

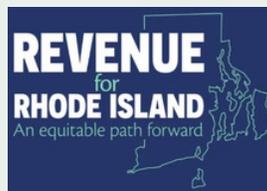
# When Everyone Pays their Fair Share Everyone Wins!

## **Sen. Murray and Rep. Alzate's SB-2238/HB-7313:**

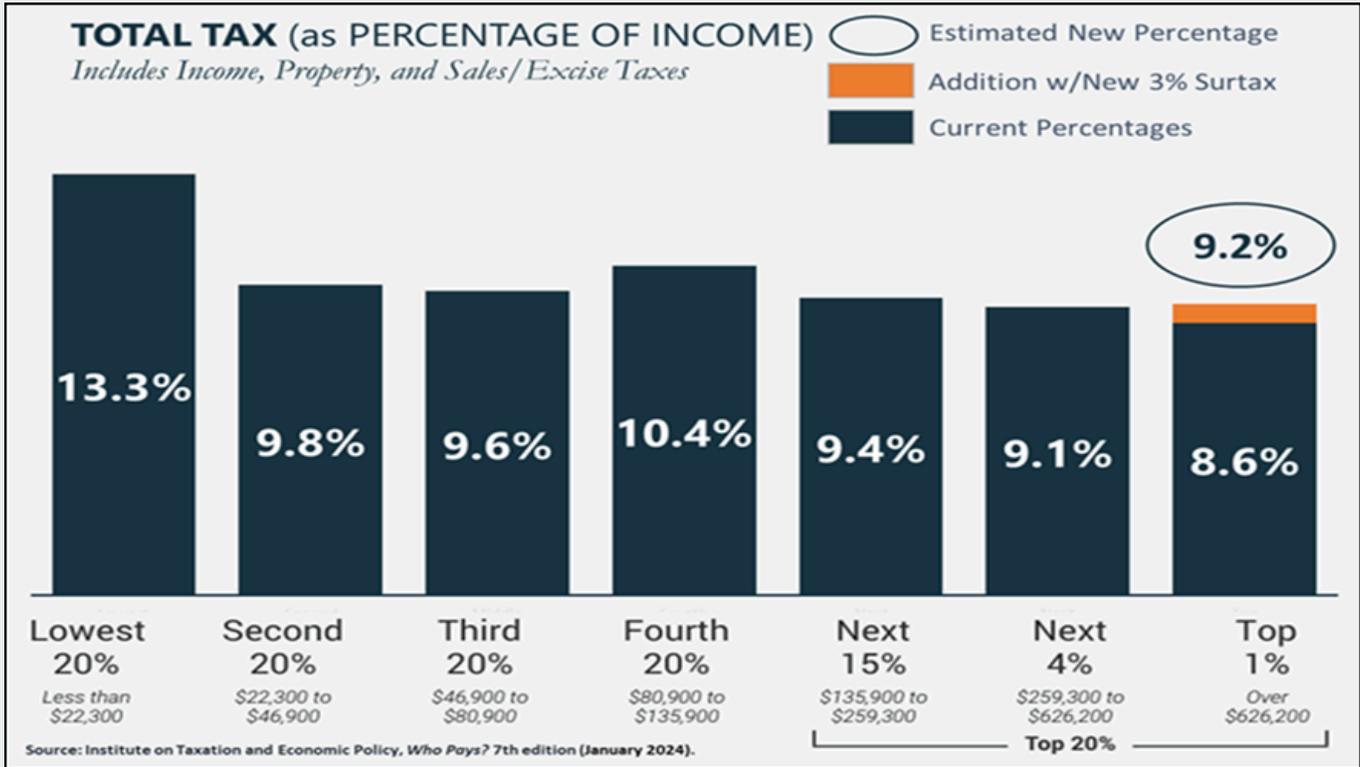
- Raises \$203 million in annual revenue that RI could invest in things like healthcare, food assistance, childcare, public education, public transportation, and senior services.
- Only affects about 6,100 tax filers.
- Creates a 3% surtax only on taxable incomes above \$640,000/year (average total income of \$772,000).

## **Why the time to act is now:**

- Rhode Islanders believe in fairness.
- This proposal is not unprecedented — prior to 2006, RI had a higher top tax rate than what is being proposed now.
- Due to state tax reforms since 2006, RI has lost more than a billion dollars in tax revenue over the last 20 years — nearly \$600 million in lost revenue in 2026 alone — an average savings of \$37,000 for members of the Top 1%.
- H.R.1 cut billions in federal funding for SNAP and Medicaid to pay for tax breaks for the wealthy — the Top 1% in RI are getting an average federal tax break of \$58,840.
- If this proposal passes — a Rhode Islander earning \$2 million/year (after deductions) will still have a net tax savings of \$18,000 (factoring in the H.R.1's federal tax breaks for the ultra-rich).
- Rhode Islanders earning the least pay a larger portion of their income in state and local taxes than those with the highest incomes — that is not fair.
- Decades of evidence shows that income tax changes do not drive the ultra-rich to move states; the ultra-rich can afford to live wherever they want.
- This will not affect the vast majority of small business owners, who do not have enough taxable profits after deductible expenses to place them in the Top 1%.
- RI has significant needs, and this proposal would raise \$68 million more per year than a millionaires tax.



# Low-income Rhode Islanders pay a higher percentage of their income in state and local taxes



**Examples of estimated tax payments from adding new 3% surtax for Top 1%\***

Taxable Income	Current Top Rate of 5.99%	With Proposed +3%	Additional Annual Taxes	Average Tax Savings from H.R.1 which made permanent the 2017 TCJA Tax Cuts**
\$400 thousand	\$20,828	\$20,828	\$0	\$15,390
\$500 thousand	\$26,818	\$26,818	\$0	
\$625 thousand	\$34,305	\$34,305	\$0	
\$640 thousand	\$35,204	\$35,204	\$0	\$58,840
\$650 thousand	\$35,803	\$36,103	\$300	
\$750 thousand	\$41,793	\$45,093	\$3,300	
\$1 million	\$56,768	\$67,568	\$10,800	
\$1.1 million	\$62,758	\$76,558	\$13,800	
\$1.5 million	\$86,718	\$112,518	\$25,800	
\$2 million	\$116,668	\$157,468	\$40,800	

\*These examples use RI's 2026 tax brackets; the inflation-adjusted amounts for 2027 will most likely make the Top 1% cut-off higher than \$640,000 and the additional annual tax estimates will therefore most likely be lower.

\*\*Modeling of tax savings for Rhode Islanders was produced by the Institute on Taxation and Economic Policy (July 2025).