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June 3, 2026

Senator Louis P. DiPalma, Chair  
Senate Committee on Finance  
State House, Room 211  
82 Smith Street  
Providence, Rhode Island 02903

**RE: S3250 – RELATING TO TAXATION – PERSONAL INCOME TAX**

Dear Chairperson DiPalma:

Please accept this letter in support of Senate Bill 3250 – an Act Relating to Taxation – Personal Income Tax. This bill was introduced at the request of HealthSource RI (HSRI) and would provide the necessary authority for the Division of Taxation to share limited contact information with HSRI for Rhode Islanders who report they were uninsured on their state income tax return.

This proposed legislation would enable a critical improvement to the way uninsured Rhode Islanders are connected with available health coverage and affordability assistance in our state. Over the past decade, Rhode Island has reduced its uninsured rate by more than two-thirds, resulting in an historic high of over 97 percent of residents being insured as of 2025. Unfortunately, that progress is now at risk due to the expiration of enhanced federal tax credits and a multitude of other destabilizing changes brought about under H.R. 1, the One Big Beautiful Bill Act. S3250 would bolster the efforts of HSRI as it works to leverage the tools, expertise, and resources available in our state to stabilize the individual market, expand access to affordable health insurance, and keep Rhode Islanders insured.

The information provided to the Division of Taxation by Rhode Island filers is the most useful and timely source of data to ascertain which individuals in our state remain or have recently become uninsured. Data sharing will help ensure that HSRI's outreach to these individuals is timely and effective. Importantly, this bill would better align with the statutory 60-day Special Enrollment Period (SEP) available to those who indicate they are without health insurance when they file their taxes. Additionally, this legislation would provide residents with actionable information while they still have time to avoid a potential penalty when filing in the next tax season. These objectives support the broader policy goal of Rhode Island's individual mandate—to encourage coverage and maintain a stable individual insurance market.

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S3250 does the following to ensure that there are no fiscal and operational impacts to the Division of Taxation:

- **No new data collection is required:** The proposed legislation does not require the Division of Taxation to collect new information. It allows for limited sharing of existing contact information already available through the tax filing process and, where available, other contact information, such as e-mail addresses and phone numbers.
- **Builds on existing collaboration:** HSRI and the Division of Taxation have a current partnership which has successfully supported annual outreach to uninsured Rhode Islanders. The goal is to enhance HSRI's outreach to those individuals who indicate that they did not have health insurance.
- **Fiscal considerations:** This proposal would have no new fiscal impact on the State, as costs associated with sharing this information are paid within the restricted receipt revenue raised by the individual mandate. The Division of Taxation and HSRI currently use some of these funds for three full-time positions between the two agencies, customer support, and annual form updates as needed. This amount is adjusted annually based on anticipated needs, including any work related to this proposed change.
- **Flexible, phased implementation:** HSRI is committed to working collaboratively with the Division of Taxation to develop an implementation approach that aligns with existing systems, timelines, and resource constraints. This may include a defined data transfer schedule and formal data-sharing agreements to ensure clarity and minimize administrative burden.
- **Sunset provision included:** To ensure that this proposal is effective at enrolling people in health insurance coverage, this bill shall apply only to tax years beginning on or after January 1, 2026, and ending on or before December 31, 2027. No return information shall be disclosed with respect to any other tax years. HSRI shall delete and destroy all return information disclosed from its system, files, and any databases by January 1, 2030.

Improving access to health coverage supports a healthier individual market risk pool, helps moderate annual premium growth, and reduces uncompensated care costs across Rhode Island's local healthcare system. These policy goals have compelled many states such as Massachusetts, Pennsylvania, Virginia, Minnesota, California and several others to implement similar tax-time data sharing strategies to connect uninsured residents with coverage in a more coordinated and efficient manner. Notably, this proposal also includes vital safeguards, including an opt-out provision, restrictions on the use of disclosed information, and time-limited authorization to allow the State to

evaluate the effectiveness of the approach.

Lastly, HSRI is committed to working closely with the Division of Taxation and other state partners to ensure that implementation of this policy is thoughtful, secure, and operationally feasible. Thank you for the opportunity to comment on this legislation. Please reach out with any questions or for further discussion of this important proposal.

Sincerely,



Lindsay M. Lang, J.D.  
Director, HealthSource RI

cc: Honorable Members of the Senate Committee on Finance  
Senator Melissa A. Murray  
Kristen Silvia, Director of Legislation and Deputy Chief of Staff