

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO TAXATION - RHODE ISLAND SALES AND USE TAX REIMBURSEMENT  
ACT

Introduced By: Representatives Tobon, Cunha, Barros, Shanley, and Johnston

Date Introduced: March 22, 2017

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "TAXATION" is hereby amended by  
2 adding thereto the following chapter:

3 CHAPTER 19.1

4 RHODE ISLAND SALES AND USE TAX REIMBURSEMENT ACT

5 **44-19.1-1. Short title.**

6 This chapter shall be known and may be cited as the "Rhode Island Sales and Use Tax  
7 Reimbursement Act."

8 **44-19.1-2. Purpose.**

9 The purpose of this chapter is to provide partial relief to the taxpayers of this state from  
10 the sales and use tax and to benefit education in the localities where purchases subject to the sales  
11 and use tax are recorded.

12 **44-19.1-3. Reimbursement.**

13 (a) Whenever the projected revenue collected from the sales and use tax is exceeded  
14 during any fiscal year, the tax administrator shall immediately reduce the sales tax rate by one  
15 percent (1%) until the end of the fiscal year to encourage taxpayers to make purchases within the  
16 state.

17 (b) Additionally, one percent (1%) of the amount collected in excess of the projected  
18 revenue shall be distributed to the city or town where the purchase originated after the reduction

1 of the sales tax rate in subsection (a) of this section for the purpose of aid to the local public  
2 education system.

3 **44-19.1-4. Statements, returns, and rules and regulations.**

4 Every business entity required to collect the sales and use tax pursuant to a sales tax  
5 permit issued by the division of taxation shall render statements, make returns and comply with  
6 all rules and regulations as the tax administrator, with the approval of the director of the  
7 department of revenue, may from time to time prescribe.

8 SECTION 2. This act shall take effect upon passage and apply to fiscal year 2018 and  
9 annually thereafter.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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1           This act would provide that in the event sales and use tax revenue exceeds projections,  
2 then in such event the tax administrator would reduce the sales tax rate by one percent (1%) until  
3 the end of the fiscal year. This act would further provide that one percent (1%) of the sales and  
4 use tax revenue collected in excess of projected revenue would be distributed to the  
5 municipalities after the aforementioned reduction for the purpose of aid to local school systems.

6           This act would take effect upon passage and would apply to fiscal year 2018 and annually  
7 thereafter.

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