



Rhode Island Department of Revenue

Division of Taxation

Via Electronic Mail

May 20, 2025

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

RE: Letter Regarding Senate Bill 1002 – An Act Relating to State Affairs and Government – Rebuild Rhode Island Tax Credit

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 1002 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 § 42-64.20-5(f) (Rebuild Rhode Island Tax Credit – Tax credits – Maximum project credit) by adding a subsection to allow certain “qualified development projects” to receive the maximum project tax credit of fifteen million dollars (\$15,000,000) exclusive of “any sales and use tax exemptions allowed pursuant to [Chapter 42-64.20] for which the qualified development project is otherwise eligible.” The bill would also update R.I. Gen. Laws § 42-64.20-5(h) (Rebuild Rhode Island Tax Credit – Tax credits – Maximum aggregate credits) to include corresponding language (“and sales and use tax exemptions allowed pursuant to subsection (f)(4) of this section”). The bill is set to take effect upon passage.

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

- The proposed language in R.I. Gen. Laws § 42-64.20-5(f)(4) includes the terms “affordable housing” and “workforce housing,” which are already defined terms under § 42-64.20-3. However, the bill’s proposed terms are inconsistent with the definitions contained in § 42-64.20-3. Therefore, the Division suggests redrafting the bill to provide for clarity and consistency with terms within Chapter 42-64.20.
- The proposed amendment to § 42-64.20-5(f)(4) would be inconsistent with § 42-64.20-5(f)(2), which states, “[t]he credit allowed pursuant to this chapter, inclusive of any sales and use tax exemptions allowed pursuant to this chapter, shall not exceed fifteen million

dollars (\$15,000,000) for any qualified development project under this chapter; except as provided in subsection (f)(3) of this section....” To resolve potential conflicts within § 42-64.20-5, subsection (f)(4) would need to be added as an exception to subsection (f)(2).

- The proposed amendments may lead to unintended consequences, including fiscal impacts, and uncertainties if there are no restrictions on the sales and use tax exemptions to the original maximum project amount and no limitations on the amount authorized under this tax credit program as proposed by this bill.

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 issue 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 Jacob E. Bissaillon (via: sen-bissaillon@rilegislature.gov)
Kristen Silvia, Deputy Chief of Staff/Director of Legislation
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