

**DOR** Rhode Island Department of Revenue  
Division of Taxation

*Via Electronic Mail*

May 14, 2024

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

**RE: Letter Regarding House Bill 7486 – An Act Relating to Taxation – Personal Income Tax – Capital Gains**

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 7486 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 in tax administration and compliance.

As you know, this bill would amend Chapter 44-30 (“Personal Income Tax”) of the Rhode Island General Laws and add a new Chapter 44-72, which would impose a non-owner occupied property tax.

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

***Chapter 44-30 – Capital Gains***

- Generally, the Division has concerns regarding administration of the bill as drafted. The proposed amendments to Chapter 44-30 eliminate the treatment of capital gains, as set forth therein, prior to January 1, 2025, which does not appear to be the intent of the bill and could have unintended consequences.
- A thorough review and study of the interplay between the proposed bill and the relevant federal statutes is needed to ensure the bill is administrable and operates as intended.
- The Division recommends clarity in all sections of the bill relative to the effective date and applicable tax years to avoid ambiguity and for proper implementation.

***Chapter 44-72 – Non-Owner Occupied Property Tax***

- There are several references to “privilege year” through the bill, however, “privilege year” is undefined. There are additional ambiguities that need to be addressed to provide clear parameters for the imposition and implementation of the new tax.
- The language concerning exemption is overly broad and would need to be clarified to allow for proper administration.

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 issues described herein be clarified.

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](mailto:HouseFinance@rilegislature.gov) )  
The Honorable Edith H. Ajello (via: [rep-ajello@rilegislature.gov](mailto:rep-ajello@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