



April 9, 2025

The Honorable Marvin L. Abney, Chairman
House Finance Committee
State House
Providence, RI 02903

Re: H.5757, An Act Relating to Taxation – State Tax Officials

Dear Chairman Abney,

The undersigned members of the Rhode Island Business Coalition wish to register our strong support for the passage of H.5757, An Act Relating to Taxation – State Tax Officials and thank Representative McEntee for introducing this legislation.

H.5757 reduces the interest rate charged to delinquent payments from 18% to 12%. While many states charge 6% interest on such accounts, this proposal to move to 12% is a positive step in the right direction.

In addition, the bill would have the state follow the federal Internal Revenue Service (IRS) guidelines regarding tax audits. The IRS can go back three years from the date of the audit notice to conduct tax audits on taxpayers unless fraud is a question, at which point the IRS may go back seven years.

For this reason, many businesses retain tax documents and receipts for seven years. We have been told that the Division of Taxation may conduct audits outside the seven-year look-back provision of the federal government. This places Rhode Island businesses in a precarious situation if that business destroyed old documents, thinking the federal guidelines apply.

These changes would assist those taxpayers who end up owing more in interest than in the actual amount of delinquent tax owed to the state. It would also provide an incentive for the Division of Taxation to address delinquent taxes in a timely manner.

Thank you for your consideration of our position on House Bill 5757 and we ask for the committee's support.

The Rhode Island Business Coalition represents 50 industries and 6,280 businesses that employ 231,200 people throughout Rhode Island.

Sincerely,

East Greenwich Chamber of Commerce

National Federation of Independent Business

Rhode Island Bankers Association

Rhode Island Builders Association

Rhode Island Business Group on Health

Rhode Island Hospitality Association

Rhode Island Manufacturers Association

Rhode Island Marine Trade Association

Rhode Island Staffing Association

Small Business Economic Summit Regulations Committee

Small Business Economic Summit Tax and Budget Committee

cc. House Finance Committee members