



Rhode Island Department of Revenue

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 5475 – 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 5475 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 § 44-18-30, entitled “Gross receipts exempt from sales and use taxes,” to add to the list of sales and use tax exemptions new or used bicycles.

The Division recommends that “bicycle” be defined to avoid potential ambiguity. “Bicycle” is defined in R.I. Gen. Laws § 31-1-3(e) as meaning “every vehicle having two (2) tandem wheels, except scooters and similar devices, propelled exclusively by human power, and upon which a person may ride.” If this definition is the intended definition for bicycle, reference to this definition would provide clarity and aid in administration. Also, 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, therefore, the Division 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. 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,

A handwritten signature in blue ink, appearing to read "Msavage", written in a cursive style.

Neena S. Savage
Tax Administrator

cc: The Honorable Members of the House Committee on Finance (via:
HouseFinance@rilegislature.gov)
The Honorable Arthur Handy (via: rep-handy@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