

May 28, 2026

The Honorable Senator Louis P. DiPalma, Chair  
Senate Finance Committee  
Rhode Island State Senate  
82 Smith Street  
Providence, RI 02903

RE: SENATE BILL 2082 - AN ACT RELATING TO TAXATION -- SALES AND USE TAXES -- LIABILITY AND COMPUTATION

Chair DiPalma and Honorable Committee Members,

On behalf of the Rhode Island League of Cities and Towns, we respectfully submit testimony in opposition to Senate Bill 2082, which proposes to phase out the local meals and beverage tax by January 1, 2030.

While the proposed phase-out is gradual, the policy direction raises significant concern for Rhode Island's municipalities. The local meals and beverage tax currently represents a stable and predictable source of municipal revenue that helps support essential local services, including public safety, sanitation, infrastructure, and education. For many communities, it is one of the limited revenue tools available outside of the property tax levy.

Eliminating this revenue stream over time would have long-term fiscal consequences for cities and towns. Although the bill's timeline extends to 2030, the impact begins well before that date as municipalities adjust budgets, capital planning, and service delivery expectations in anticipation of reduced revenues. In the absence of a replacement revenue source, the loss of this tax would likely result in increased reliance on the property tax, shifting the burden directly onto residential and commercial taxpayers and exacerbating existing affordability challenges.

The League continues to emphasize that municipalities rely on diversified and predictable revenue streams in order to maintain fiscal stability and plan responsibly. Reducing locally controlled revenue authority without a corresponding alternative mechanism undermines municipal fiscal autonomy and limits the ability of local governments to respond to community needs.

We respectfully note that the local meals and beverage tax generates approximately \$41 million annually across Rhode Island's 39 cities and towns. This funding plays a meaningful role in supporting core municipal operations and maintaining the quality of services residents expect and deserve.

We encourage the Committee to carefully consider the broader fiscal implications of this proposal and the cumulative impact on local government finance. Rather than phasing out a reliable and locally beneficial revenue source, the League would welcome the opportunity to work with the sponsor, the Committee, and stakeholders to explore thoughtful alternatives that preserve municipal fiscal stability while advancing shared policy goals.

Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "R.R. Rossi".

Randy R. Rossi  
Executive Director

Cc: Honorable Members of Senate Finance Committee