

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

Via Electronic Mail

May 29, 2024

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

RE: Letter Regarding House Bill 7855 – An Act Relating to Food and Drugs – The Rhode Island Cannabis Act

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 7855 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 multiple sections of R.I. Gen. Laws Chapter 21-28.11, entitled “The Rhode Island Cannabis Act,” as well as R.I. Gen. Laws § 44-70-5, entitled “Application of tax revenue.” Per the Explanation by the Legislative Council, the bill would amend the definition of a social equity applicant and the required fee to maintain such status within the Cannabis Act. As relating to the Division, the bill would amend R.I. Gen. Laws § 44-70-5 to allocate certain cannabis revenue to the social equity assistance fund and the disproportionately impacted areas investment fund. 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:

- As currently drafted, the bill is silent as to the start date for the new distribution, which causes ambiguity. The Division respectfully suggests that the bill be redrafted to state that the new distribution would apply to payments made on or after July 1, 2024.
- The bill creates the “cannabis social equity assistance fund” and the “disproportionally impacted areas investment fund.” However, neither fund is defined in the bill. The Division respectfully suggests that the bill be redrafted to include definitions of the new funds similar to the definition of “marijuana trust fund” in R.I. Gen. Laws § 21-28.11-13(d).

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 Leonela Felix (via: rep-felix@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