



Rhode Island Department of Revenue
Division of Taxation

Via Electronic Mail

May 2, 2024

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

RE: Letter Regarding House Bill 7128 – 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 7128 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 § 44-18-30, entitled “Gross receipts exempt from sales and use taxes,” by adding and deleting certain language to create an exemption from the sales and use tax in § 44-18-30(23) (“Trade-in value of motor vehicles”) for the trade-in value of trucks with a gross vehicle weight equal to or less than fourteen thousand pounds (14,000 lbs.). The bill would further move the exemption for motorcycles to this subsection. The bill is set to take effect upon passage.

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. As such, the Division recommends an effective date of October 1, 2024, to allow for reasonable notice under the SSUTA and to ensure proper implementation of the change for all stakeholders.

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 Julie A. Casimiro (rep-casimiro@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