

2015 -- H 5996

=====  
LC002044  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

—————  
A N A C T

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

Introduced By: Representative Scott Slater

Date Introduced: March 27, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-18-7, 44-18-12.1 and 44-18-36.1 of the General Laws in  
2 Chapter 44-18 entitled "Sales and Use Taxes - Liability and Computation" are hereby amended to  
3 read as follows:

4 **44-18-7. Sales defined.** -- "Sales" means and includes:

5 (1) Any transfer of title or possession, exchange, barter, lease, or rental, conditional or  
6 otherwise, in any manner or by any means of tangible personal property for a consideration.  
7 "Transfer of possession", "lease", or "rental" includes transactions found by the tax administrator  
8 to be in lieu of a transfer of title, exchange, or barter.

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

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

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

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

18 (6) Any withdrawal, except a withdrawal pursuant to a transaction in foreign or interstate

1 commerce, of tangible personal property from the place where it is located for delivery to a point  
2 in this state for the purpose of the transfer of title or possession, exchange, barter, lease, or rental,  
3 conditional or otherwise, in any manner or by any means whatsoever, of the property for a  
4 consideration.

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

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

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

16 (ii) Notwithstanding the provisions of paragraph (i) of this subdivision, in accordance  
17 with the Mobile Telecommunications Sourcing Act (4 U.S.C. §§ 116 -- 126), subject to the  
18 specific exemptions described in 4 U.S.C. § 116(c), and the exemptions provided in §§ 44-18-8  
19 and 44-18-12, mobile telecommunications services that are deemed to be provided by the  
20 customer's home service provider are subject to tax under this chapter if the customer's place of  
21 primary use is in this state regardless of where the mobile telecommunications services originate,  
22 terminate or pass through. Mobile telecommunications services provided to a customer, the  
23 charges for which are billed by or for the customer's home service provider, shall be deemed to be  
24 provided by the customer's home service provider.

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

28 (11) The rental of living quarters in any hotel, [as defined in § 42-63.1-2](#), rooming house,  
29 or tourist camp.

30 (12) The transfer for consideration of prepaid telephone calling arrangements and the  
31 recharge of prepaid telephone calling arrangements sourced to this state in accordance with §§  
32 44-18.1-11 and 44-18.1-15. "Prepaid telephone calling arrangement" means and includes prepaid  
33 calling service and prepaid wireless calling service.

34 (13) The sale, storage, use or other consumption of over-the-counter drugs as defined in

1 paragraph 44-18-7.1(h)(ii).

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

4 (15) The sale, storage, use or other consumption of medical marijuana as defined in § 21-  
5 28.6-3.

6 (16) The furnishing of services in this state as defined in § 44-18-7.3.

7 **44-18-12.1. "Additional measure subject to tax".** -- Also included in the measure  
8 subject to tax under this chapter is the total amount charged for the furnishing or distributing of  
9 electricity, natural gas, artificial gas, steam, refrigeration, water, telecommunications, telegraph,  
10 cable, and radio message service, community antenna television, subscription television, and  
11 cable television service; provided, that the measure of tax in regard to telecommunications service  
12 is the total consideration received for the service as defined in § 44-18-7(9); provided, that in  
13 order to prevent multistate taxation of all telecommunications service, any taxpayer is allowed a  
14 credit or refund of sales tax upon presenting proof that a tax has been paid to another state to  
15 which the tax is properly due for the identical service taxed under this chapter. Furthermore,  
16 included in the measure of tax is the total amount charged for the rental of living quarters in any  
17 hotel, [as defined in § 42-63.1-2](#), rooming house, or tourist camp.

18 **44-18-36.1. Hotel tax.** -- (a) There is imposed a hotel tax of five percent (5%) upon the  
19 total consideration charged for occupancy of any space furnished by any hotel in this state. The  
20 hotel tax is in addition to any sales tax imposed. This hotel tax is administered and collected by  
21 the division of taxation and unless provided to the contrary in this chapter, all the administration,  
22 collection, and other provisions of chapters 18 and 19 of this title apply. Nothing in this chapter  
23 shall be construed to limit the powers of the convention authority of the city of Providence  
24 established pursuant to the provisions of chapter 84 of the public laws of 1980, except that  
25 distribution of hotel tax receipts shall be made pursuant to chapter 63.1 of title 42 rather than  
26 chapter 84 of the public laws of 1980.

27 (b) There is hereby levied and imposed, upon the total consideration charged for  
28 occupancy of any space furnished by any hotel, [as defined in § 42-63.1-2](#), in this state, in addition  
29 to all other taxes and fees now imposed by law, a local hotel tax at a rate of one percent (1%).  
30 The local hotel tax shall be administered and collected in accordance with subsection (a).

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

1 collection, and other provisions of chapters 18 and 19 of this title shall apply.

2 (d) Notwithstanding the provisions of subsection (a) of this section, the city of Newport  
3 shall have the authority to collect from hotels, as defined in § 42-63.1-2, located in the city of  
4 Newport the tax imposed by subsection (a) of this section.

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

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

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

18 SECTION 2. Section 42-63.1-2 of the General Laws in Chapter 42-63.1 entitled  
19 "Tourism and Development" is hereby amended to read as follows:

20 **42-63.1-2. Definitions.** -- For the purposes of this chapter:

21 (1) "Consideration" means the monetary charge for the use of space devoted to transient  
22 lodging accommodations.

23 (2) "Corporation" means the Rhode Island economic development corporation.

24 (3) "District" means the regional tourism districts set forth in § 42-63.1-5.

25 (4) "Hotel" means any facility offering a minimum of ~~three (3) rooms~~ one room or a  
26 portion of a room, for which the public may, for a consideration, obtain transient lodging  
27 accommodations. The term "hotel" shall include hotels, motels, bed and breakfasts (B&Bs),  
28 short-term rental units, time-shares as defined in § 34-41-1.02(13), tourist homes, tourist camps,  
29 lodging houses, schools renting one or more rooms to persons other than students, staff or faculty,  
30 and inns and shall exclude ~~schools~~, hospitals, sanitariums, nursing homes, and chronic care  
31 centers.

32 (5) "Occupancy" means a person, firm or corporation's use of space ordinarily used for  
33 transient lodging accommodations not to exceed thirty (30) days. Excluded from "occupancy" is  
34 the use of space for which the occupant has a written lease for the space, which lease covers a

1 rental period of twelve (12) months or more, as well as the right of a time-share owner, as defined  
2 in § 34-41-1.02(19), or a time-share exchange guest to use a time-share property, as defined in §  
3 34-41-1.02(22).

4 (6) "Short-term rental units" means a residential dwelling wherein a single room or  
5 portion thereof is available for rent or hire for less than thirty (30) days by guests.

6 ~~(6)~~(7) "Tax" means the hotel tax imposed by subsection 44-18-36.1(a).

7 SECTION 3. This act shall take effect on July 1, 2015.

=====  
LC002044  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

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

\*\*\*

- 1           This act would expand the definition of a hotel for the purposes of liability and
- 2           computation of the state sales and use tax.
- 3           This act would take effect on July 1, 2015.

=====  
LC002044  
=====