

May 6, 2025

The Honorable Marvin Abney
HouseFinance@rilegislature.gov
Chairman, House Finance Committee
Rhode Island State House – Room 35
Providence, Rhode Island 02903

OPPOSE H 5473

Dear Chairman Abney and Members of the House Finance Committee,

I am writing today to express my strong opposition to H 5473, which seeks to increase personal income tax rates by 3% for taxable income over \$430,000 in 2011 dollars. Indexed for inflation the tax rate would apply when taxable income exceeds \$625,000 in 2025 dollars.

This proposed legislation will impact small business owners who choose to operate as pass-through entities who report the business income on their personal tax returns even though they leave the profits in the business for future use. Some of the future uses include adding employees, increasing wages, buying equipment, making other investments that can lead to growth or to weathering economic downturns.

The business community encourages you to continue to focus on making Rhode Island's tax climate competitive with other states. Businesses are mobile and owners are always evaluating what is the best location for their business. The State's tax structure is certainly high on the list of considerations. If Rhode Island becomes less tax-friendly, businesses may choose to locate or relocate to states with more favorable tax policies, taking jobs and revenue with them.

In order to promote economic growth and prosperity in Rhode Island, it is crucial that we maintain a business-friendly environment. I urge you to oppose H 5473 and work towards policies that businesses and encourage investment in our state.

Sincerely,

