



Rhode Island Department of Revenue

Division of Taxation

Via Electronic Mail

May 13, 2025

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

RE: Letter Regarding House Bill 5784 – 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 5784 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 § 44-18-7.3, entitled “Sales and Use Taxes – Liability and Computation – Services defined,” to add any hosting platform as defined in § 42-63.1-2 and “any marketing organization that reserves or arranges the transfer of occupancy or accommodations the reservation or transfer of which is subject to [Chapter 44-18]” to the definition of “[r]oom reseller.” The bill would also amend R.I. Gen. Laws § 44-18-36.1 (“Hotel tax”) to remove language allowing the exemption from the state hotel tax for houses and condominiums rented in their entirety. The bill includes a proposal that all taxes collected by the Division from house and condominium rentals under this section be used “exclusively for municipal infrastructure improvements, riverine and coastal resiliency and housing.” The bill is set to take effect upon passage.

As currently drafted, the bill does not specify if the effective date is for returns and payments received on or after the effective date, or if it is for rental activity that occurs after this date. This ambiguity would cause administrability concerns given the process for collection and distribution of hotel tax. For example, under the current statutes, hotel tax from rental activity in January would be due and paid in February and distributed to the appropriate recipients in March. Further, striking the language rather than adding provisions to specify applicable periods would create unintended consequences as a result of application to prior periods. The Division respectfully requests that the bill be revised to resolve any uncertainty caused by the effective date.

Also, the bill as drafted may result in an unintentionally broad application of the hotel tax to encompass all rentals, which may not be the intent of the proposed change. Finally, the Division will have implementation costs, including allocation of resources along with form and system changes, associated with the bill. Therefore, the Division would suggest an implementation date later than January 1, 2026.

The Division further would note that the Governor proposed in the Fiscal Year 2026 Budget, introduced as House Bill 5076, in Article 5, Sections 4 and 7, a whole home short term rental tax in relation to which this bill has substantial differences.

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 Lauren H. Carson (rep-carson@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