

DR Rhode Island Department of Revenue
Division of Taxation

Via Electronic Mail

April 2, 2026

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

RE: Letter Regarding Senate Bill 2668 – An Act Relating to Motor and Other Vehicles – Motor Fuel 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 2668 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 § 31-36-20 entitled “Motor Fuel Tax – Disposition of proceeds. [Effective January 1, 2026.]” to preserve the current motor fuel tax allocation to the Intermodal Surface Transportation Fund (ISTF) through Fiscal Year 2026. For Fiscal Year 2027 and thereafter, this bill proposes to change the allocation to be transferred to the Rhode Island Public Transit Authority (RIPTA) to “eleven and seventy-five hundredths cents (\$0.1175) or 29.375% of the total proceeds, whichever is greater, of which one-half cent (\$0.005) per gallon shall be derived from the one cent (\$0.01) per gallon environmental protection fee pursuant to § 46-12.9-11.” The bill is set to be effective upon passage.

There are several potential issues with the bill that impact tax administration, including, but not limited to:

- The language in the bill does not track the language from previous years’ statutory provisions and amendments, and the Division suggests tracking the prior language as to values, in cents rather than both percentages and cents, and verbiage. As drafted, the allocations are in either cents or percentages, “whichever is greater.” However, all allocations must either be in terms of cents per gallon or in percentages; it cannot include both.
- Additionally, if one of the disposition of proceeds items is changed from a value to a percentage, it is best practice to change the remaining sections to be a percentage as well.

Otherwise, if the CPI-U causes the tax rate to decrease, the bill's language may result in disposition instructions that could exceed 100% of the motor fuel tax proceeds.

- The term "total proceeds" is not defined in the bill. To avoid ambiguity, the Division would suggest redrafting the bill to substitute "funds" for "total proceeds" rather than create a new term.

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)
The Honorable Samuel D. Zurier (via: sen-zurier@rilegislature.gov)
Kristen Silvia, Deputy Chief of Staff/Director of Legislation
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