

DR Rhode Island Department of Revenue
Division of Taxation

Via Electronic Mail

May 7, 2026

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

RE: Letter Regarding House Bill 8192 – An Act Relating to Taxation – Property Subject to Taxation

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 8192 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 amends Chapter 44-3 of the Rhode Island General Laws to add a new section, R.I. Gen. Laws § 44-3-70, entitled “Imposition of tax on higher education private institution endowments.” The bill would create and impose a new tax of two percent (2%) on the endowment of a private institution of higher education when the value of that endowment is in excess of \$1,000,000,000. Per the bill’s language, all tax revenues collected would be deposited into a restricted receipt account and disbursed to the municipality where the private institution of higher education is situated. Additionally, the bill states that the collected funds are to be used to hire, retain, and support behavioral health staff within the public schools of the municipality. The bill would be effective upon passage.

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

- The bill is silent as to whom the proposed tax shall be paid. It would appear to be administered by the municipalities because the proposed language is in Chapter 44-3, which relates to municipal property taxes. However, as drafted, it is not clear that the tax imposed is a property tax. Further, the bill indicates that the revenue shall be deposited into a restricted receipt account and disbursed to the municipalities, which would imply tax collection by an entity other than the municipalities. Therefore, it is possible the drafters’ intent was for the Division to administer the tax. It is respectfully requested that the bill’s

language be redrafted to expressly name the entity that will administer the tax and to provide guidance on how the tax should be administered.

- If the Division is tasked with administering the tax, there are additional considerations that need to be addressed, including:
 - The bill does not include guidance on how the proposed tax would be measured, including how it would be assessed and if the assessment date would occur on a tax year or fiscal year basis.
 - The Division will have implementation costs, including allocation of resources along with form and system changes, associated with the bill.
 - The proposed language should not be contained within Chapter 44-3, but should be within the chapters administered by the Division.
 - The Division would need to have the authority to prescribe forms for the administration of the new tax.
- The bill is effective upon passage, which would cause administrability issues and 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 tax would apply.

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 David Morales (via: rep-morales@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