

**DR** Rhode Island Department of Revenue  
Division of Taxation

*Via Electronic Mail*

May 28, 2026

The Honorable Louis P. DiPalma  
Chair, Senate Committee on Finance  
Rhode Island State House  
Providence, RI 02903

**RE: Letter Regarding Senate Bill 2028 – An Act Relating to Taxation – Sales and Use Taxes – Liability and Computation**

Dear Chair DiPalma:

I am writing on behalf of the Rhode Island Department of Revenue, Division of Taxation (“Division”), to: i) express concerns regarding issues with proposed Senate Bill 2028 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 Chapter 44-18, entitled “Sales and Use Taxes -- Liability and Computation,” by adding a section, 44-18-36.2, entitled “Digital advertising services tax.” The new section would create a new sales tax on digital advertising services as defined in the bill. The bill would take effect on July 1, 2026.

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, lacks necessary details, uses undefined terms such as “assessable base,” “global revenue,” and “advertising,” may cause confusion and ambiguity, and may result in unintended consequences. The Division respectfully requests that the bill be redrafted for clarity and to remedy these issues.
- The bill lacks a valid sales tax structure and does not effectively impose a sales tax. As drafted, the bill proposes charging a sales tax with variable rates based on the purchaser of a digital product. This concept is at odds with the present sales tax regime because the current sales tax is a percentage of the total sales price of a good, irrespective of who the buyer is.
- The bill proposes to charge a higher sales tax for advertising on a purchaser that has a higher global revenue. This progressive tax rate cannot exist as a sales tax unless the

higher tax rate is given based on the seller of the digital product.

- Proposed subsection 44-18-36.2(d) prohibits the purchaser of digital products from passing through the fee to the consumer, which may not be constitutional.
- 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 Senate Committee on Finance  
(via: [SenateFinance@rilegislature.gov](mailto:SenateFinance@rilegislature.gov))  
The Honorable Meghan E. Kallman (via: [sen-kallman@rilegislature.gov](mailto:sen-kallman@rilegislature.gov))  
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