



State of Rhode Island
Office of the General Treasurer

James A. Diossa
General Treasurer

21 May 2025

The Honorable Marvin Abney
Chair, House Committee on Finance

The Honorable Members of the House Committee on Finance

RE: 2025-H 5738 – *An Act Relating to Taxation – Personal Income Tax*

Chair Abney:

I write in support of 2025-H 5738, which would provide a tax credit to individual taxpayers who convert their gas-powered car into a vehicle propelled by an alternative fuel source, such as natural gas, liquified petroleum gas, liquified natural gas, hydrogen, cooking oil, electricity or fuels with over 85% methanol, ethanol, or other alcohol.

Applied to an individual's personal income tax, this credit may be used to cover up to half the cost of equipment and services to facilitate the transition from gas to an alternative fuel. *See* R.I. Gen. Laws § 44-30-2. An individual filer can use this benefit just once per year and the amount of the tax credit will vary depending on the size of the vehicle (with different credits applicable to vehicles under or over 10,000 pounds). However, the average personal vehicle is well under 10,000 pounds, so most Rhode Islanders seeking program benefits would be eligible for up to \$2,000 in tax credits (vehicles over 10,000 pounds – RVs for example – would be eligible for a \$3,000 tax credit).

Currently, Rhode Island has a relatively small market for alternative fuel conversion. As such, usage – and cost to implement this bill – will be comparatively small in the short term. But this bill intends to spark growth in this emerging market to stimulate new economic activity while helping Rhode Island achieve its climate goals.

If passed, this bill will support our state's climate commitments under the Act on Climate by encouraging a reduction in transportation-related emissions, the largest single source of greenhouse gases in Rhode Island. All conversions will still have to satisfy regulations promulgated by the state and Federal governments pertaining to vehicle safety and emissions, helping to ensure that vehicles remain safe and are more energy efficient after conversion.

This legislation is a smart, fiscally responsible measure that aligns with our state's goal of advancing economic resilience, environmental sustainability, and financial equity for all Rhode Islanders.

If you have any further questions, please do not hesitate to reach out to me directly or to my Director of Policy and Intergovernmental Affairs, Robert Craven, Jr., at Robert.CravenJr@treasury.ri.gov.

Respectfully,

A handwritten signature in black ink, appearing to be 'JD' or similar, enclosed within a circular loop.

James A. Diossa
General Treasurer

cc: The Honorable Kathleen Fogarty