

Via Electronic Mail

April 9, 2025

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

**RE: Letter Regarding House Bill 5395 – An Act Relating to Motor and Other Vehicles –
Registration of Vehicles**

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 5395 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 § 31-3-4, entitled “Proof of payment of sales or use tax,” to allow a taxpayer to appeal the valuation of a motor vehicle, upon which the sales tax is calculated, when registering said motor vehicle. The bill is set to take effect upon passage.

The Division notes that there currently exists a process in R.I. Gen. Laws § 44-18-20(e), for casual sales of motor vehicles, for a taxpayer to dispute the sales tax assessed when registering the vehicle. An excise tax is imposed on a casual sale of a motor vehicle, which is a sale made by a person other than a retailer. *See* R.I. Gen. Laws § 44-18-20. R.I. Gen. Laws § 44-18-20(e) provides that tax on a casual sale is based on the retail dollar value at the time of purchase. Further, that statute provides that:

The tax administrator shall use as his or her guide the retail dollar value as shown in the current issue of any nationally recognized, used-vehicle guide for appraisal purposes in this state. On request within thirty (30) days by the taxpayer after payment of the tax, if the tax administrator determines that the retail dollar value as stated in this subsection is inequitable or unreasonable, he or she shall, after affording the taxpayer reasonable opportunity to be heard, re-determine the tax.

The bill as drafted both conflicts with the provisions in R.I. Gen. Laws § 44-18-20(e) in relation to casual sales of motor vehicles and broadens the scope of allowed disputes to allow any taxpayer to challenge the valuation without consideration of the retail value of the vehicle. This would impact all sales of motor vehicles, even those by dealers, and would lead to an increase in refund claims and have a fiscal impact. Therefore, this bill may result in unintended consequences and may not achieve its intended goals.

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 Carol Hagan McEntee (via: rep-mcentee@rilegislature.gov)
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House
Lynne Urbani, Director of House Policy
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