

Dawn Huntley

From: Cheri Spagnolo <seastheday96@gmail.com>
Sent: Sunday, March 29, 2026 5:59 PM
To: House Municipal Government and Housing Committee
Subject: Opposition to House Bill H7657

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Dear Honorable Members of the Rhode Island General Assembly,

I write to express my strong opposition to House Bill H7657, which proposes to distinguish residential and commercial short-term rental properties. While the stated intent may be to refine tax classifications, this legislation represents yet another step in a broader pattern of policies that make Rhode Island increasingly hostile to economic growth, investment, and entrepreneurship.

Rhode Island already suffers from one of the least competitive business environments in the United States. According to recent national rankings, the state places near the bottom—46th overall—in business climate, including similarly poor rankings in cost of doing business and overall business friendliness. These rankings reflect a consistent pattern of rising taxes, expanding regulatory burdens, and labor mandates that collectively discourage investment and job creation. The one thing Rhode Island has going is tourism and this bill will aim to diminish this!

Further analysis from business and policy organizations reinforces this troubling picture. Rhode Island has been ranked dead last in the nation for starting a business and remains in the bottom tier across multiple measures, including tax competitiveness, regulatory freedom, and labor market flexibility. Reports cite high taxes, burdensome regulations, and slow economic growth as defining characteristics of the state's economy. In particular, excessive regulation and taxation policies have been identified as major deterrents to business expansion and relocation.

House Bill H7657 must be understood within this broader context. By creating new classifications and likely additional tax or compliance burdens on short-term rental operators, the state risks further discouraging property owners, small investors, and tourism-related entrepreneurs. Rather than simplifying or reducing barriers, this bill contributes to an already complex and punitive economic framework.

Perhaps most telling is Rhode Island's inability to attract major national retailers and employers. Notably, Rhode Island is one of only 3 states where Costco has declined to establish operations. This is not incidental—it reflects deeper structural issues. Businesses evaluate regulatory predictability, tax burden, and overall economic climate when deciding where to invest. Rhode Island's repeated failure to attract such companies signals that the state is widely **perceived as an unfavorable place to do business**.

At a time when Rhode Island should be working aggressively to improve its economic competitiveness, H7657 moves policy in the opposite direction. Instead of adding new layers of taxation and regulation, lawmakers should prioritize reforms that:

- Reduce the overall tax burden on individuals and businesses
- Streamline regulatory requirements
- Encourage investment in housing, tourism, and small business development
- Improve the state's reputation as a place where businesses can succeed

Rhode Island's economic challenges are well-documented and widely recognized. Continuing to enact policies that increase complexity and cost will only reinforce the perception—and reality—of an economically repressive environment.

I respectfully urge you to reject H7657 and instead focus on policies that foster growth, opportunity, and long-term prosperity for all Rhode Islanders.

Thank you for your time and consideration.

Sincerely,

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