



Rhode Island Department of Revenue

Division of Taxation

Via Electronic Mail

April 30, 2026

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

RE: Letter Regarding Senate Bill 2238 – 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 2238 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 § 44-30-2.6 (“Rhode Island taxable income - Rate of tax”) to impose an additional three percent (3%) tax on Rhode Island taxable income over \$640,000. As drafted, the tax rate of 5.99% would apply to the taxable income over \$125,000 up to, and including, \$640,000, with a rate of 8.99% applying to the taxable income over \$640,000. The bill states that the additional tax imposed shall “not apply to tax years beginning before January 1, 2027, nor shall it apply to taxable income attributable to prior tax years.” The bill is set to take effect on January 1, 2027.

- A thorough review and study of the interplay between the proposed bill and the relevant federal and state statutes is needed to ensure the bill is administrable and operates as intended.
- The interplay between the proposed amendment and the rest of § 44-30-2.6 could result in a doubling effect.

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,

A handwritten signature in blue ink, appearing to read "Nsavage", with a long horizontal flourish extending to the right.

Neena S. Savage
Tax Administrator

cc: The Honorable Members of the Senate Committee on Finance (via: SenateFinance@rilegislature.gov)
The Honorable Melissa A. Murray (via: sen-murray@rilegislature.gov)
Kristen Silvia, Deputy Chief of Staff/Director of Legislation
Jane E. Cole, Interim Director, Department of Revenue