



Rhode Island Manufacturers Association
The Economic Engine for Rhode Island

March 2, 2021

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

Re: HB5213 An Act Relating to Taxation - Interest rate change for underpayments of tax

Dear Chairman Abney:

RI Manufacturers Association would like to express our support for HB5213, Relating to Taxation - State Tax Officials. The legislation changes the rate of interest for underpayments of tax to prime rate plus six percent (6%) and limits the assessment of interest to four (4) calendar years prior to the date on which notice of the delinquent payment is sent.

Rhode Island's manufacturers have been impacted for years by Rhode Island having the highest penalty interest rate (18%) in the country. The typical rate for manufacturers in other states is approximately 7%. We have members who have paid out egregious fines and penalties for an incorrect classification of equipment or machinery, a fork lift used for outbound merchandise vs inbound; these are never intentional in nature -they happen in the course of doing business. Mistakes should not cause undue hardships on businesses or individual taxpayers because the outstanding tax DOUBLES every 5.5 years. This means at a compounded rate of 18%, the penalty amount can be two or three times higher than the original tax the manufacturer was assessed.

Our members are struggling -this is the time to give them relief. The request is more than reasonable (many wanted the rate to be lower) and we urge you to support this proposal and support our businesses and individuals trying to recover.

Thank you for your consideration,

David M. Chenevert
Executive Director of Rhode Island Manufacturers Association