



## Testimony in **OPPOSITION** to S-2026 to Eliminate the Taxation of Social Security Income

Senate Committee on Finance

April 30, 2026

Alan Krinsky, Director of Research and Fiscal Policy

The Economic Progress Institute **opposes S-2026 and its proposal, beginning with Tax Year 2027, to eliminate the taxation of Social Security income.**

Current law already exempts from state taxation the Social Security income of low-income and modest-income Rhode Islanders, those with federal AGI under a certain amount (\$107,000 for single filers and \$133,750 for joint filers in Tax Year 2025). For the most part, this exemption works fine as is, helping those seniors with the lowest incomes and greatest needs.

**However, eliminating social security taxation altogether would most benefit those with the highest incomes, including millionaires.**

At the request of the Economic Progress Institute (EPI), the Institute on Taxation and Economic Policy (ITEP) analyzed the Governor's alternative proposal to eliminate Social Security taxation and estimated that **91 percent of the benefit from this proposal would go to the top 20 percent in income**, those with total income of \$151,000 and above. Furthermore, **35 percent of the benefit would go to the top five percent, and close to seven percent of the benefit would go to the top one percent.** The average income of those who benefit would be \$429,300.

Furthermore, **the cost of this proposal would reach above \$60 million in FY2030.** At a time when the budget is tight, and with hundreds of millions of dollars in cuts in federal assistance anticipated, **this is not the time to give a tax break to those who need it least.**

There is one positive change we ought to make to social security taxation: **to allow Social Security beneficiaries below full retirement age to be eligible for the low-income taxation exemption, as this will help lower-income seniors who likely elected to take their benefits early because they had few or no other options for income.**

We urge you not to advance S-2026 to the Senate floor.