

June 1, 2026

The Honorable Marvin Abney
Chairman, House Finance Committee
Rhode Island State House
Providence, Rhode Island 02908

RE: H-7703 – Relating to Taxation – Public Service Corporation Tax (Gross Earnings Tax)

Dear Chairman Abney:

On behalf of Rhode Island Energy, I write in **support** of H-7703, which would reduce local utility bills by suspending the rate of taxation on gross earnings derived from the sale of electricity and natural gas from January 1, 2027 until January 1, 2036. Our Company appreciates that this proposed legislation must be considered within the broader context of existing state budgetary challenges. Rhode Island Energy remains committed to working with policymakers, regulators, and other valued stakeholders to explore viable policy and regulatory pathways that support energy affordability for all customers.

Rhode Island Energy provides essential energy services to more than 770,000 customers across the state through the delivery of electricity and natural gas. Our team of 1,300+ union and non-union employees is dedicated to helping Rhode Island customers and communities thrive, while supporting the transition to a cleaner energy future in a safe, reliable, and affordable manner.

In consideration of this proposed legislation, Rhode Island Energy notes the following:

- **Today, Rhode Island Energy is mandated by state law to collect and remit gross earnings tax assessed at a rate of 4% on electric and 3% on natural gas.** The appropriate tax rate and amount is delineated on a customer's monthly electric or natural gas bill.¹ There is no utility profit or mark-up allowed.
- **Rhode Island Energy paid nearly \$300 million in electric and natural gas gross earnings taxes between 2020 and 2024 – costs that are ultimately recovered through utility bills.**
- **While we support a long-term suspension of the gross earnings tax on electricity and natural gas, Rhode Island Energy recognizes that the resulting loss in State revenue could amplify budgetary challenges elsewhere. Should H-7703 not advance in its current form, our Company welcomes continued dialogue and consideration of alternative structures that temper near-term State budgetary impacts while still providing utility bill relief for Rhode Islanders.** For example, it may be worthwhile to examine the customer benefits and budgetary impacts associated with a phased reduction in the overall gross earnings tax rates for electricity and natural gas over time and/or a "seasonal" suspension of the tax rate during the height of winter (e.g., December through February) when colder temperatures and heating demand drive energy bills higher.

¹ For context, this summer, a typical residential electric customer consuming 500 kWh/mo. is paying \$5.77 in gross earnings tax. The total tax paid by an electric or natural gas customer increases or decreases each month based upon total energy consumption and bill amount.

Nicholas S. Ucci
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Rhode Island Energy

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Thank you for your consideration of these comments.

Respectfully,

A handwritten signature in blue ink, appearing to read "NSU", enclosed in a blue oval.

Nicholas S. Ucci
Director of Government Affairs

CC: The Honorable Members of the House Finance Committee
The Honorable Charlene Lima, Rhode Island House of Representatives