section 9 relating to urns, the provisions  
2 of 44-18-30 (66) in section 9 relating to feminine hygiene products, and the provisions of sections  
3 9, 10 and 11 relating to specified digital products shall take effect October 1, 2019. The remainder  
4 of this article shall take effect July 1, 2019.