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**Senate to vote on budget that cuts \$8 million in property tax assistance for more than 28,000 homeowners and renters, gives large tax breaks to handful of wealthy heirs**

Providence, RI – The House of Representatives has sent the Senate a spending plan that cuts property tax assistance for approximately 28,500 low- and modest-income taxpayers next year. The average refund is \$275 and the state expects to save \$8 million by eliminating this assistance, according to the Economic Progress Institute. At the same time, a handful of wealthy heirs will be given significant estate tax breaks.

"It is extremely disappointing that lawmakers would take away property tax assistance from low-income homeowners and renters, knowing that Rhode Island has among the highest property taxes in the country," said executive director Kate Brewster.

In the coming year, low-income renters and homeowners who are not elderly or disabled will no longer be eligible for the property tax relief circuit breaker program. The following year, the Earned Income Tax credit (EITC) for low- and middle-income workers will be modified by reducing the credit from 25 to 10 percent of the federal EITC and making it fully refundable. Taken together, these changes will produce both winners and losers: by 2016, approximately 40,000 taxpayers will pay more in taxes with an average tax hike of \$173; approximately 50,000 will receive an average tax cut of \$130.

"The unemployed and middle-income taxpayers are hit particularly hard by these changes," said Brewster.

At the same time, lawmakers' expansion of estate tax breaks will cost the state \$9 million next year. Estates worth up to \$1.5 million will now pay no tax and larger 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 concerns about the imbalance of these tax decisions, the Institute asserts the changes may hurt the economy. "The \$8 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. 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.

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