

## State of Rhode Island and Providence Plantations

Rhode Island Department of Revenue

Division of Taxation

### Public Notice of Proposed Rule-Making

Pursuant to the provisions of Rhode Island General Law §42-35-3(a)(1) and in accordance with the Administrative Procedures Act (Chapter 42-35 of the General Laws), the Division of Taxation hereby gives notice of its intent to amend regulation SU 99-111, “Trucks, Trailers and Buses – Interstate Carriers”.

The purpose of this rule making process is to implement Chapters 44-18 and 44-19 of the Rhode Island General Laws, specifically regarding Buses used in Interstate commerce. There is also a change in style and format. This regulation shall take effect on May 1, 2013. This regulation shall amend and supersede regulation SU 99-111 promulgated January 1, 1999.

The proposed rule to be adopted and a concise summary of non-technical requirements are available for public inspection at [www.tax.ri.gov](http://www.tax.ri.gov), in person at the Rhode Island Division of Taxation, or can be requested by e-mail at [Michael.Canole@tax.ri.gov](mailto:Michael.Canole@tax.ri.gov) or by calling Michael F. Canole at (401) 574-8729.

In the development of the proposed regulation, consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small business. No alternative approach, duplication, or overlap, or significant economic impact on small business was identified based upon available information.

All interested parties are invited to submit written or oral comments concerning the proposed regulations by Wednesday, March 20, 2013, to Michael Canole, Rhode Island Division of Taxation, One Capitol Hill, Providence, RI – telephone number (401) 574-8729 or via e-mail: [Michael.Canole@tax.ri.gov](mailto:Michael.Canole@tax.ri.gov). A public hearing to consider the proposed regulation will be held on Wednesday, March 20, 2013 at 1:00 p.m., at the Rhode Island Division of Taxation, One Capitol Hill, Providence, RI, at which time and place all persons interested therein will be heard. The room is accessible to the disabled and interpreter services for the hearing impaired will be provided if requested 48 hours prior to the hearing. Requests for this service can be made in writing to Michael Canole at Rhode Island Division of Taxation, One Capitol Hill, Providence, RI 02908 or by calling (401) 574-8729.

**Rhode Island Department of Revenue**

**Division of Taxation**

**Concise Summary of ALL Non-technical requirements pursuant to RIGL Section 42-35-3(a)(1) regarding Trucks, Trailers and Buses – Interstate Carriers.**

**The purpose of this rule making process is to implements Chapters 44-18 and 44-19 of the Rhode Island General Laws, specifically, regarding Trucks, Trailers and Buses – Interstate Carriers. There is also a change in style and format. This regulation shall take effect on May 1, 2013. This regulation shall amend and supersede regulation SU 99-111 promulgated January 1, 1999.**

## ~~State of Rhode Island -- Division of Taxation~~

### ~~Sales and Use Tax~~

#### ~~Regulation SU 99-111~~

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### ~~Trucks, Trailers and Buses --- Interstate Carriers~~

~~The purchase or rental/lease of a truck, trailer or bus by a trucking or busing company that transports goods or passengers for hire is not subject to sales and use tax provided such vehicle is to be used "exclusively in interstate commerce."~~

~~In order to qualify for the exemption, the purchaser is required to furnish a completed "Affidavit of Truck, Trailer or Bus to be Used Exclusively in Interstate Commerce" to the Registry of Motor Vehicles at the time of registration. In the case of a lease, the lessee must furnish the Affidavit form to the lessor at the time of signing the lease.~~

~~An individual who purchases a truck or bus for the purpose of driving and leasing it to a trucking or busing company to be used "exclusively in interstate commerce" qualifies for the exemption. The individual must complete the Affidavit form and furnish a signed lease from the carrier company indicating who the vehicle is being leased from, their motor carrier number and/or U.S. DOT number, and the year, make and vehicle identification number.~~

~~A truck, trailer or bus used partly or wholly in intrastate operations does not qualify for the exemption.~~

~~If a vehicle qualifies for the exemption initially and at some later time is used for purposes other than "exclusively in interstate commerce," the purchaser will immediately be required to pay a sales/use tax to the Division of Taxation. In the case of a lease, the lessee will be required to notify the lessor that the exemption no longer applies so that lease billings from that point forward change from an exempt to a taxable status.~~

~~R. GARY CLARK  
TAX ADMINISTRATOR~~

~~DATE: January 1, 1999~~

~~CROSS REFERENCE: REGULATION SU 90-131~~

~~THIS REGULATION AMENDS AND SUPERCEDES REGULATION SU 87-111 PROMULGATED MAY 1, 1987, REGULATION SU 91-111 PROMULGATED JANUARY 1, 1992 AND REGULATION SU 92-111 PROMULGATED JANUARY 1, 1993.~~

**State of Rhode Island - Division of Taxation**

**Sales and Use Tax**

**Regulation SU 13- 111**

**Trucks, Trailers and Buses – Interstate Carriers**

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**RULE 1. PURPOSE**

This regulation implements Chapters 44-18 and 44-19 of the Rhode Island General Laws. These Chapters provide for Sales and Use Taxes Liability and Computation and Sales and Use Taxes Enforcement and Collection in regard to Trucks, Trailers and Buses – Interstate Carriers.

**RULE 2. AUTHORITY**

This regulation is promulgated pursuant to RIGL Chapters 44-18 and 44-19 as amended. These rules have been prepared in accordance with the requirements of RIGL § 44-1-1 et. seq. and § 44-19-33.

### **RULE 3. APPLICATION**

The terms and provisions of these rules and regulations shall be liberally construed to permit the Department of Revenue to effectuate the purposes of RIGL Chapters 44-18 and 44-19 and other applicable state laws and regulations.

### **RULE 4. SEVERABILITY**

If any provision of these rules and regulations, or the application thereof to any person or circumstances, is held invalid by a court of competent jurisdiction, the validity of the remainder of the rules and regulations shall not be affected thereby.

### **RULE 5. DEFINITIONS**

“Busing company” means a company that transports passengers for hire.

“For hire” means available for use or service in exchange for payment.

“Interstate commerce” means commerce:

- 1) between a place in Rhode Island and a place outside of Rhode Island including a place outside the United States; or
- 2) between two places in Rhode Island through another state or a place outside of the United States; or
- 3) between two places in Rhode Island as part of transportation originating or terminating outside of Rhode Island or the United States.

“Person” includes any individual, partnership, association, corporation, estate, trust, fiduciary, limited liability company, limited liability partnership, or any other legal entity.

“Trucking company” means a company that carries goods of others for hire.

### **RULE 6. TRUCKS AND TRAILERS – INTERSTATE CARRIERS**

(A) The purchase or rental/lease of a truck or trailer by a trucking company that transports goods for hire is not subject to sales and use tax provided such vehicle is to be used exclusively in interstate commerce.

In order to qualify for the exemption, the purchaser is required to furnish a completed “Affidavit of Truck, Trailer or Bus Operated in Interstate Commerce” to the Registry of

Motor Vehicles at the time of registration. In the case of a lease, the lessee must furnish the Affidavit form to the lessor at the time of signing the lease.

A person who purchases a truck for the purpose of driving and leasing it to a trucking company to be used "exclusively in interstate commerce" qualifies for the exemption. The individual must complete the Affidavit form and furnish a signed lease from the carrier company indicating who the vehicle is being leased from, their motor carrier number and/or U.S. DOT number, and the year, make and vehicle identification number.

(B) A truck or trailer used partly or wholly in intrastate operations does not qualify for the exemption.

If a vehicle qualifies for the exemption initially and at some later time is used for purposes other than "exclusively in interstate commerce," the purchaser will immediately be required to pay a sales/use tax to the Division of Taxation. In the case of a lease, the lessee will be required to notify the lessor that the exemption no longer applies so that lease billings from that point forward change from an exempt to a taxable status.

#### **RULE 7. BUSES – INTERSTATE CARRIERS**

(A) The purchase or rental/lease of a bus by a busing company that transports passengers for hire is not subject to sales and use on the condition that the bus is used eighty percent (80%) or more of the time in interstate commerce and provided that the bus company shall furnish a completed "Affidavit of Truck, Trailer or Bus Operated in Interstate Commerce" to the Registry of Motor Vehicles at the time of registration attesting to the fact that the bus is used no less than eighty percent (80%) of the time in interstate commerce. In the case of a lease, the lessee must furnish the Affidavit form to the lessor at the time of signing the lease.

A person who purchases a bus for the purpose of driving and leasing it to a busing company to be used no less than eighty percent (80%) of the time in interstate commerce qualifies for the exemption. The individual must complete the Affidavit form and furnish a signed lease from the carrier company indicating who the vehicle is being leased from, their motor carrier number and/or U.S. DOT number, and the year, make and vehicle identification number.

(B) A bus used less than eighty percent (80%) of the time in interstate commerce does not qualify for the exemption.

If a vehicle qualifies for the exemption initially and at some later time is used less than eighty percent (80%) of the time in interstate commerce, the purchaser will immediately be required to pay a sales/use tax to the Division of Taxation. In the case of a lease, the lessee will be required to notify the lessor that the exemption no longer applies so that lease billings from that point forward change from an exempt to a taxable status.

**RULE 8. EFFECTIVE DATE**

This regulation shall take effect on May 1, 2013 and shall amend and supersede regulation SU 99 -111 promulgated January 1, 1999.

DAVID M. SULLIVAN  
TAX ADMINISTRATOR