

**D**  **R** 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 2536 – 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 2536 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 allow for a modification reducing federal adjusted gross income (AGI) for \$25,000 of social security income for tax years beginning on or after January 1, 2027. As the state modification would be allowable for \$25,000 of social security income, it may include the portion of social security income that is not included in federal AGI. This may be an unintentional consequence as the state modification likely is intended to relate to the amount of social security income included in a taxpayer’s federal AGI, which is the starting point for Rhode Island taxable income.

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

- The placement of the amendment in R.I. Gen. Laws § 44-30-12(c)(8)(vi) negates the application of the thresholds and age limitations as set forth in R.I. Gen. Laws § 44-30-12(c)(8)(i), which may not be as intended.
- As noted above, the modification for \$25,000 of social security income could result in the modification allowing for reduction in relation to income sources other than social security income if a taxpayer receives social security income that is not included within federal

AGI. This could also result in a reduction greater than federal AGI for state purposes, which could result in unintended refunds.

- The effective date is upon passage, however the modification applies to specific tax years. The Division respectfully suggests that the language be changed so that the effective date is tied to a tax year (i.e., effective for tax years beginning on or after January 1, 2027).
- The Division further would note that the Governor proposed in the Fiscal Year 2027 Budget, introduced as House Bill 7127, in Article 5, Section 6, a modification for social security income in relation to which this bill has substantial differences.

Please also note, as there are multiple proposed bills pending that address modifications set forth in R.I. Gen. Laws § 44-30-12, any bills that pass would need to be reviewed in context to ensure consistency and administrability in relation to all passed amendments. 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.

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 Walter S. Felag, Jr. (via: [sen-felag@rilegislature.gov](mailto:sen-felag@rilegislature.gov))  
Kristen Silvia, Deputy Chief of Staff/Director of Legislation  
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