



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 8133 – An Act Relating to Taxation – Sales and Use Taxes – Liability and Computation**

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 8133 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 R.I. Gen. Laws § 44-18-36.1, entitled “Hotel tax,” to add an additional local hotel tax in the city of Newport at a rate of two and one-half percent (2.5%) “to be retained and used for its public infrastructure and resiliency purposes.” The bill is set to take effect upon passage.

As the bill is currently drafted, the Division would administer and collect this additional local hotel tax pursuant to § 44-18-36.1(a), which may not have been the drafters’ intent. Please note that currently, R.I. Gen. Laws § 44-18-36.1(d) states that:

Notwithstanding the provisions of subsection (a) of this section, the city of Newport shall have the authority to collect from hotels located in the city of Newport the tax imposed by subsection (a) of this section.

The additional local tax is proposed in R.I. Gen. Laws § 44-18-36(b), not subsection (a); therefore, under current law the responsibility for administration of the State Hotel Tax is performed by the city of Newport and under the proposed language pertaining to the Local Hotel Tax, the Division of Taxation would administer the proposed Local Hotel Tax. The Division respectfully requests that the bill be redrafted to clarify this point.

Additionally, if it is the drafters’ intent that the Division would administer this local tax, the Division respectfully requests that the effective date be changed to January 1, 2025, to allow time for implementation of the new tax, which will require form and system updates. Finally, if it is

the drafters' intent that the Division would administer this local tax, the Division respectfully requests that the name of the tax be altered to avoid confusion with the existing local hotel tax rate of one percent (1%).

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](mailto:HouseFinance@rilegislature.gov))  
The Honorable Lauren H. Carson (via: [rep-carson@rilegislature.gov](mailto:rep-carson@rilegislature.gov))  
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House  
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