



April 8, 2026

The Honorable Marvin Abney
Chair
House Finance Committee
Rhode Island State House
82 Smith Street
Providence, RI 02903

Re: House Bill No. 7810 -An Act Relating to Taxation — State Tax Officials

Dear Chair Abney, Vice Chair Slater, and Honorable Members of the Committee:

On behalf of the **Rhode Island Manufacturers Association (RIMA)**—representing approximately 1,600 manufacturers and 60,000 employees across our state—I write in strong support of **House Bill No. 7810**, that takes a necessary and measured step toward restoring fairness, predictability, and economic competitiveness to Rhode Island’s tax system.

This legislation caps delinquent tax interest at **12 percent** and establishes clear, nationally aligned limitations on audit periods—**three years for standard filings, seven years in cases of fraud, and in no event beyond ten years** from the date of filing or required filing date. At 12%, the interest rate would still keep Rhode Island among the highest in the United States.

The Issue: A System Out of Step with the Nation

Rhode Island currently maintains one of the most punitive tax penalty and interest frameworks in the United States.

- Statutory interest rates reaching **18%–21% annually**
- Audit practices in some cases extending **15–20 years or more**

This structure does not promote compliance—it undermines it.

Rhode Island Manufacturers Association
Manufacturing • Innovation • Workforce



For manufacturers, small businesses, and individual taxpayers, the consequences are significant:

- Minor discrepancies escalate into **unmanageable financial liabilities**
- Required documentation becomes **impossible to obtain over time**
- Taxpayers are penalized even when taxes were **properly paid**
- The burden of proof becomes **unreasonable and inequitable**

A System That Punishes Compliance

Modern tax policy is grounded in fairness, transparency, and the encouragement of voluntary compliance.

Rhode Island's current framework does the opposite.

Interest rates far exceed market norms and function as **penalties rather than reflections of the time value of money**. At the same time, audit practices extending far beyond accepted standards create an environment where taxpayers cannot reasonably defend themselves.

We are increasingly concerned by the characterization of taxpayers—particularly those unable to produce records from 10, 15, or 20 years ago—as “noncompliant” or “tax cheats.”

This is unacceptable.

No credible standard—federal or otherwise—expects taxpayers to maintain records indefinitely absent fraud. When the State applies enforcement beyond reasonable timeframes, it creates a system where outcomes are predetermined and fairness is compromised.

Real Impact on Rhode Islanders



The consequences of this framework are not theoretical—they are real and deeply concerning.

We continue to hear from taxpayers and practitioners across Rhode Island where:

- Penalty and interest obligations are **two to three times the original tax amount**
- Individuals and businesses are assessed liabilities they do not owe
- Taxpayers spend years attempting to resolve issues caused by outdated or incomplete records

In some cases, enforcement actions—including **license blocks**—prevent individuals from working, compounding financial hardship and undermining economic stability.

We understand that **thousands of Rhode Islanders currently have license blocks**, yet the number attributable to tax-related issues remains unclear.

This lack of transparency, combined with the severity of enforcement, should concern all of us.

Economic and Policy Implications

Rhode Island's current system:

- **Impairs tax collection efforts** rather than strengthening them
- Contributes to **high levels of uncollected debt per capita**
- Creates a perception of **regulatory unpredictability and risk**
- Places Rhode Island at a **competitive disadvantage** in attracting and retaining businesses

Manufacturers operate in a highly competitive, multi-state environment. Policies that are perceived as punitive or unpredictable directly influence decisions about where to invest, expand, and create jobs.

Broad-Based Support for Reform



This legislation is supported by:

- CPAs and tax practitioners across Rhode Island
- Business leaders and manufacturers
- Taxpayers directly impacted by current practices

It reflects years of real-world experience and growing concern regarding the administration of tax policy in our state.

A Measured and Responsible Solution

House Bill No. 7810 is not radical—it is reasonable.

It:

- Aligns interest rates with economic reality
- Establishes clear and fair audit limitations
- Preserves enforcement authority in cases of fraud
- Brings Rhode Island in line with national standards

Importantly, similar reforms have been considered before. In 2022, legislation addressing these issues passed both chambers and was included in the Governor's budget, only to be altered at the final stage in a manner that undermined its intent.

The need for reform has only grown more urgent since that time.

Conclusion: Time to Act

Rhode Island should not continue to operate under a system that:

- Punishes compliance
- Creates avoidable hardship for taxpayers
- Undermines trust in government
- Places our state outside accepted national norms



We respectfully urge this Committee to take decisive action.

We should not have to continue asking Rhode Island to correct something the rest of the country has already addressed.

This is the year to get it done.

Thank you for your time, consideration, and leadership on this important issue.

Respectfully submitted,

Sincerely

Melissa Travis

Melissa Travis
President/CEO
Rhode Island Manufacturers Association