



## **Rhode Island's Business Climate**

Presentation to the House Small Business Committee  
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# About Us

Established in 2013, the **Rhode Island Business Coalition (RIBC)** is a 501(c)(6) coalition of **22** diverse business organizations and industry associations that represents more than **6,280 businesses** that employ over **230,000 people within 50 industries in Rhode Island**. The Rhode Island Business Coalition's mission is to identify and support state and local public policies that improve Rhode Island's economic competitiveness and overall business climate.

RIBC acts on behalf of the members of the Coalition to address specific legislative and administrative positions and does not represent individual members nor will lobby on their behalf. Individual testimony is offered to each Coalition member to decide. The Coalition is the lead group that represents employer interests within the state.



# Presentation

- Business Climate
- Comparison of Costs
- Coalition Priorities
- Q&A



# Business Climate

- Collectively, indexes show that Rhode Island ranks among the bottom and in one instance, at the very bottom of states.
- Rhode Island's poor business environment, the high cost of doing business, lack of business friendliness, and slow economic growth are cited as reasons for the Ocean State's dismal rankings.
- Rhode Island businesses are burdened by high state and local taxes.
- Job creation in Rhode Island is also stifled by burdensome regulations, with one national think tank calling the Ocean State "anti-employment".



# National Comparisons of Business Climate

## Measuring Rhode Island's Business Climate

Index/Ranking	RI Rank	Organization/ Publication	Year
State Tax Competitiveness Index	40	Tax Foundation	2026
Best and Worst States to Start a Business	50	WalletHub	2026
America's Top States for Business	46	CNBC	2025
Best States to Start a Small Business	23	Forbes	2024
Best Performing Cities	182 of 200 (Providence-Warwick, RI-MA)	Milken Institute	2025



# CNBC's America's Top States for Business, 2025

## New England State Comparison

	CT	ME	MA	NH	RI	VT
<b>Overall</b>	<b>28</b>	<b>43</b>	<b>20</b>	<b>36</b>	<b>46</b>	<b>38</b>
Infrastructure	33	50	35	47	39	40
Workforce	8	38	23	26	21	40
Economy	38	33	15	23	45	35
Quality of Life	5	2	8	11	13	1
Cost of Doing Business	44	30	49	37	46	35
Technology and Innovation	19	36	4	44	33	42
Business Friendliness	35	45	42	6	46	25
Education	5	22	2	3	33	20
Access to Capital	16	33	5	44	37	44
Cost of Living	37	21	43	26	36	25



# WalletHub Best & Worst States to Start a Business

## Comparison of New England States

	CT	ME	MA	NH	RI	VT
<b>Overall</b>	<b>47</b>	<b>24</b>	<b>34</b>	<b>42</b>	<b>50</b>	<b>39</b>
Business Environment	41	15	28	29	50	43
Access to Resources	16	40	6	49	19	24
Business Costs	45	26	44	33	38	30

### **Points to consider:**

- *Ranked 46<sup>th</sup> in Accessible Financing*
- *47<sup>th</sup> in Average Work Week in Hours*



# Tax Foundation – State Tax Competitiveness 2026

## New England Comparison

	CT	ME	MA	NH	RI	VT
<b>Overall</b>	<b>47</b>	<b>26</b>	<b>43</b>	<b>3</b>	<b>40</b>	<b>42</b>
Corporate Income Taxes	30	40	33	37	32	38
Individual Income Taxes	46	23	42	1	30	39
Sales Taxes	19	9	22	1	27	30
Property Taxes	49	45	48	44	43	50
Unemployment Insurance Taxes	39	21	45	23	48	12

# Business Costs



# Energy Costs

- According to the US Energy Information Administration as of September 2025, Rhode Island had the **highest commercial rate for natural gas in New England** and 2<sup>nd</sup> highest in the country at \$22.11 per thousand cubic feet.
- Overall Rhode Island had the **3<sup>rd</sup> highest business electric rate in the nation.**  
<https://www.energybot.com/electricity-rates/>
- On a kWh basis Rhode Island had the **largest increase in commercial electric pricing between 2023 and 2024** when the rate went from 19.27 to 22.97 and was the **second highest rate in the nation** behind Hawaii.



# Workers' Compensation & Unemployment Insurance Costs

- Workers' Compensation Premiums Ranked as the **10<sup>th</sup> Highest** in the Country – 2024
  - *FY2026 budget exempted workers' compensation fund from the indirect cost recovery.*
- As of 2022, Rhode Island's maximum benefit levels ranked 3<sup>rd</sup> highest in New England and 4<sup>th</sup> highest nationally. For most employers the UI taxable wage base will be \$30,800 in 2026, an increase of \$1,000 or 3.4 percent from the 2025 taxable wage base of \$29,800.



# Health Insurance Costs

- State taxes, fees, and assessments on Rhode Island's commercial health insurance premiums are the **fourth highest** among all states.
- According to the Office of Health Insurance Commissioner “From 2001 to 2024, the average employer-sponsored family premium in Rhode Island increased from \$8,023 to \$25,960.”
- For 2026 the Office of the Health Commissioner approved the following health insurance premium increases:
  - 21% for the individual market
  - 17.6% for the small group market
  - 19.3% for the large group market



# Coalition Priorities



# Affordability: Confronting the Drivers of Escalating Costs

- True economic growth is unattainable if the baseline costs of living and doing business in Rhode Island continue to outpace those in the region and across the country. We must pursue a multi-front strategy that focuses on the removal of artificial cost drivers across the most critical sectors of our economy to improve our regional and national standing.



# Tax Competitiveness: Improving Rhode Island's Position

- Rhode Island must maintain a tax environment that encourages local reinvestment and allows family-owned enterprises to thrive through multiple generations. High taxes on property and corporate income currently place us in the bottom third of states nationally, making regional competitiveness a primary goal for the General Assembly.
  - Rhode Island's high tax burden must be addressed to create a business-friendly environment that attracts investment, increases wages, and encourages innovation. The Business Coalition supports policies that would improve the state's overall tax climate while maintaining and enhancing its advantages with respect to its neighboring states.
  - It is recommended that each tax increase be considered on the impact of whom will actually have to pay and the competitive nature of the tax.
  - Increasing taxes on businesses through a higher corporate tax or through the income tax for pass through entities will make Rhode Island less affordable and less competitive. In addition, increasing taxes that are passed to businesses will also make less affordable to do business in the state.
  - The current Rhode Island income tax structure already has a very progressive structure.



# Workforce Development: Modernizing and Strengthening the Talent Pipeline

- A dynamic economy requires a workforce that is prepared for the high-technology and specialized industries currently fueling our regional growth. We must benchmark our educational outcomes against the nation to ensure our high per-pupil spending translates into measurable student success in reading and mathematics.
- We must utilize funding to school districts that is efficient as well as effective while helping those more in need so all students can achieve high academic outcomes.



# Regulatory Environment: Creating a Culture of Efficiency & Innovation

- Modernizing Rhode Island's regulatory culture is essential to shedding our reputation as a difficult place to start and operate a business. The state must move toward a system where rules are simplified, permits are predictable, and innovation is encouraged through pragmatic oversight rather than rigid mandates.



# Infrastructure & Connectivity: Strengthening the State's Foundation

- A high-performing business climate requires modern physical and digital infrastructure to connect Rhode Island to the global marketplace. We must prioritize long-term investments that ensure our state is prepared for the demands of the 21st-century economy.



**Thank You**

**Questions**

