



*formerly The Poverty Institute*

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## Poorest Rhode Islanders pay almost twice as much in taxes as share of income compared to wealthiest households

*New national 50-state study provides detailed profiles and comparisons of tax systems and distribution; RI among ten states with highest taxes on the poor*

**Providence, Rhode Island** – Like most states, Rhode Island’s state and local taxes take a much larger share from middle- and low-income families than from wealthy families, according to the fourth edition of “Who Pays? A Distributional Analysis of the Tax Systems in All 50 States,” released today by the Washington-based Institute on Taxation and Economic Policy (ITEP).

Combining all state and local income, property, sales and excise taxes Rhode Island residents pay, the average overall effective tax rates by income group are 12.1 percent for the bottom 20 percent, 10.5 percent for the middle 20 percent and 6.4 percent for the top one percent.

Rhode Island is among ten states with the highest taxes on the poor. This is due in part to relatively high sales, excise, and property taxes levied in the state.

“This report provides clear evidence that our tax structure is very regressive and policies are needed to improve fairness for the state’s low and modest-income taxpayers,” said Kate Brewster, executive director of The Economic Progress Institute.

The Institute says that increasing the amount of refund taxpayers can receive through the state’s Earned Income Tax Credit would help offset the larger share of income that low and modest-income households pay in taxes. They also urged lawmakers to consider adding a new bracket for upper income households that would ask them to pay a little more, saying such a move could improve the equity, adequacy and

sustainability of the state's tax structure while raising the revenue that is needed to build a strong economy for all.

Virtually every state's tax system is fundamentally unfair, taking a much greater share of income from middle- and low-income families than from wealthy families. Combining all of the state and local income, property, sales and excise taxes state residents pay, the average overall effective tax rates by income group nationwide are 11.1 percent for the bottom 20 percent, 9.4 percent for the middle 20 percent and 5.6 percent for the top 1 percent.

"We know that governors nationwide are promising to cut or eliminate taxes, but the question is who's going to pay for it," said Matthew Gardner, Executive Director of ITEP and an author of the study.

The fourth edition of [Who Pays?](#) measures the state and local taxes paid by different income groups in 2013 (at 2010 income levels including the impact of tax changes enacted through January 2, 2013) as shares of income for every state and the District of Columbia. The report is available online at [www.whopays.org](http://www.whopays.org).

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*The Economic Progress Institute, a non-partisan research and policy organization that works to ensure the economic security of low- and modest-income Rhode Islanders.*

[www.economicprogressri.org](http://www.economicprogressri.org).

*The Institute on Taxation and Economic Policy (ITEP) is a 501 (c) (3) non-profit, non-partisan research organization that works on federal, state, and local tax policy issues. ITEP's mission is to ensure that elected officials, the media, and the general public have access to accurate, timely, and straightforward information that allows them to understand the effects of current and proposed tax policies. [www.itep.org](http://www.itep.org).*