

February 27, 2026

H7313; S2238

Dear Senate & House Finance Committees,

I am a member of the Providence Village chapter of The Village Common of RI. The Village Common provides older Rhode Islanders with a community of mutual support to help us age in place. As members of this organization for several years, my husband and I have benefitted in practical ways, as well as developing friendships and participating in numerous educational programs. I am writing in support of S2238, Tax on High-Income Filers.

This legislation proposes a 3% surtax on taxable income above \$640,000 in 2026 dollars and would be adjusted annually for inflation. The 3% surtax would be imposed only on Adjusted Gross Income above the \$640,000, bringing the effective rate to 8.99% for about 6,100 tax filers. This threshold would cover only the top 1% of taxpayers in Rhode Island. The surtax is reasonably expected to generate roughly \$203 million in new revenue.

The nonpartisan Institute on Taxation and Economic Policy has [analyzed and compared tax burdens in all fifty states and the District of Columbia](#). Analysts calculated (1) sales and excise taxes, (2) personal income taxes, and (3) property taxes as a percentage share of family income for five income levels. Rhode Island is among 41 states where the top one percent of taxpayers actually pay a lower percentage of their income in taxes than any other income group. In Rhode Island, the top twenty percent of taxpayers pay a smaller share of their income in various taxes than the lower four quintiles. Rhode Island ranks sixth in the nation for the highest percentage of income paid by the lowest fifth of taxpayers. They pay an effective rate of 13.3%, while the top 1% pay only 8.6%, which is not fair!

Fortunately for us, Massachusetts is showing how Rhode Island can create a fairer tax system. In 2022, Massachusetts voters approved a “Fair Share” ballot question that imposed a 4% surtax on the portion of annual household income that exceeds \$1 million. In May 2024, WGBH reported that the state had actually collected about [\\$1.8 billion from the surtax through the first nine months of the fiscal year](#), more than \$800 million above what had been projected.

The Rhode Island surtax proposed in S2238/H7313 is carefully designed to raise revenue without driving high-end taxpayers out of state. The proposed surtax will apply only to the portion of income above \$640,000. Under these terms, a taxpayer with a taxable income of

\$650,000 would pay only an additional \$300 per year (3% of \$10,000 above the threshold), and a taxpayer with a \$1 million taxable income would see an increase of \$10,800 (3% of \$360,000 above the threshold).

Opponents may argue without proof that a surtax on income above \$640,000 will trigger a mass exodus of high-income earners. A [2023 analysis by the Center on Budget and Policy Priorities](#)¹ provides contrary evidence that (1) the vast majority of people who move to other states are not doing so to get lower taxes, and (2) large numbers of households move into higher-tax states every year.

Sources

Kim Glaun, Kaiser Commission on Medicaid and the Uninsured, “Medicaid Programs to Assist Low-Income Medicare Beneficiaries: Medicare Savings Programs Case Study Findings,” 2002.

Richard W. Johnson and Melissa M Favreault, Urban Institute, “Economic Hardship and Medicaid Enrollment in Later Life; Assessing the Impact of Disability, Health, and Marital Status Shocks,” January 2021.

Carl Davis, et. al., “Who Pays? A Distributional Analysis of the Tax Systems in all 50 States,” (7th edition), Institute on Taxation and Economic Policy, 2024, <https://media.itep.org/ITEP-Who-Pays-7th-edition.pdf>

Ibid, Figure 11.

Michael Mazerov, “State Taxes Have a Minimal Impact on People’s Interstate Moves,” Center on Budget and Policy Priorities, 2023, <https://www.cbpp.org/research/state-budget-and-tax/state-taxes-have-a-minimal-impact-on-peoples-interstate-moves>

Sincerely,

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