

DR Rhode Island Department of Revenue
Division of Taxation

Via Electronic Mail

April 16, 2026

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

RE: Letter Regarding House Bill 7162 – An Act Relating to Taxation – Personal Income Tax

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 7162 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 R.I. Gen. Laws § 44-30-12(c) to allow a modification reducing federal adjusted gross income (AGI) for public pension benefits administered by the employees’ retirement system of Rhode Island. The bill is set to take effect upon passage.

As drafted, the bill’s proposed language in R.I. Gen. Laws § 44-30-12(c)(14) allowing for a modification for “public pension benefits administered by the employees’ retirement system of Rhode Island” would potentially conflict with R.I. Gen. Laws § 44-30-12(c)(9), which allows a modification for up to fifty thousand dollars (\$50,000) of taxable pension and/or annuity income included in AGI. The Division respectfully requests that the bill be redrafted for clarity and to resolve any inconsistencies in language.

Additionally, the bill’s effective date is upon passage. The Division is concerned that this language may cause confusion among some taxpayers, tax preparers, and tax software providers. Specifically, some taxpayers, tax preparers, and tax software providers might apply the new modification amount to the returns being prepared during the 2026 filing season, for returns that involve the 2025 tax year. The Division would respectfully request that the bill’s language involving the effective date be changed to specify the tax year to which the new increased modification amount would be allowed and that the effective date be for tax years beginning on or after January 1, 2027. The Division believes that such language would make it clear to taxpayers,

tax preparers, and tax software providers that this increased modification amount would apply to tax years beginning on or after January 1, 2027, and not to prior tax years.

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 issues 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 Julie A. Casimiro (via: rep-casimiro@rilegislature.gov)
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House
Lynne Urbani, Director of House Policy
Jane E. Cole, Interim Director, Department of Revenue