



May 14, 2024

Honorable Marvin Abney
Chairman, House Finance Committee
State House
Providence, RI 02903

RE: H.7486, An Act Relating to Taxation – Personal Income Tax – Capital Gains

Dear Chairman Abney and Committee Members,

The undersigned members of the Rhode Island Business Coalition respectfully oppose the passage of H.7486, An Act Relating to Taxation – Personal Income Tax – Capital Gains

H.7486 changes the holding period requirement from five years to one year and lowers the tax rate - unless the asset is a “non-owner occupied asset.” Non-owner occupied assets valued at \$1 million or more would be subject to a capital gains tax rate of \$5.00 for each one thousand dollars (\$1,000) or fractional part of the assessed value on properties worth at least one million dollars \$ 2,000,000; and at the rate of \$6.00 for each \$1,000 or fractional part of the assessed value on properties worth at least \$2,000,000. The creation of a state-wide property tax is a dangerous path on which to embark. It sends a negative message to out-of-state investors who do not use the level of services Rhode Island residents require. At the same time, the language creates a precedent for state-wide property taxes in a state that is already experiencing high property tax rates and is penalized for this tax in state comparison rankings.

H.7486 also assesses a 19% “carried interest fairness fee” on businesses involved in investment management services if Massachusetts, Connecticut and New Jersey pass the same fee. This change is very ill-conceived and, if passed, would potentially result in many of our highest taxpayers that operate in the venture capital area leaving Rhode Island with their income taxes and wealth. It would also chase away many lower tiered venture capital investment in Rhode Island. This should remain a Federal Tax issue not a state tax issue.

For these reasons, we ask you to oppose the passage of H.7486. Thank you for your consideration.

Sincerely,

Associated Builders and Contractors, Rhode Island
Greater Newport Chamber of Commerce

Rhode Island Association of REALTORS®
Rhode Island Bankers Association
Rhode Island Beverage Association
Rhode Island Business Group on Health
Rhode Island Hospitality Association
Rhode Island Manufacturers Association
Rhode Island Marine Trades Association
Rhode Island Small Business Economic Summit Regulations Committee
Rhode Island Small Business Economic Summit Tax and Budget Committee
Rhode Island Society of Certified Public Accountants
Rhode Island Staffing Association

The Rhode Island Business Coalition represents 50 industries and 6,280 businesses that employ 231,200 people throughout Rhode Island.