



May 7, 2026

Honorable Marvin L. Abney
Chairman, House Committee on Finance
Rhode Island State House
Providence, RI 02903

RE: H7313 – OPPOSE

Dear Chairman Abney:

On behalf of the Rhode Island Business Leaders Alliance (the “Alliance”), I write in opposition to H7313 – An Act Relating to Taxation -- Personal Income Tax. This legislation would create an additional Rhode Island personal income tax of three percent (3.00%) on taxable income over approximately \$640,000 in 2026 dollars, with the threshold adjusted annually for inflation and the tax effective January 1, 2027.

The Alliance is concerned that this bill moves Rhode Island in the wrong direction at a time when the State should be focused on competitiveness, investment, and economic growth. While the bill is framed as affecting only the top one percent of filers, it would increase the top marginal personal income tax burden in Rhode Island and send an unfavorable signal to entrepreneurs, investors, highly compensated professionals, and pass-through business owners who are deciding whether to live, invest, expand, or locate here. The bill’s explanation makes clear that it adds a new 3% tax on taxable income above the stated threshold while leaving the existing bracket structure otherwise in place.

That matters because many Rhode Island businesses are organized as pass-through entities, with business income reported through the personal income tax system. As a result, a tax increase aimed at upper-income individuals can directly affect the owners of growing businesses who are making decisions about hiring, capital investment, expansion, and whether future projects make sense in Rhode Island. Even where the bill would not stop a project outright, it risks making the state less attractive at the margins, and those margins matter in a competitive regional economy. This is an inference from the bill’s structure as a personal income tax increase on upper-income taxpayers.

The Alliance is also concerned about the broader message this proposal sends. Rhode Island already competes aggressively with neighboring states for talent, capital, and business formation. In that environment, policies that raise top-end tax exposure can have consequences well beyond the taxpayers directly affected. Project sponsors and business owners often view tax policy as a signal of whether a state is becoming more welcoming to growth or more costly and less predictable over time. H7313 risks sending the wrong signal.

Rhode Island should be pursuing policies that encourage private investment, reward success, and strengthen the state’s economic position. Increasing the personal income tax burden on upper-income

filers, including many business owners, risks undermining those goals and jeopardizing future investment decisions at a time when Rhode Island should be trying to attract more economic activity, not less.

For these reasons, the Alliance respectfully urges the Committee to oppose H7313.

Sincerely,

Gregory Tumolo

Gregory Tumolo, Executive Director
Rhode Island Business Leaders Alliance

CC:
Members of the House Committee on Finance