



April 8, 2026

Honorable Marvin L. Abney  
Chairman, House Committee on Finance  
Rhode Island State House  
82 Smith Street  
Providence, RI 02903

RE: H7810 - AN ACT RELATING TO TAXATION - STATE TAX OFFICIALS

Dear Chairman Abney:

On behalf of the Rhode Island Business Leaders Alliance (the “Alliance”), I respectfully submit this written testimony in strong support of H7810 - An Act Relating to Taxation – State Tax Officials. H7810 would establish a fair and reasonable cap of twelve percent (12%) on interest assessed for delinquent taxes and would impose essential limits on the Tax Administrator’s audit authority. Specifically, the bill would restrict audits to a period of no more than three (3) years from the date a tax return is filed, extendable to seven (7) years in cases involving fraud, and would prohibit audits of any filed return beyond ten (10) years under any circumstances.

**Rhode Island’s Unlimited Audit Lookback Undermines Due Process**

Although the Rhode Island Division of Taxation maintains that it follows Internal Revenue Service audit guidelines, tax professionals across the state routinely report audits extending 15 years or more beyond the original filing date. These practices far exceed the federal standards of a 3-year lookback for non-fraudulent returns and a 7-year period in cases of intentional fraud. By subjecting Rhode Island taxpayers to scrutiny that is more onerous than what the IRS applies even to cases of intentional tax evasion, the Division has violated—and continues to violate—the due process rights of taxpayers.

Most Rhode Island taxpayers do not retain tax records beyond 5 - 7 years after filing, nor do many accounting firms maintain documents beyond this period. Compounding this problem, neither the IRS nor the Social Security Administration can reliably provide taxpayers with historical records, such as W-2s, going back a decade or more. As a result, taxpayers are effectively deprived of any meaningful opportunity to defend themselves when the Tax Administrator’s audits reach far into the past.

Under this regime, taxpayers are presumed guilty unless they can prove their innocence—an impossible standard when required documents no longer exist. In one particularly troubling case that was brought to the Alliance’s attention, the Tax Administrator alleged that a taxpayer owed more than \$30,000 in unpaid taxes, penalties, and interest for tax years dating back to the early 2000s. Only after the individual’s personal and professional life had been devastated did the Division concede that no tax liability existed for any of the tax years in question. By then, however, the harm was irreversible.

### **Rhode Island’s Penalty Interest Rate Is Excessive and Out of Step**

Rhode Island’s punitive interest rates on delinquent taxes exacerbate these inequities. When combined with the state’s unlimited audit lookback, these rates impose an extraordinary burden on taxpayers seeking to resolve disputes. Rhode Island currently assesses the highest interest rate on delinquent taxes in the nation. Even reducing the rate to 12 percent, as proposed in H7810, would merely align the state with national norms—it would not make Rhode Island an outlier in favor of taxpayers. This adjustment represents a long-overdue correction, not a concession.

### **Conclusion**

H7810 offers a necessary and thoughtful reform to Rhode Island’s tax enforcement framework. It promotes fairness, transparency, and balance by aligning state practices more closely with federal standards, preventing unreasonable retroactive audits, and moderating interest rates that impede resolution rather than encourage compliance.

Rhode Island has an opportunity to modernize its tax system, adopt a more equitable approach to enforcement, and ensure that taxpayers are treated with fundamental fairness. We respectfully urge the Committee’s favorable consideration of H7810.

Thank you for your time and consideration.

Respectfully submitted by:

*Gregory Tumolo*

Gregory Tumolo, Executive Director  
Rhode Island Business Leaders Alliance

CC:

Members of the House Committee on Finance