

DR Rhode Island Department of Revenue
Division of Taxation

Via Electronic Mail

February 6, 2025

The Honorable David A. Bennett
Chair, House Committee on Environment and Natural Resources
Rhode Island State House
Providence, RI 02903

**RE: Letter Regarding House Bill 5098 – An Act Relating to Agriculture and Forestry --
Forestry and Forest Parity Act**

Dear Chair Bennett:

I am writing on behalf of the Rhode Island Department of Revenue, Division of Taxation (“Division”), to: i) express concerns regarding issues with proposed House Bill 5098 as currently drafted; ii) explain the background and current statutory context in order to clarify the intended and unintended consequences of this bill; and iii) make recommendations and request your support in implementing those recommendations.

This letter is not intended as a position in support of or opposition to the bill, but only as recommendations on drafting to provide clarity in the bill and to aid tax administration and compliance.

As you know, this bill amends Title 2 of the Rhode Island General Laws entitled “Agriculture and Forestry” by adding a new chapter, R.I. Gen. Laws § 2-27.1-1, et seq., entitled the “Forestry and Forest Parity Act.” The proposed bill further adds and amends several other sections of the Rhode Island General Laws, including R.I. Gen. Laws §§ 44-5-12.1, 44-5-42.2, and 44-18-30, which add forestry machinery and equipment to the tangible property classification and depreciation table and add tax exemptions for forestry product operations machinery (including motor vehicles with farm plates), buildings, equipment, and parts. Section 13 of the bill, as currently drafted, states that the act would take effect upon passage.

There are several potential issues with the bill that impact tax administration, including, but not limited to:

- The bill’s complexity would, at a minimum, require the Division to conduct a regulatory process to vet the bill’s terms and coordinate the requirements of the legislation with the forestry industry as the Division would have to develop expertise in this area.
- The bill’s proposed tax exemptions may create parity issues with similar processes and products in other manufacturing contexts.

- Given the bill's complexity and the lack of information about impacted taxpayers (entities and businesses), the Division may need additional resources if the bill passes.
- The Division is concerned with the bill's "upon passage" effective date given the work that would need to be done by the Division prior to its implementation and respectfully suggests that the effective date be July 1, 2026. Further, with respect to the proposed amendment to R.I. Gen. Laws § 44-18-30, the State of Rhode Island Division of Taxation is a signatory to the Streamlined Sales and Use Tax Agreement ("SSUTA") pursuant to R.I. Gen. Laws § 44-18.1-1. The SSUTA mandates that a member state must comply with its numerous terms, including notification requirements.

The Division takes no position with respect to the remainder of the proposed legislation. Rather, the Division is concerned solely with the issues of clarity, tax compliance, and tax administration.

I look forward to working with you to address the issues raised in this letter and appreciate your consideration.

Very truly yours,



Neena S. Savage
Tax Administrator

cc: The Honorable Members of the House Committee on Environment and Natural Resources (via: HouseEnvironmentandNaturalResources@rilegislature.gov)
The Honorable Megan L. Cotter (via: rep-cotter@rilegislature.gov)
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House
Lynne Urbani, Director of House Policy
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