



April 29, 2026

Representative Marvin L. Abney
Chair, House Finance Committee
Rhode Island State House
Providence, RI 02903

Re: House 7465 – AN ACT RELATING TO STATE AFFAIRS AND GOVERNMENT --
RHODE ISLAND FIRE SERVICES TRAINING FUND ACT

Dear Mr. Chairman:

This statement in opposition to H.7465 is submitted by the American Property Casualty Insurance Association (APCIA).¹ H.7465 would create a fire services tax to be paid exclusively by Rhode Island purchasers of property and casualty insurance. That includes all insured homeowners, renters, and drivers. At 0.25%, this would be roughly \$6 per homeowners policy² and \$5 per auto policy³ today and would rise with premium increases. For a family with a house and two cars, that's an annual tax increase floor of \$16.

While we support the bill's goal of enhancing fire training in Rhode Island, and would welcome discussion on other ways to facilitate and fund this important cause, we have significant concerns about impacts to Rhode Island residents and domestic insurance companies. Furthermore, before creating new taxes that increase the cost of essential services, like insurance, we urge legislators to consider whether policy changes could address some of the issues making Rhode Island such a significant outlier in current fire services spending. Savings in this area could be redirected to effectuate the goals of H.7465.

¹ Representing 67% of the U.S. property casualty insurance market, APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe. Several APCIA members are located in Rhode Island and many more do business here. APCIA members are integral to the state of Rhode Island. They write 76% of the property casualty insurance sold in this state. The P&C insurance industry employs over 3,200 Rhode Islanders, provides annual assistance of \$1.5 billion in claim payments to help customers in the state, and contributes over \$160 million annually to the state in premium taxes.

² Average homeowners policy premium in Rhode Island is \$2,347 -

<https://www.bankrate.com/insurance/homeowners-insurance/rhode-island/#best-home-insurance-discounts>

³ Average auto insurance premiums in Rhode Island are between \$910 and \$2,991 depending on coverage. The \$5 estimate is based on a middle value of \$2,000. <https://www.bankrate.com/insurance/car/average-cost-of-car-insurance-in-rhode-island/>

Taxing PC Insurance Customers Harms Rhode Island Residents.

APCIA has significant concerns about taxing homeowners in the midst of a longstanding housing crisis⁴ and drivers, who are legally required to purchase auto insurance, already at (or beyond) their max with nation-leading premiums and uninsured motorist rates⁵.

Even a relatively small per-policy tax will have an impact, especially on Rhode Island's lowest income residents. Residents who cannot afford insurance will be unable to access mortgages, choose to drive without insurance, and face the prospect of catastrophic damages such as from major storms or accidents without a safety net.

H.7465 Hurts Rhode Island's Domestic Insurers.

As proposed, section 42-28.11-3(b)⁶ creates significant retaliatory tax implications for Rhode Island's domestic insurers. Depending on the size of the company, this could cost several hundred thousand to several million dollars in additional tax exposure nationally per year. The P&C insurance industry employs over 3,200 Rhode Islanders and contributes over \$160 million annually to the state in premium taxes, driven significantly by the state's domestic insurers. Some of the most significant domestic Rhode Island property and casualty insurers are household names that have demonstrated decades, or in some cases centuries, of commitment to Rhode Islanders.

Rhode Island⁷ and 48 other states (all except Oregon) impose retaliatory taxes on out-of-state insurers that are based in states with a higher aggregate tax burden. For this calculation, a state's aggregate tax burden includes all taxes, fees, or other financial obligations imposed on insurers, unless an amount is specifically exempt from retaliation under the laws of the state charging the retaliatory tax. The principal purpose of retaliatory tax laws is to promote the interstate business of domestic insurers by deterring other states from enacting discriminatory or excessive taxes.

⁴ See e.g. -

https://www.rilegislature.gov/pressrelease/_layouts/RIL.PressRelease.ListStructure/Forms/DisplayForm.aspx?List=c8baae31%2D3c10%2D431c%2D8dcd%2D9dbbe21ce3e9&ID=376144&Web=2bab1515%2D0dcc%2D4176%2Da2f8%2D8d4beebdf488

<https://governor.ri.gov/press-releases/governor-mckee-launches-first-wave-housing-bond-programs>

⁵ Depending on who is doing the ranking and how it is done, Rhode Island is widely recognized as a top 10 most expensive state for auto insurance costs today. This is likely a significant driver in Rhode Island's ranking (11th or 16th depending on source) amongst states with the highest percentage of uninsured motorists at around 16%. That means roughly one-in-six drivers in Rhode Island is facing the risk of personal liability for expenses in addition to fines and license suspensions. That's a risk borne by those drivers and it has broader societal impacts as well.

⁶ (b) The assessment shall be in addition to all other fees or taxes and shall not be passed onto policyholders as a specific line-item surcharge.

⁷ See § 44-17-1 and § 27-2-17

Here is a basic example of retaliatory tax calculation:

Step 1: The insurer calculates its actual aggregate burden owed to State A (excluding the retaliatory tax or other amounts expressly excluded under State A's retaliatory calculation).

Income/Premium Tax owed to State A	\$100
Other Fees and Burdens Owed to State A	\$25
Total Burden in State A	\$125

Step 2: The insurer calculates its hypothetical aggregate tax burden in Rhode Island (i.e., the amount the insurer would owe under Rhode Island law if the insurer had earned the same amount of income and premiums in Rhode Island rather than State A) including the new fire services tax.

Income/Premium Tax owed to Rhode Island	\$125
Other Fees and Burdens Owed to Rhode Island	\$25
Total Burden in Rhode Island	\$150

Step 3: If the insurer's total burden in Rhode Island is greater than the total burden in State A, the insurer must pay a retaliatory tax to State A in the amount of the difference between the two.

Total Rhode Island burden (Step 2)	\$150
Total State A burden (Step 1)	\$125
Retaliatory Tax Owed to State A	\$25

Adding this proposed tax on all Rhode Island PC insurers is likely to trigger retaliatory taxes for Rhode Island's domestic insurers in all other states, creating a costly multiplier effect.

Rhode Island is Already A National Outlier in Fire Services Spending.

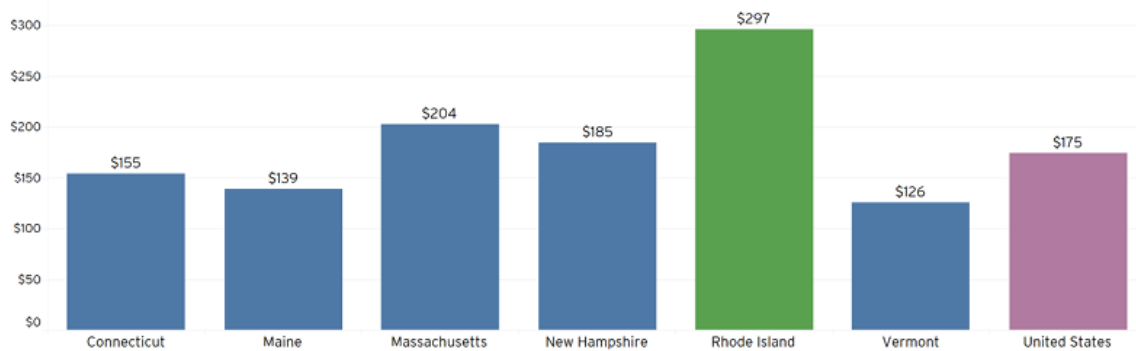
Rhode Island has amongst the most generous firefighting compensation laws in the country, including a 2019 revision requiring municipalities to provide overtime pay to firefighters beginning at 42 hours weekly, 26% below the federal standard (53 hours), and also allows paid leave to county towards hours worked for the purposes of overtime.⁸ Rhode Island is also a significant outlier in:

⁸ https://ripec.org/wp-content/uploads/2022/12/2022_Municipal_Services.pdf

- Firefighter staffing, ranking first nationally in 2020 with 2.1 firefighters per 1,000 residents, compared to 1.3 nationally.⁹
- Firefighter salaries, averaging \$62,860 as of May 2021 (excluding overtime), tenth highest nationally and 13% higher than the national average (\$55,290).¹⁰

As a result, Rhode Island is one of the top state spenders on fire protection. In fiscal year 2020, it was 3rd in the nation in per capita spending, 51.7% higher than the national average and 37% higher than Massachusetts, which has the second highest fire protection expenditure in New England.¹¹

Figure 13
Fire Protection Expenditures Per Capita, FY 2020



Source: U.S. Census Bureau, Annual Survey of State and Local Government Finances; U.S. Census Bureau, 2020 U.S. Census; RIPEC calculations.

In fiscal year 2021, fire department expenditures were the second largest non-education expense for Rhode Island municipalities, totaling \$385.5 million, or 22% of non-education spending.¹²

In sum, under H.7465, PC insurance customers, including those required to purchase auto insurance by law, would be forced to pay an additional tax for services that largely have no relation to protecting their home, vehicle, or business¹³ and for which they are already taxed via their local property assessments.

Before creating any new taxes on Rhode Island residents and harming some of its largest employers and taxpayers, we strongly urge legislators to consider policy changes to redistribute costs within existing fire services spending. For these reasons, APCIA urges the committee to

⁹ Id.

¹⁰ Id.

¹¹ Id.

¹² Id.

¹³ Id: “Increasingly, fire departments receive a significantly higher proportion of service calls related to medical aid or rescue than for fires. Of the 36.4 million [calls for service] reported nationwide in 2020, 65.4 percent were related to medical aid or rescue and 3.8 percent were for fires, down from 6.9 percent in 2005. ... In Rhode Island, 40 percent of calls placed to 911 and transferred to an outside department in 2021 were classified as “rescue” while 7 percent were classified as “fire.””

hold H.7465 for further study. If new revenue is ultimately required, it is essential that H.7465 be revised to avoid harming Rhode Island's domestic insurers and we welcome the opportunity to be part of that discussion.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jonathan Schreiber". The signature is fluid and cursive, with the first name being more prominent.

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