



***Rhode Island Manufacturers Association***  
*The Economic Engine for Rhode Island*

May 6, 2025

The Honorable Marvin L. Abney, Chairman  
House Finance Committee  
State House  
Providence, RI

Ref: H-5473, An Act Relating to Taxation-Personal Income Tax

Dear Chairman Abney,

As the Executive Director of the Rhode Island Manufacturers Association, I wish to express our position against bill H-5473. As noted in other letters and testimony, I believe that this is not legislation that will be any benefit to our economy.

This legislation wants to secure additional funding by taxing those individuals who have personal income over \$625,000. RIPEC has noted in their letter and testimony that the top one percent of income tax returns account for 35% of the tax liability. By two different measures, Rhode Island has the 11<sup>th</sup> or 13<sup>th</sup> most progressive income tax in the country.

What troubles me is that when we face revenue shortfalls, we immediately look to raise revenue by any means so that we can either balance a budget or spend the money on other concerns. I strongly support the concerns of those on Medicaid, Medicare and the critical situation of our health care system. The difference between state government and the private sector is how we resolve issues. The state looks for more money to spend but does not look at cuts or efficiency to offset our shortfalls. During the 2008 recession, as the owner of my company, I had to curtail purchasing new machinery. I had my managers review all purchases thru me. Private sector raises revenue by increasing sales. We adjust our ability to be profitable by lowering overhead cost and increasing revenue.

We need to change Rhode Island's approach and make our state more business friendly. This legislation does NOT do this. This legislation has a major impact on Sub-S corporations. RIPEC's report also emphasized that this proposal is not only an income tax but a business tax as well. This is because most Rhode Island businesses are pass-through entities, meaning they report business income or losses through their individual return. In 2022, fifty-six percent of tax filers with income exceeding \$500,000 reported business income or losses. In Rhode Island, 2/3<sup>rd</sup> of our manufacturers are organized as pass-through entities.

I urge the committee to not support this legislation and approach any taxation thru a different view similar to how private sector would address this type of situation. Rhode Island must make every effort to promote policies that stimulate economic growth...this bill does not.

Sincerely,

David M. Chenevert  
Executive Director

## **RI MANUFACTURING FACTS**

- US Total Manufacturing Output exceeds \$5 billion dollars
- Average Annual Compensation for Manufacturing is over \$75,000
- RI Mfg drive Rhode Island economy with over \$1.75 billion in manufactured goods.
- RI Manufacturers account for 9% of the total output in the state.
- RI Manufacturers account for 8.4% of the workforce. Employing in excess of 40,000 people.
- Taken alone, manufacturing in the US would be the ninth largest economy in the world.
- For every dollar spent in manufacturing, another \$1.89 is added to the economy. That is the highest multiplier of any economic sector. New research suggest that the actual impact is \$3.60 for every dollar.
- 2/3<sup>rd</sup> of manufacturers are organized as pass-through entities
- Looking specifically at wages, the average manufacturing worker is more than \$26.50 per/hour
- Over the next decade, nearly 3..5 million manufacturing jobs will likely be needed and 2 million are expected to go unfilled due to the skill gap.
- Manufacturers in the US perform more than ¾ of all private-sector research and development (R&D) in the nation, driving more innovation than any other sector.

### **RHODE ISLAND MANUFACTURERS ASSOCIATION (RIMA)**

- RIMA represents 1600 companies in the manufacturing sector.
- These companies employ over 40,000 people
- Manufacturers in Rhode Island supply high wages, great benefits and career pathways.