State Fiscal Note for Bill  
Number: 2015-H-5719

Date of State Budget Office Approval: Tuesday, May 12, 2015  
Date Requested: Monday, April 06, 2015  
Date Due: Thursday, April 16, 2015

<table>
<thead>
<tr>
<th>Impact on Expenditures</th>
<th>Impact on Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015 n/a</td>
<td>FY 2015 n/a</td>
</tr>
<tr>
<td>FY 2016 n/a</td>
<td>FY 2016 $(650,000)</td>
</tr>
<tr>
<td>FY 2017 n/a</td>
<td>FY 2017 $(650,000)</td>
</tr>
</tbody>
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Explanation by State Budget Office: This bill would amend Rhode Island General Law Chapter 44-18 entitled “Sales and Use Taxes – Liabilities and Computation” by exempting under Rhode Island General Law Section 44-18-15 titled “Retailer defined” any out of state retailer whose only connection to the state is an affiliate who uses a link on an internet website to refer sales.

Comments on Sources of Funds: All sales and use taxes are considered to be general revenues.

Summary of Facts and Assumptions: The bill takes effect upon passage but the assumed implementation date is July 1, 2015.

The bill simply shifts the responsibility of collecting sales tax at the point of sale on a Rhode Island customer from the remote seller of the good or service and subjects the Rhode Island customer to pay use tax on such a purchase.

It should be noted that at the May 2015 Revenue Estimating Conference, the Division of Taxation testified that for the period August 2013 through April 2015, a total of $655,308 in sales and use tax and $196,917 in interest and penalty had been assessed against remote sellers as a result of the current law that this bill seeks to amend. To date, a total of $174,744 in sales and use tax has been collected.

According to the Office of Management and Budget, the Governor’s FY 2016 Recommended Budget projects an ending balance of $3.1 million in FY 2015, a surplus of $600,000 in FY 2016 and a deficit of $75.2 million in FY 2017. Passage of the bill would reduce the FY 2015 ending balance and put the FY 2016 budget into deficit. It would also increase the FY 2017 projected deficit.

Summary of Fiscal Impact:

FY 2015: Not applicable given the assumed implementation date.
FY 2016: A general revenue loss of at least $650,000 is forecast.
FY 2017: A general revenue loss of at least $650,000 is forecast.

Budget Office Signature:  
Fiscal Advisor Signature:

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Wednesday, May 20, 2015