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**New Tax Plan Gives to Wealthy, Takes from Low-Income Rhode Islanders**  
***New analysis shows few winners and lots of losers in tax reform***

Providence, RI - The state's latest spending plan cuts \$3.9 million in tax assistance to low- and modest-income Rhode Islanders while giving \$9 million in big tax breaks to the heirs of wealthy estates, according to an analysis by the Economic Progress Institute, a non-partisan research and policy organization.

"It is extremely disappointing that lawmakers would shift resources from tens of thousands of low-and modest-income Rhode Islanders to just a handful of wealthy taxpayers, especially given stagnant wages and persistent unemployment," said executive director Kate Brewster.

The Institute released a fact sheet showing the impact of the changes. In the coming year, the state will eliminate \$3.9 million worth of tax assistance for low- and modest-income taxpayers by modifying the EITC and eliminating the property tax relief circuit breaker program for low- and modest-income Rhode Islanders who are not elderly or disabled. Total net state spending on low-income tax assistance will not get back to today's levels until Fiscal Year 2016.

At the same time, lawmakers' expansion of estate tax breaks will cost the state \$9 million in the coming year, and \$18 million the following year. Estates worth up to \$1.5 million will pay no tax; bigger estates will get a tax credit worth \$64,400, reducing their estate tax bill by that amount. Just over 200 estates paid taxes in 2013, one-third of which belonged to out-of-state residents.

In addition to its concern about the imbalance of these tax decisions, the Institute asserts the changes may hurt the economy. "The \$4 million being taken directly out of the pockets of low-income taxpayers is money that would have been spent right here in the Ocean State at local businesses. On the other hand, high-income households don't need to spend every dollar they have to meet their basic needs and are more likely to save their tax cut," said Brewster.

Despite the claims of tax cut supporters, the Institute reports that research has found state tax variations have a negligible impact on where people choose to live. While some studies indicate that estate taxes have a small effect on the relocation decisions of very wealthy elderly individuals, the number is so small that any revenue losses were more than made up by the overall revenue generated through the estate tax itself.

“Every dollar lost to the estate tax cut is a dollar we won’t have to repair our roads and bridges, educate our kids, invest in higher education and protect our communities – all things that will make Rhode Island more competitive and a better place to live and do business,” Brewster said.

The Institute urges lawmakers to restore balance to these tax changes before enacting the final budget by retaining the property tax circuit breaker for households earning less than \$30,000 and paying for it by reducing the estate tax break.

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