

Rhode Island Department of Revenue Division of Taxation

Via Electronic Mail

May 29, 2025

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

RE: Letter Regarding House Bill 6334 – 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 6334 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 Chapter 44-18 of the Rhode Island General Laws, entitled “Sales and Use Taxes – Liability and Computation,” by adding a new section, § 44-18-41, entitled “Entertainment at large venues.” The bill authorizes Rhode Island municipalities to pass ordinances imposing a tax on the sale of a ticket for admission (no more than two dollars (\$2.00) per ticket) to a large venue as defined by the bill. The tax would be administered and collected by the Division and redistributed to the municipality where the large venue is located. The bill is set to take effect upon passage.

There are several potential issues with the bill that impact tax administration, including, but not limited to:

- There are ambiguous or undefined terms, including, but not limited to, “large venue.” The Division respectfully suggests that the bill be redrafted to clarify the meaning of these terms and/or define them.
- The bill, as currently drafted, imposes a local sales tax on ticket sales, and Rhode Island must ensure that it complies with the mandates of the Streamlined Sales and Use Tax Agreement (“SSUTA”), to which it is a signatory member pursuant to R.I. Gen. Laws § 44-18.1-1 *et seq.*

- Further, the Division recommends the bill be placed within the local taxation statutes under Chapter 5 of Title 44 and administered by the municipalities, rather than in Chapter 44-18, to avoid confusion regarding administration of the new tax. If the Division were to collect and administer the new tax bill, additional provisions are needed to be concomitant with the other taxes administered by the Division and the bill should be clear as to the collection and administration provisions.
- The Division respectfully suggests that the bill include a registration process with the municipalities in order to identify who would be subject to these fees, so that the Division can register them. In that vein, the “large venues” would likely need sales tax permits, which requirement is not included in the bill’s language.
- Even though this bill is set to take effect upon passage, it is possible that municipalities may initiate the proposed tax at various dates; should that occur, it is advisable to have provisions in the bill that provide sufficient notice to all stakeholders and time to implement the tax with requisite restrictions and timeframes. Further, the Division would need a minimum amount of time in between the date the ordinance is passed and the effective date of the ordinance in order to correctly handle the tax rates and forms.
- The Division would require additional resources in order to administer the new tax, including additional full-time employees and programming costs.

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 Rebecca M. Kislak (via: rep-kislak@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