



Rhode Island Department of Revenue

Division of Taxation

Via Electronic Mail

April 23, 2024

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

RE: Letter Regarding House Bill 7596 – An Act Relating to Taxation – Sales and Use Taxes – Liability and Computation

Dear Chair Abney:

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 7596 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 R.I. Gen. Laws § 44-18-18.1, entitled “Local meals and beverage tax,” to include “retail liquor stores with a Class A liquor license” in the definition of “[e]ating and/or drinking establishment” thereby subjecting those stores to the local meals and beverage tax.

As drafted, the bill could result in a product being sold by a Class A liquor licensee that is not subject to sales tax but would now be subject to local meals and beverage tax. This would lead to administrability concerns and significantly impact businesses attempting to implement the bill.

Additionally, the bill is effective upon passage. The Division respectfully requests that the bill’s language involving the effective date be changed to specify the tax year(s) to which the proposed amendment would apply by including language in the bill that it applies to tax years beginning on or after January 1, 2025. The Division believes that such language would make it clear to taxpayers, tax preparers, and tax software providers that the proposed amendment would apply to tax years beginning on or after a specific date. Furthermore, setting the effective date at a future point would provide taxpayers, tax preparers, and tax software providers sufficient time to plan and allow the Division time to properly communicate and provide outreach to the newly affected Class A liquor stores.

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 Finance
(via: HouseFinance@rilegislature.gov)
The Honorable June Speakman (via: rep-speakman@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