

Via Electronic Mail

May 9, 2024

The Honorable Marvin L. Abney
Chair, House Committee on Finance
Rhode Island State House
Providence, RI 02903

RE: Letter Regarding House Bill 7924 – An Act Relating to Taxation – Personal Income Tax - Child Tax Credit

Dear Chair Abney:

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 7924 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 would amend R.I. Gen. Laws § 44-30-2, entitled “Personal Income Tax – Rate of tax,” to establish a child tax credit of one thousand dollars (\$1,000) per dependent for a taxpayer with “a total income for the taxable year that does not exceed one hundred thousand dollars (\$100,000) for a single-filer household and one hundred fifty thousand dollars (\$150,000) for a dual-filer household.” The bill also provides that if the amount of the credit exceeds a taxpayer’s tax liability, the Division shall “treat the excess as an overpayment and shall pay the taxpayer the entire amount of the excess.” The bill’s effective date is upon passage.

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

- The bill, as currently drafted, includes multiple typographical errors and inconsistencies with terms used in Chapter 44-30. For example:
 - The amendments would add language that already exists to the Schedules in § 44-30-2(a)(1)(v).

- The terms “single-filer” and “dual-filer” are not defined and are inconsistent with terms used in other sections of Chapter 44-30. The Division respectfully requests that the bill be redrafted to define or replace certain terms for clarity.
- The bill includes the child tax credit in R.I. Gen. Laws § 44-30-2(d)(3); however, the correct location for this credit is in § 44-30-2.6(c)(3)(F). Additionally, the new credit must also be established in a separate, named chapter in the General Laws.
- Proposed Subsection 44-30-2(d)(3)(ii) establishes an income threshold; however, that threshold is not indexed for inflation for future tax years and does not refer to federal adjusted gross income (AGI) or other explicitly calculated value. This could result in unintended refunds.
- Proposed Subsection 44-30-2(d)(3)(iii) provides that if the tax credit exceeds a taxpayer’s tax liability, then the overpayment must be paid to the taxpayer. However, the tax credit is only a portion of monies paid against tax liabilities. If this subsection was deleted, the credit would be refundable, and the same intent would be accomplished. The Division, therefore, would suggest removing this subsection.
- The bill’s effective date is upon passage. However, the Division would respectfully request that the language be changed so that the effective date is tied to a tax year (i.e., effective for tax years beginning on or after January 1, 2025).

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. As such, the Division respectfully suggests that the bill be redrafted for clarity.

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 Finance (via: HouseFinance@rilegislature.gov)
The Honorable Teresa A. Tanzi (via: rep-tanzi@rilegislature.gov)
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House
Lynne Urbani, Director of House Policy
Thomas A. Verdi, Director, Department of Revenue