



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Revenue
Division of Taxation
One Capitol Hill
Providence, RI 02908-5800

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July 24, 2013

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

RE: Rhode Island Recertification – 2013

Dear Mr. Johnson:

Pursuant to Section 803 of the Streamlined Sales and Use Tax Agreement (SSUTA), please accept this letter as the required annual recertification that the State of Rhode Island remains in compliance with the SSUTA.

Enclosed you will find Rhode Island's Certificate of Compliance and Taxability Matrix, which reflect Rhode Island laws enacted through July 3, 2013, the effective date of 2013 H-5127 Sub Aaa, the FY 2014 Budget Bill. The Certificate of Compliance and Taxability Matrix will also be posted on our website <http://www.tax.ri.gov/>. On May 1, 2013, the Division of Taxation promulgated *Regulation SST 13-01 Streamlined Sales and Use Tax Agreement* to amend this regulation as it relates to direct mail sourcing. A copy of the amend regulation is attached.

As of result of legislation in the FY 2013 budget bill enacted last year by the R.I. General Assembly (H 7323 Aaa), changes were made that could affect Rhode Island's compliance with the SSUTA as of August 1, 2013. Effective October 1, 2012, the law establishes a cap and threshold on clothing whereby sales of clothing up to \$250.00 per item will be exempt, and that portion of the sales price greater than \$250.00 per item will be taxable. Previous to October 1, 2012, clothing was fully exempt. The legislation also provided that, recognizing the work being performed by the Streamlined Sales and Use Tax Governing Board (SSTGB), 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.

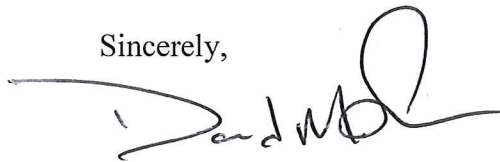
Rhode Island is working with the SLAC Workgroup and will make a motion for adoption of a "best practice" for essential clothing (copy attached). On May 15, 2013, the SSTGB approved a motion to amend the SSUTA by adopting a new section that would require states to complete a "best practice matrix". A second vote by a three-quarters majority is still required for the

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amendment to be adopted, possibly at the annual meeting in October. Rhode Island is hopeful that the SSUTA will be amended and a “best practice” for essential clothing will be adopted in order that Rhode Island remains in compliance.

Rhode Island has not made any other changes to its regulations, bulletins, or directives that would affect Rhode Island’s compliance with the SSUTA. If you have any questions, please contact Peter McVay at (401) 574-8922 or via e-mail at Peter.McVay@tax.ri.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "David M. Sullivan". The signature is fluid and cursive, with a large loop at the end.

David M. Sullivan
Tax Administrator