



Rhode Island Department of Revenue

Division of Taxation

Via Electronic Mail

April 3, 2025

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

RE: Letter Regarding House Bill 5314 – An Act Relating to Taxation – The Parking Services Taxation Act

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 5314 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 Title 44 of the Rhode Island General Laws, entitled “Taxation,” by adding a new chapter, Chapter 44-72, entitled “The Parking Services Taxation Act.” The bill authorizes Rhode Island municipalities to pass ordinances requiring all sales of parking services to be taxed at a rate up to and including seven percent (7%). The tax is in addition to all other taxes authorized by Rhode Island law. According to the legislative explanation accompanying the bill, “[t]he taxes would be collected by the state and redistributed to the municipalities.” The bill is set to take effect on January 1, 2026.

Parking services are not currently subject to Rhode Island sales tax and the bill, as currently drafted, may create confusion regarding whether the tax is a sales tax or other fee or other tax. To the extent the bill may be construed as imposing a local sales tax on parking services, Rhode Island must ensure that it complies with the mandates of the Streamlined Sales and Use Tax Agreement (“SSUTA”), to which it is a signatory member pursuant to R.I. Gen. Laws § 44-18.1-1 *et seq.* Further, the Division recommends the bill be placed within the local taxation statutes under Chapter 5 of Title 44 and administered by the municipalities, rather than in a new chapter, to avoid confusion regarding administration of the new tax. If the bill is intended to require collection and administration of the new tax by the Division, then additional provisions are needed to be concomitant with the other taxes administered by the Division and the bill should be clear as to the collection and administration provisions.

Additionally, even though this bill has an effective date of January 1, 2026, it is possible that municipalities may initiate the proposed tax at various dates; should that occur, it is advisable to have provisions in the bill that provide sufficient notice to all stakeholders and time to implement the tax with requisite restrictions and timeframes. Finally, if the provisions of the proposed statute are intended to be administered by the Division of Taxation, additional resources may be necessary to administer the statute as currently drafted.

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 issue 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 Rebecca M. Kislak (via: rep-kislak@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