



Rhode Island Business Coalition
Legislative Priorities
Business Competitiveness
March 6th, 2025



Rhode Island Business Coalition

2025 Legislative Priorities

Who We Are

Established in 2013, the Rhode Island Business Coalition (RIBC) consists of a diverse group of 17 business organizations and industry associations, representing more than 6,280 businesses that employ 230,000 people within 50 industries in Rhode Island. Our mission is to identify and advance state public policies that improve Rhode Island's economic competitiveness and overall business climate.

RIBC acts as the lead organizer on behalf of members of the Coalition to address specific legislative and administrative positions. Coalition members reach consensus on which issues, policies, and specific legislation they would like to support or oppose. In the 2025 legislative session, RIBC has already offered testimony on 15 pieces of legislation with the expectation of further advocacy in the areas outlined below.

The Coalition understands that in order to create a positive and growing business environment, the state and business must work together. With its natural beauty, hardworking citizens, and unique culture the Ocean State—with smart planning and discipline—has the resources and talent to become a national economic leader.

Rhode Island's Lagging Business Climate

Rhode Island currently does not have a high-performing business climate, based on rankings by several organizations and publications, which have developed indexes that compare the relative business climate of the fifty U.S. states. Collectively, these indexes show that Rhode Island ranks among the bottom—and in one instance, at the very bottom—of states. WalletHub's 2025 Best and Worst States to Start a Business [ranked](#) Rhode Island last in the nation. CNBC's America's Top States for Business for 2024 [ranked](#) the state 44th (7th lowest). These reports cite Rhode Island's poor business environment, the high cost of doing business, lack of business friendliness, and slow economic growth as reasons for the Ocean State's dismal rankings.

Rhode Island businesses are burdened by high taxes. Rhode Island currently [ranks](#) 39th (12th lowest) among states overall on the Tax Foundation's 2025 State Tax Competitiveness Index. According to the Tax Foundation rankings, the Ocean State ranks in the bottom third of states for its corporate

income taxes (35th) and property taxes (37th) and ranks third worst in the country for unemployment insurance taxes (48th).

While the state's tax competitiveness is relatively poor compared to other U.S. states, Rhode Island currently enjoys a competitive tax advantage over its closest neighbors, [Connecticut](#) and [Massachusetts](#) (the Tax Foundation ranks these states 47th and 41st respectively). Rhode Island's advantage is primarily due to the relative levels of income taxation in the three states. While Rhode Island's income tax ranks in the bottom half of states, it ranks more favorably than both Connecticut (41st) and Massachusetts (47th). Rhode Island's competitive advantage on taxes is significant given that states are typically in closest competition with neighboring jurisdictions. Moreover, due to its small size, Rhode Island faces acute competition with both Connecticut and Massachusetts.

Job creation in Rhode Island is also stifled by burdensome regulations, with one national think tank calling the Ocean State “anti-employment”. Rhode Island [ranks](#) in the bottom ten states in terms of regulatory freedom by the Cato Institute, with the state's ranking driven down by its overregulated labor market, which is ranked 48th in the country (2nd worst). Cato cites the state's high minimum wage, lack of a right-to-work law, and stricter-than-federal anti-discrimination laws as examples of regulations that make it more difficult to do business in Rhode Island.

Rhode Island needs reform of its K-12 education system. The state spends generously on education—in the top ten in spending per pupil based on the most recent data—but produces average to below average results compared to the nation. According to the 2024 National Assessment of Educational Progress, Rhode Island fourth graders perform no better than the national average in reading and math; eighth graders similarly score at the national average in reading, but below the national average in math.

Legislative Priorities

To improve the business climate Rhode Island must lower the cost of doing business, improve its regulatory environment, and help to increase access to markets, labor, and capital. With this in mind, the Business Coalition supports the following legislative priorities for 2025:

Easing the Tax Burden on Businesses and Employers

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.

No broad-based tax increases. With state expenditures [increasing](#) at a rate greater than the rate of inflation over the past few years, Rhode Island has a spending problem, not a revenue problem. The General Assembly must resist calls to increase taxes, especially on business-owners and job

creators. Since most businesses are taxed through the personal income tax, efforts to increase the tax rate for high income earners should be rejected.

No new taxes on digital advertising. Rhode Island's small businesses rely heavily on digital advertising as a cost-effective way to market their businesses. The costs of this proposed new tax will be passed on to these consumers, placing them at a competitive disadvantage, and hindering economic growth opportunities in our state.

Support exempting the Workers' Compensation Administrative Fund from indirect cost recoveries. A proposal to increase the indirect cost recovery transfer from the administrative fund of the workers' compensation system would result in a significant increase in the administrative costs currently borne by employer premiums. Workers' compensation premium dollars should be used to support the workers' compensation system.

Support increasing the estate tax exemption. Rhode Island currently has the 2nd lowest estate tax exemption in the country. A proposal to increase the estate tax exemption to \$4.0 million would improve Rhode Island's competitiveness relative to Massachusetts.

Support eliminating the corporate minimum tax. Rhode Island's annual minimum tax of \$400 imposes an unreasonable burden on small businesses, especially for businesses that experience a loss or no profit. This tax also increases complexity in the tax code and adds to the administrative costs of businesses.

Support unemployment insurance tax reform. Rhode Island's unemployment insurance tax system is one of the most burdensome in the nation for businesses. This system stifles the ability of businesses to invest, innovate, and hire employees.

Regulatory Reform and Employer Requirements

The state should pursue regulatory reforms that simplify or reduce the number of rules and legal requirements imposed on businesses. The state should focus its regulatory efforts on areas of the highest potential risk to public safety or the environment and ensure that the benefits of regulation exceed the cost of compliance. Regulation reforms will make it easier and less costly for businesses to operate, encouraging business creation and expansion, and leading to increased investment and job creation.

Oppose increases in the minimum wage. The 2025 scheduled increase in the minimum wage will be the eighth increase in as many years. Policies that continually increase labor costs force small business owners to cut jobs and/or to reduce employee hours. Rising labor costs also may accelerate the speed at which employers decide to invest in technology that replaces workers, resulting in fewer jobs for Rhode Islanders.

Oppose the Workplace Psychological Safety Act. This bill will lead to countless complaints, penalties, and unhappy workplace situations while employers scramble to comply with stringent proposed regulations. Courts will be burdened with deciphering vague legislative language, while

employers are subject to accusations from employees who are allowed anonymity under the legislation.

Oppose “extreme temperatures” legislation. Rhode Island employers are already subject to rules adopted by the federal Occupational Safety and Health Act—making this legislation unnecessary.

Oppose adding provisions to the definition of unfair or deceptive practices in advertising. The broad legislative changes being proposed would make it difficult for businesses to advertise the price of any good or service without potentially violating the law.

Oppose changes to the definition of “employees” and expansion of the authority of the State Labor Relations Board. Employers in Rhode Island are navigating numerous challenges, including rising costs, workforce shortages, and economic uncertainty. Adding new regulatory burdens and unpredictable penalties under this proposal will discourage business investment and expansion in the state.

Oppose creating contractor liability for unpaid wages, benefits, holiday or sick pay due to employees or subcontractors. This legislation would require a contractor to pay twice if the contractor paid a subcontractor prior to the employee filing against a subcontractor for non-payment. This proposal, along with those making contractors liable for acts of subcontractors, are unjust.

Oppose banning non-compete agreements. Non-compete clauses can be mutually beneficial to both parties as employees tend to stay employed longer and the employer—knowing this longevity is likely—is more inclined to invest in additional employee training.

Oppose limits or bans on production quotas for warehouse workers. Most jobs, across all industries, have some type of performance or production measure that helps employers meet goals and obligations owed to customers and business partners.

Oppose additional mandated health care regulations. The cost of health care coverage is directly affected by the number of mandated benefits included in that coverage. For many years, the General Assembly has passed legislation adding mandated health insurance benefits that have increased the cost of individual, small, and large group health insurance premiums across the state.

Support thoughtful regulation of artificial intelligence without stifling innovation. As businesses across the state are incorporating artificial intelligence into their operations, it is important that any regulations be pursued in a thoughtful way. The state must not lose access to artificial intelligence models that might help power new scientific discoveries and operational efficiencies in health, education, and sustainability.

Education and Workforce

The state must effectively adopt innovative, evidence-based instruction based on high-quality curricula to ensure K-12 students are prepared to participate in tomorrow’s economy. The Business

Coalition believes that a strong educational system focused on English language arts, math, science, and technology will help attract businesses and drive economic growth.

Oppose delaying the implementation of high-quality curricula in schools. The State of Rhode Island has invested millions of dollars in the development and cultivation of the life sciences, healthcare, advanced manufacturing, and technology. We need a dynamic educational system that's responsive to the challenges and opportunities of our current job market.

Support additional investments in professional development. To guarantee that high-quality curricula is being implemented effectively, teachers need more high-quality professional development opportunities. Students have significantly better outcomes when their teachers have access to high-quality training and professional development.

Support stronger attendance policies for all schools. Students with high levels of absenteeism tend to have lower math and reading scores, lower graduation rates, and are less likely to pursue post-secondary education. With one-quarter of Rhode Island students currently deemed to be chronically absent, this issue is of critical importance to the success of Rhode Island's K-12 education system.

Support the expansion of career and technical education (CTE). RIBC believes that we need to create opportunities for innovation and modernization in curriculum, approach, and infrastructure. CTE presents opportunities for students to gain exposure, training, and experience that better prepares them for their careers.

Maintain high standards. Students do their best when all stakeholders are held accountable for students achieving high standards. Maintaining testing protocols are critical to maintaining high standards.

A more detailed description of how Rhode Island's business climate and tax policies compare with other states can be found in the appendix of this document.

Appendix: Rhode Island’s Business Climate
This section details the comparison of various business factors across the natin

Overview

Business climate is used to describe the relative ease at which a business can form, thrive, or expand in a city, state, or other geographic location. Measures of business climate include items such as the cost of doing business, regulatory environment, infrastructure, and access to markets, labor, and capital—conditions that business leaders routinely assess, and which ultimately affect economic growth.¹ The relative weight placed on various components of a business climate may vary significantly depending on the individual business or industry. However, some areas of the United States have clear advantage for economic activity over others, and it is possible to measure on a broader scale an area’s business climate.

Accordingly, several organizations and publications have developed indexes that measure the business climate of states or metro areas around the U.S. on annual or semi-regular bases. Five of the

Figure 1
Measuring Rhode Island's Business Climate

Index/Ranking	RI Rank	Organization/ Publication	Year
State Tax Competitiveness Index	39	Tax Foundation	2025
Best and Worst States to Start a Business	50	WalletHub	2025
America's Top States for Business	44	CNBC	2024
Best States to Start a Small Business	23	Forbes	2024
Best Performing Cities	182 of 200 (Providence-Warwick, RI-MA)	Milken Institute	2025

most recognized of such indexes are outlined in Figure 1, below.

Collectively, these Indexes show that Rhode Island overall does not have a high-performing business climate, often ranking among the bottom—and in one instance, at the very bottom—of U.S. states across indexes. There are some bright spots, however. In some metrics that matter to business, Rhode Island is more competitive. Rhode Island, moreover, has competitive advantage over several of its regional neighbors in some measures, like tax competitiveness; a significant factor given that states are typically in great competition with their neighbors and that, due to its small size, Rhode Island

¹ See the literature review in, Andrey Yushkov, Jared Walczak, and Katherine Loughead, [2025 State Tax Competitiveness Index](#), Tax Foundation, October 2024.

faces acute competition with other states in the region, and particularly with the neighboring states of Massachusetts and Connecticut.²

Below is an analysis of Rhode Island’s standing on the indexes cited above. This analysis describes the differences between indexes. It also captures why the Ocean State ranks poorly overall and how it compares to neighboring states. Finally, the analysis below captures areas which are Rhode Island’s greatest strengths in terms of business competitiveness, and areas where the state is weaker, and requires improvement.

Tax Foundation, State Tax Competitiveness Index

From 2003 to 2024, the Tax Foundation, a think tank based in Washington D.C., annually issued its Business Tax Climate Index, comparing all 50 states and analyzing each state’s business tax climate. For the 2025 Index, which measures tax systems as of the first day of fiscal year 2025 (July 1, 2024), the Tax Foundation made several methodological updates and renamed it the State Tax Competitiveness Index “to better reflect what it assesses: states’ overall tax competitiveness, not just the business tax climate.” As before, however, the Tax Foundation’s Index produces rankings by comparing over 100 variables across five major tax categories:

- 1. Individual income taxes
- 2. Sales taxes
- 3. Corporate income taxes
- 4. Property and wealth taxes
- 5. Unemployment insurance taxes

Each state receives a score for each tax category and each category is weighed differently. The greatest weight is given to those taxes with the most variability between states because those are the components of tax law where states may gain the greatest competitive advantage.³ While limited in terms of the scope of its analysis (tax competitiveness is only one element of business climate), the Index is also arguably the most reliable measure of business climate available given that the Tax

Figure 2
State Tax Competitiveness Index Ranking, 2025

	CT	ME	MA	NH	RI	VT
Overall	47	29	41	6	39	43
Corporate Income Taxes	31	40	33	32	35	36
Individual Income Taxes	47	22	41	12	30	43
Sales Taxes	21	8	20	1	26	29
Property and Wealth Taxes	50	48	46	39	37	49
Unemployment Insurance Taxes	40	19	47	27	48	8

² Ibid. Neighboring states often have similar economic and demographic features that are important to businesses, such as the cost of raw materials and access to markets

³ Ibid.

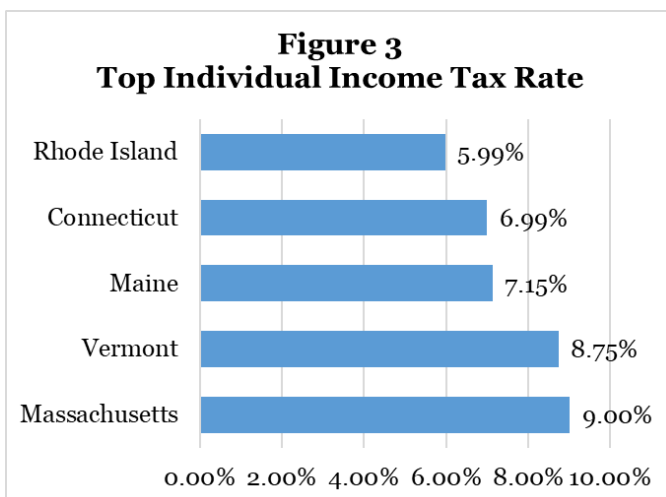
Foundation is particularly clear as to how it arrives at its ranking, providing a full breakdown as to how each state stacks up across every single metric. Figure 2 shows how Rhode Island and the other New England states rank on the State Tax Competitiveness Index, and on each of the five tax categories that comprise the Index.

Rhode Island ranks 39th of 50 states, or 12th lowest, in terms of tax competitiveness. The Ocean State also ranks in the bottom half of states in each of the five tax categories but is relatively middling in terms of its sales tax (ranked 26th) and individual income tax (30th) competitiveness. Rhode Island ranks in the bottom third of states for its corporate income taxes (35th) and property and wealth taxes (37th), and ranks third worst in the country for unemployment insurance taxes (48th). Of benefit to Rhode Island, however, is that, except for New Hampshire (ranked 6th), New England as a region is not particularly competitive in terms of the taxes paid by individuals and businesses, such that Rhode Island is more competitive than Vermont (43rd) and, more importantly, its neighboring states of Connecticut (47th) and Massachusetts (41st).

Individual Income Tax

Rhode Island's advantage over Massachusetts is relatively new—in 2023 Rhode Island ranked 40th and Massachusetts ranked 33rd. This change is the product of the introduction of a new individual income bracket in the Bay State in 2024, affecting both residents and businesses that operate as sole proprietorships, partnerships, or S corporations. Taxing income of over \$1.0 million at 9.0 percent, the new bracket marked a significant deviation from Massachusetts' previous structure: a flat individual income tax rate of 5.0 percent. In consequence, and as Figure 3 shows, Rhode Island currently has the most competitive individual income tax rate in New England, except for New Hampshire, which does not levy a state individual income tax.⁴

While Rhode Island's individual income tax structure has become more competitive regionally in recent years, it has become less competitive nationally, as many states have used the revenue surpluses of the last few years to make large tax cuts, including cuts to the individual income tax rate.⁵ In 2025, 43 states applied an individual income tax, and of those, Rhode Island's top rate of 5.99 percent ranked 15th highest.⁶



⁴ Until tax roll year 2025, New Hampshire taxed interest and dividends but not regular income. Ibid.

⁵ U.S. states enacted a total of \$15.5 billion in net tax reductions for FY 2023 and \$13.3 billion in reductions for FY 2024, the largest cuts ever captured by the National Association of State Budget Officers' (NASBO). NASBO, *The Fiscal Survey of States*, [Fall 2024](#).

⁶ Andrey Yushkov, Jared Walczak, and Katherine Loughead, [2025 State Tax Competitiveness Index](#), Tax Foundation, October 2024.

Corporate Income Tax

Nationally, Rhode Island has also lost some ground in terms of its corporate income tax; primarily the result of the state not conforming with changes in the Tax Cuts and Jobs Act of 2017, as well as tax cuts in other states over the last few years.⁷ However, in 2025, Rhode Island's corporate income tax continued to be the lowest in the region, and ranked 19th highest of the states.⁸

Notably not captured in the Index—which takes a snapshot in time as of July 1—Rhode Island's net operating loss (NOL) carryforward provision was recently reformed to better compete with surrounding states. Prior to January 1, 2025, Rhode Island permitted businesses to carry forward and smooth out losses for five years, the shortest NOL carryforward provision nationwide. Rhode Island now has a 20-year carryforward provision, however, which places it in line with 15 states, including Massachusetts and Connecticut. Shown in Figure 4, California has no carryforward provision, and 11 states have provisions under 20 years, while 17 states enable indefinite carryforwards.⁹

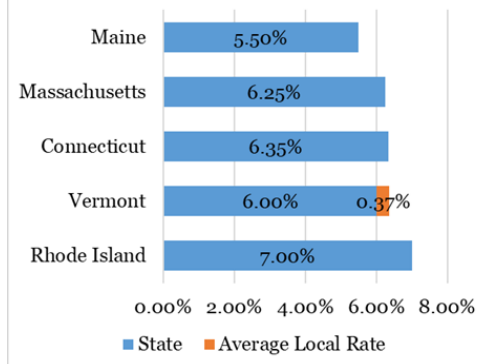
Sales Tax

Rhode Island's state sales tax rate of 7.0 percent is not competitive on a national basis—tying for second highest nationwide with Indiana, Mississippi and Tennessee, and ahead of only California (7.25 percent). However, Rhode Island is in a minority of states that does not enable local governments to apply their own sales tax. When considering the average local sales tax rate in combination

Figure 4
Length of Corporate Income Tax Net Operating Loss Carryforward Provision, 2025

Length of NOL Carryforward	State(s)
N/A	California
8 Years	Arkansas
10 Years	Michigan Montana New Hampshire
15 Years	Alabama Minnesota North Carolina Oregon Tennessee
20 Years	Arizona Connecticut Idaho Illinois Indiana Iowa Louisiana Massachusetts Mississippi Missouri Nebraska New Jersey New York Pennsylvania Rhode Island Wisconsin
Indefinite	Alaska Colorado Delaware Florida Georgia Hawaii Kansas Kentucky Maine Maryland New Mexico North Dakota Oklahoma South Carolina Utah Virginia West Virginia

Figure 5
State and Avg. Local Sales Tax Rate, FY 2025



⁷ In 2016, the Ocean State significantly improved its standing in this measure, reducing its top rate of 9.0 percent, which tied for sixth highest in the nation, to 7.0 percent, which tied for 20th highest, and lowest in New England Jared Walczak, [State Corporate Income Tax Rates and Brackets](#), Tax Foundation, 2015.

⁸ Andrey Yushkov, Jared Walczak, and Katherine Loughhead, [2025 State Tax Competitiveness Index](#), Tax Foundation, October 2024.

⁹ Ibid.

with the state rate, Rhode Island sales tax tied with Indiana and North Carolina for 24th highest. Depicted in Figure 5, sales tax is the area in which the New England states are generally most competitive; New Hampshire does not apply a sales tax, and of the remaining states, Rhode Island has the highest sales tax rate.

Property and Wealth Taxes

In contrast to sales taxes, the Tax Foundation's Index ranks Rhode Island as more competitive than any other New England state in its property taxes. Like other states in the region, Rhode Island is highly reliant on local property tax revenues and is not competitive nationally. However, Rhode Island's rank in this category has improved from 48th in 2020 to 37th in 2025. This occurred in part due to the 2024 enactment of an exemption on the first \$50,000 of tangible personal property value—a change which improved Rhode Island's ranking by six spots year over year (from 44th to 38th).¹⁰ Figure 6 shows property tax collections on a per capita basis and as a percentage of personal income for the New England states and the U.S. overall for FY 2021 and indicates that Rhode Island's property tax collections were significantly higher than the U.S. overall, but lower than any other New England state.

At the same time, Figure 6 does not capture the property tax burden of businesses, and Rhode Island's cities tend to apply particularly high rates on commercial property. In fact, a recent study of the property tax burden in the 50 largest cities in each state found that Providence's effective commercial rate was the third highest nationwide, outpaced by only Detroit and Chicago, and far higher than neighboring Boston.¹¹

Figure 6
Property Tax Collections
FY 2021

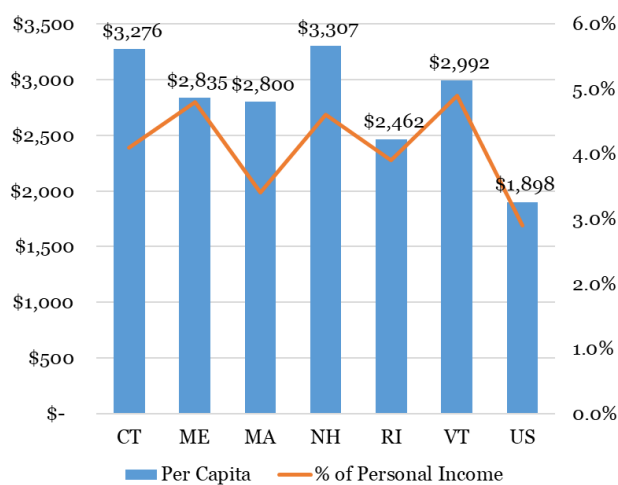
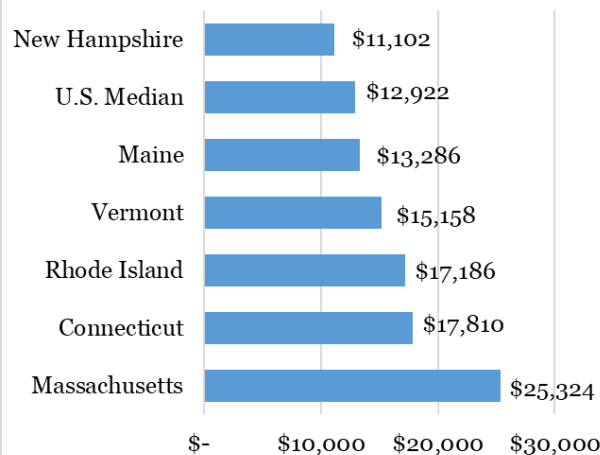


Figure 7
Maximum UI Benefit Excluding
Dependants' Allowance, 2022



¹⁰ Ibid; RIPEC, [Shifting Burdens: An Updated Analysis of Rhode Island's Property Tax System](#), June 2024.

¹¹ Lincoln Institute of Land Policy, [50 State Property Tax Comparison Study](#), For Taxes Paid in 2023, July 2024.

Unemployment Insurance Taxes

Rhode Island's unemployment insurance (UI) tax system ranks poorly on the Tax Foundation's Index for several reasons, but chief among them are the relatively generous benefits provided by the Ocean State at cost to its employers.¹² As of 2022, Rhode Island's maximum benefit levels ranked 3rd highest in New England and 4th highest nationally. Figure 7 depicts maximum benefit for the New England states and the U.S. median for 2022. Figure 7 does not factor in maximum dependents allowance, which increases the maximum in Rhode Island to \$21,476 (for 5+ dependents), and increases the Ocean State's ranking for highest maximum benefits nationwide from 10th highest to 4th highest. Whether considering dependents' allowance or not, Massachusetts has, by far, the largest maximum benefit nationwide.¹³

WalletHub, Best and Worst States to Start a Business

WalletHub's Best and Worst States to Start a Business includes 25 metrics weighted across three categories:

- 1) Business environment (50/100 pts): including average length of work week, startups per capita, growth of average business revenues, and the five-year business survival rate.
- 2) Access to resources (25/100 pts): including financing accessibility, venture investment per capita, and share of college-educated population.
- 3) Business costs (25/100 pts): including labor costs, office-space affordability, and total effective state and local tax rates.¹⁴

Overall, Rhode Island scored worst in the nation on WalletHub's Index, ranking 50th. Figure 8 shows how the New England states rank across each category. Rhode Island is only one spot ahead of Connecticut, ranked 49th (second worst) but significantly trails Massachusetts, ranked 33rd. Of the New England states, only Maine ranked in the top half of states (23rd).

¹² Rhode Island's score in the UI tax category is also negatively affected by its application of a surtax for the purposes of funding job development programs, its benefit charging method, and its method for determining experience rating. Andrey Yushkov, Jared Walczak, and Katherine Loughead, [2025 State Tax Competitiveness Index](#), Tax Foundation, October 2024.

¹³ Janelle Fritts, [Ranking Unemployment Insurance Taxes by State](#), Tax Foundation, 2022.

¹⁴ WalletHub, [Best and Worst States to Start a Business](#), 2025.

Figure 8
WalletHub, Best and Worst States to Start A Business, 2025

	CT	ME	MA	NH	RI	VT
Overall	49	23	33	45	50	42
Business Environment	49	14	29	38	50	42
Access to Resources	13	44	4	45	40	42
Business Costs	46	25	44	36	40	33

Unlike the Tax Foundation, WalletHub does not provide insights as to how states score on the individual metrics that comprise its rankings in each category. However, Rhode Island's particularly low score in the business environment category (50th) drove its overall lowest score, while also ranking poorly in access to resources (40th) and business costs (40th). Conversely, while Massachusetts and Connecticut were determined to have higher business costs than Rhode Island (ranked 44th and 46th, respectively), they scored far better in terms of access to resources.

In other words, Rhode Island's advantage over the Bay State and Nutmeg State—measured by the business costs portion of WalletHub's analysis as well as by the Tax Foundation's Index—lies in the reduced cost of operating a business, an important but singular component of a state's overall business climate.

CNBC, America's Top States for Business
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CNBC's America's Top States for Business for 2024 marks the outlet's 17th annual study of state competitiveness. CNBC scores the states on 128 metrics across ten categories: 1) infrastructure, 2) workforce, 3) economy, 4) quality of life, 5) cost of doing business, 6) technology and innovation, 7) business friendliness, 8) education, 9) access to capital, and (10) cost of living. The ten categories are weighed based on a determination of what matters most according to business site selectors, with the heaviest weighted categories for 2024 being infrastructure (17%), workforce (15%), economy (14%), and quality of life (13%).¹⁵

Depicted in Figure 9, by CNBC's metrics, Rhode Island ranked in the bottom ten states for businesses nationwide, at 44th highest (or 7th lowest). In similarity to WalletHub's index, and in contrast to the Tax Foundation, Rhode Island was also outranked by every other New England state, with its closest neighbors ranking 32nd (Connecticut) and 38th (Massachusetts). Like the region overall, Rhode Island ranks particularly poorly in terms of economy, cost of doing business, business friendliness, and cost

Figure 9
CNBC's America's Top States for Business, 2024

	CT	ME	MA	NH	RI	VT
Overall	32	42	38	41	44	37
Infrastructure	29	49	44	48	32	38
Workforce	20	46	38	24	22	41
Economy	39	42	40	48	42	41
Quality of Life	9	2	9	9	15	1
Cost of Doing Business	43	29	49	36	46	37
Technology and Innovation	25	34	3	35	23	33
Business Friendliness	39	37	40	9	45	28
Education	4	14	2	6	43	17
Access to Capital	22	40	9	36	39	44
Cost of Living	34	27	48	34	42	43

of living. However, the components of each subcategory are relatively opaque in CNBC's analysis; not all the metrics are shared, let alone each state's results on each metric. For instance, unclear why Rhode Island ranks 32nd on infrastructure—the most recent Infrastructure Report Card from the American Society of Civil Engineers (2021) rated Rhode Island worst in the nation.¹⁶

Forbes, Best States to Start a Small Business
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¹⁵ CNBC, "[How we chose America's Top States for Business](#)," 2024.

¹⁶ American Society of Civil Engineers, 2021 Report Card for America's Infrastructure: [Rhode Island](#).

While ranking in the bottom ten states nationally, and below all other New England states, in analyses produced by CNBC and WalletHub, Rhode Island received a far more favorable rating on Forbes 2024 list of the Best States to Start a Business. Ranked in the top half of states at 23rd, Rhode Island ranked significantly higher than all other New England states but New Hampshire (ranked 18th), besting Connecticut by seven spots and Massachusetts by ten spots.

Figure 10
Forbes, Best States to Start
a Small Business
2024

State	Rank
Connecticut	30
Maine	45
Massachusetts	33
New Hampshire	18
Rhode Island	23
Vermont	50

Forbes analysis is based on five categories and seventeen metrics:

- 1) Business costs: income tax, corporate tax, property tax, formation fees, minimum wage, and the number of natural disasters
- 2) Business climate: total growth in small business, business survival rate, and the number of businesses per Small Business Administration Location
- 3) Financial Accessibility: Average funding
- 4) Economy: per capita personal expenditures, GDP per capita, cost of living index
- 5) Workforce: unemployment rate, percentage of population of working age, percent of degree-level workers, and the number of universities and colleges per capita

Forbes does not provide an overview of how each state scores in each metric.

Milken Institute, Best Performing Cities

Taking a somewhat different approach, the Milken Institute’s Best Performing Cities measures economic growth, rather than business climate more broadly. The study produces an overall rank by way of 13 weighted metrics. These include job growth, wage growth, GDP from high-tech sectors, the concentration of industry, broadband access, housing affordability, the number of resilient households, and the Gini Index (a measure of wealth inequality). The Milken Institute’s study additionally differs in comparing Census-designated metropolitan areas, rather than states.¹⁷ The Providence-Warwick metropolitan area includes portions of Massachusetts but is nevertheless a significant driver of Rhode Island’s economy.

Depicted in Figure 11, the Providence-Warwick metropolitan area ranked 182 out of the 200 “large” metropolitan areas for economic growth on the Milken Institute’s most recent study (2025). The

¹⁷ Milken Institute, [Best Performing Cities, 2025](#), January 14, 2025.

Figure 11
Milken Institute, Best Performing Cities
2025

	Providence- Warwick, RI- MA	Boston, MA	Bridgeport- Stamford- Norwalk, CT	Hartford-West Hartford-East Hartford, CT
Overall	182	119	168	172
Job Growth 2018-23	152	116	179	177
Job Growth 2022-23	155	133	145	160
Wage Growth 2018-23	163	104	158	190
Wage Growth 2022-23	172	193	154	139
Short-Term Job Growth	157	128	153	135
High-Tech GDP 2018-23	133	30	109	115
High-Tech GDP 2022-23	184	81	154	116
High-Tech Concentration	122	37	32	45
LQ Count	105	68	26	138
Broadband Access 2023	113	40	59	144
Housing Affordability 2023	131	163	172	118
Resilient Households 2023	81	76	71	51
Gini Index	99	191	200	131

Providence-Warwick area ranks in the bottom quartile of cities for job growth and wage growth, and in the bottom half of cities in all but two metrics.

Also depicted in Figure 11, nearby metropolitan areas do not perform in the top half of metropolitan areas in the Milken Institute's study, but they do outrank Providence-Warwick: Boston ranks 119th, Bridgeport-Stamford-Nowalk ranks 168th, and Hartford ranks 172nd. In short, the Milken Institute's analysis determines that the Providence-Warwick metropolitan area has been stunted in its recent economic growth relative to the nation, and to a lesser extent, its closest geographic neighbors.