Chair Marvin L. Abney May 7, 2026

House Finance Committee

Rhode Island State House

RE: Testimony in support House Bill 7313—Personal Income Tax

Dear Chair Abney and Members of the Committee:

My name is Jessica Kiebler and I am a Smithfield, RI resident. I submit this testimony as someone with a PhD in social science and extensive experience collecting, analyzing, interpreting, and disseminating findings on both small- and large-scale quantitative and qualitative datasets. My goal is to clarify a key issue in this debate: the claim that data on taxation and outmigration is "conflicting." The data are not conflicting but the full picture is often omitted to serve an argument rather than to best serve the people who would most benefit from this policy change and unsurprisingly, these are the people that are too often unable to be in the room to discuss such initiatives.

Much of the current discussion points to rising outmigration and losses in adjusted gross income (AGI), particularly in states like Massachusetts.[i] These figures are often presented as evidence that higher taxes drive high-income residents away.[i] However, a closer look at the data shows that these trends long predate recent tax changes and are consistently described as "continuing," rather than newly emerging.[i,ii] There is no clear statistical evidence demonstrating that recent tax policy changes caused a meaningful shift in migration patterns. Assertions that individuals moved "in anticipation" of such policies are made without supporting evidence and the data trends showing greater migration also pre-date the introduction of such policy proposals.[i]

Equally important is what these analyses omit. They focus heavily on who leaves, while ignoring who replaces them and how incomes change within the state. Net outmigration figures do not account for in-state income mobility or broader economic growth.[iii] In fact, available data indicate that tax revenues have remained strong and are slated to increase in Massachusetts.[iv,v] **Without accounting for replacement effects and income growth, conclusions about economic decline are incomplete at best.** There has always been, and will always be outmigration to other states especially to Florida among retirees as greater numbers reach retirement age among
"baby boomers".[ii,vi]

Demographic patterns further complicate the narrative. The largest outmigration groups which are young adults and those nearing retirement, have long exhibited higher mobility.[i,vi] Retirees relocating to lower-cost or warmer states is a well-established trend that predates any recent tax changes.[ii,vi] Treating these structural patterns as evidence of tax-induced migration misattributes causality. **Housing affordability, labor markets, job opportunities, and regional economic conditions are typically stronger predictors of interstate mobility than tax policy alone.[vi] Even in high-profile cases, variation in migration patterns is better explained by these structural factors than by marginal tax differences.[vi]**

A substantial body of empirical research reinforces this point. Large-scale studies examining tens of millions of tax records over more than a decade find that high-income individuals are, in fact, less mobile than the general population.[vi] Millionaires are no more likely to reside in low-tax states than in high-tax ones, and only a very small share, approximately 0.3 percent, relocate to lower-tax states in response to tax differences.[vi] A significant portion of moves occur to states with equal or even higher tax rates.[vi] These findings indicate that while taxes may play a role at the margins, they are far from the primary driver of migration decisions.

There are clear reasons for this. Research shows that high-income individuals tend to have strong ties to their communities, workplaces, and professional networks.[vi] **Their earnings are often location-dependent, tied to businesses, industries, and relationships that cannot be easily relocated and given that income earned in RI regardless of residence is subject to RI state income tax, physically moving would not result in avoiding RI tax.[vi]** Research consistently shows that factors such as employment opportunities, family considerations, and quality of life outweigh tax differentials in relocation decisions.[vi] In fact, that appears to be yet another privilege among those with more economic resources, they do not need to move as available resources shift in a given area as frequently as those with the poorest incomes do. In practice, moving for tax purposes would often require not just changing residence, but also shifting employment and social capital which is an outcome that is far less common than public narratives suggest.

Further, High-income earners in Rhode Island are not a uniform group, and understanding their composition is essential. Top earners in RI are heavily concentrated in healthcare leadership, higher education, business ownership and pass-through entities, and finance and professional services.[iv,vii] **A substantial share of highincome activity in Rhode Island is therefore tied to local institutions and businesses rather than highly mobile financial capital.** This distinction matters because research consistently shows that income tied to local labor markets and institutions is significantly less responsive to marginal tax differences than purely portable capital income.[vi] This discussion must also be situated within the broader structure of the U.S. economy. Over the past several decades, income growth has been highly concentrated at the top.[vi,viii,ix] Since the early 1990s, roughly half of all income growth has accrued to the top 1 percent.[vi,x,xi] At the same time, effective tax rates on top earners have declined significantly, while overall tax burdens on the general population have remained relatively stable.[vi] Lowerincome households consistently pay a higher share of their income in state and local taxes than higher-income households, largely due to the regressive nature of sales and excise taxes.[vi,xii] Despite RIPEC's presentation of data showing that RI personal income tax is "top heavy," where higher income earners contribute a greater proportion of their income to taxes, research still demonstrates that he top 1% in our state contribute a smaller share of their income to taxes than the lower 99% of earners.[xii] These dynamics are essential context for evaluating proposals that modestly increase taxes on the highest earners.

The evidence does not support the claim that modest increases in top tax rates will trigger widespread outmigration or economic decline. Instead, it shows that **high-income individuals are relatively immobile, that their earnings are often deeply tied to place, and that broader economic conditions rather than marginal tax differences drive migration decisions.** At the same time, Rhode Island's tax structure and the national economic landscape reveal a system in which **income gains have been increasingly concentrated at the top, while lower- and middle-income households continue to shoulder a disproportionate share of the overall tax burden.** In this context, **the proposed tax represents a targeted, evidence-based policy that asks those who have benefited most from economic growth to contribute slightly more to the systems and infrastructure that sustain that growth.** Rather than posing a risk to the state's economy, this policy is a reasonable and necessary step toward greater fiscal stability, equity, and long-term investment in Rhode Island's future.

Thank you for your time and attention to this pressing issue. Please support H7313.

Sincerely,

Jessica Kiebler (PhD)

Smithfield, Rhode Island Resident

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