

D  **R** 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 2227 – An Act Relating to Taxation – Personal Income Tax

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 2227 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, the bill would amend R.I. Gen. Laws § 44-30-12 (“Rhode Island income of a resident individual.”) to provide a modification reducing federal adjusted gross income (AGI) for foreign service officers as set forth in the bill. The bill includes a definition of “foreign service officer” by reference to two federal statutes and a federal regulation. Based on the complexity and nuance of the terms included in both the definition of foreign service officer in 22 U.S.C. § 3903 (§ 103 of the Foreign Service Act of 1980) and the appointment provisions for foreign service officers in 22 C.F.R. § 11, it may be difficult to determine whether a taxpayer qualifies as a foreign service officer such that the modification would be allowable. Further, the proposed modification should be studied to confirm that there could be no incidences of a taxpayer’s pension qualifying for both the military service pension and the foreign service officer pension modifications to ensure there is not a double benefit of allowing two modifications in relation to the same income.

In addition to the notes above, additional concerns with the bill as drafted include:

- The language as drafted appears to only include the foreign service officer pension and does not include any survivorship benefits, which may not be intended.

- As drafted, the modification would be in addition to the modification allowed pursuant to R.I. Gen. Laws § 44-30-12(c)(9). If the intent is that the proposed modification should not be cumulative with subsection (c)(9), then the bill should be clear that the modification is not in addition to the modification provided for in R.I. Gen. Laws § 44-30-12(c)(9).
- The effective date is upon passage; however, the modification applies to specific tax years. The Division respectfully suggests making the effective date be 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 issues described herein be clarified.

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 Finance Committee (via: SenateFinance@rilegislature.gov)
The Honorable V. Susan Sosnowski (via: sen-sosnowski@rilegislature.gov)
Kristen Silvia, Deputy Chief of Staff/Director of Legislation
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