



April 30, 2026

Honorable Louis P. DiPalma
Chairman, Senate Committee on Finance
Rhode Island State House
Providence, RI 02903

RE: S2238 – OPPOSE

Dear Chairman DiPalma:

On behalf of the Rhode Island Business Leaders Alliance (the “Alliance”), I write in opposition to S2238 – An Act Relating to Taxation -- Personal Income Tax.

As introduced, S2238 would impose an additional Rhode Island personal income tax of three percent (3%) on taxable income over approximately \$640,000 in 2026 dollars, with the threshold adjusted annually for inflation.

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. Whatever its stated scope, S2238 would increase the top marginal personal income tax burden in Rhode Island and send an unfavorable message to employers, investors, entrepreneurs, pass-through business owners, and highly compensated professionals who are considering whether to live, invest, expand, or locate here.

That matters because many Rhode Island businesses are organized as pass-through entities, meaning business income is reported through the personal income tax system. As a result, a tax increase framed as applying only to high-income individuals can, in practice, affect the owners of growing businesses who are making hiring, expansion, and investment decisions. At a minimum, S2238 creates another reason for those taxpayers to think twice about committing new capital and new projects in Rhode Island. This is an inference from the bill’s structure as a personal income tax increase.

The Alliance is also concerned about the broader signal this bill sends. Rhode Island already competes aggressively with neighboring states for talent, business formation, and mobile investment. Policies that increase top-end tax exposure may not affect every taxpayer directly, but they do affect perceptions about the State’s business climate. For project sponsors,

executives, founders, and investors evaluating where to grow, tax policy is one factor among many, and instability or upward pressure on tax burdens can have outsized consequences.

This opposition is not based on any claim that only one group of taxpayers matters more than another. Rather, it reflects the reality that Rhode Island benefits when it encourages business formation, rewards success, and remains competitive in attracting and retaining the people and capital that drive economic activity. Increasing the personal income tax burden on upper-income filers risks undermining those goals, particularly where those filers include owners and operators of businesses whose decisions directly affect employment and investment in the state.

The Alliance believes Rhode Island should be pursuing policies that make the state more attractive for growth, not less. At a time when the state needs more housing production, more commercial activity, more entrepreneurship, and more private investment, S2238 risks sending exactly the wrong message.

For these reasons, the Alliance respectfully urges the Committee to oppose S2238.

Sincerely,

Gregory Tumolo

Gregory Tumolo, Executive Director
Rhode Island Business Leaders Alliance

CC:
Members of the Senate Committee on Finance