



# OFFICE OF MANAGEMENT & BUDGET

## State Budget Office

One Capitol Hill  
Providence, RI 02908-5890

Office: (401) 222-6300  
Fax: (401) 222-6410

*State Fiscal Note for Bill Number:*

**2025-S 0041**

**Date of State Budget Office Approval:** Monday, February 24, 2025

**Date Requested:** Thursday, January 23, 2025

**Date Due:** Saturday, February 15, 2025

### Impact on Expenditures

FY 2025 N/A

FY 2026 N/A

FY 2027 N/A

### Impact on Revenues

FY 2025 Indeterminable Revenue Loss

FY 2026 Indeterminable Revenue Loss

FY 2027 Indeterminable Revenue Loss

### Explanation by State Budget Office:

This bill would amend Rhode Island General Laws (R.I. Gen. Laws) § 44-18-30(68) titled "Gross receipts exempt from sales and use taxes – Trade-in value of motorcycles" to include proceeds received from an insurance claim from an unrecovered, stolen or total loss of a motorcycle in the exemption from sales and use tax for the trade-in values of motorcycles.

The FY 2023 enacted budget, codified in R.I. Gen. Laws § 44-18-30(68), added an exemption from sales and use tax for the trade-in value of motorcycles that does not include proceeds from an insurance claim.

### Summary of Facts and Assumptions:

This proposal is effective upon passage. The Division of Taxation notes that under R.I. Gen. Laws § 44-18.1-5 and because Rhode Island is a signatory Streamlined Sales and Use Tax Agreement (SSUTA), it is necessary to allow for at least a ninety (90) day period for the change and limit the effective date of a change to the beginning of a calendar quarter. Division of Taxation notes several potential technical issues with the bill as drafted, and likely will be submitting a letter to document these concerns for any hearing on the bill. It should also be noted that beginning October 1, 2011, proceeds received as a result of an insurance claim for the total loss of a motor vehicle were disallowed under the exemption found in R.I. Gen. Laws § 44-18-30(23).

The FY 2023 enacted budget added an exemption from sales and use tax for the trade-in value of motorcycles, effective on October 1, 2022. In the first 2 years since enactment, the total revenue forgone for FY 2023 was \$117,037 and this exemption was used by 181 taxpayers whereas for FY 2024 the total revenue forgone was \$224,211 and the exemption was used by 323 taxpayers.

The Office of Revenue Analysis estimates the bill will increase the forgone revenue associated with this exemption but was unable to find any reliable data with which to quantify the impact.

### Comments on Sources of Funds:

All sales and use taxes are general revenues.



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Summary of Fiscal Impact:

FY 2025: A decrease in general revenue is forecast although the estimate is indeterminable.

FY 2026: A decrease in general revenue is forecast although the estimate is indeterminable.

FY 2027: A decrease in general revenue is forecast although the estimate is indeterminable.

Budget Office Signature: \_\_\_\_\_

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Codega Jr.  
Date: 2025.02.24 16:48:55 -05'00'

Fiscal Advisor Signature: \_\_\_\_\_