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**Testimony Re: S-0244, Personal Income Tax – Raising the RI Refundable Earned Income Tax Credit (EITC)**

**Senate Finance Committee**

**May 6, 2025**

**Leanne Barrett, Director of Early Childhood Policy & Strategy**



Rhode Island KIDS COUNT coordinates the Right from the Start Campaign, a state policy coalition led by eight organizations to advance state policies and budget priorities that will help families with young children.

**Both Rhode Island KIDS COUNT and the Right from the Start Campaign strongly support Senator Felag’s bill, S-0244.** This act increases the Rhode Island refundable earned-income credit from 16% to 20% of the federal credit.

Refundable federal and state Earned Income Tax Credits (EITC) are recognized as leading anti-poverty policies for babies and young children because they provide substantial cash refunds to working families who have low and moderate incomes. Research shows that state and federal EITC reduce racial disparities in birth outcomes, increase parent workforce participation and earnings, and improve household economic security – with the greatest impact on single mothers and their children.

In 2023, Rhode Island raised our refundable EITC from 15% to 16% of the federal credit. **This bill would raise the state’s refundable EITC to 20% of the federal credit. Both Massachusetts and Connecticut offer a 40% refundable state EITC.** Other states with better state EITCs are Kansas (17%), Illinois (20%), New Mexico (25%), Maine (25%), New York (30%), Michigan (30%), Vermont (38%), New Jersey (40%), Hawaii (40%), Maryland (45%), Colorado (50%), and the District of Columbia (70%).

Thank you for this opportunity to provide testimony and for Senator Felag’s leadership on this issue.

## Earned Income Tax Credit & Child Tax Credit

[H-5760](#) (O'Brien) & [S-0244](#) (Felag) - EITC

[H-6072](#) (Tanzi) & [S-0447](#) (Vargas) - CTC



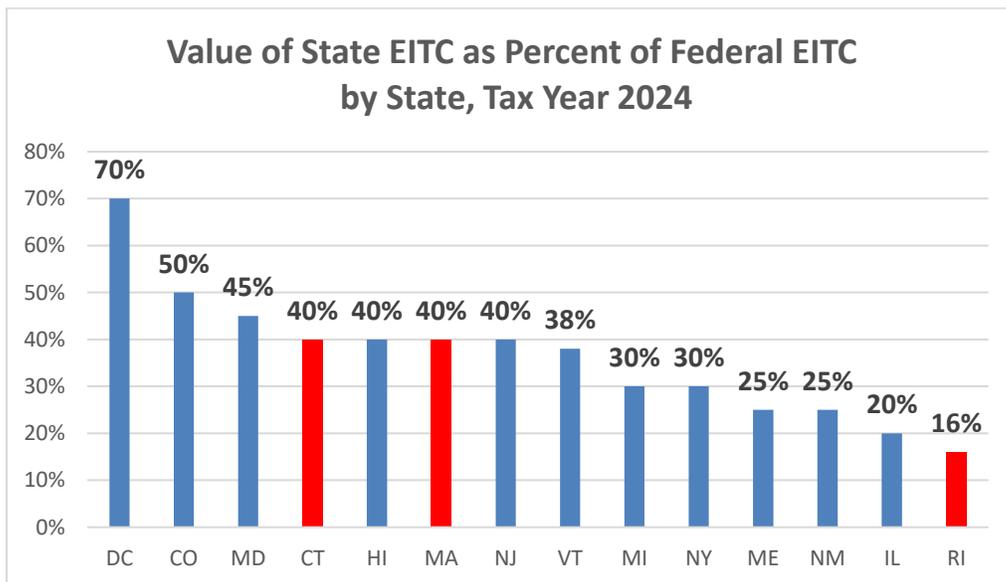
**Right** from the  
**Start**

### Increase the State Earned Income Tax Credit

Federal and state Earned Income Tax Credits (EITC) are refundable tax credits that boost the income of eligible low-wage workers, especially those with children. **These tax credits help improve the immediate well-being of mothers and children, improve birth outcomes, and have been shown to have positive long-term effects** such as better child health, school performance, and higher earnings in adulthood. Both the federal and the Rhode Island EITC are refundable, so families receive cash payments refunds when the credit is larger than the amount they owe in taxes.

Federal and state EITC credits from tax year 2023 helped over 66,000 low-income families in Rhode Island receive over \$173.5 million in federal and state tax credits. Specifically, the 2023 Rhode state EITC contributed \$22.3 million in cash refunds to resident families.

**H-5760 and S-0244 would increase the Rhode Island State EITC from 16% to 20% of the federal credit** to improve the economic security and well-being of thousands of families with children.



### Create a New State Child Tax Credit

**H-6072 and S-0447 would create a new refundable RI child tax credit of \$1,000 per child** up to 18 years old. For single headed households, the credit would be available for those households with incomes up to \$100,000 and for two-parent households earning up to \$150,000. Fourteen states, including Massachusetts, have child tax credits.

## Rhode Island Earned Income Tax Credits & Refunds, Tax Year 2023

| City/Town                       | # Filers with Approved EITC tax Credits/Refunds | Total RI state EITC tax credit received | Total RI state EITC tax refunds received* | Estimated total federal EITC tax credits received |
|---------------------------------|---|---|---|---|
| Barrington                      | 351   | \$109,927                               | \$99,343                                  | \$662,287   |
| Bristol                         | 699   | \$188,129                               | \$167,879                                 | \$1,119,193                                       |
| Burrillville                    | 699   | \$245,979                               | \$220,561                                 | \$1,470,407                                       |
| Central Falls                   | 2,433   | \$1,038,778                             | \$936,805                                 | \$6,245,367                                       |
| Charlestown                     | 299   | \$79,176                                | \$70,822                                  | \$472,147   |
| Coventry                        | 1,493   | \$472,901                               | \$418,090                                 | \$2,787,267                                       |
| Cranston                        | 4,963   | \$1,804,675                             | \$1,613,584                               | \$10,757,227                                      |
| Cumberland                      | 1,171   | \$392,578                               | \$346,002                                 | \$2,306,680                                       |
| East Greenwich                  | 406   | \$101,843                               | \$92,449                                  | \$616,327   |
| East Providence                 | 2,640   | \$885,257                               | \$772,412                                 | \$5,149,413                                       |
| Exeter                          | 202   | \$66,767                                | \$60,384                                  | \$402,560   |
| Foster                          | 190   | \$56,133                                | \$49,702                                  | \$331,347   |
| Glocester                       | 263   | \$75,799                                | \$67,764                                  | \$451,760   |
| Hopkinton                       | 201   | \$65,308                                | \$58,645                                  | \$390,967   |
| Jamestown                       | 98  | \$23,088                                | \$20,682                                  | \$137,880   |
| Johnston                        | 1,830   | \$623,205                               | \$550,948                                 | \$3,672,987                                       |
| Lincoln                         | 912   | \$340,234                               | \$310,653                                 | \$2,071,020                                       |
| Little Compton                  | 84  | \$24,593                                | \$21,945                                  | \$146,300   |
| Middletown                      | 673   | \$227,592                               | \$202,334                                 | \$1,348,893                                       |
| Narragansett                    | 298   | \$80,618                                | \$73,731                                  | \$491,540   |
| New Shoreham                    | 58  | \$13,749                                | \$12,437                                  | \$82,913  |
| Newport                         | 1,167   | \$443,511                               | \$408,450                                 | \$2,723,000                                       |
| North Kingstown                 | 1,009   | \$337,477                               | \$312,451                                 | \$2,083,007                                       |
| North Providence                | 1,977   | \$682,250                               | \$608,553                                 | \$4,057,020                                       |
| North Smithfield                | 388   | \$118,341                               | \$101,574                                 | \$677,160   |
| Pawtucket                       | 7,072   | \$2,673,596                             | \$2,379,817                               | \$15,865,447                                      |
| Portsmouth                      | 457   | \$128,894                               | \$113,885                                 | \$759,233   |
| Providence                      | 20,231  | \$8,534,457                             | \$7,820,549                               | \$52,136,993                                      |
| Richmond                        | 203   | \$66,415                                | \$60,190                                  | \$401,267   |
| Scituate                        | 579   | \$184,170                               | \$167,852                                 | \$1,119,013                                       |
| Smithfield                      | 581   | \$169,183                               | \$148,380                                 | \$989,200   |
| South Kingstown                 | 819   | \$241,644                               | \$218,351                                 | \$1,455,673                                       |
| Tiverton                        | 540   | \$160,039                               | \$138,941                                 | \$926,273   |
| Warren                          | 513   | \$157,399                               | \$138,621                                 | \$924,140   |
| Warwick                         | 3,741   | \$1,146,863                             | \$1,006,826                               | \$6,712,173                                       |
| West Greenwich                  | 189   | \$59,776                                | \$54,109                                  | \$360,727   |
| West Warwick                    | 2,112   | \$737,067                               | \$655,875                                 | \$4,372,500                                       |
| Westerly                        | 1,075   | \$338,868                               | \$297,459                                 | \$1,983,060                                       |
| Woonsocket                      | 4,042   | \$1,651,318                             | \$1,508,581                               | \$10,057,207                                      |
| <b>Rhode Island Residents</b>   | <b>66,658</b>                                   | <b>\$24,747,597</b>                     | <b>\$22,307,636</b>                       | <b>\$148,717,575</b>                              |
| <b>Out of State Residents**</b> | <b>6,839</b>                                    | <b>\$1,451,263</b>                      | <b>\$1,298,388</b>                        | <b>\$8,655,920</b>                                |

\*Tax Refunds may be partially attributable to EITC; other factors likely contribute to the refund amount.

\*\* State EITC is connected to employment in a state, therefore residents who live in one state and work in another state are eligible for the tax credits available in the state where they work and not where they live.

Source: Rhode Island Department of Revenue, 2023 Tax Year.