

2025 -- S 0614

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO ALCOHOLIC BEVERAGES -- TAXATION OF BEVERAGES

Introduced By: Senators Britto, McKenney, Sosnowski, Gu, Felag, LaMountain,
DiPalma, and Bissaillon

Date Introduced: March 06, 2025

Referred To: Senate Finance

(Dept. of Revenue)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 3-10-5 of the General Laws in Chapter 3-10 entitled "Taxation of
2 Beverages" is hereby amended to read as follows:

3 **3-10-5. Information supplemental to returns — Audit of books.**

4 ~~(a)~~ The tax administrator may at any time request further information from any person or
5 from the officers and employees of any corporation that he or she may deem necessary to verify,
6 explain, or correct any return made in pursuance of the provisions of this chapter, and for the like
7 purpose, the administrator or his or her authorized agent may examine the books of account of that
8 person or corporation during business hours.

9 ~~(b) Each Class A licensee authorized to sell intoxicating beverages at wholesale or retail in
10 this state shall file an annual report on or before February 1 with the division of taxation in the form
11 required by the tax administrator. Such report shall include, but not be limited to, total sales of
12 alcoholic beverages, sales tax, and excise tax collections on such sales for the immediately
13 preceding calendar year. Annually, on or before May 1, the tax administrator shall prepare and
14 submit to the chairs of the house and senate finance committees a report reflecting data from the
15 annual reports submitted by said licensee to the division of taxation. The tax administrator's report
16 shall compile total sales of alcoholic beverages, sales tax, and excise tax collections by county.~~

17 SECTION 2. Section 31-36-20 of the General Laws in Chapter 31-36 entitled "Motor Fuel
18 Tax" is hereby amended to read as follows:

19 **31-36-20. Disposition of proceeds.**

1 (a) Notwithstanding any other provision of law to the contrary, all moneys paid into the
2 general treasury under the provisions of this chapter or chapter 37 of this title, and title 46 shall be
3 applied to and held in a separate fund and be deposited in any depositories that may be selected by
4 the general treasurer to the credit of the fund, which fund shall be known as the Intermodal Surface
5 Transportation Fund; provided, that in fiscal year 2004 for the months of July through April six and
6 eighty-five hundredth cents (\$0.0685) per gallon of the tax imposed and accruing for the liability
7 under the provisions of § 31-36-7, less refunds and credits, shall be transferred to the Rhode Island
8 public transit authority as provided under § 39-18-21. For the months of May and June in fiscal
9 year 2004, the allocation shall be five and five hundredth cents (\$0.0505). Thereafter, until fiscal
10 year 2006, the allocation shall be six and twenty-five hundredth cents (\$0.0625). For fiscal years
11 2006 through FY 2008, the allocation shall be seven and twenty-five hundredth cents (\$0.0725);
12 provided, that expenditures shall include the costs of a market survey of non-transit users and a
13 management study of the agency to include the feasibility of moving the Authority into the
14 Department of Transportation, both to be conducted under the auspices of the state budget officer.
15 The state budget officer shall hire necessary consultants to perform the studies, and shall direct
16 payment by the Authority. Both studies shall be transmitted by the Budget Officer to the 2006
17 session of the General Assembly, with comments from the Authority. For fiscal year 2009, the
18 allocation shall be seven and seventy-five hundredth cents (\$0.0775), of which one-half cent
19 (\$0.005) shall be derived from the one cent (\$0.01) per gallon environmental protection fee
20 pursuant to § 46-12.9-11. For fiscal years 2010 and thereafter, the allocation shall be nine and
21 seventy-five hundredth cents (\$0.0975), of which of one-half cent (\$0.005) shall be derived from
22 the one cent (\$0.01) per gallon environmental protection fee pursuant to § 46-12.9-11. One cent
23 (\$0.01) per gallon shall be transferred to the Elderly/Disabled Transportation Program of the
24 department of human services, and the remaining cents per gallon shall be available for general
25 revenue as determined by the following schedule:

26 (i) For the fiscal year 2000, three and one-fourth cents (\$0.0325) shall be available for
27 general revenue.

28 (ii) For the fiscal year 2001, one and three-fourth cents (\$0.0175) shall be available for
29 general revenue.

30 (iii) For the fiscal year 2002, one-fourth cent (\$0.0025) shall be available for general
31 revenue.

32 (iv) For the fiscal year 2003, two and one-fourth cent (\$0.0225) shall be available for
33 general revenue.

34 (v) For the months of July through April in fiscal year 2004, one and four-tenths cents

1 (\$0.014) shall be available for general revenue. For the months of May through June in fiscal year
2 2004, three and two-tenths cents (\$0.032) shall be available for general revenue, and thereafter,
3 until fiscal year 2006, two cents (\$0.02) shall be available for general revenue. For fiscal year 2006
4 through fiscal year 2009 one cent (\$0.01) shall be available for general revenue.

5 (2) All deposits and transfers of funds made by the tax administrator under this section,
6 including those to the Rhode Island public transit authority, the department of human services, the
7 Rhode Island turnpike and bridge authority, and the general fund, shall be made ~~within twenty-four~~
8 ~~(24) hours of receipt or previous deposit of the funds in question~~ monthly and credited and paid by
9 the general treasurer to the designated fund in accordance with this section.

10 (3) Commencing in fiscal year 2004, the Director of the Rhode Island Department of
11 Transportation is authorized to remit, on a monthly or less frequent basis as shall be determined by
12 the Director of the Rhode Island Department of Transportation, or his or her designee, or at the
13 election of the Director of the Rhode Island Department of Transportation, with the approval of the
14 Director of the Department of Administration, to an indenture trustee, administrator, or other third
15 party fiduciary, in an amount not to exceed two cents (\$0.02) per gallon of the gas tax imposed, in
16 order to satisfy debt service payments on aggregate bonds issued pursuant to a Joint Resolution and
17 Enactment Approving the Financing of Various Department of Transportation Projects adopted
18 during the 2003 session of the General Assembly, and approved by the Governor.

19 (4) Commencing in fiscal year 2015, three and one-half cents (\$0.035) shall be transferred
20 to the Rhode Island Turnpike and Bridge Authority to be used for maintenance, operations, capital
21 expenditures and debt service on any of its projects as defined in chapter 12 of title 24 in lieu of a
22 toll on the Sakonnet River Bridge. The Rhode Island turnpike and bridge authority is authorized to
23 remit to an indenture trustee, administrator, or other third-party fiduciary any or all of the foregoing
24 transfers in order to satisfy and/or secure its revenue bonds and notes and/or debt service payments
25 thereon, including, but not limited to, the bonds and notes issued pursuant to the Joint Resolution
26 set forth in Section 3 of Article 6 of Chapter 23 of the Public Laws of 2010. Notwithstanding any
27 other provision of said Joint Resolution, the Rhode Island turnpike and bridge authority is expressly
28 authorized to issue bonds and notes previously authorized under said Joint Resolution for the
29 purpose of financing all expenses incurred by it for the formerly authorized tolling of the Sakonnet
30 River Bridge and the termination thereof.

31 (b) Notwithstanding any other provision of law to the contrary, all other funds in the fund
32 shall be dedicated to the department of transportation, subject to annual appropriation by the general
33 assembly. The director of transportation shall submit to the general assembly, budget office and
34 office of the governor annually an accounting of all amounts deposited in and credited to the fund

1 together with a budget for proposed expenditures for the succeeding fiscal year in compliance with
2 §§ 35-3-1 and 35-3-4. On order of the director of transportation, the state controller is authorized
3 and directed to draw his or her orders upon the general treasurer for the payments of any sum or
4 portion of the sum that may be required from time to time upon receipt of properly authenticated
5 vouchers.

6 (c) At any time the amount of the fund is insufficient to fund the expenditures of the
7 department of transportation, not to exceed the amount authorized by the general assembly, the
8 general treasurer is authorized, with the approval of the governor and the director of administration,
9 in anticipation of the receipts of monies enumerated in this section to advance sums to the fund, for
10 the purposes specified in this section, any funds of the state not specifically held for any particular
11 purpose. However, all the advances made to the fund shall be returned to the general fund
12 immediately upon the receipt by the fund of proceeds resulting from the receipt of monies to the
13 extent of the advances.

14 SECTION 3. Section 44-1-2 of the General Laws in Chapter 44-1 entitled "State Tax
15 Officials" is hereby amended to read as follows:

16 **44-1-2. Powers and duties of tax administrator.**

17 The tax administrator is required:

18 (1) To assess and collect all taxes previously assessed by the division of state taxation in
19 the department of revenue and regulation, including the franchise tax on domestic corporations,
20 corporate excess tax, tax upon gross earnings of public service corporations, tax upon interest
21 bearing deposits in national banks, the inheritance tax, tax on gasoline and motor fuels, and tax on
22 the manufacture of alcoholic beverages;

23 (2) To assess and collect the taxes upon banks and insurance companies previously
24 administered by the division of banking and insurance in the department of revenue and regulation,
25 including the tax on foreign and domestic insurance companies, tax on foreign building and loan
26 associations, deposit tax on savings banks, and deposit tax on trust companies;

27 (3) To assess and collect the tax on pari-mutuel or auction mutuel betting, previously
28 administered by the division of horse racing in the department of revenue and regulation;

29 (4) [Deleted by P.L. 2006, ch. 246, art. 38, § 10.]

30 (5) To assess and collect the monthly surcharges that are collected by telecommunication
31 services providers pursuant to § 39-21.1-14 and are remitted to the division of taxation;

32 (6) To audit, assess, and collect all unclaimed intangible and tangible property pursuant to
33 chapter 21.1 of title 33;

34 (7) To provide to the department of labor and training any state tax information, state

1 records, or state documents they or the requesting agency certify as necessary to assist the agency
2 in efforts to investigate suspected misclassification of employee status, wage and hour violations,
3 or prevailing wage violations subject to the agency's jurisdiction, even if deemed confidential under
4 applicable law, provided that the confidentiality of such materials shall be maintained, to the extent
5 required of the releasing department by any federal or state law or regulation, by all state
6 departments to which the materials are released and no such information shall be publicly disclosed,
7 except to the extent necessary for the requesting department or agency to adjudicate a violation of
8 applicable law. The certification must include a representation that there is probable cause to
9 believe that a violation has occurred. State departments sharing this information or materials may
10 enter into written agreements via memorandums of understanding to ensure the safeguarding of
11 such released information or materials; and

12 (8) ~~[Expires December 31, 2021.]~~ To preserve the Rhode Island tax base under Rhode
13 Island law prior to the December 22, 2017, Congressional enactment of Public Law 115-97, The
14 Tax Cuts and Jobs Act, the tax administrator, upon prior written notice to the speaker of the house,
15 senate president, and chairpersons of the house and senate finance committees, is specifically
16 authorized to amend tax forms and related instructions in response to any changes the Internal
17 Revenue Service makes to its forms, regulations, and/or processing which will materially impact
18 state revenues, to the extent that impact is measurable. Any Internal Revenue Service changes to
19 forms, regulations, and/or processing which go into effect during the current tax year or within six
20 (6) months of the beginning of the next tax year and which will materially impact state revenue
21 will be deemed grounds for the promulgation of emergency rules and regulations under § 42-35-
22 2.10. ~~The provisions of this subsection (8) shall sunset on December 31, 2021.~~

23 SECTION 4. Sections 44-11-7.1 and 44-11-29 of the General Laws in Chapter 44-11
24 entitled "Business Corporation Tax" are hereby amended to read as follows:

25 **44-11-7.1. Limitations on assessment.**

26 (a) General. Except as provided in this section, the amount of the Rhode Island corporate
27 income tax shall be assessed within three (3) years after the return was filed, whether or not the
28 return was filed on or after the prescribed date. For this purpose, a tax return filed before the due
29 date shall be considered as filed on the due date.

30 (b) Exceptions.

31 (1) The tax may be assessed at any time if:

32 (i) No return is filed.

33 (ii) A false or fraudulent return is filed with intent to avoid tax.

34 (2) Where, before the expiration of the time prescribed in this section for the assessment of

1 tax, or before the time as extended, both the tax administrator and the taxpayer have consented, in
2 writing, to its assessment after that time, the tax may be assessed at any time prior to the expiration
3 of the agreed upon period.

4 (3) If a taxpayer's deficiency is attributable to an excessive net operating loss carryback
5 allowance, it may be assessed at any time that a deficiency for the taxable year of the loss may be
6 assessed.

7 (4) An erroneous refund shall be considered to create an underpayment of tax on the date
8 made. An assessment of a deficiency arising out of an erroneous refund may be made at any time
9 within three (3) years thereafter, or at any time if it appears that any part of the refund was induced
10 by fraud or misrepresentation of a material fact.

11 (c) Notwithstanding the provisions of this section, the tax may be assessed at any time
12 within six (6) years after the return was filed if a taxpayer omits from its Rhode Island income an
13 amount properly includable therein that is in excess of twenty-five percent (25%) of the amount of
14 Rhode Island income stated in the return. For this purpose there shall not be taken into account any
15 amount that is omitted in the return if the amount is disclosed in the return, or in a statement attached
16 to the return, in a manner adequate to apprise the tax administrator of the nature and amount of the
17 item.

18 (d) The running of the period of limitations on assessment or collection of the tax or other
19 amount, or of a transferee's liability, shall, after the mailing of a notice of deficiency, be suspended
20 for any period during which the tax administrator is prohibited from making the assessment or from
21 collecting by levy, and for sixty (60) days thereafter.

22 (e) No period of limitations specified in any other law shall apply to the assessment or
23 collection of Rhode Island corporate income tax. Under no circumstances shall the tax
24 administrator issue any notice of deficiency determination for Rhode Island business corporation
25 tax due and payable more than ten (10) years after the date upon which the return was filed ~~or due~~
26 ~~to be filed~~, nor shall the tax administrator commence any collection action for any business
27 corporation tax due and payable unless the collection action is commenced within ten (10) years
28 after a notice of deficiency determination became a final collectible assessment; provided however,
29 that the tax administrator may renew a statutory lien that was initially filed within the ten-year (10)
30 period for collection actions. Both of the aforementioned ten-year (10) periods are tolled for any
31 period of time the taxpayer is in federal bankruptcy or state receivership proceedings. "Collection
32 action" refers to any activity undertaken by the division of taxation to collect on any state tax
33 liabilities that are final, due, and payable under Rhode Island law. "Collection action" may include,
34 but is not limited to, any civil action involving a liability owed under chapter 11 of title 44.

1 (f) The ten-year (10) limitation shall not apply to the renewal or continuation of the state's
2 attempt to collect a liability that became final, due, and payable within the ten-year (10) limitation
3 periods set forth in this section.

4 **44-11-29. Notice to tax administrator of sale of assets — Tax due.**

5 (a) The sale or transfer of the major part in value of the assets of a domestic corporation,
6 domestic limited liability company, domestic limited partnership, or any other domestic business
7 entity, or of the major part in value of the assets situated in this state of a foreign corporation,
8 foreign limited liability company, foreign limited partnership, or any other foreign business entity,
9 other than in the ordinary course of trade and in the regular and usual prosecution of business by
10 said corporation, limited liability company, limited partnership, or any other business entity
11 whether domestic or foreign, and the sale or transfer of the major part in value of the assets of a
12 domestic corporation, domestic limited liability company, domestic limited partnership, or any
13 other domestic corporation business entity, or of the major part in value of the assets situated in
14 this state of a foreign corporation, foreign limited liability company, foreign limited partnership, or
15 any other foreign business entity that is engaged in the business of buying, selling, leasing, renting,
16 managing, or dealing in real estate, shall be fraudulent and void as against the state unless the
17 corporation, limited liability company, limited partnership, or any other business entity, whether
18 domestic or foreign, at least five (5) business days before the sale or transfer, notifies the tax
19 administrator of the proposed sale or transfer and of the price, terms, and conditions of the sale or
20 transfer and of the character and location of the assets by requesting a letter of good standing from
21 the tax division. [Such notification must be received by the division of taxation at least five \(5\)](#)
22 [business days before the sale or transfer.](#) Whenever a corporation, limited liability company, limited
23 partnership, or any other business entity, whether domestic or foreign, makes such a sale or transfer,
24 any and all tax returns required to be filed under this title must be filed and any and all taxes
25 imposed under this title shall become due and payable at the time when the tax administrator is so
26 notified of the sale or transfer, or, if he or she is not so notified, at the time when he or she should
27 have been notified of the sale or transfer.

28 (b) This section shall not apply to sales by receivers, assignees under a voluntary
29 assignment for the benefit of creditors, trustees in bankruptcy, debtors in possession in bankruptcy,
30 or public officers acting under judicial process.

31 SECTION 5. Section 44-18-0 of the General Laws in Chapter 44-18 entitled "Sales and
32 Use Taxes — Liability and Computation" is hereby amended to read as follows:

33 **44-18-30B. Exemption from sales tax for sales by writers, composers, artists —**

34 **Findings.**

1 (a) The general assembly makes the following findings of facts:

2 (1) The arts and culture are a significant asset for Rhode Island, one that generates revenue
3 through increased tourism and economic activity; creates jobs and economic opportunities;
4 revitalizes communities adding to quality of life and property values; and fosters creativity,
5 innovation, and entrepreneurship.

6 (2) Since 1998, the establishment of arts districts, where “one-of-a-kind, limited-
7 production” works of art may be sold exempt from state sales tax, has resulted in an increased
8 presence for the arts in designated cities and towns, with benefits to those communities and to the
9 state.

10 (3) Since the establishment of arts districts, many communities have sought legislation to
11 expand the program to their city or town.

12 (4) There is value in expanding the arts district program statewide, providing incentives for
13 the sale and purchase of art. This is a unique opportunity for Rhode Island to shape history, and
14 gain an advantage over other states, by becoming the first-and-only state in the country to declare
15 a statewide sales tax exemption on art. This will strengthen Rhode Island’s identity as an arts-
16 friendly destination and “State of the Arts.”

17 (b)(1) This section only applies to sales by writers, composers, and artists residing in and
18 conducting a business within the state of Rhode Island. For the purposes of this section, a “work”
19 means an original and creative work, whether written, composed, or executed for “one-of-a-kind,
20 limited production” that falls into one of the following categories:

21 (i) A book or other writing;

22 (ii) A play or the performance of said play;

23 (iii) A musical composition or the performance of said composition;

24 (iv) A painting, print, photograph, or other like picture;

25 (v) A sculpture;

26 (vi) Traditional and fine crafts;

27 (vii) The creation of a film or the acting within the film; or

28 (viii) The creation of a dance or the performance of the dance.

29 (2) For the purposes of this section, a “work” includes any product generated as a result of
30 any of the above categories.

31 (3) For the purposes of this section, a “work” does not apply to any piece or performance
32 created or executed for industry-oriented, commercial, or related production.

33 (c)(1) This section applies to sales by any individual:

34 (i) Who is a resident of, and has a principal place of business situated in, the state of Rhode

1 Island.

2 (ii) Who is determined by the tax administrator in consultation with the Rhode Island
3 council on the arts, after consideration of any evidence he or she deems necessary or that is
4 submitted to him or her by the individual, to have written, composed, or executed, either solely or
5 jointly, a work or works that would fall into one of the categories listed in subsection (b)(1).

6 (2) This section also applies to sales by any other gallery located in the state of Rhode
7 Island.

8 (3) The tax administrator shall not make a determination unless:

9 (i) The individual(s) concerned duly make(s) an application to the tax administrator for the
10 sales tax exemption that applies to the works defined in this section; and

11 (ii) The individual has complied and continues to comply with any and all requests made
12 by the tax administrator.

13 (d) Any individual to whom this section applies, and who makes an application to the tax
14 administrator, is entitled to a sales tax exemption for the sale of a work or works sold from the
15 individual's business located in the State of Rhode Island that would, apart from this section, be
16 subject to the tax rate imposed by the state of Rhode Island.

17 (e) When an individual makes a request for the exemption, the tax administrator is entitled
18 to all books, documents, or other evidence relating to the publication, production, or creation of the
19 works that may be deemed necessary by the tax administrator for the purposes of the exemption.
20 The time period in which to provide this information is in the sole discretion of the tax administrator
21 and specified in the notice.

22 (f) In addition to the information required in subsection (e), the tax administrator may
23 require the individual(s) to submit an annual, certified accounting of the numbers of works sold;
24 the type of work sold; and the date of the sale. Failure to file this report may, in the sole discretion
25 of the tax administrator, terminate the individual's eligibility for the exemption.

26 (g) Any person storing, using, or otherwise consuming in this state any work or works
27 deemed to be exempt from the sales tax pursuant to this section is not liable for the use tax on the
28 work or works.

29 (h) Notwithstanding the provisions of this section, any individual to whom this section may
30 apply shall comply with all the administration, collection, and other provisions of chapters 18 and
31 19 of this title.

32 (i) The certificate of exemption shall be valid for four (4) years from the date of issue. All
33 certificates issued prior to the effective date of this section shall expire four (4) years from the
34 effective date of this section.

1 ~~(4)(j)~~ The Rhode Island council on the arts will oversee the transition to a statewide arts
2 district program and work with the state tourism agencies; local chambers of commerce; and
3 advertising/marketing agencies to promote this program, and will coordinate its efforts with the
4 city and town governments. The Rhode Island council on the arts may request, and shall receive,
5 from any department, division, board, bureau, commission, or agency of the state any data,
6 assistance, and resources, including additional personnel, that will enable it to properly carry out
7 this program.

8 ~~(5) The tax administrator, in cooperation with the Rhode Island council on the arts, will~~
9 ~~gather data to assess the overall impact of the statewide arts district program, and issue an annual~~
10 ~~report, including, but not be limited to, the impact of the tax exemption on employment, tourism,~~
11 ~~sales, and spending within the arts sector and adjacent businesses, and any other factors that~~
12 ~~describe the impact of the program.~~

13 SECTION 6. Section 44-19-13 of the General Laws in Chapter 44-19 entitled "Sales and
14 Use Taxes — Enforcement and Collection" is hereby amended to read as follows:

15 **44-19-13. Notice of determination.**

16 (a) The tax administrator shall give to the retailer or to the person storing, using, or
17 consuming the tangible personal property a written notice of his or her determination. Except in the
18 case of fraud, intent to evade the provisions of this article, failure to make a return, or claim for
19 additional amount pursuant to §§ 44-19-16 — 44-19-19, every notice of a deficiency determination
20 shall be mailed within three (3) years after the fifteenth (15th) day of the calendar month following
21 the month for which the amount is proposed to be determined or within three (3) years after the
22 return is filed, whichever period expires later, unless a longer period is agreed upon by the tax
23 administrator and the taxpayer.

24 (b) Notwithstanding the provisions of subsection (a) of this section, under no circumstances
25 shall the tax administrator issue a notice of a deficiency determination for any sales or use tax
26 determined to be due and payable more than ten (10) years after the return is filed ~~or was due to be~~
27 ~~filed~~, nor shall the tax administrator commence any collection action for any tax that is due and
28 payable unless the collection action is commenced within ten (10) years after a notice of a
29 deficiency determination becomes a final collectible assessment; provided, however, that the tax
30 administrator may renew a statutory lien that was initially filed within the ten-year (10) period for
31 collection actions. Both of the aforementioned ten-year (10) periods are tolled for any period of
32 time the taxpayer is in federal bankruptcy or state receivership proceedings. "Collection action"
33 refers to any activity undertaken by the division of taxation to collect on any state tax liabilities that
34 are final, due, and payable under Rhode Island law. "Collection action" may include, but is not

1 limited to, any civil action involving a liability owed under chapters 18, 18.1, 18.2, and 19 of title
2 44. This section excludes any sales and use tax liabilities that are deemed trust funds as defined in
3 § 44-19-35, as well as any meals and beverage tax liabilities that are collected pursuant to § 44-18-
4 18.1, and any hotel tax liabilities that are collected pursuant to § 44-18-36.1.

5 (c) The ten-year (10) limitation shall not apply to the renewal or continuation of the state's
6 attempt to collect a liability that became final, due, and payable within the ten-year (10) limitation
7 periods set forth in this section.

8 SECTION 7. Section 44-20-5 of the General Laws in Chapter 44-20 entitled "Cigarette,
9 Other Tobacco Products, and Electronic Nicotine-Delivery System Products" is hereby amended
10 to read as follows:

11 **44-20-5. Expiration, duration, and renewal of manufacturer's, importer's,**
12 **distributor's, and dealer's licenses. [Effective January 1, 2025.]**

13 (a) Effective January 1, 2025, to add manufacturer and distributor: Any manufacturer,
14 importer, or distributor license and any license issued by the tax administrator authorizing a dealer
15 to sell cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products
16 in this state shall expire at midnight on June 30 next succeeding the date of issuance unless (1)
17 suspended or revoked by the tax administrator; (2) the business with respect to which the license
18 was issued changes ownership; (3) the manufacturer, importer, distributor, or dealer ceases to
19 transact the business for which the license was issued; or (4) after a period of time set by the
20 administrator; provided such period of time shall not be longer than three (3) years, in any of which
21 cases the license shall expire and terminate and the holder shall immediately return the license to
22 the tax administrator.

23 (b) Every holder of a dealer's license shall annually, on or before February 1 of each year,
24 renew its license by filing an application for renewal along with a twenty-five dollar (\$25.00)
25 renewal fee. The renewal license is valid for the period July 1 of that calendar year through June
26 30 of the subsequent calendar year.

27 (c) Every holder of a manufacturer's, importer's, or distributor's license shall annually, on
28 or before February 1 of each year, renew its license by filing an application for renewal along with
29 a one thousand dollar (\$1000) renewal fee; provided, that for a distributor who or that does not
30 affix stamps, the renewal fee shall be one hundred dollars (\$100). The renewal license is valid for
31 the period beginning July 1 of that calendar year through June 30 of the subsequent calendar year.

32 SECTION 8. Section 44-23-9 of the General Laws in Chapter 44-23 entitled "Estate and
33 Transfer Taxes — Enforcement and Collection" is hereby amended to read as follows:

34 **44-23-9. Assessment and notice of estate tax — Collection powers — Lien.**

1 (a) The tax imposed by § 44-22-1.1 shall be assessed upon the full and fair cash value of
2 the net estate determined by the tax administrator as provided in this chapter. Notice of the amount
3 of the tax shall be mailed to the executor, administrator, or trustee, but failure to receive the notice
4 does not excuse the nonpayment of or invalidate the tax. The tax administrator shall receive and
5 collect the assessed taxes in the same manner and with the same powers as are prescribed for and
6 given to the collectors of taxes by chapters 7 — 9 of this title. The tax shall be due and payable as
7 provided in § 44-23-16, shall be paid to the tax administrator, and shall be and remain a lien upon
8 the estate until it is paid. All executors, administrators, and trustees are personally liable for the tax
9 until it is paid.

10 (b) Notwithstanding the provisions of subsection (a) of this section, under no circumstances
11 shall the tax administrator issue any notice of deficiency determination for the amount of the estate
12 tax due more than ten (10) years after the return was filed ~~or should have been filed~~, nor shall the
13 tax administrator commence any collection action for any estate tax due and payable unless the
14 collection action is commenced within ten (10) years after the date a notice of deficiency
15 determination became a final collectible assessment. "Collection action" refers to any activity
16 undertaken by the division of taxation to collect on any state tax liabilities that are final, due, and
17 payable under Rhode Island law. "Collection action" may include, but is not limited to, any civil
18 action involving a liability owed under chapters 22 and 23 of title 44.

19 (c) The ten-year (10) limitation shall not apply to the renewal or continuation of the state's
20 attempt to collect a liability that became final, due, and payable within the ten-year (10) limitation
21 periods set forth in this section.

22 SECTION 9. Section 44-30-83 of the General Laws in Chapter 44-30 entitled "Personal
23 Income Tax" is hereby amended to read as follows:

24 **44-30-83. Limitations on assessment.**

25 (a) General. Except as otherwise provided in this section the amount of the Rhode Island
26 personal income tax shall be assessed within three (3) years after the return was filed, whether or
27 not the return was filed on or after the prescribed date. For this purpose a tax return filed before the
28 due date shall be considered as filed on the due date; and a return of withholding tax for any period
29 ending with or within a calendar year filed before April 15 of the succeeding calendar year shall be
30 considered filed on April 15 of the succeeding calendar year.

31 (b) Exceptions.

32 (1) *Assessment at any time.* The tax may be assessed at any time if:

33 (i) No return is filed;

34 (ii) A false or fraudulent return is filed with intent to evade tax; or

1 (iii) The taxpayer fails to file a report, pursuant to § 44-30-59, of a change, correction, or
2 amended return, increasing his or her federal taxable income as reported on his or her federal
3 income tax return or to report a change or correction that is treated in the same manner as if it were
4 a deficiency for federal income tax purposes.

5 (2) *Extension by agreement.* Where, before the expiration of the time prescribed in this
6 section for the assessment of tax, or before the time as extended pursuant to this section, both the
7 tax administrator and the taxpayer have consented in writing to its assessment after that time, the
8 tax may be assessed at any time prior to the expiration of the period agreed upon.

9 (3) *Report of changed or corrected federal income.* If the taxpayer shall, pursuant to § 44-
10 30-59, file an amended return, or report a change or correction increasing his or her federal taxable
11 income or report a change or correction that is treated in the same manner as if it were a deficiency
12 for federal income tax purposes, an assessment may be made at any time prior to two (2) years after
13 the report or amended return was filed. This assessment of Rhode Island personal income tax shall
14 not exceed the amount of the increase attributable to the federal change, correction, or items
15 amended on the taxpayer's amended federal income tax return. The provisions of this paragraph
16 shall not affect the time within which or the amount for which an assessment may otherwise be
17 made.

18 (4) *Deficiency attributable to net operating loss carryback.* If a taxpayer's deficiency is
19 attributable to an excessive net operating loss carryback allowance, it may be assessed at any time
20 that a deficiency for the taxable year of the loss may be assessed.

21 (5) *Recovery of erroneous refund.* An erroneous refund shall be considered to create an
22 underpayment of tax on the date made. An assessment of a deficiency arising out of an erroneous
23 refund may be made at any time within three (3) years thereafter, or at any time if it appears that
24 any part of the refund was induced by fraud or misrepresentation of a material fact.

25 (6) *Armed forces relief.* For purposes of this tax, the date appearing in 26 U.S.C. § 692(a)
26 shall be January 1, 1971.

27 (c) *Omission of income on return.* Notwithstanding the foregoing provisions of this section,
28 the tax may be assessed at any time within six (6) years after the return was filed if an individual
29 omits from his or her Rhode Island income an amount properly includible therein which is in excess
30 of twenty-five percent (25%) of the amount of Rhode Island income stated in the return. For this
31 purpose there shall not be taken into account any amount that is omitted in the return if the amount
32 is disclosed in the return, or in a statement attached to the return, in a manner adequate to apprise
33 the tax administrator of the nature and amount of the item.

34 (d) *Suspension of limitation.* The running of the period of limitations on assessment or

1 collection of tax or other amount (or of a transferee’s liability) shall, after the mailing of a notice
2 of deficiency, be suspended for the period during which the tax administrator is prohibited under §
3 44-30-81(c) from making the assessment or from collecting by levy, and for sixty (60) days
4 thereafter.

5 (e) Limitations exclusive. No period of limitations specified in any other law shall apply to
6 the assessment or collection of Rhode Island personal income tax. Under no circumstances shall
7 the tax administrator issue any notice of a deficiency determination for Rhode Island personal
8 income tax due or payable more than ten (10) years after the date upon which the return was filed
9 ~~or due to be filed~~, nor shall the tax administrator commence any collection action for any personal
10 income tax due and payable unless the collection action is commenced within ten (10) years after
11 a notice of deficiency determination became a final collectible assessment; provided however, that
12 the tax administrator can renew a statutory lien that was initially filed within the ten-year (10)
13 period for collection actions. Both of the aforementioned ten-year (10) periods are tolled for any
14 period of time the taxpayer is in federal bankruptcy or state receivership proceedings. “Collection
15 action” refers to any activity undertaken by the division of taxation to collect on any state tax
16 liabilities that are final, due, and payable under Rhode Island law. “Collection action” may include,
17 but is not limited to, any civil action involving a liability owed under chapter 30 of title 44. This
18 section excludes any liabilities that are deemed trust funds as defined in § 44-30-76, as amended.

19 (f) The ten-year (10) limitation shall not apply to the renewal or continuation of the state’s
20 attempt to collect a liability that became final, due, and payable within the ten-year (10) limitation
21 periods set forth in this section.

22 SECTION 10. Sections 1 and 2 of this act shall take effect January 1, 2026, and sections 3
23 through 9 shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO ALCOHOLIC BEVERAGES -- TAXATION OF BEVERAGES

1 This act would provide technical and other corrections to various general laws relating to
2 taxation.

3 Sections 1 and 2 of this act would take effect January 1, 2026, and sections 3 through 9
4 would take effect upon passage.

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LC001321
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