

DOR Rhode Island Department of Revenue
Division of Taxation

Via Electronic Mail

June 2, 2026

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

RE: Letter Regarding House Bill 7703 – An Act Relating to Taxation – Public Service Corporation Tax

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 7703 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 § 44-13-4, entitled “Public Service Corporation Tax – Rate of taxation,” to add new language to Subsection (2) which states, “[n]otwithstanding the above, on and after January 1, 2027, the rate of tax set forth in subsection (2) of this section shall be suspended until January 1, 2036.” The bill is set to take effect on January 1, 2027.

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

- As drafted, the bill suspends the tax rate for a period of time, but not the tax itself, which may result in unintended consequences. The Division respectfully requests that the bill be redrafted to set the tax rate to zero percent (0%) for a period of time, rather than suspend the tax rate, to ease administrability concerns.
- It is unclear if suspending the public service corporation tax would result in these corporations then being subject to corporate income tax if they do not pay public service taxes under a different tax type.
- The bill is set to take effect on January 1, 2027. The Division respectfully requests that the bill’s language involving the effective date be changed to specify the tax year(s) to which

the proposed amendment would apply by including language in the bill that it applies to tax years beginning on or after January 1, 2027 and ending on or before December 31, 2035.

The Division takes no position with respect to the remainder of the proposed legislation. Rather, the Division is concerned solely with the issues of tax policy, 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 Charlene M. Lima (via: rep-lima@rilegislature.gov)
Danica Iacoi, Chief of Staff, Office of the Speaker of the House
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