



Summary of Legislative Changes

July 18, 2025
Revised August 26, 2025¹

This is a plain-language summary of Rhode Island tax changes that were enacted in the 2025 session of the Rhode Island General Assembly. Many of the changes were enacted in the budget bill for the 2026 Fiscal Year. Some additional changes were enacted in stand-alone legislation. Below, the Division has included a list of topics summarized in this document, along with their page numbers. Please note: This document may be updated as needed.

Contents

Local Hotel Tax Increase	2
Whole Home Short-Term Rental Tax	2
Increase in Real Estate Conveyance Tax	3
Tax on Residential Real Properties Assessed Over \$1 Million That Are Not Owner Occupied	4
Expansion of Definition of Other Tobacco Products (“OTP”) & Floor Tax	5
Tax Imposed on Kratom.....	6
Parking Services	6
Motor Fuel Tax Increase	6
Federal Tax Language Impacts.....	8
Hospital Licensing Fee	8
Financial Institution Data Match System.....	9
Historic Preservation Tax Credits	9
Rebuild Rhode Island Tax Credits.....	10
Wavemaker Fellowship Program.....	10
Certain Tax Credits Adjusted.....	11
Certain Tax Credit Sunsets Imposed or Updated	11
Clarification of Letter of Good Standing (LOGS) Dates	12
Update to the Sales Tax Exemption for Artists, Writers, and Composers	12
Removal of Requirement or Certain Reports, Annual Reconciliation	13

¹ A previous version of this document contained an error regarding the expiration date for Sales Tax Exemption certificates for Artists, Writers, and Composers issued on or prior to July 1, 2025. Such certificates expire on July 1, 2029.

Local Hotel Tax Increase

Effective January 1, 2026, Rhode Island’s local hotel tax rate will increase from one percent (1%) to two percent (2%). This tax applies to hotels, as well as short-term lodging rentals, which includes lodging offered for rent for periods of thirty (30) consecutive days or fewer, without a signed, active, rental agreement, such as a lease.

Effective: 1/1/2026

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 5 § 7

Affects: [Rhode Island General Laws § 44-18-36.1](#)

Whole Home Short-Term Rental Tax

In addition to the increase in the local hotel tax rate from 1% to 2% effective January 1, 2026, the enacted State Fiscal Year 2026 budget imposes a new tax on whole home short-term rentals, also effective January 1, 2026. Currently, a dwelling rented in its entirety (or whole homes, including condominiums, etc.) is subject to the 1 % local hotel tax and the 7% sales tax. Beginning January 1, 2026, the whole home short-term rental tax will be five percent (5%) of the total charge for a short-term rental of an entire dwelling. A short-term rental refers to a rental of thirty (30) or fewer consecutive days without a signed, active, rental agreement, such as a lease. Generally, rentals that will be subject to the tax are rentals of the entire dwelling (or “whole home”) including houses, condos, mobile homes, and other resident dwellings, and will include vacation rentals and/or rentals offered through online hosting platforms. These rentals will be subject to the new 5% tax in addition to the local hotel tax, which will be two percent (2%) at the time that the whole home short-term rental tax is effective, and the seven percent (7%) sales tax.

The 5% whole home short-term rental tax will be distributed as follows:

- 50% to the Housing Resources and Homelessness restricted receipt account;
- 25% to the regional tourism district wherein the rental is located; and
- 25% to the city or town wherein the rental is located.

This whole home short-term rental tax is distinct from the 5% state hotel tax on single room (including Hotel rooms) short-term rentals, and no rental is subject to both the state 5% hotel tax and 5% the whole home short-term rental tax. The whole home short-term rental tax differs in distribution from the hotel tax, but overall brings the aggregate taxes and fees on whole home rentals in line with those on single room rentals.

Tax on short-term rentals

Room or whole home	Rental period	Tax obligation before 1/01/2026	Tax obligation on and after 1/01/2026
Room (including Hotel room)	30 days or less	Collect and remit 7% sales tax, 5% statewide hotel tax, and 1% local hotel tax	Collect and remit 7% sales tax, 5% statewide hotel tax, and 2% local hotel tax
Room (including Hotel room)	More than 30 days	Collect no sales tax, no hotel tax (assuming signed agreement, such as lease)	Collect no sales tax, no hotel tax (assuming signed agreement, such as a lease)
Whole home	30 days or less	Collect and remit 7% sales tax and 1% local hotel tax	Collect and remit 7% sales tax, 5% whole home rental tax , and 2% local hotel tax
Whole home	More than 30 days	Collect no sales tax, no hotel tax (assuming signed agreement, such as lease)	Collect no sales tax, no hotel tax (assuming signed agreement, such as a lease)

Effective: 1/1/2026

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 5 §§ 1, 7

Affects: Rhode Island General Laws §§ [42-63.1-2](#), [42-63.1-3](#), [44-18-36.1](#)

Increase in Real Estate Conveyance Tax

As of October 1, 2025, the real estate conveyance tax will increase and distributions of the tax will be modified per the enactment of the State Fiscal Year 2026 budget.

The real estate conveyance tax is a tax on property sold, granted, assigned, transferred, or conveyed to, or vested in, a purchaser or purchasers, when the price for which the property is sold (or otherwise conveyed) is over one hundred dollars (\$100).

The tax is calculated using two tiers. The first tier (Tier 1) is the rate that applies to the entire consideration paid for the purchase of the property. Currently, that rate is \$2.30 per each \$500, or fractional part thereof, that is paid for the purchase of the property or interest in an acquired real estate company. This rate is increasing from \$2.30 to \$3.75.

For **Residential Real Property** with consideration paid over \$800,000, a second tier (Tier 2) of Real Estate Conveyance Tax applies. The Tier 2 rate applies only to the amount over the \$800,000 threshold of the Residential Real Property and is imposed **in addition** to the Tier 1 rate.

Currently, the Tier 2 rate is also \$2.30 per each \$500, or fractional part thereof, paid for the purchase of the property or interest in an acquired real estate company. This rate is also increasing to \$3.75 and applies only to each \$500 (or fractional part thereof) over \$800,000. A property sold for \$800,000 or less would only be subject to the Tier 1 rate. However, for sales with consideration over \$800,000, the tax on the entire consideration is \$3.75 per each \$500 (or fractional part) plus an additional \$3.75 per each \$500 (or fractional part) of the consideration over \$800,000.

These changes do not impact the calculation or administration of the tax other than an increase in the rates for each tier for properties sold on or after October 1, 2025.

Calculation of Tax as of 10/1/2025

- The tax rate is \$3.75 per \$500.00 (or fractional part) of sales price
 - Formula: $(\text{Total Sales Price} \div \$500) \times \$3.75 = \text{Tax Due}$
- An additional tax of \$3.75 per \$500 on sale of **residential real property** for amounts over \$800,000 is due.
 - Residential property formula: $(\text{Total Sales Price} \div \$500) \times \$3.75$ plus $(\text{Amount over } \$800\text{K} \div \$500) \times \$3.75 = \text{Tax Due}$

Rhode Island real estate conveyance tax: On and after October 1, 2025	
Tax rate:	Applies to:
\$3.75 for each \$500.00 of the consideration paid	The entire consideration paid
\$3.75 for each \$500.00 of the consideration paid	The consideration paid for Residential Real Property in excess of \$800,000.00
No tax applies if the consideration is \$100.00 or less. If the consideration exceeds \$100.00, tax applies to the entire amount.	

The distribution of the real estate conveyance tax will also change for sales on and after 10/01/2025. The distribution will be as follows:

Distribution of the real estate conveyance tax on and after 10/01/2025

Fund	On or before September 30, 2025	On and after October 1, 2025
Tier 1:		
Distressed community relief	\$ 0.30	\$ 0.50
Housing Resource and Homelessness	\$ 0.30	\$ 0.50
State Revenue	\$ 0.60	\$ 0.95
City Revenue	\$ 1.10	\$ 1.80
Tier 2:		
Housing Production Fund	\$ 2.30	\$ 2.50
Housing Resource and Homelessness	\$ 0.00	\$ 1.25

Beginning January 1, 2026, and each year thereafter, the \$800,000 threshold will be adjusted for inflation. The Division of Taxation will communicate those adjustments as applicable.

Effective: 10/01/2025

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 5 § 10

Affects: [Rhode Island General Laws § 44-25-1](#)

Tax on Residential Real Properties Assessed Over \$1 Million That Are Not Owner Occupied

House Resolution 5076 Substitute A, as amended, the State Fiscal Year 2026 budget, creates a new tax on real property with an assessed value over one million dollars (\$1M) if the property is non-owner occupied, as defined in the statute.

Exempted from the tax are any property or building that is rented for more than 183 days each year, i.e. not occupied as a primary residence of the owner, and is:

1. Subject to the Residential Landlord Tenant Act; or
2. Subject to sales tax and/or hotel taxes.

The rate of the tax will be \$2.50 per \$500 (or fractional part thereof) of the assessed value in excess of \$1,000,000. The tax will go into effect July 1, 2026.

The assessed value of \$1,000,000 will be indexed for inflation for tax years beginning on and after July 1, 2027, based on the assessed value as of December 31 of the previous year. Statute requires the tax be paid in four (4) equal installment payments paid throughout the tax year.

Calculation of Tax

- The tax rate is \$2.50 per \$500 (or fractional part) of assessed value over \$1,000,000
 - Formula: $([\text{Total Assessed Price} - \$1,000,000] \div \$500) \times \$2.50 = \text{Annual Tax Due}$
 - For Quarterly Tax Due: $\text{Annual Tax Due} \div 4 = \text{Quarterly Tax Due}$

Examples - Tax on Residential Real Properties Assessed Over \$1 Million That Are Not Owner Occupied			
Property assessed at	Assessed amount over \$1,000,000	Annual Tax Amount Due	Quarterly Tax Amount Due
\$ 1,000,000.00	\$ 0.00	\$ -	\$ -
\$ 800,000.00	\$ 0.00	\$ -	\$ -
\$ 5,000,000.00	\$ 4,000,000.00	\$ 20,000.00	\$ 5,000.00
\$ 1,001,000.00	\$ 1,000.00	\$ 5.00	\$ 1.25
\$ 3,000,000.00	\$ 2,000,000.00	\$ 10,000.00	\$ 2,500.00
\$ 105,240,000.00	\$ 104,240,000.00	\$ 521,200.00	\$ 130,300.00

Effective: 7/01/2026

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 5 § 18

Affects: [Rhode Island General Laws Chapter 44-72](#)

Expansion of Definition of Other Tobacco Products (“OTP”) & Floor Tax

The passage of House Resolution 5076 Substitute A, as amended, the State Fiscal Year 2026 budget, expands the definition of other tobacco products (OTP) to include products that contain nicotine, whether natural or artificial. Additionally, the amendments to the definition of OTP under R.I. Gen. Laws § 44-20-1 include an exemption for electronic nicotine-delivery system (ENDS) products, which are also subject to a separate tax, and tobacco or nicotine cessation products within parameters set forth in the statute.

This change to the statute will go into effect as of October 1, 2025. The update to the definition of OTP will generally expand the range of products considered OTP, and thus expand the products subject to the OTP tax. An example of such a product is nicotine pouches, which do not meet the definition of OTP in effect prior to 10/1/2025, but which will be considered OTP on and after October 1, 2025. The rate of OTP tax, eighty percent (80%) of the wholesale cost of the OTP, will not change.

When the change goes into effect, it will apply to the OTP inventory of each Cigarette, Tobacco, and ENDS (CTE) Licensed retailer, and each CTE Licensed Distributor in Rhode Island. This is known as a “floor tax.” The floor tax on existing inventory will be measured based on the inventory held as of 12:01 am on October 1, 2025, that was previously not taxed as OTP but falls under the new definition of OTP.

Each licensee will be required to complete and file a floor tax return with the Tax Administrator for these OTP products containing nicotine on or before October 16, 2025. Payment of the tax due calculated on this return is also required on or before October 16, 2025.

Additionally, existing statute mandates that all OTP, with the exception of cigars, be purchased from a licensed CTE distributor. All products meeting the new definition of OTP will also be required to adhere to this mandate as well, effective October 1, 2025.

Please note, items used exclusively for smoking or nicotine cessation are specifically excluded from the OTP tax. Such cessation products must be approved by the United States Food and Drug Administration for the sale of or use as a tobacco or nicotine cessation products, or for other medical purposes. They must also be marketed and sold (or prescribed) exclusively for that purpose.

Effective: 10/1/2025

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 5, §§ 8, 9

Affects: Rhode Island General Laws §§ [44-20-1](#), [44-20-13.2](#)

Tax Imposed on Kratom

The passage of House Bill 5565, Substitute A, allows the substance known as “Kratom” to be sold in Rhode Island and imposes a tax on its sale.

The ability to sell Kratom and the tax imposed on all Kratom and Kratom products sold, or held for sale, in the state will go into effect on April 1, 2026. The tax rate will be fifteen percent (15%) of the wholesale cost. This tax will be paid by the licensed distributors.

The licenses for Kratom sales and distribution will be issued through the Rhode Island Department of Health (DOH).

This tax applies to all Kratom and Kratom products, whether or not they are sold at wholesale. There will not be a “floor tax” (a tax on existing inventory) on Kratom at the time of implementation. This is due to the fact that Kratom products are not yet legal in Rhode Island, so would not be currently held by retailers or distributors.

Statute mandates that all Kratom and Kratom products sold at wholesale in Rhode Island must be sold by a Rhode Island licensed distributor, manufacturer, or importer, and products sold at retail must be sold by a Rhode Island licensed retailer. Such products furnished for sale by an unlicensed distributor, manufacturer, or importer, or unlicensed retailer, are prohibited.

Effective: 4/01/2026; bill passed 7/02/2025

Citation: [Senate Bill 0792/House Bill 5565-A](#)

Affects: [Rhode Island General Laws Chapter 44-20.3](#)

Parking Services

This Fiscal Year 2026 budget adds "parking services" to the taxable services under R.I. Gen. Laws § 44-18-7.3. Effective October 1, 2025, the Rhode Island sales tax rate of seven percent (7%) will be applied to short-term parking. Short-term parking services are defined as any parking space in or on a parking facility for a patron, where duration of use by the vehicle is less than one month.

Effective: 10/01/2025

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 5 § 6

Affects: [Rhode Island General Laws § 44-18-7.3](#)

Motor Fuel Tax Increase

As of July 1, 2025, the Rhode Island motor fuel tax rate, which is based upon a base rate that was established at thirty-two cents (\$.32) per gallon and adjusted for inflation every second year, increased to forty cents (\$.40) per gallon. The recently passed legislation makes changes to both the base tax rate and the formula for future adjustments.

Effective July 1, 2025, the base of the tax will increase to forty cents (\$.40) per gallon. The \$.40 base rate will be the rate through June 30, 2027. Starting with the increase scheduled for July 2027 and after, the tax will again be indexed for inflation. However, the calculation used for that adjustment and subsequent adjustments will change.

Since 2014, statute has required that the tax be adjusted every two years based on inflation for the prior year. Starting with the 2027 adjustment, the calculation will be based on the inflation as of September for the **two years** preceding the increase. The adjustment will be rounded to the nearest one-cent increment, per statutory mandate.

The statute also updates the disposition of the proceeds of the motor fuel tax increase. Of the three-cent (\$.03) increase, one cent (\$.01) is allocated to the Rhode Island Department of Transportation (DOT), and two cents (\$.02) are allocated to the Rhode Island Public Transit Authority (RIPTA).

Rhode Island Motor Fuel Tax – inflation adjustment		
Effective Date	Change	Tax per gallon
July 1, 2025	New base tax rate	40 cents
July 1, 2023	3-cent increase	37 cents
July 1, 2021	no change	34 cents
July 1, 2019	1-cent increase	34 cents
July 1, 2017	no change	33 cents
July 1, 2015	1-cent increase	33 cents
By law, inflation formula is applied once every two years.		

The new tax rate applies only to the forty-cent Rhode Island excise tax; it does not impact the Rhode Island environmental protection regulatory fee, or to the federal excise tax (see following tables).

Overall Motor Fuel Tax in Rhode Island (in cents) July 1, 2023 – June 30,	
State excise tax	37.00
State environmental fee	1.00
Federal excise tax	18.40
Total federal and Rhode Island gas tax	56.40
Source: American Petroleum Institute, as of October 2024.	

Overall Motor Fuel Tax in Rhode Island (in cents) Effective July 1, 2025	
State excise tax	40.00
State environmental fee	1.00
Federal excise tax	18.40
Total federal and Rhode Island gas tax	59.40
Source: American Petroleum Institute, as of October 2024.	

The Motor Fuel Tax applies to diesel and other taxable motor fuels that meet the definition of “fuels” under Rhode Island General Laws § 31-36-1(4).

Effective: 7/01/2025

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 11 § 8

Affects: Rhode Island General Laws §§ [31-36-7](#), [31-36-20](#)

Federal Tax Language Impacts

The passage of House Resolution 5076 Substitute A, as amended, the State Fiscal Year 2026 budget, includes several provisions that allow Rhode Island to study and adapt to preserve the Rhode Island tax base should Federal tax changes impact state tax statutes.

This legislation creates a group to study the impacts of the Federal tax changes on Rhode Island. The group includes a number of stakeholders and advisors, including the Tax Administrator, and the group is required to furnish a report with findings, recommendations, and options related to Federal funding impacts due by Oct 31, 2025.

The statute also provides for additions to income in the event of a federal tax change and grants the Tax Administrator authority to issue emergency regulations to preserve the RI tax base for years beginning on or before January 1, 2025.²

Effective: July 1, 2025

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 5 §§ 3, 4, 5

Affects: Rhode Island General Laws §§ [42-142-2](#), [44-11-11](#), [44-30-12](#)

Hospital Licensing Fee

The passage of House Resolution 5076 Substitute A, as amended, the State Fiscal Year 2026 budget, sets the hospital licensing fee for State Fiscal Year 2026 as follows:

STATE FISCAL YEARS 2026: The hospital licensing fee for the State's Fiscal Year 2026 has three (3) tiers with differing fees based on inpatient and outpatient net patient-services revenue. The Executive Office of Health and Human Services, in consultation with the Tax Administrator, will identify the hospitals in each tier, subject to the definitions in statute, and will notify each hospital of its tier.

Tier 1: Tier 1 is composed of hospitals that do not meet the description of either Tier 2 or Tier 3.

- The inpatient hospital licensing fee for Tier 1 is equal to 13.12% of the inpatient net patient-services revenue derived from inpatient net patient-services revenue of every Tier 1 hospital.
- The outpatient hospital licensing fee for Tier 1 is equal to 13.30% of the net patient-services revenue derived from outpatient net patient-services revenue of every Tier 1 hospital.

Tier 2: Tier 2 is composed of High Medicaid/Uninsured Cost Hospitals and Independent Hospitals.

- The inpatient hospital licensing fee for Tier 2 is equal to 2.63% of the inpatient net patient-services revenue derived from inpatient net patient-services revenue of every Tier 2 hospital.
- The outpatient hospital licensing fee for Tier 2 is equal to 2.66% of the outpatient net patient-services revenue derived from outpatient net patient-services revenue of every Tier 2 hospital.

² The passage of Senate Bill 0614 further preserves the state tax base by removing the sunset on the ability for the Tax Administrator to enact tax changes with respect to changes from the Tax Cuts and Jobs Act (TCJA).

Tier 3: Tier 3 is composed of hospitals that are Medicare-designated Low Volume hospitals and rehabilitative hospitals.

- The inpatient hospital licensing fee for Tier 3 is equal to 1.31% of the inpatient net patient-services revenue derived from inpatient net patient-services revenue of every Tier 3 hospital.
- The outpatient hospital licensing fee for Tier 3 is equal to 1.33% of the outpatient net patient-services revenue derived from outpatient net patient-services revenue of every Tier 3 hospital.

There is also a hospital licensing fee for Fiscal Year 2026 related to state-government owned and operated hospitals in Rhode Island. The hospital licensing fee for these entities is equal to 5.25% of the net patient-services revenue of every hospital for the hospital's fiscal year ending on or after January 1, 2023.

The licensing fee is due on June 25 of each fiscal year, and tax returns for the hospital licensing fee are due on or before August 1 of each fiscal year.

Effective: 7/01/2025

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 8 § 1

Affects: [Rhode Island General Laws § 23-17-38.1](#)

Financial Institution Data Match System

The State Fiscal Year 2026 budget provides statutory authority to the Division of Taxation to develop a Financial Institution Data Match (FIDM) system for state tax collection purposes. The purpose of such a system is to assist with identifying assets of taxpayers that owe state tax liabilities.

The implementation of a FIDM program expands a process already in use by the Division which is currently done manually. The passage of this statute allows for a level of automation that brings the Division in line with more than twenty states, and other state agencies.

Effective: 7/1/2025

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 5 § 16

Affects: Rhode Island General Laws § [44-53-18](#)

Historic Preservation Tax Credits

The "Historic Preservation Tax Credits 2013" program is intended to create economic incentives that stimulate the redevelopment and reuse of Rhode Island's historic structures, and to generate economic and employment activities.

In general, those qualifying under the program may receive a tax credit which can be applied against the Rhode Island corporate income tax (Rhode Island General Laws Chapter 44-11), public service corporation tax (Chapter 44-13), bank excise tax (Chapter 44-14), the insurance company gross premiums tax (Chapter 44-17), or personal income tax (Chapter 44-30). Historic Preservation tax credits can only be awarded after the Department of Labor and Training certifies compliance with the prevailing wage requirements, if applicable.

The passage of the Fiscal Year 2026 budget provides for agreements entered on or after July 1, 2025, the threshold for complying with the prevailing wage requirement increased from \$10M to \$25M. For these agreements, the prevailing wage requirement threshold is based on “direct hard construction costs” as defined in R.I. Gen. Laws § 44-33.6-2.

Effective: 7/01/2025

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 6 § 15

Affects: [Rhode Island General Laws Chapter 44-33.6](#)

Rebuild Rhode Island Tax Credits

The “Rebuild Rhode Island Tax Credit” program provides tax credits to qualified commercial, residential, and mixed-use projects. Those qualifying under the program may receive a tax credit for use against the Rhode Island corporate income tax (Rhode Island General Laws Chapter 44-11), public service corporation tax (Chapter 44-13), bank excise tax (Chapter 44-14), or the insurance company gross premiums tax (Chapter 44-17), or may be used as a credit against personal income taxes for owners of pass-through entities such as a partnership, a limited-liability company taxed as a partnership, or multiple owners of property. “Rebuild Rhode Island” tax credits can only be awarded after the Department of Labor and Training certifies compliance with the prevailing wage requirements, if applicable.

The State Fiscal Year 2026 budget amends provisions to allow qualified development projects to receive, in addition to the maximum project tax credit of fifteen million dollars (\$15,000,000), “sales and use tax exemptions of up to thirty percent (30%) of the maximum project credit[.]” To be qualified for the amended sales and use tax exemptions, the project must provide for at least 20% of the housing units to be affordable (aka workforce) housing for residents making no more than between eighty percent (80%) to one hundred twenty percent (120%) of the area median income (AMI).

The budget also increases the threshold for complying with the prevailing wage requirement from \$10M to \$25M, including for agreements entered on or after July 1, 2025. For these agreements, the prevailing wage requirement threshold is based on “direct hard construction costs” as defined in R.I. Gen. Laws § 44-33.6-2.

The program’s sunset has also been extended from December 31, 2025 to December 31, 2026.

Effective: 7/01/2025

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 6 § 5

Affects: [Rhode Island General Laws Chapter 42-64.20](#)

Wavemaker Fellowship Program

The Wavemaker Fellowship, technically known as the “Stay Invested in RI Wavemaker Fellowship” under Rhode Island General Laws Chapter 42-64.26, is available to graduates who have incurred student loan debt during the completion of an associate’s degree, bachelor’s degree, or graduate degree and are pursuing careers in science, technology, engineering, mathematics, elementary and secondary education, healthcare, or design-related fields.

Anyone with higher education loan debt who is employed in Rhode Island, either full-time or with an offer of full-time employment, in one of these fields may apply. Recipients of a

Wavemaker award may elect to take the award in the form of a tax credit or a direct payment as a method to defray the cost of student loan repayments. However, credits cannot exceed 100% of the education loan repayment expenses paid by the taxpayer during each service period completed for up to four consecutive service periods.

The passage of House Resolution 5076 Substitute A, as amended, the State Fiscal Year 2026 budget, makes changes to healthcare applicant eligibility to include sole proprietors, partners in a healthcare service partnership, and Single Member Limited Liability Companies (SMLLCs), who have completed an application on or after July 1, 2022. It also extends the program's sunset from December 31, 2025 to December 31, 2026, but no incentives or credits shall be authorized after December 31, 2026.

Effective: 07/01/2025

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 6 § 11, 12

Affects: [Rhode Island General Laws Chapter 42-64.26](#)

Certain Tax Credits Adjusted

The passage of House Resolution 5076 Substitute A, as amended, the State Fiscal Year 2026 budget, makes adjustments to the following credits:

Credit	Adjustment	Effective	Affects
Motion Picture Tax Credit, Tax Year 2022	Cap increase from \$30 million to \$35 million	7/1/2025	44-31.2-5
Motion Picture Tax Credit, Tax Year 2023	Cap decrease from \$40 million to \$35 million	7/1/2025	44-31.2-5
Research and Development Expense Credit	Carryforward increase: carryforward of the credit is increased from 7 years to 15 years. Starting with Tax Year 2026.	1/01/2026	44-32-3

Effective: 7/1/2025; 1/1/2026

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 5 §§ 12, 13

Affects: Rhode Island General Laws §§ [44-31.2-5](#), [44-32-3](#)

Certain Tax Credit Sunsets Imposed or Updated

The passage of House Resolution 5076 Substitute A, as amended, the State Fiscal Year 2026 budget, updates the sunset dates of the following credits:

Credit	Change	Affects
Jobs Growth Act Tax Credit	Eliminates any tax credits for tax years beginning on or after 1/1/26.	42-64.11-7
Tax Increment Financing	The Rhode Island Commerce Corporation shall enter into no tax increment financing agreement after December 31, 2026.	42-64.21
Specialized Investment Tax Credit	Eliminates any tax credits for tax years beginning on or after 1/1/26.	44-31-2
Elective Deduction for Research and Development Facilities	Eliminates any deductions for tax years beginning on or after 1/1/26 with carry forward for deductions allowed for tax years ending on or before 12/31/25.	44-32-1
Research and Development Property Tax Credit	Eliminates any tax credits for tax years beginning on or after 1/1/26 with carry forward for credits allowed for tax years ending on or before 12/31/25.	44-32-2
Employment Tax Credit	Eliminates any tax credits for tax years beginning on or after 1/1/26.	44-39.1-5
Tax Incentives for Capital Investment in Small Businesses	Eliminates any tax credits, deductions, or modifications for tax years beginning on or after 1/1/26.	44-43-2 44-43-3

Effective: 1/01/2026

Citation: [House Resolution 5076 Substitute A, as amended](#), Article 5 §§ 2, 11, 13, 14, 15; Article 6 § 6

Affects: [Rhode Island General Laws Chapter 42-64.21](#) and §§ [42-64.11-7](#), [44-31-2](#), [44-32-1](#), [44-32-2](#), [44-39.1-5](#), [44-43-2](#), [44-43-3](#)

Clarification of Letter of Good Standing (LOGS) Dates

The passage of Senate Bill 0614 clarifies that a request for a Letter of Good Standing (LOGS) must be received by the Division of Taxation at least five (5) business days before the sale or transfer of assets.

A LOGS verifies that an entity (usually a business entity) is in good standing with the Rhode Island Division of Taxation. “Good Standing” means that the entity is up-to-date with all filings and payments required for state tax compliance. This includes filing state tax returns, paying state taxes and fees, and obtaining state licenses and permits issued by the Rhode Island Division of Taxation. A LOGS also verifies that a taxpayer is compliant with other related requirements for operating the business.

LOGS are required in a number of circumstances, including prior to a sale or transfer of a major asset, or the business as a whole; without a LOGS, such sale/transfer is fraudulent and void as to the state.

Effective: 7/01/2025

Citation: [Senate Bill 0614](#)

Affects: [Rhode Island General Laws § 44-11-29](#)

Update to the Sales Tax Exemption for Artists, Writers, and Composers

The passage of Senate Bill 0614 updates the Sales Tax Exemption for Artists, Writers, and Composers. Such exemptions will now expire after four (4) years. For exemption certificates issued on or prior to July 1, 2025, the exemption certificate will expire on July 1, 2029. For

exemption certificates issued after July 1, 2025, the certificates will expire 4 years from the date of issuance.

The exemption certificate will be renewable if the artist, writer, or composer still meets the criteria for the exemption.

Effective: 7/01/2025

Citation: [Senate Bill 0614](#)

Affects: [Rhode Island General Laws § 44-18-30B](#)

Removal of Requirement or Certain Reports, Annual Reconciliation

The passage of Senate Bill 0614 removes the requirement to publish the following reports:

Report	Notes	Affects
Sales Tax Exemption for Artists, Writers, and Composers	Removal of requirement to publish an annual report regarding the Sales Tax Exemption for Artist, Writers, and Composers.	44-18-30B
Sales Tax Exemption for Alcoholic Beverages	Removal of requirement to publish an annual report regarding the Sales Tax Exemption for Alcoholic Beverages.	3-10-5

The statute also allows for the removal of the requirement for the filing of the Form RI T-204A, annual reconciliation form for alcoholic beverages.

Effective: 1/01/2026 (Alcoholic Beverages), 7/01/2025 (Writers, Artists, and Composers)

Citation: [Senate Bill 0614](#)

Affects: Rhode Island General Laws §§ [3-10-5](#), [44-18-30B](#)



This document is an informal summary of recently enacted Rhode Island legislation and is for general information purposes only. It is not a substitute for the Rhode Island General Laws, or for Rhode Island Division of Taxation regulations, rulings, or notices. Citations listed in this document are from the original legislative text and are subject to revision. Some of the citations included in this publication refer to existing statutes that have been amended.

Neena S. Savage
Rhode Island Tax Administrator



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue