



**Champion Advocacy
Associates**

May 2, 2024

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

RE: H.7338, An Act Relating to Taxation – Personal Income Tax

Dear Chairman Abney and Committee Members:

The Northern RI Chamber of Commerce (NRICC) represents businesses in the communities of Burrillville, Central Falls, Cumberland, Foster, Glocester, Johnston, Lincoln, North Providence, North Smithfield, Pawtucket, Scituate, Smithfield and Woonsocket. The Chamber wishes to be on record in opposition to H.7338 An Act Relating to Taxation – Personal Income Tax.

H.7338 creates a three percent tax surcharge for persons with taxable income over \$1,000,000, taking our State's highest income tax rate of 5.99 percent to 8.99 percent - a fifty percent increase. This increase would place Rhode Island's topmost income tax rate at 7th highest in the country.

The Chamber opposes the passage of this bill, because many of the "individuals" affected by this tax increase proposal are small businesses. They are referred to as "pass-through" entities that include the income and expense associated with their businesses on their personal income tax statements. H.7338 will hurt the very businesses that are trying to survive at a time when inflation is high and labor is tight.

Many businesses are more easily able to re-locate in today's climate. The Tax Foundation released an article in October, 2023 discussing the movement of individuals from high tax states to low tax states. While it is difficult to prove causation, here is what the Tax Foundation said: *"Nine of the top 10 states with the largest population gains from 2019 to 2020 have no or low individual income taxes. Of the states that saw more income tax filers move in than out, nearly 80 percent had below-average state and local tax collections per capita in fiscal year 2020, while half of the states that experienced more filers moving out than in had above-average collections per capita. Similarly, 19 of the 28 states with more people moving in than out had a top marginal income tax rate below the national median, while 16 of the 22 states plus D.C. with more people moving out than in had above-median top income tax rates."*¹

¹ Do People Really Move Because of Taxes? Tax Foundation October, 2023. <https://taxfoundation.org/blog/do-people-really-move-because-of-taxes/>

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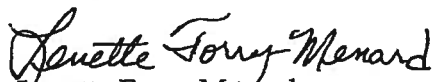
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The Chamber is very concerned that the passage of H.7338 will stifle economic development of businesses and encourage those who can, to move to a lower cost state. Keep in mind that Rhode Island also continues to struggle with high energy costs and higher property tax levies.

For these reasons, we oppose the passage of H.7338 and encourage the committee to take action on the bill.

Respectfully,

A handwritten signature in cursive script that reads "Lenette Forry-Ménard".

Lenette Forry-Ménard

Legislative Lobbyist