

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 8189 – An Act Relating to Taxation – Employer Tax Credits for Retirement Plan Establishment, Participation and Auto-Enrollment

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 8189 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,” to add a new chapter, Chapter 44-55.1, entitled “Employer Tax Credits for Retirement Plan Establishment, Participation and Auto-Enrollment,” which would “establish employer tax credits for establishing a retirement plan for employee participation with auto-enrollment.” Per the bill’s “Legislative Findings and Purpose,” the purpose of the bill is “to encourage the establishment and maintenance of employer-sponsored retirement plans by providing tax credits tied to employee participation and automatic enrollment, consistent with federal law.” The bill is set to take effect for tax years beginning on or after January 1, 2027.

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

- It is necessary to review the framework for the application and issuance of this new tax credit, including the calculation of the tax credit and the requirements related to the filing of returns, to ensure that the processes do not contradict other tax administration mandates and established processes such as electronic filing and payment mandates. Additionally, there are a number of ambiguities and omissions in the bill that would impact administration, including how the tax credit is calculated, which could lead to unintended interpretations and a lack of guidance and parameters for what is required to document the qualifying costs for this credit. The Division respectfully requests that the bill be redrafted for clarity and completeness.
- There are several ambiguities within the defined terms, including the phrases “consistent with the Internal Revenue Code,” “except as otherwise permitted under applicable federal law,” and

“substantially the same employees” which may lead to unintended interpretations and consequences. Additionally, it is unclear whether the Division would be responsible for verifying that certain terms meet their definitions and requirements as set forth in the bill. The Division would recommend redrafting the bill for clarity and consistency.

- In the same vein, there are multiple references within the bill that the tax credit should be administered in accordance with applicable federal law (generally without specific citations to the Internal Revenue Code or other federal statutes), including proposed § 44-55.1-7, which dictates that if there are any conflicts between proposed Chapter 44-55.1 and applicable federal law, federal law shall control. Such provisions would make the tax credit difficult for the Division to administer, and the Division respectfully requests that the bill be redrafted to set forth the requirements without relying on federal law to allow for proper administration of the credit.
- Additional statutes may also need to be updated to account for the credit, including that R.I. Gen. Laws § 44-30-2.6 would need to be amended to add the tax credit as an allowable credit against personal income tax.
- The administration of this new tax credit would require additional resources, including at least two additional full-time equivalents.
- The bill would require the Division to “annually report to the general assembly the number of taxpayers claiming the credit, the total amount of credits claimed, and any other information necessary to evaluate the fiscal and economic impact of the credit, consistent with § 44-48.2.” However, the bill is silent as to the date by which the report must be completed.

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 Alex Finkelman (via: rep-finkelman@rilegislature.gov)
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House
Lynne Urbani, Director of House Policy
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