



May 21, 2025

The Honorable Marvin L. Abney, Chairman
House Finance Committee
State House
Providence, RI 02902

Re: H.6290, An Act Relating to Taxation – Wealth Tax

Dear Chairman Abney,

The undersigned members of the Rhode Island Business Coalition oppose House Bill 6290 which proposes an additional one percent tax on Rhode Island residents with more than \$25 million in assets as defined in the bill.

Recent testimony from Moody's during the Revenue and Caseload Estimating Conference highlighted the potential uncertainty in the U.S. and Rhode Island economies. Moody's noted the following:

"The outlook for the U.S. economy in the coming year has been downgraded in response to the intensifying trade war. The April forecast now expects that the global trade war will result in a meaningfully weaker economy. Business and consumer confidence have fallen sharply, financial conditions are tightening, and recession risks are high."

Rhode Island already ranks near the top of states in the progressive nature of its income tax code. According to a recent analysis by the Rhode Island Public Expenditure Council (RIPEC), the top one percent of income tax returns account for 35% of the tax liability. By two different measures, Rhode Island has the 11th or 13th most progressive income tax in the country.

H6290 would make Rhode Island an outlier with states across the country as no state has enacted such a "wealth tax". In fact, according to the Tax Foundation, *"many developed countries have repealed their net wealth taxes in recent years and among Organisation for Economic Co-operation and Development (OECD) countries, only four currently impose one: Colombia, Norway, Spain, and Switzerland."*

The Rhode Island Business Coalition represents 50 industries and 6,280 businesses that employ 231,200 people throughout Rhode Island.

As this Committee knows well, Rhode Island has often lagged the rest of the country in creating jobs and population growth. As a state, we should be enacting laws to incent people to move here to create jobs and invest. This legislation sends the exact opposite message. Now more than ever, individuals and business owners can live and work anywhere. Enacting a tax that punishes success would seem to be a pretty good reason for someone to pick up and move, even simply moving over the border to avoid the punitive tax proposed in this legislation.

We are seeing this in our healthcare system with health care providers moving their practices across the border to receive higher reimbursement rates for the same services they provide in Rhode Island. The same results will happen should this legislation pass, only the individuals impacted will move their residency, likely taking their philanthropic contributions as well as the significant income tax revenue they were providing to the state.

This proposal will discourage investment and entrepreneurship. Neighboring states with more favorable tax climates may become more attractive to potential residents and businesses, leading to a potential outflow of capital and talent from Rhode Island.

Rhode Island benefits more by growing businesses and strong job growth, both of which are disincentivized under H.6290. For that reason, we ask the committee not to pass this legislation. As we head into uncertain economic times, Rhode Island must make every effort to promote policies that stimulate economic growth.

Sincerely,

American Council of Engineering Companies – Rhode Island

Associated Builders and Contractors – Rhode Island Chapter

East Greenwich Chamber of Commerce

Greater Newport Chamber of Commerce

Rhode Island Bankers Association

Rhode Island Business Group on Health

Rhode Island Hospitality Association

Rhode Island Manufacturers Association

Rhode Island Marine Trade Association

Rhode Island Staffing Association

Small Business Economic Summit Regulations Committee

Small Business Economic Summit Tax and Budget Committee

cc. House Finance Committee members