



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
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Memorandum

To: The Honorable Helio Melo
Chairman, House Finance Committee

The Honorable Daniel DaPonte
Chairman, Senate Finance Committee

From: Thomas A. Mullaney *Thomas A. Mullaney*
Executive Director/State Budget Officer

Date: May 17, 2012

Subject: Amendments to Article 24 of the FY 2013 Appropriations
Act (12-H-7323)

The Governor requests that several amendments be made to Article 24, Relating to Taxation and Revenues. The proposed changes would reduce the increase in the Meals and Beverage tax from two percentage points to one percentage point and remove the proposed the sales tax on moving, storage, including warehousing, and freight services, except for mini-warehouses and self storage units. By reducing the proposed increase in the meals and beverage tax rate, the State would forgo an estimated \$19.8 million of revenue, based on the Governor's proposed FY 2013 budget. By limiting the sales tax on moving, storage, including warehousing, and freight services to mini-warehouses and self storage units, the State would forgo an estimated \$8.5 million in revenue.

Attached are the amendments needed to implement the above revisions. If you have any questions regarding Article 24, please feel free to call David Sullivan at 574-8922 or Paul Dion at 574-8943.

TAM:12-36

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Peter Marino, Senate Fiscal Advisor
Kelly Mahoney, Policy Director, Office of the Governor
Richard Licht, Director, Department of Administration
Gregory Stack

TDD#: 277-1227

Amendments to Article 24, Relating to Taxation and Revenues

Page 278, line 22, change the phrase “the rate is three percent (3%) of gross receipts.” to “the rate is two percent (2%) of gross receipts.” The changes are indicated by shading.

Page 278, delete lines 28 through 34 shown below:

(c) For sales on or after July 1, 2012, one percent (1.0%) of the total three percent (3.0%) of the gross receipts paid under § 44-18-18.1(a), received by the division of taxation as taxes, penalties or forfeitures, interest, costs of suit and fines, shall be distributed at least quarterly, credited and paid by the state treasurer to the city or town where the meals and beverages are delivered. The remaining two percent (2.0%) of the total three percent (3.0%) of the gross receipts paid under § 44-18-18.1(a) as taxes, penalties or forfeitures, interest, costs of suit and fines shall be deposited into the general fund.

Page 278, replace lines 28 through 34 with the following new language, with the changes indicated by shading:

(c) For sales on or after July 1, 2012, one percent (1.0%) of the total two percent (2.0%) of the gross receipts paid under § 44-18-18.1(a), received by the division of taxation as taxes, penalties or forfeitures, interest, costs of suit and fines, shall be distributed at least quarterly, credited and paid by the state treasurer to the city or town where the meals and beverages are delivered. The remaining one percent (1.0%) of the total two percent (2.0%) of the gross receipts paid under § 44-18-18.1(a) as taxes, penalties or forfeitures, interest, costs of suit and fines shall be deposited into the general fund.

Page 300, delete lines 22 through 28 which are shown below:

- (3) *Moving, storage and freight services, including but not limited to:*
- (a) general freight services - local (484110);
- (b) household and office goods moving services (484210);
- (c) general warehousing and storage (493110);
- (d) refrigerated warehousing and storage (493120);
- (e) farm product warehousing and storage (493130);
- (f) other warehousing and storage (493190); and

Page 300, line 29, change “(g)” to “(3)”