



May 6, 2026

The Hon. Marvin Abney

Chairman, House Finance Committee

State House

Providence, RI 02908

Dear Chairman Abney:

On behalf of the Rhode Island Retail Federation, I write to strongly oppose H-8198 which would impose a 2.5 percent tax on every purchaser of digital advertising services.

While we understand the General Assembly's need to identify sustainable revenue sources, this proposal would have unintended and far-reaching consequences for business, consumers and the broader Rhode Island economy.

First, a tax on digital advertising is a tax on businesses of all sizes – particularly small and medium-sized businesses that rely on affordable, targeted online platforms to reach customers. Unlike large corporations with extensive marketing budgets, smaller businesses depend on digital advertising as a cost-effective way to compete. Increasing these costs will reduce their ability to grow, hire and invest locally.

Second, the economic burden of this tax will not remain with the large technology platforms. It will be passed down the supply chain, resulting in higher prices for goods and services. In effect, this becomes a hidden tax on consumers at a time when affordability remains a top concern.

Third, this policy risks placing our state at a competitive disadvantage. Businesses increasingly operate across state lines, and a patchwork of state-level digital taxes creates complexity and discourages investment.

Finally, the structure and enforcement of digital advertising tax present significant administrative and legal challenges. Similar efforts in other states have faced litigation and implementation hurdles, creating uncertainty for both government and the business community.

For these reasons, I respectfully urge you to oppose H-8198. Thank you.



Laurie White, President

Rhode Island Retail Federation