

**State Fiscal Note for Bill**  
**Number: 2016-H-7230**

**Date of State Budget Office Approval:**

**Date Requested:** Friday, January 29, 2016

**Date Due:** Monday, February 08, 2016

**Impact on Expenditures**

FY 2016 n/a  
 FY 2017 n/a  
 FY 2018 n/a

**Impact on Revenues**

FY 2016 n/a  
 FY 2017 \$(850,000)  
 FY 2018 \$(850,000)

**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, 2016.

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 November 2015 Revenue Estimating Conference, the Division of Taxation testified that as of December 2015, a total of \$853,063 in sales and use tax and \$310,852 in interest and penalty had been assessed against remote sellers as a result of the current law that this bill seeks to amend. It is not clear as to what period is covered by this assessment so the revenue impact noted below should be considered to be a maximum revenue loss.

According to the Office of Management and Budget, the Governor's FY 2017 Recommended Budget projects an ending balance of \$81.7 million in FY 2016, and a closing balance of \$519,565 in FY 2017. Passage of the bill would put the Governor's FY 2017 Recommended Budget out of balance.

**Summary of Fiscal Impact:**

FY 2016: Not applicable given the assumed implementation date.

FY 2017: A maximum general revenue loss of \$850,000 is forecast.

FY 2018: A maximum general revenue loss of \$850,000 is forecast.

Budget Office Signature: 

Fiscal Advisor Signature: 

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