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May 7, 2026

The Honorable Marvin Abney
House Finance Committee
State House
Providence, RI 02903

Dear Chairman Abney and Committee Members:

The Northern RI Chamber of Commerce (NRICC) represents businesses in the communities of Burrillville, Central Falls, Cumberland, Foster, Glocester, Johnston, Lincoln, North Providence, North Smithfield, Pawtucket, Scituate, Smithfield and Woonsocket. The Chamber strongly opposes H.7313, An Act Relating to Taxation – Personal Income Tax.

H.7313 creates a three percent tax surcharge for persons with taxable income over \$625,000, taking our State's highest income tax rate of 5.99 percent to 8.99 percent – a fifty percent increase. This increase would place Rhode Island's topmost income tax rate at 8th highest in the country.

The Chamber opposes the passage of this bill, because many of the "individuals" affected by this tax increase proposal are small businesses. They are referred to as "pass-through" entities that include the income and expenses associated with their businesses on their personal income tax statements. Article 5 sections 2 and 6 will hurt the very businesses that are trying to survive at a time when energy prices are high, interest rates are still high and the cost of goods remains elevated.

Many businesses are more easily able to re-locate in today's climate. The Tax Foundation released a 2024 update to its previous article discussing the movement of individuals from high tax states to low tax states. While it is difficult to prove causation, here is what the Tax Foundation said: *Of the 26 states whose overall state and local tax burdens per capita were below the national average in 2022 (the most recent year of data available), 18 experienced net inbound interstate migration in FY 2024. Meanwhile, of the 25 states and DC with tax burdens per capita at or above the national average, 17 of those jurisdictions experienced net outbound domestic migration.*



Though only one component of overall tax burdens, the individual income tax is particularly illustrative here. In the top third of states for highest domestic migration-related population growth, the average combined top marginal state income tax rate is about 3.5 percent. In the bottom third, it's 3.2 percentage points higher, at about 6.7 percent.¹

At last year's Revenue Estimating Conference, the state's own economists stated that Rhode Island is a high-cost state for businesses. They said the situation is "not much better" for consumers. Our state is experiencing a decrease in population to states like Florida, Texas, Connecticut, South Carolina, North Carolina, New Hampshire and Maine. Moody's Analytics expects the decrease in population to continue through 2029.

The Chamber is very concerned that the passage of budget proposal will stifle economic development of businesses and encourage those who can, to move to a lower cost state. Keep in mind that Rhode Island also continues to struggle with high energy costs and higher property tax levies.

Another often overlooked consequence of tax policy is its effect on local philanthropy. High-earning households account for a disproportionate share of charitable giving nationwide. The Tax Policy Center estimates that the top 10 percent of households who itemize deductions account for about 65 percent of total charitable giving, while individuals overall provide roughly two-thirds of all philanthropic contributions nationwide. In Rhode Island, these donors help sustain food pantries, youth programs, arts organizations, and workforce initiatives that operate on narrow margins. When business income and personal income are closely connected, so too is local giving. When tax structures introduce uncertainty or materially alter after-tax income, discretionary giving is often one of the first areas reassessed, not out of unwillingness, but caution. For a state where nonprofits already fill critical gaps, even modest shifts in private giving can have outsized consequences.

For these reasons, The Northern RI Chamber opposes the passage of H.7313.

Respectfully,

Monika P. Zuluaga
President & CEO

¹ Americans Moved to Low Tax States in 2024. January 7, 2026. By Katherine Loughead, Tax Foundation. <https://taxfoundation.org/data/all/state/americans-moving-to-states/>