



Rhode Island Department of Revenue

Division of Taxation

March 4, 2016

Christopher Hudgins
Mattress Recycling Council
501 Wythe Street
Alexandria, VA 22314

Dear Mr. Hudgins:

This letter is in response to a February 1, 2016 request from your local representative Jeffrey Taylor of the Mayforth Group in Providence, Rhode Island, for a ruling on whether Rhode Island's \$10.00 mattress recycling fee is subject to sales tax in Rhode Island.

Facts

The facts below come from the "Rhode Island Mattress Recycling Plan" revised January 2016 on the Mattress Recycling Council's (MRC) website¹.

R.I. Gen. Laws § 23-90-5(i)(1) imposes a \$10.00 fee on the sale of mattresses within the State of Rhode Island. Retailers and other parties selling mattresses must collect the fee and remit it directly to the MRC, a non-profit 501(c)(3) corporation incorporated in Delaware. R.I. Gen. Laws § 23-90-4(a) requires all producers selling mattresses for use in Rhode Island to join the MRC. The fee must be stated separately as "Recycling Fee \$10.00" on sales receipts or invoices for all units sold to Rhode Island customers. The MRC will use the mattress fee to fund a statewide mattress recycling program that will allow Rhode Island residents and organizations to voluntarily recycle their mattresses at no additional cost.

Ruling

R.I. Gen. Laws § 23-90, the recycling fee statute, is silent on whether the fee is taxable, but the Division holds that such fee is subject to tax for the following reasons.

- The fee is not a tax. Its primary purpose is to provide a service, not to generally raise revenue. The fee is a necessary, essential charge that is imposed on all mattress sales in Rhode Island to fund the mattress recycling program. R.I. Gen. Laws § 44-18-12(a)(iii) defines the taxable sales price of personal property as including "[c]harges by the seller for any services necessary to complete the sale, other than delivery and installation charges." The mattress recycling fee is necessary to complete any mattress sale in Rhode Island and is not a delivery or installation charge. The fee funds a program that allows Rhode Islanders to recycle their mattresses at no additional charge.

¹ <http://mattressrecyclingcouncil.org/wp-content/uploads/2013/11/RI-MRC-Plan-Revised-1-7-16.pdf>
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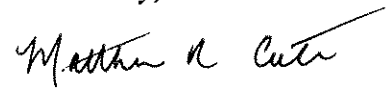
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- The fee is not exempt under Rhode Island's sales tax exemption statute, R.I. Gen. Laws § 44-18-30. Under Rhode Island law, all gross receipts are presumed to be subject to sales tax unless they fall under a specific exemption.

In sum, the \$10.00 mattress recycling fee is taxable because it is a necessary, essential charge to complete each mattress sale and is not exempt by Rhode Island law.

Please let me know if you have any questions.

Sincerely,



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