

2026 -- S 2815

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

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A N A C T

RELATING TO TAXATION -- STATE TAX OFFICIALS

Introduced By: Senators Ciccone, Tikoian, and Gallo

Date Introduced: March 04, 2026

Referred To: Senate Finance

(Dept. of Taxation)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-1-6 of the General Laws in Chapter 44-1 entitled "State Tax
2 Officials" is hereby amended to read as follows:

3 **44-1-6. Additional collection powers — Nonresident contractors.**

4 (a) Any person doing business with a nonresident contractor shall withhold payment of an
5 amount of three percent (3%) of the contract price until ~~thirty (30)~~ sixty (60) days after the
6 contractor has completed the contract and has requested the tax administrator, in writing, to audit
7 the records for the particular project, a receipted copy of the request to be furnished to the person
8 holding the funds. The tax administrator shall, within ~~thirty (30)~~ sixty (60) days after receipt of the
9 request, furnish to the nonresident contractor and to the person holding the funds either a certificate
10 of no tax due or a certificate of sales and use tax or income tax withheld, or both, due from the
11 nonresident contractor.

12 (b) Upon receipt of a certificate of no tax due, the person holding the payment may pay the
13 nonresident contractor. ~~Upon receipt of a certificate of taxes due, the person may pay to the~~
14 ~~contractor out of the amount withheld the excess over the amount of taxes stated in the certificate~~
15 ~~together with the interest and penalties assessed.~~ If the tax administrator furnishes neither certificate
16 to both parties within ~~thirty (30)~~ sixty (60) days after receipt of a written request for the making of
17 the audit, the person holding the payment may immediately pay the payment withheld to the
18 nonresident contractor under the terms of the contract free from any claims of the tax administrator
19 against either the person holding the payment or the nonresident contractor for payment of sales or

1 use taxes or income taxes withheld, or both.

2 (c) In the event the tax administrator serves upon the contractor and the person holding the
3 payment a certificate showing the taxes due within a ~~thirty (30)~~ sixty (60) day period, the person
4 holding the payment shall deposit with the tax administrator the amount stated in the certificate
5 which is not in excess of three percent (3%) of the contract price, taking a receipt for the amount,
6 and is free from any claim of the nonresident contractor for that amount or of the tax administrator
7 for sales and use taxes or income taxes withheld, or both, arising out of the materials, equipment,
8 and services used in performance of the contract of the nonresident contractor on that project.

9 (d) As used in this section, "a nonresident contractor" is one who does not maintain a
10 regular place of business in this state. "A regular place of business" means and includes any bona
11 fide office (other than a statutory office), factory, warehouse, or other space in this state at which
12 the taxpayer is doing business in its own name in a regular and systematic manner, and which is
13 continuously maintained, occupied, and used by the taxpayer in carrying on its business through its
14 regular employees regularly in attendance. A temporary office at the site of construction shall not
15 constitute a regular place of business.

16 (e) Any person doing business with a nonresident contractor who fails to comply with the
17 provisions of this section shall be liable for payment of the amount due as determined by the tax
18 administrator and shall be subject to the same collection activities as a taxpayer pursuant to this
19 title.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would extend the timeframe for the division of taxation to review nonresident
2 contractor cases and provide a specific penalty for noncompliance with the statute's withholding
3 requirements.

4 This act would take effect upon passage.

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