



Rhode Island Department of Revenue

Division of Taxation

Via Electronic Mail

April 8, 2025

The Honorable Joseph J. Solomon, Jr.
Chair, House Committee on Corporations
Rhode Island State House
Providence, RI 02903

RE: Letter Regarding House Bill 5829 – An Act Relating to Food and Drugs – The Rhode Island Cannabis Act

Dear Chair Solomon:

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 5829 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 various sections of Chapter 21-28.11 of the Rhode Island General Laws entitled “The Rhode Island Cannabis Act” regarding licensure and the social equity assistance program. As it pertains to taxation, the bill would also amend R.I. Gen. Laws § 44-70-5 with regard to the distributions of cannabis tax revenue. The bill is set to be effective upon passage.

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

- As currently drafted, the bill is unclear as to whether the historical cannabis tax distributions are maintained as there is no effective date in the application of the revised distribution formulas in § 44-70-5.
- While the changes to § 44-70-5 include a reference to the “social equity assistance fund,” this fund is not defined within the section and is missing a reference to § 21-28.11-31.
- As currently drafted, the revised § 44-70-5 is now in conflict with the existing § 21-28.11-13 with respect to the amount that should be allocated to the marijuana trust fund from the state cannabis tax, potentially resulting in a net allocation of greater than one hundred percent (100%) of the state cannabis tax and sales tax associated with the sales of cannabis.

- The bill's language relating to "five (5) consecutive years" is ambiguous, in conflict with the preceding sentence, and should be revised to include an effective start and end date for the revised distribution formula.
- As currently drafted, the bill takes effect upon passage, rather than for a future period with a defined beginning date. The Division respectfully requests that the effective date be prospective and for tax years beginning on or after January 1, 2026.

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 Corporations (via: HouseCorporations@rilegislature.gov)
The Honorable Leonela Felix (via: rep-felix@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