



April 30, 2026

The Honorable Louis DiPalma
Chair, Senate Finance Committee
Rhode Island State House, 82 Smith Street, Providence RI 02903

Re: In Support of S-2238 An Act Relating to Taxation - Personal Income Tax

Dear Chair DiPalma and Members of the Committee:

On behalf of the Housing Network of Rhode Island and as a member of the Revenue for Rhode Island coalition, we write in strong support of S-2238, introduced by Chairwoman Melissa Murray. This legislation establishes a **3% tax on taxable income above \$640,000**, applying only to the top 1% of earners in Rhode Island beginning in tax year 2027.

S-2238 is projected to generate approximately **\$203 million annually**, roughly **\$68 million more per year** than other proposals under consideration. At a time when Rhode Island faces growing fiscal pressure, this level of investment is not just helpful — it is necessary.

The need for new, sustainable revenue is urgent. Federal policy changes are expected to result in deep cuts to programs like Medicaid and SNAP, shifting substantial costs onto states. Beginning in FY2028, Rhode Island is projected to lose more than \$275 million annually in federal Medicaid funding, while an estimated 53,000 Rhode Islanders could lose access to health coverage. These impacts will reverberate across our healthcare system, driving up costs and straining already overburdened providers.

For the low-income Rhode Islanders that HNRI and our alliance of members and partners serve every day, these challenges are compounded by the ongoing housing affordability crisis. Rhode Island faces a severe shortage of homes affordable to extremely low-income households, and rising costs continue to push more families into housing instability or homelessness. Without sufficient public investment, we will not be able to meet the scale of need or sustain the progress we are working to achieve.

S-2238 represents a fair and pragmatic approach. It asks those who have the greatest ability to contribute to do so, while protecting working families and positioning the state to respond to growing needs. It is also forward-looking, giving taxpayers and the state time to plan for implementation.

As policymakers consider a range of fiscal options, we urge you to advance a solution that is equitable, impactful, and aligned with the realities facing Rhode Islanders today. We respectfully urge you to support S-2238.

Respectfully,

A handwritten signature in black ink that reads "Katie West".

Katie West, Director of Strategic Partnerships | kwest@housingnetworkri.org | 401-721-5680 x105