

**3/4/26**

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 Paul McDonald, and I am the owner of **Atlas Total Construction Services** in Cranston. I am submitting this testimony in strong opposition to H7440, which would grant unemployment insurance benefits to workers who choose to strike or who are locked out during a labor dispute.

Rhode Island is already one of the most expensive states in the region in which to operate a business. Employers face high energy costs, high regulatory compliance costs, and—critically—some of the **highest unemployment insurance (UI) taxes in the Northeast**. At a time when many businesses are still recovering from inflationary pressures and workforce shortages, H7440 would dramatically increase the cost of doing business in Rhode Island and further destabilize a UI system that is already under incredible strain.

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

Rhode Island's UI trust fund is fragile and subject to cyclical stress. Injecting a new category of claimants—individuals who are voluntarily not working because they are participating in a strike—would quickly deplete limited resources intended for employees who lose their jobs through no fault of their own.

If UI benefits are extended to striking workers:

- The UI trust fund will bear costs it was never designed to absorb.
- Employer contribution rates will inevitably skyrocket to replenish the UI trust fund.
- Small and mid-sized businesses—already operating on thin margins—will be hit the hardest.

For many local employers, even modest UI rate increases can influence hiring decisions, expansion plans, and long-term viability. H7440 would accelerate these pressures.

## **The Bill Will Incentivize Longer and More Frequent Strikes That Disrupt Business Operations**

H7440 materially alters the dynamics of labor negotiations. By offering wage replacement benefits during a strike, H7440 will incentivize longer and more frequent work stoppages. For employers, this will mean:

- Prolonged operational shutdowns.
- Higher costs of contingency planning.
- Disrupted supply chains.
- Lost revenue and reduced productivity.
- A weakened ability to negotiate in good faith.

Strikes are already costly for employers, employees, and customers. Extending UI benefits to striking workers shifts even more leverage toward work stoppages, making them more attractive and more sustainable—at the direct expense of Rhode Island businesses.

## **This Policy Change Makes Rhode Island Less Competitive**

If adopted, Rhode Island would become only the third state in the country—and the first on the East Coast—to allow unemployment benefits for striking workers. With no long-term data from the states that implemented this change just weeks ago, Rhode Island would be entering uncharted territory without understanding the fiscal or economic consequences.

At a time when the state is trying to attract new employers and retain existing ones, H7440 would send the opposite message: that Rhode Island is willing to impose new mandates and costs that most other states avoid.

## **Conclusion**

H7440 represents a significant shift in state policy with serious implications for every employer in Rhode Island. It will:

- Increase UI taxes
- Create more frequent and longer strikes
- Destabilize the UI trust fund
- Add new operational and financial burdens to businesses across all industries

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

Thank you for your consideration, and please feel free to contact me if I can provide additional information.

Sincerely,  
**Paul McDonald**

**Owner**  
**Atlas Total Construction Services**  
**paul@atlastcs.com**  
**401.473.8516**