

**DR** 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 2673 –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 2673 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 amends R.I. Gen. Laws § 44-30-12 to add a personal income tax modification reducing federal adjusted gross income for “payment of interest on student loans.” Specifically, the bill provides that “[t]here shall be subtracted from federal adjusted gross income an amount equal to the payments of interest for the satisfaction of outstanding student loans.”

Student loan interest is already deducted at the federal level (on Federal Schedule 1, Line 20) and the deduction is capped at \$2500. This bill, as drafted, would result in a double benefit for taxpayers taking the deduction at the federal level, as the same income for amounts up to and including \$2500 will be deducted twice from federal adjusted gross income for Rhode Island tax treatment.

Further, another consequence of this bill, to the extent such a taxpayer is also a recipient of an award under the Stay Invested in RI Wavemaker Fellowship (R.I. Gen. Laws § 42-64.26-1, *et seq.*), is that the taxpayer could receive a triple benefit for amounts up to \$2500 deducted at the federal level, again at the state level, and included in a Wavemaker award.

Additionally, the language in the bill provides no limitation for the deduction, no parameters or limitations for the type of qualifying loan, no indication or guidance regarding the tax years in which the interest deduction can be claimed (e.g. the modification is not limited to the interest paid within a particular tax year), and allows the deduction for both Rhode Island residents and non-

residents.

Finally, the bill's effective date is upon passage, however the modification applies to tax years beginning on or after January 1, 2027. The Division respectfully suggests making the effective date January 1, 2027. This will avoid confusion for taxpayers, tax preparers, and tax software providers and ensure proper application of the proposed amendment to R.I. Gen. Laws § 44-30-12(c).

The Division takes no position with respect to the remainder of the proposed legislation. Rather, the Division is concerned solely with the issues of tax policy, 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 Committee on Finance (via:  
[SenateFinance@rilegislature.gov](mailto:SenateFinance@rilegislature.gov))  
The Honorable Jacob E. Bissaillon (via: [sen-bissaillon@rilegislature.gov](mailto:sen-bissaillon@rilegislature.gov))  
Kristen Silvia, Deputy Chief of Staff/Director of Legislation  
Jane E. Cole, Interim Director, Department of Revenue