

2016 -- S 2987

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LC005949  
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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 - MEAL AND BEVERAGE TAX

Introduced By: Senator Louis P. DiPalma

Date Introduced: May 10, 2016

Referred To: Senate Finance

(by request)

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  
19 in amusement parks, bowling alleys, clubs, caterers, drive-in theatres, industrial plants, race

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

11 (3) "Meal" means any prepared food or beverage offered or held out for sale by an eating  
12 and/or drinking establishment for the purpose of being consumed by any person to satisfy the  
13 appetite and that is ready for immediate consumption. All such food and beverage, unless  
14 otherwise specifically exempted or excluded herein shall be included, whether intended to be  
15 consumed on the seller's premises or elsewhere, whether designated as breakfast, lunch, snack,  
16 dinner, supper, or by some other name, and without regard to the manner, time, or place of  
17 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,  
20 collection, and other provisions of chapters 18 and 19 of this title apply.

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

27 (e) The city of Newport, and the town of Middletown, are hereby authorized to collect an  
28 additional one percent (1%) tax on meals and beverages within the purview of this section, the  
29 proceeds of which shall be used to support sewer system and roadway infrastructure  
30 improvements within the municipalities.

31 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 authorize Newport and Middletown to collect an additional one percent
- 2 meal and beverage tax to fund road and sewer repairs.
- 3           This act would take effect upon passage.

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