



April 30, 2026

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

RE: S2361 – OPPOSE

Dear Chairman DiPalma:

On behalf of the Rhode Island Business Leaders Alliance (the “Alliance”), I write in opposition to S2361 – An Act Relating to Taxation -- Wealth Tax.

As introduced, S2361 would impose a one percent (1%) wealth tax on each Rhode Island resident’s taxable worldwide wealth. The bill defines worldwide wealth broadly as the fair market value of all intangible assets, or the portion thereof, owned or controlled by a resident, and includes within financial intangible assets cash and cash equivalents, stocks, bonds, mutual funds, partnership interests, S corporation interests, cryptocurrency, and similar assets.

The Alliance is concerned that this bill would move Rhode Island in the wrong direction at a time when the state should be focused on competitiveness, capital formation, and economic growth. A tax on worldwide intangible wealth of this breadth would create a new layer of tax exposure for many of the very individuals whose investment decisions shape business expansion, hiring, and project development in Rhode Island. Because the bill reaches ownership interests in pass-through entities, investment holdings, and other intangible assets, its effects would extend well beyond passive wealth and into the capital structures through which many Rhode Island businesses are owned and financed.

That is particularly troubling from a business-climate perspective. Many Rhode Island businesses are organized as limited liability companies, partnerships, or S corporations, and the bill expressly includes units of ownership in subchapter K entities and subchapter S entities within the definition of financial intangible assets. Even though the bill exempts the worldwide wealth of artificial persons themselves, it still captures a natural person’s ownership interests in those entities when computing that person’s wealth tax liability. In practice, that means the bill risks imposing a recurring annual tax burden on business ownership interests, potentially discouraging investment and making Rhode Island a less attractive place to grow a company or keep capital deployed.

The Alliance is also concerned about the uncertainty and administrative complexity this proposal would create. S2361 would require annual reporting of taxable worldwide wealth, electronic filing and payment, and fair-market-value determinations across a wide range of intangible assets. It also authorizes the Department of Revenue to adopt rules it considers useful to administer the tax, creates significant

penalties for late filing and valuation understatement, and directs the Department to audit at least ten percent (10%) of registered taxpayers in 2027, increasing to twenty percent (20%) in 2029 and thereafter, subject to appropriations. That structure points to a highly complex and enforcement-intensive regime that would create compliance burdens and valuation disputes for taxpayers and the State alike.

The Alliance is also concerned that the Division of Taxation is not equipped to administer and enforce a law of this complexity. At a time when the State is already confronting significant structural deficits, it is difficult to see how the Division could effectively implement a new wealth tax regime requiring annual valuations of worldwide intangible assets, extensive review of filings, and meaningful enforcement across a highly technical tax base. The likely result is not uniform or sophisticated enforcement, but selective enforcement focused on the easiest targets. In practice, that means Rhode Islanders with comparatively fewer assets—those with less complex holdings and fewer resources to contest valuations or enforcement actions—may bear the brunt of compliance scrutiny, while those with the most substantial and complex asset structures are better positioned to avoid or delay it. That is not a fair or sound basis on which to build a new tax system.

Rhode Island already faces strong competition for mobile capital, entrepreneurs, executives, and investment activity. Creating a first-of-its-kind wealth tax regime of this scope would risk sending a message that Rhode Island is becoming a less competitive and less predictable place to invest, build, and do business. The likely result is not just taxpayer relocation risk, but hesitation around future projects, expansion, and long-term capital commitment. This last point is an inference from the bill's structure and the breadth of the assets it taxes.

By layering a new annual tax on worldwide intangible wealth, including business ownership interests, and pairing that tax with a complex valuation and enforcement framework, the bill risks harming the State's economic competitiveness and jeopardizing future business activity.

For these reasons, the Alliance respectfully urges the Committee to oppose S2361.

Sincerely,

Gregory Tumolo

Gregory Tumolo, Executive Director
Rhode Island Business Leaders Alliance

CC:
Members of the Senate Committee on Finance