

DOR 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 8196 – An Act Relating to Taxation – Sales and Use Taxes – Liability and Computation

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 8196 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 § 44-18-7.3, entitled, “Services defined,” to add that “‘parking services’ shall not include the act of offering a parking space to a patron for one hour or less, in or on a parking facility on which a commercial establishment is located.” The bill would also amend R.I. Gen. Laws § 44-18-30, entitled “Gross receipts exempt from sales and use taxes,” to create a sales tax exemption for “the purchase price for a parking space to a patron for one hour or less[] in or on a parking facility on which a commercial establishment is located.” The bill’s effective date is upon passage.

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

- The Division is concerned that the bill’s wording is overly broad and may cause confusion and ambiguity, and result in unintended consequences.
- The change to the definition of taxable “parking services” and the addition of the sales tax exemption is duplicative; the sales tax exemption is not needed where the service is not taxable.
- All businesses and individuals offering parking services to patrons are required to obtain a sales tax permit to collect sales tax for parking services, which necessarily means they are commercial establishments. The bill places additional burdens on these establishments to

distinguish between those parking services offered for one hour or less and those offered for over one hour. This would be difficult to track for the establishments because if a patron is expected to park for an hour or less but parks for more than an hour then the establishment will need to collect the tax. This would also be difficult to administer and enforce for the Division.

- The State of Rhode Island Division of Taxation is a signatory to the Streamlined Sales and Use Tax Agreement (“SSUTA”) pursuant to R.I. Gen. Laws § 44-18.1-1. The SSUTA mandates that a member state must comply with its numerous terms, including consistent definitions and notification requirements. As such, the Division recommends an effective date of October 1, 2026, to allow for reasonable notice under the SSUTA and to ensure proper implementation of the change for all stakeholders.

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 Earl A. Read, III (via: rep-read@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