



May 7, 2026

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

Re: H.7313, An Act Relating to Taxation - Personal Income Tax

Dear Chairman Abney,

The undersigned members of the Rhode Island Business Coalition oppose House Bill 7313 which proposes a 50% tax increase on Rhode Islanders with personal income over \$640,000. This proposal will hurt our competitiveness and impede our efforts to grow our economy and add jobs as we head into unstable economic times.

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. The RIPEC analysis also showed that Rhode Island already has the 13th highest top income tax rate in the country and would basically tie Massachusetts for the 8th highest if this proposal passes.

RIPEC's report also emphasized that this proposal is not only an income tax but a business tax as well. This is because most Rhode Island businesses are pass-through entities, meaning they report business income or losses through their individual return. In 2022, fifty-six percent of tax filers with income exceeding \$500,000 reported business income or losses.

In addition, Rhode Island's population growth has been fairly stagnant over the past several years. Between 2021 and 2024, our state ranked 13th worst in terms of domestic migration. A recent Moody's presentation at the Revenue and Caseload Estimating Conference showed that population growth across the country, including Rhode Island has slowed sharply.

Increasing taxes on business owners will only hinder the ability of employers to grow jobs and expand in Rhode Island. Furthermore, the pandemic has changed how businesses operate. Many are more mobile than they were just a couple years ago. As a state, we need to enact policies that attract businesses, not drive them away.

While many proponents of this legislation point to Massachusetts enacting an income tax surcharge to argue Rhode Island should do the same. We believe it is important to call your attention to the fact that Massachusetts is an outlier relative to the rest of the country regarding changes in state income taxes. In

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

fact, since 2021, 21 states have reduced their income tax rates. 26 states have top rates below 5% and 8 states don't levy an income tax.

Regarding Massachusetts, a recent review of Internal Revenue Service (IRS) data shows wealthier residents make up a larger share of the population leaving Massachusetts than prior to their income tax surcharge being implemented. The top earners were responsible for 70% of the \$4.2 billion in net outflows in 2023, a jump from the previous year and more than double the level from 2019.

Lastly, the RIPEC report also highlighted the growth in income tax collections over the past six years, from \$1.4 billion to \$1.9 billion in the last fiscal year. This is an increase of 6.2%, contributing to strong general revenue growth, which have both far outpaced inflation of 3.7% over the same period.

Rhode Island benefits more by growing businesses and strong job growth, both of which are disincentivized under H.7313. For that reason, we ask the committee to not pass this legislation. As we head into uncertain economic times, Rhode Island must make every effort to promote policies that stimulate economic growth.

Sincerely,

David Chenevert, Chairman, Rhode Island Business Coalition

Associated Builders and Contractors – Rhode Island Chapter

East Greenwich Chamber of Commerce

Greater Newport Chamber of Commerce

National Federation of Independent Business

Propane Gas Association of New England

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Rhode Island Association of Realtors

Rhode Island Bankers Association

Rhode Island Business Group on Health

Rhode Island Hospitality Association

Rhode Island Lumber and Building Materials Dealers Association

Rhode Island Marine Trade Association

Rhode Island Society of CPAs

Rhode Island Staffing Association

Rhode Island Small Business Economic Summit Regulations Committee

Rhode Island Small Business Economic Summit Tax and Budget Committee

cc. House Finance Committee members