



Representative Marvin Abney, Chair  
House Finance Committee

March 3, 2026

**Testimony on the Governor's Proposed Budget: Progressive taxation & Childcare Tax Credit**

Chairman Abney and Members of the Committee,

Rhode Island Working Families Power writes in strong support of the Childcare Tax Credit proposal and advocates that the progressive taxation proposal include a 3% on the top 1% of income (marginal annual income above \$640k) instead of applying only to marginal annual income above \$1 million. Working Families Power advocates for policies that promote economic justice and allow all people to meet their basic needs and live with dignity, and we hope to ensure this budget will live up to the moment we are in.

We appreciate that Gov. McKee included this widely supported idea in his budget proposal. However, given the state's many pressing demands—and the sizable federal tax cuts that primarily benefited Rhode Island's wealthiest residents—we believe the General Assembly should move forward with Representative Alzate's bill, H-7313, which would apply a 3% surtax to the top 1% of annual income.

A tax on the highest-earning 1% is estimated to generate about \$203 million each year. That's roughly \$68 million more annually than a traditional millionaire's tax, which would bring in around \$135 million. When the tax system is structured so that everyone contributes proportionally, the entire community benefits.

Additional revenue is necessary because Rhode Island is projected to face a \$100 million shortfall in the FY27 budget. On top of that, changes tied to the federal legislation H.R.1 are expected to limit Medicaid eligibility. As a result, by FY28 the state could lose nearly \$400

million in combined state and federal Medicaid funding, and more than 53,000 residents may lose access to health coverage. Another 14,000 people could also be at risk of losing SNAP benefits.

We support the Governor's proposal and recommend expanding the state Child Tax Credit so that families receive \$650 per child. Many families are far from being able to cover basic living costs on their own. Among households with two children, 78% of single parents and 34% of married or partnered parents fall short of the income needed to meet essential expenses without outside support. In Rhode Island, roughly 13% of children were living below the poverty line during the 2013–2019 period, with even higher rates affecting children from communities of color.

Creating a state-level Child Tax Credit would meaningfully reduce poverty among children, particularly for those in lower-income households and for families of color. Projections indicate that a credit of \$325 per child would lower child poverty by 2.12%, while raising the benefit to \$650 per child could reduce child poverty in the state by 6.38%.

Thank you,

Jivan Sobrinho-Wheeler

Progressive Governance Director  
Rhode Island Working Families Power