



Representative Marvin Abney, Chair
House Finance Committee

May 15, 2025

Support for H6290 – Wealth Tax Act

Chair Abney and Members of the Committee,

Rhode Island Working Families Power writes in strong support of H6290, which would create a wealth tax on the financial assets of tax filers in Rhode Island with more than \$25 million in worldwide wealth. Working Families Power supports policies that promote economic justice and reducing burden for working families across the state, which this budget article would help accomplish.

If enacted, the bill would apply a 1% tax to a Rhode Island filer's worldwide financial assets above \$25 million. The tax would only apply to financial intangible assets such as stocks, bonds, options, and annuities. It would not include the value of houses or other real estate property. It also would not include nonfinancial intangible assets like patents or brand recognition.

Research from the Institute on Taxation and Economic Policy suggests that a 1% annual wealth tax in Rhode Island would generate about \$300 million annually. At a time when we are expecting significant cuts from the federal government to critical services like Medicaid, this revenue is desperately needed in the state.

Only a very small number of tax filers would be impacted by a wealth tax. Under this legislation, the first \$25 million of a tax filer's worldwide wealth is exempted from the wealth tax. The tax also applies only to financial assets like stocks and bonds and not homes or other forms of real estate, which are the main source of wealth for most residents. The bill would still be able to generate \$300 million annually because the filers who have more than \$25 million in wealth have holdings significantly above that threshold.

Research from the State Revenue Alliance shows that there are only 243 individuals in Rhode Island with more than \$50 million in wealth. But those 243 people have more than \$47 billion in wealth, and that wealth has grown by 143% since 2010.

Rhode Island's current tax system is upside-down: in terms of income, the top 1% of earners are paying a lower rate in taxes to our state than our poorest and even our middle-income residents. We can expect a challenging next few years in terms of federal funding and face the prospect of significant cuts to healthcare and education if we don't find a way to raise revenue to prevent those cuts. Please pass this legislation and let's invest in our neighbors for the long haul.

Respectfully submitted,

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Progressive Governance Director

Rhode Island Working Families Power