



June 3, 2025

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

Dear Chair Abney and Members of the Committee,

We write to express our concern about the retail delivery fee proposed in H. 6365. Although framed as a “fee,” the charge functions as an excise *tax*, which would lead to unnecessary financial burdens on Rhode Island consumers, merchants, and delivery workers at a time when each of these groups is already struggling.

DoorDash delivers significant economic benefits to Rhode Island residents, small businesses, and to the state. In 2024, we collected and remitted nearly \$12 million in sales tax in Rhode Island. H. 6365’s proposed retail delivery tax would jeopardize these benefits and would likely cause substantial economic harm to Rhode Islanders and small businesses at a time when many of them are already struggling with rising prices and economic uncertainty.

This regressive tax would very likely force delivery platforms to increase prices in order to continue to facilitate delivery in Rhode Island. That would in turn disproportionately harm low-income residents and Rhode Islanders who rely on delivery services because of transportation barriers, health concerns, or other constraints. Notably, in 2024, nearly one-third of deliveries DoorDash facilitated in Rhode Island were to consumers residing in low-income communities, as defined by the American Community Survey. Many families are already facing rising costs of food, fuel, and household necessities. This tax would only add to their financial strain, making it harder for them to access everyday essentials.

As costs of services go up as a result of this tax, consumers will almost certainly cut back on spending and place fewer delivery orders, leading to lower revenue for Rhode Island small businesses and fewer earning opportunities for delivery workers—not to mention less tax revenue for the state. Small businesses are vital both to Rhode Island’s economy and DoorDash’s success: nearly 85% of Rhode Island merchants that were active on DoorDash in the last month of 2024 had three or fewer stores on the platform. At a time when Rhode Island’s workforce and small business community need support, this proposal would create unnecessary economic hardship.

Given all of these concerns, it’s no surprise that polling on proposals like this consistently finds broad opposition to delivery taxes. For example, a survey of Maryland voters conducted by the *Washington Post* earlier this year found that 61% of voters—including majorities across demographic and ideological spectrums—opposed a proposed delivery tax in that state. A recent survey in Illinois found similar opposition, with more than 75% of Illinois voters opposed. There is little reason to assume that Rhode Islanders would feel differently.

The specifics of this proposal add to the concern here. For instance, the proposal takes an all-or-nothing approach to mixed orders: if even one non-exempt item is included, the tax applies to the entire delivery. This means that although the bill purports to exempt grocery items from the tax, those items would still be taxed whenever a single non-exempt item, like laundry detergent, is included in the order. This would undermine the efforts in this bill to keep essential goods affordable and penalize families who batch their shopping to save time and reduce delivery costs. It might also lead to more trips putting additional strain on Rhode Island's roadways. Meanwhile, although the bill includes an exemption for certain small businesses, the exemption may be difficult to administer and likely would not apply to most third-party deliveries; a better approach to protect local businesses would be to also include an exemption for deliveries from local businesses to local purchasers, such as deliveries that travel less than 50 miles.

We appreciate the fiscal challenges Rhode Island is facing, but imposing a regressive tax on retail deliveries is not the solution. We urge lawmakers to pursue policies that enhance affordability and broaden economic opportunity for residents and small businesses rather than introducing new costs that those constituents can least afford.

We appreciate the opportunity to share our perspective and would welcome further dialogue on this issue.

Sincerely,

Daniela Michanie
Public Engagement Manager, New England
DoorDash