



**Testimony in OPPOSITION to Increasing the Exemption Level from State Taxation
for Social Security Income: S-776**

Senate Committee on Finance

May 13, 2025

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The **Economic Progress Institute** opposes **S-776**, which would raise the exemption level from Rhode Island state taxation of Social Security income.

We believe that the current exemption level – \$101,000 for single filers and \$126,250 for joint filers in Tax Year 2023 – is adequate to protect low-income and modest-income Rhode Islanders. The proposal would increase these cut-offs to \$125,000 and \$170,000, respectively.

According to a 2024 fiscal note on last year’s version of this proposal, **the cost for the first fiscal year of the bill would have been \$8.8 million, with that increasing to \$17.9 million and then \$18.6 million for the following two fiscal years.**

While this would not be as costly in forgone revenue as the proposal to exempt all Social Security income from state taxation, **these benefits would still go to Rhode Islanders in the Top 30% or 40% of filers.**

At EPI, we believe tax liability should be based on amount of income and not on membership categories. At a time of budget gaps and possible cuts to critical services, we should focus any tax breaks on the lowest-income households, for example by increasing the state’s Earned Income Tax Credit.

For these reasons, we urge the committee *not* to send this legislation to the Senate floor.