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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

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

Introduced By: Senators Paolino, de la Cruz, Rogers, E Morgan, and Appollonio

Date Introduced: February 26, 2025

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 and
2 Use Taxes — Liability and Computation" is hereby amended to read as follows:

3 **44-18-18.1. Local meals and beverage tax.**

4 (a) There is hereby levied and imposed, upon every purchaser of a meal and/or beverage,
5 in addition to all other taxes and fees now imposed by law, a local meals and beverage tax upon
6 each and every meal and/or beverage sold within the state of Rhode Island in or from an eating
7 and/or drinking establishment, whether prepared in the eating and/or drinking establishment or not
8 and whether consumed at the premises or not, at a rate of one percent of the gross receipts. The tax
9 shall be paid to the tax administrator 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-and-
18 chip places, fried chicken places, pizzerias, food-and-drink concessions, or similar facilities in

1 amusement parks, bowling alleys, clubs, caterers, drive-in theatres, industrial plants, race tracks,
2 shore resorts or other locations, lunch carts, mobile canteens and other similar vehicles, and other
3 like places of business that furnish or provide facilities for immediate consumption of food at tables,
4 chairs, or, counters or from trays, plates, cups, or other tableware, or in parking facilities provided
5 primarily for the use of patrons in consuming products purchased at the location. Ordinarily, eating
6 establishment does not mean and include food stores and supermarkets. Eating establishments does
7 not mean “vending machines,” a self-contained automatic device that dispenses for sale foods,
8 beverages, or confection products. Retailers selling prepared foods in bulk, either in customer-
9 furnished containers or in the seller’s containers, for example “Soup and Sauce” establishments,
10 are deemed to be selling prepared foods ordinarily for immediate consumption and, as such, are
11 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 otherwise
15 specifically exempted or excluded herein shall be included, whether intended to be consumed on
16 the seller’s premises or elsewhere, whether designated as breakfast, lunch, snack, dinner, supper,
17 or by some other name, and without regard to the manner, time, or place of service.

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

21 (e) For the tax year beginning on January 1, 2026, and each January 1 thereafter, the local
22 meals and beverage tax shall be reduced by twenty-five one hundredths of one percent (0.25%).

23 (f) The local meals and beverage tax shall sunset on January 1, 2029.

24 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 phase out the local meals and beverage tax by January 1, 2029.
- 2 This act would take effect upon passage.

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