

DR Rhode Island Department of Revenue
Division of Taxation

Via Electronic Mail

May 7, 2026

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

RE: Letter Regarding Senate Bill 3126 – 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 3126 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 § 44-18-7.3, entitled, “Services defined,” to add that “‘parking services’ shall not include municipally operated beach parking in the town of Middletown.” The bill would also amend R.I. Gen. Laws § 44-18-30, entitled “Gross receipts exempt from sales and use taxes,” to create a sales tax exemption for “the purchase price paid for parking services for municipally operated beach parking in the town of Middletown.” The bill’s effective date is upon passage.

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

- The Division is concerned that the bill’s wording is overly broad and may cause confusion and ambiguity, and result in unintended consequences.
- The change to the definition of taxable “parking services” and the addition of the sales tax exemption is duplicative; the sales tax exemption is not needed where the service is not taxable.
- 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 must comply with its numerous terms, including

consistent definitions and notification requirements. As such, the Division recommends an effective date of October 1, 2026, to allow for reasonable notice under the SSUTA and to ensure proper implementation of the change for all stakeholders.

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", is written over a light blue horizontal line.

Neena S. Savage
Tax Administrator

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