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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

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

Introduced By: Senators Gu, Sosnowski, Valverde, DiPalma, Zurier, Euer, Lawson, and
Bell

Date Introduced: February 26, 2025

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-18-7.3 and 44-18-36.1 of the General Laws in Chapter 44-18
2 entitled "Sales and Use Taxes — Liability and Computation" are hereby amended to read as
3 follows:

4 **44-18-7.3. Services defined.**

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

8 (b) The following businesses and services performed in this state, along with the applicable
9 2017 North American Industrial Classification System (NAICS) codes, are included in the
10 definition of services:

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

12 (i) Taxicab services including taxi dispatchers (485310); and

13 (ii) Limousine services (485320).

14 (2) Other road transportation service including but not limited to:

15 (i) Charter bus service (485510);

16 (ii) "Transportation network companies" (TNC) defined as an entity that uses a digital
17 network to connect transportation network company riders to transportation network operators who
18 provide prearranged rides. Any TNC operating in this state is a retailer as provided in § 44-18-15

1 and is required to file a business application and registration form and obtain a permit to make sales
2 at retail with the tax administrator, to charge, collect, and remit Rhode Island sales and use tax; and

3 (iii) All other transit and ground passenger transportation (485999).

4 (3) Pet care services (812910) except veterinary and testing laboratories services.

5 (4)(i) “Room reseller” or “reseller” means any person, except a tour operator as defined in
6 § 42-63.1-2, having any right, permission, license, or other authority from or through a hotel as
7 defined in § 42-63.1-2, to reserve, or arrange the transfer of occupancy of, accommodations the
8 reservation or transfer of which is subject to this chapter, such that the occupant pays all or a portion
9 of the rental and other fees to the room reseller or reseller. Room reseller or reseller shall include,
10 but not be limited to, sellers of travel packages as defined in this section and any hosting platform
11 as defined in § 42-63.1-2 and any marketing organization that reserves or arranges the transfer of
12 occupancy or accommodations the reservation or transfer of which is subject to this chapter.

13 Notwithstanding the provisions of any other law, where said reservation or transfer of occupancy
14 is done using a room reseller or reseller, the application of the sales and use tax under §§ 44-18-18
15 and 44-18-20, and the hotel tax under § 44-18-36.1 shall be as follows: The room reseller or reseller
16 is required to register with, and shall collect and pay to, the tax administrator the sales and use and
17 hotel taxes, with said taxes being calculated upon the amount of rental and other fees paid by the
18 occupant to the room reseller or reseller, less the amount of any rental and other fees paid by the
19 room reseller or reseller to the hotel. The hotel shall collect and pay to the tax administrator said
20 taxes upon the amount of rental and other fees paid to the hotel by the room reseller or reseller
21 and/or the occupant. No assessment shall be made by the tax administrator against a hotel because
22 of an incorrect remittance of the taxes under this chapter by a room reseller or reseller. No
23 assessment shall be made by the tax administrator against a room reseller or reseller because of an
24 incorrect remittance of the taxes under this chapter by a hotel. If the hotel has paid the taxes imposed
25 under this chapter, the occupant and/or room reseller or reseller, as applicable, shall reimburse the
26 hotel for said taxes. If the room reseller or reseller has paid said taxes, the occupant shall reimburse
27 the room reseller or reseller for said taxes. Each hotel and room reseller or reseller shall add and
28 collect, from the occupant or the room reseller or the reseller, the full amount of the taxes imposed
29 on the rental and other fees. When added to the rental and other fees, the taxes shall be a debt owed
30 by the occupant to the hotel or room reseller or reseller, as applicable, and shall be recoverable at
31 law in the same manner as other debts. The amount of the taxes collected by the hotel and/or room
32 reseller or reseller from the occupant under this chapter shall be stated and charged separately from
33 the rental and other fees, and shall be shown separately on all records thereof, whether made at the
34 time the transfer of occupancy occurs, or on any evidence of the transfer issued or used by the hotel

1 or the room reseller or the reseller. A room reseller or reseller shall not be required to disclose to
2 the occupant the amount of tax charged by the hotel; provided, however, the room reseller or
3 reseller shall represent to the occupant that the separately stated taxes charged by the room reseller
4 or reseller include taxes charged by the hotel. No person shall operate a hotel in this state, or act as
5 a room reseller or reseller for any hotel in the state, unless the tax administrator has issued a permit
6 pursuant to § 44-19-1.

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

22 (5) Investigation, Guard, and Armored Car Services (561611, 561612 & 561613).

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

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

29 **44-18-36.1. ~~Hotel tax.~~ Hotel, house and condominium rental tax.**

30 (a) There is imposed a hotel tax and house and condominium rental tax of five percent (5%)
31 upon the total consideration charged for occupancy of any space furnished for the rental of a house
32 or condominium or by any hotel, travel packages, or room reseller or reseller as defined in § 44-
33 18-7.3(b) in this state. ~~A house, condominium, or other resident dwelling shall be exempt from the~~
34 ~~five percent (5%) hotel tax under this subsection if the house, condominium, or other resident~~

1 ~~dwelling is rented in its entirety.~~ The ~~hotel~~ tax imposed by the provisions of this section is in
2 addition to any sales tax imposed. ~~This hotel~~ The tax is imposed by the provisions of this section
3 shall be administered and collected by the division of taxation and unless provided to the contrary
4 in this chapter, all the administration, collection, and other provisions of chapters 18 and 19 of this
5 title apply. Nothing in this chapter shall be construed to limit the powers of the convention authority
6 of the city of Providence established pursuant to the provisions of chapter 84 of the public laws of
7 1980, except that distribution of ~~hotel~~ tax receipts for taxes imposed pursuant to the provisions of
8 this section, shall be made pursuant to chapter 63.1 of title 42 rather than chapter 84 of the public
9 laws of 1980.

10 (1) All sums received by the division of taxation from the tax imposed pursuant to the
11 provisions of this section for the rental of a house or condominium, including penalties, forfeitures,
12 interest, costs of suit and fines, shall be distributed at least quarterly, credited and paid by the state
13 treasurer to the city or town where the house or condominium is located.

14 (2) All sums collected pursuant to subsection (a)(1) of this section shall be used exclusively
15 for municipal infrastructure improvements, riverine and coastal resiliency and housing.

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

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

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

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

33 (2) The city of Newport shall have the same authority as the division of taxation to recover
34 delinquent hotel taxes pursuant to chapter 44-19, and the amount of any hotel tax, penalty and

1 interest imposed by the city of Newport until collected constitutes a lien on the real property of the
2 taxpayer.

3 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would include "hosting platform" under the definition of "room-seller" and would
2 impose a tax of five percent (5%) upon the rental of a house or condominium. The funds from the
3 tax would be used exclusively for infrastructure improvements, riverine and coastal resiliency and
4 housing.

5 This act would take effect upon passage.

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