



**RHODE  
ISLAND**

# Senate Committee on Finance

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April 30, 2026

# Agenda

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- FY 2027 Appropriations Act (Article 5):
  - New Personal Income Tax Bracket
    - Business Corporation Tax (Sec. 2) & Personal Income Tax (Sec. 6)
    - Governor's Budget Amendment #5: Personal Income Tax Bracket at \$1.0 million
  - Phasing Out the Tax on Social Security
    - Section 6: Personal Income Tax

# New Personal Income Tax Bracket

## Article 5 creates a fourth tax bracket at 8.99% for income over \$1 million in tax year 2027.

- Rhode Island has the lowest top marginal tax rate of New England states with personal income tax.
- New bracket would apply to around 2,300 resident filers and 5,500 non-resident filers.
- Raises \$67.1 million of revenue in FY 2027 and \$135.3 million in FY 2028.
- Bracket is indexed to inflation, like all Rhode Island tax brackets.
- GBA #5 clarifies that the new bracket starts at \$1,000,000 in tax year 2027. (Clarification needed because Rhode Island tax law expresses values in 2011 dollars.)

### New England States' Highest Tax Bracket

State*	Percentage	Income Threshold
CT	6.99%	\$500k (single) / \$1.0M (joint)
MA	9.00%	\$1.1M (single and joint)
ME*	9.15%	\$1M (single) / \$1.5M (joint)
VT	8.75%	\$260,225 (single) / \$323,825 (joint)
RI (current)	5.99%	\$186,450 (single and joint, TY 2026)
RI (proposed)	8.99%	\$1,000,000 (single and joint)

\* Maine's top bracket was enacted in April 2026, effective for TY 2026

New Hampshire does not have state income tax

# Phasing Out the Tax on Social Security

Rhode Island is one of eight states that tax Social Security benefits. Article 5 eliminates the tax through a three-year phaseout.

**Current Law:** Retirees are exempt if they have reached full retirement age (generally 67) AND their adjusted gross income is below \$107,000 (single filer) or \$133,750 (joint filers). Only Social Security benefits that are federally taxable are taxable in Rhode Island.

**Beneficiaries:** About 43,000 Rhode Islanders are exempt under current law. Eliminating the tax would extend benefits to 32,000 more residents.

**Revenue Impact:** The budget includes a revenue impact of \$(2,976,997), representing a half-year impact of the elimination of the age threshold. The outyear impacts are:

- FY 2028: \$(17,799,592)
- FY 2029: \$(47,692,579)
- FY 2030: \$(66,681,742)

Tax Year 2027	Tax Year 2028	Tax Year 2029
Age Threshold Eliminated; relief to 9,200 resident taxpayers	Income Threshold Increased to \$165,200 / \$206,550; Relief to additional 11,600 residents	Income Threshold Eliminated; Relief to additional 11,200 residents <b>Tax is eliminated</b>