

DOR Rhode Island Department of Revenue
Division of Taxation

Via Electronic Mail

May 5, 2026

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

RE: Letter Regarding Senate Bill 2840 – An Act Relating to Taxation – Sales and Use Taxes – Liability and Computation

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 2840 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 § 44-18-30, entitled “Gross receipts exempt from sales and use taxes,” to add “licensed child care centers” to the sales and use tax exemption for school meals. The bill’s effective date is upon passage.

The Division would respectfully recommend that the bill be redrafted to clarify that the “licensed child care centers” are licensed under the Rhode Island Department of Human Services (DHS). Additionally, the State of Rhode Island Division of Taxation is a signatory to the Streamlined Sales and Use Tax Agreement (“SSUTA”) pursuant to R.I. Gen. Laws § 44-18.1-1. The SSUTA mandates that a member state comply with its numerous terms, including consistent definitions and notification requirements. As such, the Division recommends an effective date of October 1, 2026, to ensure all stakeholders have sufficient time to implement the new exemption.

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 "Msavage", 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 Brian J. Thompson (via: sen-thompson@rilegislature.gov)
Kristen Silvia, Deputy Chief of Staff/Director of Legislation
Jane E. Cole, Interim Director, Department of Revenue