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Testimony of
Christopher Carlozzi, NFIB State Director
In Opposition to House Bill No. 6365
An Act Relating to Taxation – Retail Delivery Fee
Before the House Committee on Finance
May 29, 2025

Chairman Abney and Members of the House Committee on Finance:

My name is Christopher Carlozzi. I am the Rhode Island State Director for NFIB. A non-profit, non-partisan organization, NFIB is the nation's and our state'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. NFIB represents the small Main Street business owners from throughout Rhode Island. On behalf of those small and independent business employers, I urge you to oppose House Bill No. 6365, imposing a delivery tax on small businesses and consumers.

Once again, if implemented, Rhode Island would become a major outlier as only two states in the nation allow retail delivery fees. The newly proposed tax will further increase costs for both small businesses and their customers. A September 2024 NDP Analytics study on the impact of Colorado's \$0.29 delivery tax found the fee added to the cost of essential household products. For example, it was estimated to cost an additional increase of 1.2% for paper towels, 1.3% for trash bags, and 2.3% for disinfecting wipes. This translated to roughly a 120% tax increase for certain household products when factoring in the 2.9% Colorado state sales tax. This tax would be even more expensive for Rhode Islanders because the \$0.50 fee in House Bill No. 6365 is 72% higher than Colorado's fee and Rhode Island's 7% sales tax is 141% higher than Colorado's state sales tax.

The 2024 Colorado study also found a disproportionate effect on smaller businesses. The study concluded that since it was a fixed fee, it added proportionately more to the cost of smaller items sold by local businesses like a bouquet of flowers versus a more expensive item like a couch purchased at a big box furniture store. This led to reduced demand for items sold by neighborhood Main Street businesses.

House Bill No. 6365 is a tax increase on Rhode Island small businesses and residents and does nothing to make the state more affordable. We ask that you reject this costly proposal.