



Rhode Island Black Business Association
220 Smith Street | Providence, RI 02908

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The Honorable Marvin Abney, Chair
House Committee on Finance
82 Smith Street
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housefinance@rilegislature.gov

Testimony *in support of* H7851: RI Baby Bond Trust (Representative Joshua Giraldo)

Chair Abney and Members of the House Finance Committee,

The RI Black Business Association (RIBBA) is a non-profit organization dedicated to advancing the business opportunities and vitality of Black-owned and minority businesses in RI. We are in strong support of H7851 to establish the RI Baby Bond Trust. It would accelerate closing the racial wealth gap and lift thousands of Rhode Island families out of poverty on a generational scale.

H7851 provides a path to wealth-building for Rhode Islanders who are otherwise shut out. The wealth gap between white Rhode Islanders and minority Rhode Islanders is wide and yawning. Whether looking at home ownership, higher education attainment, business ownership, and overall net worth, it's a double-digit gap between white and minority households. H7851 closes the gap. Baby bond funds can be utilized to obtain a degree at an institution of higher learning, purchase a home, purchase a vehicle, or start a business. That investment in business development will result in equitable, sustainable, statewide economic development.

Entrepreneurship is the key to closing the racial wealth gap. A study by the Congressional Black Caucus shows Black business-owners hold 13x more wealth than Black non-business owners. The wealth gap between Black and white business owners is 3x, compared to a 6x gap between Black and White households overall.

Minority-owned businesses are the fastest growing sector of our state's economy, yet most fail to reach sustainability due to lack of access to capital. They must utilize their own assets and lines of credit to open their business and to keep afloat, and are routinely shut out of resources specific to small businesses. SBA data from the 7a and 504 loan programs show that in FY24, SBA-certified lenders have awarded white borrowers 76% of all loans: \$20.5M vs \$6.9M awarded to minorities; Black borrowers have received \$380K, literally 1% of all dollars. This is not the recipe for a thriving economy.

H7851's investment in entrepreneurship and other pillars of wealth-building will prove a boon to our entire economy for generations. RIBBA urges the House Committee on Finance to vote yes on this bill. Thank you.

Sincerely,

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