

DR Rhode Island Department of Revenue
Division of Taxation

Via Electronic Mail

March 31, 2026

The Honorable Stephen M. Casey
Chair, House Committee on Municipal Government and Housing
Rhode Island State House
Providence, RI 02903

RE: Letter Regarding House Bill 7657 – An Act Relating to State Affairs and Government – Tourism and Development

Dear Chair Casey:

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 7657 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 two sections of Rhode Island General Laws Chapter 42-63.1, entitled “Tourism and Development,” to add definitions for “[p]rimary residence” and “[s]hort-term rental” to R.I. Gen. Laws § 42-63.1-2 and amend R.I. Gen. Laws § 42-63.1-14 to distinguish between owner occupied and non-owner occupied short-term rentals for tax purposes. The amendment would categorize short-term rental properties listed as the owner’s primary residence in the short-term rental registry as residential properties for tax purposes. Conversely, short-term rental properties that are not listed as the owner’s primary residence in the registry would be classified as commercial property for tax purposes. The bill is set to become effective upon passage.

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

- A thorough review and study of the purpose and scope of the proposed bill is needed to determine if there are other unintended consequences. Additionally, a thorough review and study of the interplay between the proposed bill and other relevant statutes and taxes, including the hotel tax, whole home short-term rental tax, and non-owner occupied property tax, is needed to ensure the bill is administrable.

- As currently drafted, there would be parity issues with the definition of “[p]rimary residence” in this bill as referenced and various other statutes, including R.I. Gen. Laws § 44-72-1 *et seq.*
- The bill’s effective date is upon passage; however, given the work that would be needed to implement this bill, 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.

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 issue 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 Municipal Government and Housing
(via: HouseMunicipalGovernmentandHousing@rilegislature.gov)
The Honorable Lauren H. Carson (via: rep-carson@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