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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO TAXATION -- PERSONAL INCOME TAX

Introduced By: Senator Peter A. Appollonio

Date Introduced: February 26, 2025

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is hereby
2 amended by adding thereto the following section:

3 **44-30-12.1. Bitcoin exemption.**

4 (a) For the purposes of this section the following terms shall have the following meanings:

5 (1) "Bitcoin" means a digital, decentralized currency based on blockchain technology,
6 which is used for peer-to-peer transactions.

7 (2) "Business" means and refers to any entity, corporation, partnership, sole proprietorship,
8 or other organization that is based and operates primarily in the State of Rhode Island.

9 (3) "Individual" means and refers to a natural person who resides in the State of Rhode
10 Island.

11 (4) "Market value" means and refers to the current price of Bitcoin in fiat currency as
12 determined by a reputable, publicly available source or index at the time of the transaction.

13 (5) "Sale of Bitcoin" means and refers to any transaction in which Bitcoin is sold or
14 exchanged for another form of value, such as fiat currency or other digital or physical assets.

15 (b) Any sale of Bitcoin by an individual or business based in Rhode Island shall be exempt
16 from state taxation if the total value of sales is less than one thousand dollars (\$1,000) per diem.
17 The limit of the state tax exempt Bitcoin transaction shall not exceed ten (10) sales per a thirty (30)
18 day cycle.

19 (c) For the purposes of this section, the value of sales shall be determined by the market

1 value of Bitcoin at the time of each transaction.

2 (d) This exemption provided under this section applies solely to state taxation and does not
3 affect any federal tax obligations that may apply.

4 (e) Any gains from the sale of Bitcoin that exceed the daily threshold of one thousand
5 dollars (\$1,000) shall be subject to Rhode Island state income and capital gains tax in accordance
6 with §§ 44-30-1 et seq.

7 (f) Any gains from the sale of Bitcoin that are exempt under this section shall not be
8 included in the individual's or business's income for the purposes of calculating state taxes on
9 capital gains.

10 (g) The department of business regulation shall promulgate rules and regulations as
11 necessary to implement the provisions of this section, including establishing a process for verifying
12 the market value of Bitcoin at the time of sale.

13 (h) The department of revenue shall establish mechanisms to ensure compliance with this
14 section.

15 (i) Individuals and businesses engaging in Bitcoin transactions exempt from state taxation
16 under this section shall maintain appropriate records of each transaction, including the total value
17 of sales per day, date, and other relevant details.

18 (j) Upon request, individuals and businesses shall provide these records to the department
19 of revenue for audit or compliance verification purposes.

20 (k) If any provision of this section or its application to any person or circumstance is held
21 invalid, the invalidity shall not affect other provisions or applications of the section that can be
22 given effect without the invalid provision or application, and to this end, the provisions of this
23 section are severable.

24 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO TAXATION -- PERSONAL INCOME TAX

- 1 This act would exempt the sale of Bitcoin from state income tax, if such sale is valued at
- 2 less than one thousand dollars (\$1,000).
- 3 This act would take effect upon passage.

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