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Testimony of

Christopher Carlozzi, State Director, National Federation of Independent Business
In Opposition to House Bill No. 5167
Relating to Health and Safety – The Rhode Island Clean Heat Standard Act
Before the House Committee on Environment and Natural Resources
February 6, 2025

Chairman Bennett and Members of the House Committee on Environment and Natural Resources:

My name is Christopher Carlozzi. I am the Rhode Island State Director of the National Federation of Independent Business (NFIB). A non-profit, non-partisan organization, NFIB is the nation's and Rhode Island's largest small business advocacy group. In Rhode Island, NFIB represents hundreds of small and independent business owners involved in all types of industry, including manufacturing, retail, wholesale, service, and agriculture. The average NFIB member has five employees and annual gross revenues of about \$450,000. In short, NFIB represents the small Main Street business owners from across the state. On behalf of those small and independent business employers in Rhode Island, I urge you to oppose House Bill No. 5167, regarding increasing the price of heating fuel.

Will this legislation make Rhode Island a state that is more affordable to live in or run a small business?

That is what lawmakers must ask as you consider proposals that will undoubtedly raise the price of energy for residents and small businesses. Small businesses in Rhode Island not only compete with businesses across state lines but also nationally and internationally. Having access to affordable energy plays a large part in being able to produce goods and offer services to consumers. Rhode Island small businesses already face some of the highest energy expenses in the nation. Because the region lacks capacity for clean, affordable natural gas, many small businesses are struggling with the high price tag of energy.

Energy is crucial to the operation of a small business in Rhode Island. With our brutally cold winters and excessively warm summers, the price of energy is something small business owners carefully monitor as it significantly impacts their business' bottom line. A substantial portion of small business energy use is cooling or heating the business. Both customers patronizing a business and workers performing daily duties within the building must be comfortable and safe. Heating and cooling become especially costly in larger facilities like warehouses and factories. Finally, many small manufacturers require heavy energy use operating their equipment to create products. Rhode Island is home to precision manufacturing businesses that rely on affordable energy to remain competitive.

House Bill No. 5167 will result in additional heating expenses for Rhode Island residents and businesses. Once again, members of this committee should ask proponents the estimated cost impact of this proposal. The state of Vermont recently had a comparable piece of legislation enacted in their legislature. **The repercussions of this policy were felt in the 2024 elections with policymakers now reconsidering this policy. However, during their legislative process, the Vermont Secretary of Natural Resources estimated the expense of implementing this program to cost roughly \$2 billion, or \$1.2 billion after federal money is used for a portion. That \$1.2 billion would be passed along to every resident and small business in that state and translated to an estimated 70 cents per gallon for heating oil kerosine, propane, and natural gas.**

The average Rhode Island resident is projected to use between 700-900 gallons of heating fuel per year during the cold weather. If the initial Vermont numbers are accurate, an additional 70 cents per gallon would result in Rhode Island residents paying roughly \$600 a year more to heat their homes. **What is even more troubling, the Vermont Secretary of Natural Resources also claimed in her testimony that the 70-cent projection was a “low ball” number.** She noted the expense per gallon may be even higher based on the types of categories that required action and because they made the assumption fuel dealers would absorb 25% of the cost. Fuel dealers provided supplemental testimony clarifying 100% of the cost would indeed be passed along to consumers.

On behalf of Rhode Island small businesses already struggling with highest in the nation energy prices, we urge the committee to reject these bills. NFIB strongly urges you to provide House Bill No. 5167, increasing the price of heating fuel, with negative recommendations. Thank you.