

**DR** 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 3154 – An Act Relating to Taxation – Wealth Proceeds 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 3154 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 Title 44 of the Rhode Island General Laws (“Taxation”) to add a new Chapter 44-73, entitled “Wealth Proceeds Tax,” creating a new tax on Rhode Island individuals, estates, or trusts at a rate of four percent (4%) of net investment income. The bill is set to take effect on January 1, 2027.

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

- The bill does not specify that the new wealth proceeds tax would be administered by the Department of Revenue, Division of Taxation. Furthermore, the bill does not contain language concerning return filing requirements, recordkeeping requirements, penalties and interest on unpaid tax liability, the due date of the tax, claim for refund procedures, hearing request procedures, appeal procedures, rules and regulations promulgation, or severability clauses. The Division respectfully suggests that the bill be redrafted to avoid ambiguity and explicitly denote treatment of these concepts.
- As currently written, this bill conforms to the “Internal Revenue Code in this section shall refer to the code in effect as of January 1, 2026” and to the “the provisions of chapter 23 of title 44”, which in turn refer to the Internal Revenue Code in effect as of January 1, 2001.

For the purposes of this chapter, the Division respectfully suggests that the bill is redrafted to avoid ambiguity caused by references to any version of the Internal Revenue Code with respect to estates referenced in chapter 22 and chapter 23 of title 44.

- The Division has not had an opportunity to review any potential constitutionality issues and/or other unintended consequences related to the enactment of this tax as it relates to Rhode Island's existing tax structure, which includes the Estate Tax, Personal Income Tax, and Business Corporation Tax. Therefore, a thorough review and study of the purpose and scope of the proposed bill is needed to determine if there are other unintended consequences.
- The Division would require additional resources in order to administer the new tax, including additional full-time employees and programming costs.

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 Meghan E. Kallman (via: [sen-kallman@rilegislature.gov](mailto:sen-kallman@rilegislature.gov))  
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