



# Rhode Island Department of Revenue

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## Division of Taxation

*Via Electronic Mail*

May 21, 2025

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

**RE: Letter Regarding House Bill 5468 – An Act Relating to Motor and Other Vehicles – Motor Fuel Tax**

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 5468 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 § 31-36-7 entitled “Motor Fuel Tax – Monthly report of distributors – Payment of tax” to make an adjustment for inflation to the motor fuel tax. Specifically, the bill would adjust the biennial inflation adjustment of the motor fuel tax to account for total inflation that occurred over the prior two years. The bill is set to be effective upon passage.

The bill’s effective date is upon passage; however, the calculation adjustment applies to inflation indexed on July 1, 2025, and every other year thereafter. The Division suggests that the bill be redrafted to include two effective dates to clarify the calculated tax rate as of July 1, 2025, and the effective date of July 1, 2027, for the biannual CPI-U indexing. This would be to maintain the current announcement of the rate effective July 1, 2025, and to avoid confusion and implementation concerns in the marketplace. This would also preserve the historical rate adjustments that began on July 1, 2015, and every other year thereafter.

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](mailto:HouseFinance@rilegislature.gov))  
The Honorable Teresa A. Tanzi ([rep-tanzi@rilegislature.gov](mailto:rep-tanzi@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