

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 6189 – An Act Relating to Taxation – Non-Owner
Occupied Property Tax 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 6189 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 in tax administration and compliance.

As you know, this bill would amend Title 44 of the Rhode Island General Laws entitled “Taxation” to add a new Chapter 44-72, which would impose a non-owner occupied property tax on non-owner occupied residential properties assessed at eight hundred thousand dollars (\$800,000) or more but less than one million dollars (\$1,000,000), a higher tax rate on properties assessed at one million dollars (\$1,000,000) or more but less than two million dollars (\$2,000,000), and an even higher tax rate on properties assessed in excess of two million dollars (\$2,000,000). The bill is set to take effect on January 1, 2026.

There are several potential issues with the bill that impact tax administration, including, but not limited to:

- There are several references to “privilege year” throughout the bill. However, “privilege year” is undefined. There are additional ambiguities that need to be addressed to provide clear parameters for the imposition and implementation of the new tax.
- The Division recommends clarity relative to the effective date and applicable tax years to avoid ambiguity and for proper implementation.
- The language concerning exemption is overly broad and would need to be clarified to allow for proper administration.

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 issues described herein be clarified.

I look forward to working with you to address the issues raised in this letter and appreciate your consideration.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Msavage", with a stylized flourish at the end.

Neena S. Savage
Tax Administrator

cc: The Honorable Members of the House Committee on Finance (via:
HouseFinance@rilegislature.gov)
The Honorable Edith H. Ajello (via: rep-ajello@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