

DOR Rhode Island Department of Revenue
Division of Taxation

Via Electronic Mail

May 15, 2024

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

RE: Letter Regarding House Bill 8000 – An Act Relating to State Affairs and Government – Reduced Housing Rent Pilot Program

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 8000 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 42 of the Rhode Island General Laws to add a new chapter, R.I. Gen. Laws § 42-11.5-1 *et seq.*, entitled “Reduced Housing Rent Pilot Program.” Per the Explanation by the Legislative Council, the bill proposes to “establish and fund an incentive program for landlords to offer reduced rents to eligible tenants. The program would be administered by the state department of housing with an appropriation of three million dollars (\$3,000,000) for fiscal year 2024-2025.” 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’s language is unclear with respect to the timing of installment payments: whether the payments are authorized “every one hundred eighty (180) days until the lease is finalized” or “after the lease has concluded.” The Division respectfully requests that the bill be redrafted for clarity on this point.
- The Division will have implementation costs, including additional resources for staffing and monitoring the tax rebate installments along with form and system changes, associated with the bill. The Division will be tasked with the continuous monitoring of installment

payments as well as for compliance with the program (prorated rebates, lease terminations, eviction proceedings, property vacancies, etc.).

- Relatedly, per the bill's language, the Division would be responsible for issuing tax rebate installments to landlords participating in the pilot program every 180 days. However, proposed § 42-11.5-5(b) authorizes the Department of Housing to contract with an outside vendor and monitoring agents to implement the program. Given the Division's implementation costs, the program may be more effectively administered by Housing.
- The bill's effective date is upon passage although it provides that a lease agreement must be entered into on or after January 1, 2025. However, should the Division be responsible for administering this tax rebate, it would need time to create a new business process for monitoring and administering the tax rebate installments and to hire staff to administer the new process. The Division respectfully suggests that the effective date be changed to a date in the future.

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 David Morales (via: rep-morales@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