



**Testimony in OPPOSITION to Exempting Additional Social Security Income from
State Taxation: H-5474**

House Committee on Finance

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The **Economic Progress Institute** opposes **H-5474**, which would phase out the Rhode Island state taxation of most Social Security income by increasing the percentage of such income which would be exempted.

We oppose this well-intentioned proposal for three reasons:

- Rhode Island **cannot afford the revenue loss from this bill**. According to a fiscal note on last year's version of the bill, while the revenue loss in the first year would be \$4.4 million, the **annual cost after full implementation would be \$41.9 million**.¹
- As currently written, while low-income and modest-income Rhode Islanders with federal AGI under a certain amount (\$101,000 for single filers and \$126,250 for joint filers in Tax Year 2023) can exempt the full amount of their Social Security income from state taxation, this legislation would end that rule and allow only the percentage exemptions, starting at 20%, that would apply to everyone else. **This would harm the low-income and modest-income Rhode Islanders.**
- We believe tax liability should be based on amount of income and not on membership categories. **This bill would provide exemptions and tax savings even for millionaires who simply do not need this tax break.** At a time of budget gaps and possible cuts to critical services, we should not be providing tax breaks to high-income households.

For these reasons, we urge the committee not to send this legislation to the House floor.

¹ <https://www.rilegislature.gov/housefiscalreport/2020/2024-H%207588.PDF>.