



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 6365 – An Act Relating to Taxation – Retail Delivery Fee

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 6365 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 Title 44 of the Rhode Island General Laws, entitled “Taxation,” by adding a new Chapter 44-18.3, entitled “Retail Delivery Fee.” Per the Explanation by the Legislative Council, the bill would impose a fifty-cent (\$0.50) per transaction delivery fee on retailers, including marketplace facilitators and referrers, for delivery of retail tangible property to purchasers in Rhode Island. The bill would provide an exemption for food deliveries and for marketplace facilitators, referrers, and retailers if they had gross revenues from sales delivered by motor vehicles in the state of less than five hundred thousand dollars (\$500,000) annually. The bill is set to take effect on October 1, 2025.

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

- The Division has not had an opportunity to review any unintended consequence related to the enactment of this fee. Therefore, a thorough review and study of the purpose and scope of the proposed bill is needed to determine if there are unintended consequences.
- The bill would create statutory ambiguities that could create confusion in the marketplace because:

- there is optional language regarding the collection of the fee in § 44-18.3-2 that the “retailer may, but is not required to collect the fee...,” and the bill does not mandate the collection of the fee clearly; and
 - the exemptions in § 44-18.3-6, as drafted, require that all three conditions in § 44-18.3-6(a)(1), (2), and (3) be met in order to qualify for the exemption. The policy goal does not appear to be met with that drafting.
- As the bill is drafted, it would be very difficult to audit, track, and administer this fee given how retailers currently report their gross receipts, that third-party shoppers (such as Instacart) are not captured by retailers, and the ambiguities created by the bill, including the food exemption.
 - There are several ambiguous or undefined terms in the bill including, but not limited to, “in-state customer,” “customer,” “purchaser,” “food,” “food ingredients,” and “prepared food.” 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 retail delivery fee, 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.*
 - The Division would require additional resources in order to administer the new fee, 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 Megan L. Cotter (via: rep-cotter@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