



March 2, 2026

The Honorable Arthur J. Corvese  
Chairman, House Labor Committee  
Rhode Island State House  
82 Smith Street  
Providence, RI 02903

**RE: Opposition to H7440 – AN ACT RELATING TO LABOR AND LABOR RELATIONS – EMPLOYMENT SECURITY – BENEFITS**

Dear Chairman Corvese and Honorable Members of the Committee:

My name is Joseph Lopes, and I am the President of Associated Builders & Contractors of Rhode Island, and we are located in Pawtucket, Rhode Island. I respectfully submit this testimony in strong opposition to H7440, which would grant unemployment insurance (UI) benefits to individuals who choose to strike or who are locked out during a labor dispute.

The state of Rhode Island is already among the most expensive states in the region in which to operate a business. Employers contend with high energy costs, significant regulatory compliance burdens, and some of the highest unemployment insurance tax rates in the Northeast. At a time when many businesses are still navigating inflationary pressures, workforce shortages, and economic uncertainty, H7440 would significantly increase the cost of doing business and further strain a UI system that is already under pressure.

**H7440 Will Increase UI Taxes on Every Employer in the State**

Rhode Island's UI Trust Fund is inherently cyclical and vulnerable during economic downturns, and it remains under-resourced by federal solvency standards, lacking sufficient reserves to withstand a significant recession without triggering higher employer taxes or state borrowing. Adding a new category of claimants—individuals who voluntarily withhold their labor to participate in a strike—would fundamentally alter the purpose of the system and further deplete resources intended for workers who lose employment through no fault of their own.

If UI benefits are extended to striking workers:

- The UI Trust Fund will incur costs it was never designed to absorb.
- Employer contribution rates will inevitably rise to replenish the fund.
- Small and mid-sized businesses, many operating on thin margins, will bear the greatest burden.

For many employers, even modest increases in UI rates directly impact hiring decisions, wage growth, expansion plans, and long-term sustainability. H7440 would intensify these financial pressures across all sectors.

### **The Bill Will Incentivize Longer and More Frequent Strikes**

H7440 would materially change the balance of labor negotiations by providing wage replacement benefits during a strike. This policy shift risks incentivizing longer and more frequent work stoppages.

For employers, this could mean:

- Prolonged operational disruptions
- Increased contingency and staffing costs
- Supply chain instability
- Revenue loss and productivity declines
- Reduced flexibility in negotiating agreements in good faith

Strikes already impose significant costs on employers, employees, and customers. Providing UI benefits during strikes would make work stoppages more financially sustainable and shift additional leverage toward disruption, ultimately harming Rhode Island businesses and the broader economy.

### **This Policy Change Would Make Rhode Island Less Competitive**

If enacted, Rhode Island would become only the third state in the nation—and the first on the East Coast—to permit unemployment benefits for striking workers. With limited long-term fiscal data from the few states that have recently implemented similar measures, Rhode Island would be proceeding without a clear understanding of the economic consequences.

At a time when the state seeks to attract new employers and retain existing businesses, H7440 sends a concerning message: that Rhode Island is prepared to impose additional mandates and costs that most other states have chosen not to adopt.

### **Conclusion**

H7440 represents a significant policy shift with serious and far-reaching implications. It will:

- Increase unemployment insurance taxes
- Encourage longer and more frequent strikes
- Destabilize the UI Trust Fund
- Add operational and financial burdens to employers statewide

For these reasons, I respectfully urge the Committee to reject H7440.

Thank you for your time and consideration. Please do not hesitate to contact me if I can provide additional information.

Sincerely,

Joseph P. Lopes  
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