



**Testimony from Ross Connolly  
Northeast Regional Director, Americans for Prosperity  
Senate Committee on Finance  
April 30, 2026**

**RE: Testimony on behalf of Americans for Prosperity Before the Senate Committee on Finance on S. 2672: An Act Relating to Taxation – Personal Income Tax.**

**Honorable Chair DiPalma, Vice Chairs Ciccone and Felag, and Members of the Senate Finance Committee:**

On behalf of Americans for Prosperity–Rhode Island, we are pleased to support S. 2672, “An Act Relating to Taxation – Personal Income Tax.”

Rhode Island families and workers face a significant and often underappreciated tax burden. While state income tax rates may appear modest on paper, they are layered on top of federal income and payroll taxes, sometimes pushing marginal tax rates above 50 percent. These marginal rates are what ultimately shape decisions about whether to work more, save, invest, or start a business. High marginal rates discourage exactly the kind of activity that drives economic growth.

S. 2672 establishes a phased 10 percent reduction in personal income tax rates over five years, beginning in 2027, implemented in 2 percent annual increments. Importantly, the bill includes built-in fiscal safeguards: before each scheduled rate reduction, the Director of Revenue reviews the prior year’s general revenues and may recommend a delay if revenues materially underperform. This structure ensures that tax relief is delivered in a way that protects the state’s fiscal health while still providing meaningful, lasting benefits to taxpayers.

By lowering marginal tax rates, **S. 2672 strengthens incentives for work, savings, and investment.** This is particularly important for Rhode Island, which must compete with neighboring states for residents, workers, and businesses. New Hampshire imposes no income tax, and the broader regional tax landscape is competitive.

This legislation also comes at a critical moment as state policymakers are simultaneously considering proposals that would move in the opposite direction, such as H. 7127, which would create a new 8.99% income tax bracket, expand government spending, and authorize significant new debt. Rhode Island should look no further than Massachusetts for a cautionary example.

After Massachusetts enacted a 4% surtax on incomes above \$1 million in 2023,<sup>1</sup> the state experienced a sharp drop in millionaire tax filers and collected \$2 billion less than projected in its first full year.<sup>2</sup> High earners and entrepreneurs leave when tax increases, shrinking the tax base, reducing job opportunities, and slowing economic growth. In a region where states compete closely, these effects compound quickly.

S. 2672 offers a better path. Rather than increasing taxes and risking economic contraction, this bill embraces a pro-growth, fiscally responsible approach that gradually reduces the tax burden while maintaining oversight and flexibility. It sends a clear signal that Rhode Island is committed to improving its competitiveness and expanding opportunities for its residents.

For these reasons, Americans for Prosperity–Rhode Island respectfully urges the Legislature to **support S. 2672.**

Sincerely,

**Ross Connolly**  
**Northeast Regional Director**  
**Americans for Prosperity**

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<sup>1</sup> [https://finance.yahoo.com/economy/policy/articles/rich-americans-flee-massachusetts-millionaire-121300933.html?guccounter=1&guce\\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce\\_referrer\\_sig=AQAAAQJB4kixuU692F4q1BnbaQYHumEsd6w9dfnlMOWb2luRfBDOcFMuZv-hpH5F4FkMM1RSgmcoYitsFXrtKAY4jdQ6aKf0hzQ47LRvX2MkHfp69lyxqckuL65cTb6C98OHacREaFjqOod6-yobckubE2gsmjKxxJk69w9MttOut267](https://finance.yahoo.com/economy/policy/articles/rich-americans-flee-massachusetts-millionaire-121300933.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAQJB4kixuU692F4q1BnbaQYHumEsd6w9dfnlMOWb2luRfBDOcFMuZv-hpH5F4FkMM1RSgmcoYitsFXrtKAY4jdQ6aKf0hzQ47LRvX2MkHfp69lyxqckuL65cTb6C98OHacREaFjqOod6-yobckubE2gsmjKxxJk69w9MttOut267)

<sup>2</sup> <https://www.illinoispolicy.org/massachusetts-millionaires-tax-cost-the-state-4-billion-in-departing-income/>