



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Revenue
Division of Taxation
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October 3, 2013

Mr. Craig Johnson
Executive Director
Streamlined Sales Tax Governing Board, Inc.
100 Majestic Drive – Suite 400
Westby, WI 54667

Dear Mr. Johnson:

This letter is in response to the comments relating to Rhode Island's compliance with the requirements of the Streamlined Sales and Use Tax Agreement (SSUTA) included in the initial report by the Streamlined Sales Tax Governing Board (SSTGB) staff on the state's recertification.

The 2013 compliance review identified one issue relating to Section 323, the exemption for the first \$250.00 of the sales price for clothing. With the passage of the FY 2013 budget, the RI General Assembly enacted legislation effective October 1, 2012, that would subject that portion of the sales prices for articles of clothing greater than \$250.00 to the sales and use tax. Prior to October 1, 2012, clothing had a full exemption. The legislation also provided that upon any federal law which requires remote sellers to collect and remit taxes, the exemption on clothing will apply as it did prior to October 1, 2012.

Section 323A provides that "No member state may have caps or thresholds on the application of state sales or use tax rates or exemptions that are based on the value of the transaction or item or have caps that are based on the application of the rates **unless** the member state assumes the administrative responsibility in a manner that places no additional burden on the retailer." Rhode Island is not out of compliance with the SSUTA, based on the language of Section 323A. There has been no additional burden on the retailer as a result of this legislation, i.e. caps and thresholds are allowed during authorized sales tax holidays.

Also, under Section 103, a member state's taxing authority is preserved whereby the SSUTA shall not be construed as intending to influence a member state to impose a tax on or provide an exemption from tax for any item or service.

If you have any questions, please contact Peter McVay at (401) 574-8922 or via e-mail at Peter.McVay@tax.ri.gov.

Sincerely,

David M. Sullivan
Tax Administrator