

STATE OF RHODE ISLAND

DIVISION OF TAXATION

ADMINISTRATIVE HEARING

FINAL DECISION AND ORDER

#2026-03

On May 23, 2022, the Taxpayer purchased a truck ("Truck"). Division's Exhibit Three (3) (Truck invoice dated May 23, 2022). The Taxpayer went to the Division of Motor Vehicles ("DMV") to obtain a certificate of title for the Truck in 2023. When the Taxpayer went to the DMV for the certificate of title, he paid sales tax and late fees and interest on the Truck. Division's Exhibit Five (5) (Taxpayer's payment receipt dated July 24, 2023). The Taxpayer testified the late fees and interest were because he was late obtaining a title for the Truck. At the DMV, the Taxpayer testified he was told he could request a refund of tax paid. Division's Exhibit One (1) (Taxpayer's claim for refund dated August 16, 2023). The Division denied the Taxpayer's request for refund. Division's Exhibit Ten (10).

The Auditor testified on behalf of the Division. He testified he reviewed the Taxpayer's refund request. He testified the Taxpayer's request was denied because his Truck was not exclusively operated for interstate commerce as required by R.I. Gen. Laws § 44-18-40(a). He testified the Taxpayer provided about 300 to 400 pages of driving logs to the Division, and there were about 20 deliveries that showed intrastate commerce, and the Division included four (4) examples of the Taxpayer's driving logs in its exhibits. He testified that for example, the log in Division's Exhibit Six (6) showed a pick-up in Worcester, Massachusetts and a delivery to Braintree, Massachusetts. He testified the other examples also showed pick-ups and deliveries within Massachusetts. Division's Exhibits Seven (7); Eight (8); and Nine (9).

On cross-examination, the Auditor testified there were logs that showed pick-ups in New Jersey with deliveries to Massachusetts. He testified that it is not a question of percentage of deliveries but of exclusivity. He testified the logs showed intrastate deliveries in 2023. He testified the Taxpayer obtained the certificate of title in 2023. He testified the interest dates from 2022 when the Taxpayer purchased the Truck. He testified that hypothetically if the Taxpayer had

obtained the certificate of title in 2022 and did not pay tax at that time, but the Division ascertained in 2023 that the Truck was not used exclusively for interstate commerce and issued a sales tax assessment, the interest would be from the date of assessment.

The Taxpayer testified on his behalf. He testified the Rhode Island Department of Transportation offers four (4) kinds of commercial driving licenses, and he has the interstate non-exempt license but there is nothing in those four (4) options that are exclusive for interstate. He testified his driving logs are from 2023 so there is no proof the Truck was not performing any intrastate deliveries in 2022 when he purchased the Truck. He testified he paid a late fee and interest, and he would have been happy just to have that money back.

On cross-examination, the Taxpayer testified the goods he picked up in Massachusetts had been in New Jersey, but he cannot say if he picked up the goods in the Division's exhibits from New Jersey and brought them to Massachusetts.

V. DISCUSSION

A. **Legislative Intent**

The Rhode Island Supreme Court has consistently held that it effectuates legislative intent by examining a statute in its entirety and giving words their plain and ordinary meaning. *In re Falstaff Brewing Corp.*, 637 A.2d 1047 (R.I. 1994). If a statute is clear and unambiguous, “the Court must interpret the statute literally and must give the words of the statute their plain and ordinary meanings.” *Oliveira v. Lombardi*, 794 A.2d 453, 457 (R.I. 2002) (citation omitted). The Supreme Court has also established that it will not interpret legislative enactments in a manner that renders them nugatory or that would produce an unreasonable result. See *Defenders of Animals v. DEM*, 553 A.2d 541 (R.I. 1989) (internal citation omitted). In cases where a statute may contain

ambiguous language, the Supreme Court has consistently held that the legislative intent must be considered. *Providence Journal Co. v. Rodgers*, 711 A.2d 1131 (R.I. 1998).

B. Relevant Statutes

R.I. Gen. Laws § 44-18-40 provides as follows:

Exemption for buses, trucks and trailers in interstate commerce.
(a) Notwithstanding any provision of the general laws to the contrary, the purchase, rental or lease of a truck, or trailer by a trucking company is not subject to the provisions of the sales and use taxes imposed by this chapter on the condition that the truck and/or trailer is utilized exclusively in interstate commerce.

(b) Notwithstanding any provision of the law or regulation to the contrary, the operation of a bus by a bus company in interstate commerce shall not be subject to the provisions of the sales and use tax imposed by this chapter, on the condition that the bus is used eighty percent (80%) or more of the time in interstate commerce and provided that the bus company shall provide a properly executed affidavit attesting to the fact that the bus is used no less than eighty percent (80%) of the time in interstate commerce.

The relevant regulatory provision from 280-RICR-20-70-49, *Trucks, Trailers and Buses – Interstate Carriers*, provides as follows:

49. 6 Trucks and Trailers – Interstate Carriers

A. The purchase or rental/lease of a truck or trailer by a trucking company that transports goods for hire is not subject to sales and use tax provided such vehicle is to be used exclusively in interstate commerce.

B. In order to qualify for the exemption, the purchaser is required to furnish a completed "Affidavit of Truck, Trailer or Bus Operated in Interstate Commerce" to the Registry of Motor Vehicles at the time of registration. In the case of a lease, the lessee must furnish the Affidavit form to the lessor at the time of signing the lease. A person who purchases a truck for the purpose of driving and leasing it to a trucking company to be used "exclusively in interstate commerce" qualifies for the exemption. The individual must complete the Affidavit form and furnish a signed lease from the carrier company indicating who the vehicle is being leased from, their motor carrier number and/or U.S. DOT number, and the year, make and vehicle identification number.

C. A truck or trailer used partly or wholly in intrastate operations does not qualify for the exemption.

D. If a vehicle qualifies for the exemption initially and at some later time is used for purposes other than "exclusively in interstate commerce," the purchaser will immediately be required to pay a sales/use tax to the Division of Taxation. In the case of a lease, the lessee will be required to notify the lessor that the exemption no longer applies so that lease billings from that point forward change from an exempt to a taxable status.

C. Arguments

The Division argued the Taxpayer was unable to show the Truck was utilized exclusively in interstate commerce as required to qualify for the tax exemption.

The Taxpayer argued the commercial driver's license does not allow for exclusivity on those licenses.

D. Whether the Taxpayer is entitled to the Sales Tax Refund

It was discussed hypothetically at hearing that if the Taxpayer had obtained the certificate of title for the Truck in 2022, he most likely would not have paid sales tax at that time, so that if an assessment was later issued¹ once it was shown the Truck was no longer exclusively utilized in interstate commerce, the tax would be based on the sales price but the interest would be based from the assessment. However, as the Taxpayer waited to 2023 to obtain the certificate of title, he ended up pay a late fee and interest dated from his 2022 purchase.² Unfortunately for the Taxpayer, the statute requires exclusivity for interstate commerce as opposed to a bus company that only requires 80% of interstate commerce.

The Taxpayer raised the issue of his commercial driving license. He has an interstate commercial driver's license. However, the status of his driver's license is not determinative of whether he qualifies for the sales tax exemption. The issue of the tax exemption turns on the usage of the Truck and where pick-ups and deliveries are made.

The Division submitted four (4) examples from the Taxpayer's driver's logs showing pick-ups and deliveries within Massachusetts. While they may only represent a small part of the Taxpayer's driving, those deliveries are not interstate as they were only within Massachusetts. As

¹ As provided by the regulation. *Supra*.

² While the Taxpayer expressed that he would have been happy just for a refund of the interest and the late fee, the undersigned does not have authority to waive such payments. Such a waiver is subject to a compromise pursuant to R.I. Gen. Law § 44-1-10.

such, the Taxpayer was not utilizing his Truck exclusively in interstate commerce so was not exempt from sales tax on the Truck and is not eligible for the refund of sales tax paid.

VI. FINDINGS OF FACT

1. A Notice was issued to the Taxpayer on February 5, 2026.
2. A hearing was held on March 16, 2026 with the record closing, and the parties resting on the record.
3. The facts contained in Section IV and V are reincorporated by reference herein.

VII. CONCLUSIONS OF LAW

Based on the testimony and facts presented:


1. The Division has jurisdiction over this matter pursuant to R.I. Gen. Laws § 44-1-1 *et seq.*, R.I. Gen. Laws § 44-18-1 *et seq.*, R.I. Gen. Laws § 42-35-1 *et seq.* and 280-RICR-20-00-2 *Administrative Hearing Procedures*.
2. Pursuant to R.I. Gen. Laws § 44-18-40, the Truck was not used exclusively in interstate commerce in 2023.

VIII. RECOMMENDATION

Based on the above analysis, the Hearing Officer recommends as follows:

Pursuant to R.I. Gen. Laws § 44-18-40, the Truck was not used exclusively in interstate commerce in 2023 so that sales tax was owed on the Truck, and the Division properly denied the Taxpayer's request for the refund of the sales tax.

Date: April 6, 2026



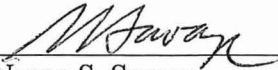
Catherine R. Warren
Hearing Officer

ORDER

I have read the Hearing Officer's Decision and Recommendation in this matter, and I hereby take the following action with regard to the Decision and Recommendation:

ADOPT
 REJECT
 MODIFY

Dated: 4/8/26



Neena S. Savage
Tax Administrator

NOTICE OF APPELLATE RIGHTS

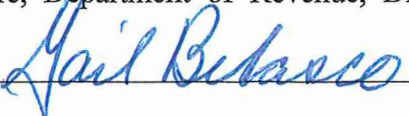
THIS DECISION CONSTITUTES A FINAL ORDER OF THE DIVISION. THIS ORDER MAY BE APPEALED TO THE SIXTH DIVISION DISTRICT COURT PURSUANT TO THE FOLLOWING WHICH STATES AS FOLLOWS:

R.I. Gen. Laws § 44-19-18 Appeals

Appeals from administrative orders or decisions made pursuant to any provisions of this chapter are to the sixth (6th) division district court pursuant to chapter 8 of title 8. The taxpayer's right to appeal under this chapter is expressly made conditional upon prepayment of all taxes, interest, and penalties, unless the taxpayer moves for and is granted an exemption from the prepayment requirement pursuant to § 8-8-26.

CERTIFICATION

I hereby certify that on the 9th day of April, 2026 a copy of the above Decision and Notice of Appellate Rights was sent by first class mail, postage prepaid and certified mail, return receipt requested and by electronic delivery to the Taxpayer's address on record with the Division and by electronic delivery to Matthew Williamson, Esquire, Department of Revenue, Division of Taxation, One Capitol Hill, Providence, R.I. 02908.



Gail Betasco