



State of Rhode Island

Department of State | Office of the Secretary of State

Gregg M. Amore, Secretary of State

April 2, 2024

The Honorable Joseph J. Solomon, Jr., Chair
House Committee on Corporations

RE: In support of H8055 An Act Relating to Corporations, Associations, and Partnerships –
Rhode Island Business Corporation Act

Dear Chair Solomon,

I write this letter in support of House Bill 8055, legislation that would allow the Division of Taxation to send business owners' tax compliance information to the Department of State in order to keep them apprised of their tax liability.

The Department of State's Business Services Division maintains Rhode Island's business registry, which records new business formations and the ongoing business registration activity of the more than 102,911 active entities registered in our state. The Division also provides thoughtful guidance and comprehensive services to those looking to start and maintain a business or non-profit in Rhode Island.

Business owners must take steps each year to maintain a "good standing" status. Paying taxes is one part of the good standing equation. The Department of State has been educating businesses through our online resources and workshops about minimum tax obligations. However, there has been a growing call for an early and regular process to notify business owners about any unpaid tax obligations.

The consequences for business owners who do not pay their tax obligations can be severe. For each year they fail to file their taxes, they accumulate penalties and interest fees along with the tax they already owe. Unfortunately, some businesses only become aware that they owe fees or taxes when they reinstate or dissolve their business.

In 2017 the Department of State and Division of Taxation worked to pass legislation that made closing a business easier in the State of Rhode Island. This legislation is a continuation of that initiative by establishing a process for the two Divisions to share specific tax compliance information during the dissolution process.

The goal of this legislation is to keep businesses apprised and aware of filing their taxes annually and to inform them of the consequences associated with not fulfilling their tax obligations. This bill will also help businesses avoid potential fees and penalties that could accumulate along with their yearly tax obligations avoiding unnecessary financial stress throughout the business' life cycle.

Our office has worked with the Department of Revenue's Division of Taxation and the Rhode Island Business Coalition to address their concerns, and we appreciate their thorough collaboration in drafting this legislation. I urge this Committee and the Full House to support House Bill 8055.

Thank you for your consideration. If you have any questions, please feel free to contact Michelle Arias, Director of Intergovernmental Affairs, at marias@sos.ri.gov.

Sincerely,

Gregg M. Amore
Secretary of State

cc: The Honorable Members of the House Committee on Corporations
The Honorable Brandon Voas

State House, Room 218, Providence, RI 02903

Phone: 401-222-2357 | Fax: 401-222-1356 | secretaryamore@sos.ri.gov | www.sos.ri.gov