Rhode Island Department of Revenue

Division of Taxation

280-RICR-20-55-16

Brief Statement of Reason for Finding Imminent Peril

The Governor's Fiscal Year 2026 Appropriation Bill (H5076Aaa) included language in Article 5, Section 5 to preserve the Rhode Island tax base for Tax Year 2025 and prior tax years from impacts related to the One Big Beautiful Bill Act (Public Laws No: 119-21, H.R.1, 119th Cong. (2025)) ("H.R.1") enacted on July 4, 2025, or any other federal enactments. R.I. Gen. Laws § 44-30-12(b)(9) reads in its entirety:

> For the taxable year beginning on or before January 1, 2025, the amount of any income, deduction or allowance that would be subject to federal income tax but for the Congressional enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment. ***The enactment of the One Big Beautiful Bill Act or any other similar Congressional enactment and any Internal Revenue Service changes to forms, regulations, and/or processing which go into effect during the current tax year or within six (6) months of the beginning of the next tax year shall be deemed grounds for the promulgation of emergency rules and regulations under § 42-35-2.10*** to effectuate the purpose of preserving the Rhode Island tax base under Rhode Island law with respect to the One Big Beautiful Bill Act or any other similar Congressional enactment. (Emphasis added.)

Pursuant to the above statutory law, Rhode Island has decoupled from H.R.1 for Tax Year 2025 and prior tax years. H.R.1 includes tax provisions that impact tax filing for certain filers for Tax Year 2025 as well as retroactive tax provisions that could impact Tax Years 2022, 2023, and 2024.

In light of the statutory mandate above, imminent implementation, transparency, and immediate guidance for taxpayers is necessary to aid effective compliance. Therefore, the Division of Taxation concludes that the enactment of H.R.1 has been deemed grounds for the promulgation of emergency rules and regulations under R.I. Gen. Laws § 42-35-2.10 to effectuate the purpose of preserving the Rhode Island tax base under Rhode Island law. The promulgation of the emergency rule is in the best interests of the public and the interests of the economy as it will aid voluntary compliance and provide transparency regarding the impact of H.R.1.