

**DR** Rhode Island Department of Revenue  
Division of Taxation

*Via Electronic Mail*

April 28, 2026

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

**RE: Letter Regarding House Bill 8450 – An Act Relating to Corporations, Associations and Partnerships -- Rhode Island Business Corporation Act -- The Rhode Island Business Climate Reform 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 8450 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 multiple sections of R.I. Gen. Laws Chapter 7-1.2, entitled “Rhode Island Business Corporation Act,” Chapter 7-16, entitled “The Rhode Island Limited Liability Company Act,” and Chapter 8-2, entitled “Superior Court.” The bill would further amend R.I. Gen. Laws § 9-26-4.1, entitled “Homestead estate exemption,” add a new chapter to Title 9, Chapter 9-36, entitled “Rhode Island Rapid Arbitration Act,” and add R.I. Gen. Laws §§ 18-1-6 and 18-1-7, entitled “Additional provisions governing trusts” and “Nominee trusts established.” As applicable to taxation, the bill would amend R.I. Gen. Laws § 44-11-2, entitled “Business Corporation Tax – Imposition of tax,” and add a new chapter to Title 44, Chapter 44-12.1, entitled “Franchise Tax.” The bill sections applicable to Title 44 have an effective date of January 1, 2027.

With respect to the portions of the bill addressing taxation, there are several potential issues with the bill that impact tax administration, including, but not limited to:

- The primary substance of the bill as it relates to taxation is to impose a new “franchise tax” on “[e]very corporation, joint-stock company, limited liability company, partnership, statutory trusts [sic] or association incorporated...or qualified to do business in this state....” The Division has not had an opportunity to review any potential constitutionality issues and/or other unintended consequence related to the enactment of this tax as it relates

to Rhode Island's existing tax structure. Therefore, a thorough review and study of the purpose and scope of the proposed bill is needed to determine if there are other unintended consequences. Additionally, a thorough review and study of the interplay between the proposed bill and the relevant statutes is needed to ensure the bill is administrable and operates as intended.

- The Division would respectfully request that the effective date language be changed so that the effective date is tied to a tax year (i.e., effective for tax years beginning on or after January 1, 2027) and that the date be far enough in the future to address the Division's implementation concerns.
- The bill also proposes to eliminate the minimum tax under R.I. Gen. Laws § 44-11-2 for tax years beginning after July 1, 2026, but effective on January 1, 2027. This effective date might lead taxpayers and others to conclude that the amendment in Section 10 of House Bill 8450 applies during the current filing season, for the 2025 tax year. That would lead to errors in filing and processing, which could, in turn, lead to underpayment penalties and interest, as well as the need for preparing and filing amended returns. As a result, the Division further recommends clarifying the effective tax years, as noted above.

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.

The Division looks forward to working with you to address the issues raised in this letter and appreciates your consideration.

Very truly yours,



Neena S. Savage  
Tax Administrator

cc: The Honorable Members of the House Committee on Corporations (via: [HouseCorporations@rilegislature.gov](mailto:HouseCorporations@rilegislature.gov))  
The Honorable Brian C. Newberry (via: [rep-newberry@rilegislature.gov](mailto:rep-newberry@rilegislature.gov))  
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House  
Lynne Urbani, Director of House Policy  
Jane E. Cole, Interim Director, Department of Revenue