



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 7928 – An Act Relating to Taxation – Business Corporation Tax

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 7928 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 § 44-11-2, entitled “Business Corporation Tax – Imposition of tax,” by deleting subsection § 44-11-2(e), thereby repealing the minimum tax imposed upon partnership entities, limited liability companies, and corporations. The bill’s effective date is upon passage.

The bill, as currently drafted, removes the corporation minimum tax without an effective start date or clear tax year application, which would repeal the minimum tax from prior years and cause significant retroactive impacts with refunds being due to entities that paid the minimum tax in prior years. To avoid this unintended consequence, the Division respectfully requests that the bill be redrafted to include an effective start date applicable to tax years beginning on or after January 1, 2025.

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 Stephen M. Casey (via: rep-casey@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