

DR Rhode Island Department of Revenue
Division of Taxation

Via Electronic Mail

April 10, 2025

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

RE: Letter Regarding House Bill 5401 – 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 5401 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 Rhode Island General Laws § 44-18-7.3, entitled “Services defined[,]” by removing pet care services from the definition of “services,” resulting in those services not being taxable. The bill is set to take effect upon passage.

The bill, if passed, would result in a significant revenue loss for the State. Further, as Rhode Island is a signatory to the Streamlined Sales and Use Tax Agreement (SSUTA), it must ensure compliance with the SSUTA in relation to the exemption and so recommends an effective date ninety (90) days subsequent to passage of the bill.

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.

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 David J. Place (via: rep-place@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