



May 7, 2026

Honorable Marvin Abney
Chair
House Finance Committee
82 Smith Street
Providence, RI 02903

Re: Support H7398 An Act Relating to Taxation – Rhode Island Amnesty Act of 2017

Chairperson and Members of the Committee:

On behalf of the Rhode Island Manufacturers Association and the state's 1,700 manufacturers and more than 70,000 employees, we respectfully submit this testimony in support of H7398 An Act Relating to Taxation – Rhode Island Amnesty Act of 2017

H7398 would authorize a Rhode Island Tax Amnesty Program to permit delinquent taxpayers to resolve outstanding liabilities through the waiver of penalties and reduction of accrued interest during a limited amnesty period.

This proposal reflects sound fiscal policy, proven revenue-generation strategy, and practical tax administration reform. Rhode Island has already demonstrated that tax amnesty programs work. The state's 2017 Tax Amnesty Program substantially exceeded revenue expectations and successfully brought thousands of taxpayers back into compliance.

For many, this is a (long overdue) chance to get their lives back. More importantly, thousands of Rhode Islanders are caught up in a system that penalizes them – in many cases with the loss of a driver's license – before they have a chance to secure tax documents.

This committee (House Finance) heard from one of the many individuals we have helped last month, Josh Genereaux. Mr. Genereaux was audited for tax years 2008, 2009 and 2010. He knew he filed his taxes, but because of the outdated and regressive tax collection policies in place, was unable to secure his tax documents. As a result, he lost his driver's license, his job, his home and his family. It took Congressional intervention a CPA working full time and multiple requests to the IRS and Social Security Administration before we finally proved the state was wrong. Mr. Genereaux did not owe a penny- the state owed him.

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The reason we support Amnesty- Mr. Genereaux would have paid the original tax debt HE DID NOT OWE -to get his life back. How many Rhode Islanders are caught up in this unnecessary situation. How many fell behind, had a family illness or lost their jobs-our tax system is so out of touch, it has become counter-productive. National tax experts agree Rhode Island has a system that encourages non-compliance.

Today, Rhode Island has an opportunity to modernize and improve upon that successful framework.

Rhode Island should authorize a 90-day Tax Amnesty and Compliance Reset Program allowing individuals and businesses to resolve outstanding state tax liabilities by paying the underlying tax due while receiving:

Recommended Relief

- 100% waiver of penalties
- 50–75% waiver of accrued interest
- Full waiver of interest for taxpayers entering approved hardship payment plans
- Protection from civil or criminal enforcement actions for eligible disclosed liabilities
- Limited and reasonable lookback periods for non-filers
- Exclusions for fraud, criminal tax investigations, and intentionally withheld trust taxes

This model is consistent with recent successful programs implemented across the country, including Connecticut, Massachusetts, New Hampshire, Illinois, and Rhode Island’s own 2017 initiative.

Rhode Island’s Current Tax Structure Is Increasingly Outdated

Rhode Island continues to impose some of the highest delinquent tax interest rates in the region. According to the Rhode Island Division of Taxation, delinquent interest rates for calendar year 2026 remain:

- 18% (floor) and 21% (ceiling) for trust fund taxes

These rates are significantly above prevailing market borrowing costs and substantially higher than many neighboring jurisdictions. Combined with extended lookback periods



and compounding penalties, the current framework often makes repayment unrealistic for taxpayers who would otherwise voluntarily resolve liabilities.

Much of Rhode Island's delinquent tax structure reflects enforcement models developed decades ago. A modernized amnesty and compliance reset program would allow the state to:

- Increase voluntary compliance
- Reduce uncollectible receivables
- Improve long-term collection rates
- Align enforcement practices more closely with modern IRS standards
- Encourage businesses and individuals to re-enter the formal tax system

This proposal gives Rhode Island both fiscal relief and sound tax policy. Rhode Island's 2017 tax amnesty program generated approximately \$22 million despite offering only a 25% interest reduction and operating for a relatively short period.

A stronger modernized program featuring broader outreach, more meaningful interest relief, reasonable lookback limitations, and modern compliance incentives could reasonably generate substantially higher collections.

Given current levels of accumulated tax liabilities, enforcement backlogs, and post-pandemic economic disruption, collections from a comprehensive 90-day amnesty initiative could potentially exceed \$200 million over the life of the program and associated compliance recovery efforts.

This level of one-time and recurring revenue generation would materially exceed projected revenues associated with proposals for a so-called "Millionaire Tax," which has been estimated in some analyses at approximately \$67 million annually under best-case assumptions.

Unlike permanent tax increases, a tax amnesty and compliance reset program:

- improves collections without raising tax rates,
- restores taxpayers to compliance,
- reduces enforcement costs,
- broadens the future tax base,
- and creates immediate liquidity for the state budget.



RIMA supports this program because successful amnesty programs consistently share several characteristics:

- Significant penalty relief
- Partial or full interest relief
- Short participation windows creating urgency
- Broad taxpayer eligibility
- Strong public outreach and direct taxpayer notification
- Clear post-amnesty enforcement credibility

Rhode Island's prior experience confirms these principles.

The 2017 program demonstrated that taxpayers are willing to voluntarily resolve liabilities when realistic pathways to compliance are provided.

Rhode Island would not be acting alone. Neighboring and comparable states continue to utilize tax amnesty programs as practical fiscal and compliance tools.

Massachusetts implemented an amnesty initiative in 2024–2025.
New Hampshire currently has an active 2025–2026 amnesty program.
Illinois continues to operate recurring large-scale amnesty initiatives.
Connecticut implemented one of the largest post-COVID amnesty programs in the region.

These programs are increasingly being used to:

- improve compliance,
- reset enforcement systems,
- and generate immediate revenue without increasing baseline tax rates.

Rhode Island should remain regionally competitive and fiscally proactive.

House Bill No. 7398 reflects a practical, revenue-positive, and economically responsible policy approach. A modernized Rhode Island Tax Amnesty and Compliance Reset Program would:

- generate substantial immediate revenue,
- improve long-term compliance,
- reduce administrative burdens,



- modernize outdated collection practices,
- and provide taxpayers a realistic path back into the system.

For these reasons, RIMA respectfully urge favorable consideration of this legislation.

Thank you for your consideration.

Respectfully submitted,

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Enclosure: Addendum A