

May 21, 2025

Honorable Marvin L. Abney
Chairman, House Finance Committee
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: H6290 - AN ACT RELATING TO TAXATION – WEALTH TAX

Dear Chairman Abney and Honorable Members of the House Finance Committee:

I am writing as the PRESIDENT & CHIEF EXECUTIVE OFFICER of Bullard Abrasives, Inc., a Rhode Island Manufacturing business based in Lincoln, RI.

I respectfully urge you to oppose H6290, which would impose a new 1% tax on individuals' and businesses' worldwide wealth. The proposed wealth tax will harm Rhode Island's economic competitiveness and weaken our business climate in the following ways:

- **It will trigger capital flight from Rhode Island:** A 1% wealth tax will drive business founders, employers, entrepreneurs, innovators, and philanthropists—and their capital—out of Rhode Island. This will have a devastating effect on the state's economy. It will destroy economic opportunities for hardworking Rhode Islanders, reduce wages, and threaten our State's ability to fund critical social safety net programs for our most vulnerable residents. It also will reduce philanthropic giving to Rhode Island non-profits at a time of growing economic uncertainty.
- **It will discourage investment and entrepreneurship in Rhode Island:** A wealth tax will reduce the capital available for new investment and expansion in Rhode Island. Wealth taxes disincentivize entrepreneurship, leading to less innovation and less long-term growth. Local business owners facing hefty annual levies on their worldwide wealth may be forced to sell equity or forgo hiring and expansion, curbing the very startups and projects that drive economic growth and create pathways to economic security for Rhode Islanders.
- **It will harm businesses struggling to survive:** Many Rhode Island businesses will fall under the new worldwide wealth tax. At a time when business owners are facing unprecedented economic challenges (e.g., inflation, double digit utility cost increases,

supply chain disruptions, tariffs, etc.), they may be forced to dilute their ownership interests just to satisfy their annual tax bills, slowing their growth or triggering premature sales when the wealth tax bill comes due.

- **It will impose significant administrative burdens on the State:** Implementing a worldwide wealth tax will require complex annual appraisals of homes, investments, and business assets throughout the world, imposing heavy administrative burdens on the Rhode Island Division of Taxation. Studies have shown that wealth taxes typically raise little revenue and create high administrative costs. In fact, efficiency concerns and high administrative costs have led many European countries to repeal their wealth taxes. At a time of challenging fiscal budgets and structural deficits, Rhode Island simply cannot afford to fund the bureaucracy required to administer a new wealth tax.

Given these damaging effects, I respectfully urge the House Finance Committee to reject H6290. Rhode Island's future depends on a business-friendly tax environment that encourages investment and fosters growth and expansion, not one that punishes success and adds burdensome administrative costs. Thank you for considering my concerns and for your service to our state.

Sincerely,

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