

2016 -- S 2531

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

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

Introduced By: Senators Pearson, Picard, and Lombardo

Date Introduced: February 25, 2016

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-18-18.1 of the General Laws in Chapter 44-18 entitled "Sales
2 and Use Taxes - Liability and Computation" is hereby amended to read as follows:

3 **44-18-18.1. Local meals and beverage tax.** -- (a) There is hereby levied and imposed,
4 upon every purchaser of a meal and/or beverage, in addition to all other taxes and fees now
5 imposed by law, a local meals and beverage tax upon each and every meal and/or beverage sold
6 within the state of Rhode Island in or from an eating and/or drinking establishment, whether
7 prepared in the eating and/or drinking establishment or not and whether consumed at the premises
8 or not, at a rate of one percent of the gross receipts. The tax shall be paid to the tax administrator
9 by the retailer at the time and in the manner provided.

10 (b) All sums received by the division of taxation under this section as taxes, penalties, or
11 forfeitures, interest, costs of suit, and fines shall be distributed at least quarterly and credited and
12 paid by the state treasurer to the city or town where the meals and beverages are delivered.

13 (c) When used in this section, the following words have the following meanings:

14 (1) "Beverage" means all nonalcoholic beverages, as well as alcoholic beverages, beer,
15 lager beer, ale, porter, wine, similar fermented malt, or vinous liquor.

16 (2) "Eating and/or drinking establishment" means and includes restaurants, bars, taverns,
17 lounges, cafeterias, lunch counters, drive-ins, roadside ice cream and refreshment stands, fish-
18 and-chip places, fried chicken places, pizzerias, food-and-drink concessions, or similar facilities

1 in amusement parks, bowling alleys, clubs, caterers, drive-in theatres, industrial plants, race
2 tracks, shore resorts or other locations, lunch carts, mobile canteens and other similar vehicles,
3 and other like places of business that furnish or provide facilities for immediate consumption of
4 food at tables, chairs, or, counters or from trays, plates, cups, or other tableware, or in parking
5 facilities provided primarily for the use of patrons in consuming products purchased at the
6 location. Ordinarily, eating establishment does not mean and include food stores and
7 supermarkets. Eating establishments does not mean "vending machines," a self-contained
8 automatic device that dispenses for sale foods, beverages, or confection products. Retailers
9 selling prepared foods in bulk, either in customer-furnished containers or in the seller's
10 containers, for example "Soup and Sauce" establishments, are deemed to be selling prepared
11 foods ordinarily for immediate consumption and, as such, are considered eating establishments.

12 (3) "Meal" means any prepared food or beverage offered or held out for sale by an eating
13 and/or drinking establishment for the purpose of being consumed by any person to satisfy the
14 appetite and that is ready for immediate consumption. All such food and beverage, unless
15 otherwise specifically exempted or excluded herein shall be included, whether intended to be
16 consumed on the seller's premises or elsewhere, whether designated as breakfast, lunch, snack,
17 dinner, supper, or by some other name, and without regard to the manner, time, or place of
18 service. [For purposes of this section, the term "meal" shall not include food or beverages served
19 complimentary or free of charge.](#)

20 (d) This local meals and beverage tax shall be administered and collected by the division
21 of taxation, and unless provided to the contrary in this chapter, all of the administration,
22 collection, and other provisions of chapters 18 and 19 of this title apply.

23 In recognition of the work being performed by the streamlined sales and use tax
24 governing board, upon passage of any federal law that authorizes states to require remote sellers
25 to collect and remit sales and use taxes, the rate imposed under this section shall be increased
26 from one percent (1%) to one and one-half percent (1.5%). The one and one-half percent (1.5%)
27 rate shall take effect on the date that the state requires remote sellers to collect and remit sales and
28 use taxes.

29 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 provide that food and beverages served complimentary or free of charge
- 2 would not be subject to the local meals and beverage tax.
- 3 This act would take effect upon passage.

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