



May 23, 2024

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

RE: H.7487, An Act Relating to Taxation – Estate and Transfer Taxes – Liability and Computation

Dear Chairman Abney and Committee Members,

On behalf of the members of the Rhode Island Society of CPAs and RI Business Forum, I would like to express my full support for H.7487, An Act Relating to Taxation – Estate and Transfer Taxes – Liability and Computation.

H.7487 proposes to increase the estate tax threshold from the current level of \$1,774,583 to \$4,000,000 for deaths occurring on or after January 1, 2025. This new exemption level, while higher than Massachusetts' \$2 million threshold, remains lower than Connecticut's \$12.92 million and significantly below the federal exemption of \$13.61 million. According to the Tax Foundation's 2023 report, Rhode Island currently has the seventh lowest estate tax threshold in the country.

For years, Rhode Island-based financial planners, estate and tax professionals, and attorneys have voiced concerns about the additional cost of "dying in Rhode Island" due to the state's estate and transfer tax. The current low threshold makes it financially disadvantageous for older individuals to maintain residency in Rhode Island, as it imposes a significant tax burden on their estates.

Increasing the estate tax threshold is not just a matter of financial fairness; it's also about retaining our older residents and keeping their economic contributions within the state. Older individuals, often with substantial discretionary income, contribute to local economies by spending on goods, services, and real estate. By raising the estate tax threshold, Rhode Island can encourage these residents to stay in the state longer, spend more money locally, and support community businesses year-round, rather than just during part of the year.

Moreover, a higher threshold would reduce the number of estates subject to this tax, making it easier for heirs to inherit assets without the burden of substantial estate taxes. This change could also help mitigate the trend of older residents leaving the state to avoid these taxes, which ultimately results in lost revenue and diminished community engagement.

For these reasons, I strongly support the passage of H.7487. Raising the estate tax threshold is a crucial step in making Rhode Island a more attractive place for older residents to live, contribute, and pass on their legacies without undue financial penalty.

Thank you for your consideration.

Sincerely,

Melissa Travis

Melissa Travis
President/CEO
RI Society of CPAs/RI Business Forum