



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUDGET OFFICE
One Capitol Hill
Providence, R.I. 02908-5886

Memorandum

To: The Honorable Helio Melo
Chairman, House Finance Committee

The Honorable Daniel DaPonte
Chairman, Senate Finance Committee

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

Date: April 9, 2012

Subject: Amendments to Article 24, Relating to Taxation and Revenues, FY 2013
Appropriations Act (12-H-7323)

The Governor requests that five amendments be made to Article 24 of the FY 2013 Appropriations Act entitled "Relating to Taxation and Revenues." The amendments requested are described below:

Page 267, line 4: delete the underlined words (or B&B) and replace with ("B&B").

Page 278, line 15, insert after the phrase "shall be six and one-half percent (6.5%)." the following underlined new sentence:

Provided, however, houses, condominiums and other dwellings that are rented for 15 days or more in a calendar year are subject to the sales tax. Houses, condominiums and other dwellings that are rented to the same person, having a written lease for a calendar month or longer, are not subject to the sales tax.

Page 300, insert after line 7 the following new section:

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

made pursuant to chapter 63.1 of title 42 rather than chapter 84 of the public laws of 1980; Provided, however, houses, condominiums and other dwellings that are rented for 15 days or more in a calendar year are subject to the hotel tax. Houses, condominiums and other dwellings that are rented to the same person, having a written lease for a calendar month or longer, are not subject to the hotel tax.

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

(c) All sums received by the division of taxation from the local hotel tax, 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 space for occupancy that is furnished by the hotel is located. Unless provided to the contrary in this chapter, all of the administration, collection, and other provisions of chapters 18 and 19 of this title shall apply.

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

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

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

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

Page 301, line 11, insert after the phrase "that the tax administrator may require" the following:

Provided, however, houses, condominiums and other dwellings that are rented for 15 days or more in a calendar year are subject to these registration requirements. Houses, condominiums and other dwellings that are rented to the same person, having a written lease for a calendar month or longer, are not subject to these registration requirements.

These amendments exclude any "vacation home" with a written lease of more than 30 days or one calendar month from the hotel tax, the sales tax, and registration requirements. This is consistent with the intent of the legislation.

Page 307, line 30, insert after the word "material" the following underlined new phrase:

and where such roll has an integrated filter

This amendment makes a technical change to the definition of "little cigars" to ensure rolls with integrated filters that weigh under four pounds per thousand are included.

If you have any questions regarding these amendments to Article 24, please feel free to call David Sullivan (574-8922) of the Department of Revenue.

TAM:12-30

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Peter Marino, Senate Fiscal Advisor
Brian Daniels, Director of Policy
Richard Licht, Director of Administration
David Sullivan, Tax Administrator
Paul Dion, Chief of Revenue Analysis
Karen DiLauro
Gregory Stack