



50 Valley Street, Providence, Rhode Island 02909
(401) 444-0600 | www.unitedwayri.org



March 1, 2024

Honorable Chair Marvin L Abney
House Finance Committee
Rhode Island State House
Providence, Rhode Island 02908

RE: Testimony in Support of House Bill 7589, Relating to Taxation – Personal Income Tax

United Way of Rhode Island (UWRI) is writing to express its support for House Bill 7589. This bill expands on an enormously successful poverty relief program. The Earned Income Tax Credit (EITC) is one of the nation's most effective tools for lifting low-income workers and their families above the poverty line, and increasing the rate of the RI State EITC amplifies that benefit for Rhode Islanders in need. UWRI is committed to our mission to build a more equitable Rhode Island, a goal in which income equality plays a large part.

UWRI partners with several community partners who provide Volunteer Income Tax Assistance (VITA). Through 211, UWRI's Human Service Helpline, Rhode Islanders can be connected with a trusted community organization that hosts tax filing sessions with IRS-certified volunteers. For many households, tax filing would be impossible without a qualified professional's oversight, and many of those households cannot afford traditional tax filing services. In 2023, 10,086 Rhode Island tax returns were filed through VITA, resulting in \$5,401,208 in state refunds. The RI EITC rate increase would improve that return and improve incomes for low-income households.

As the cost of housing, food, childcare, and healthcare continues to increase, many Rhode Islanders are becoming trapped in a cycle of poverty. For the majority of low-income households, tax returns are used to catch up on bills or make repairs to homes or cars they've been putting off. Alarming, an increasing number of low-income households are using tax refund money on health care they've been deferring¹. A tax refund is a lifeline for Rhode Islanders trying to achieve economic stability, and increasing the strength of that lifeline improves incomes, which are directly tied to health outcomes and educational achievement.

Thank you for your careful consideration of this bill, and for the work you do for Rhode Islanders every day.

Very best,
Peggy Desjarlais
Program Officer, Housing and Economic Development Policy

¹ Tax Refunds and Household Spending. JP Morgan Chase & Co, 2020.

Uniting our community and resources to build racial equity and opportunities for all Rhode Islanders.

