



May 27, 2026

Dear Chairman DiPalma and Members of the Senate Finance Committee:

We are writing today to express our enthusiastic support for the Rhode Island Local Investment Tax Credit Act (S2833) and to ask for your support. Here are some reasons why this legislation is a powerful form of economic and community development:

Strong local, independent businesses mean a strong local economy.

- Small businesses employ half of our private sector workforce. They are the backbone of our communities. A full 93% of businesses in Rhode Island have fewer than 100 employees. These firms employ more than 37% of the workforce.
- Locally-owned businesses have a multiplier effect; they keep money rotating through the local economy. For every \$100 we spend at a locally-owned business, an average of \$68 stays in the local community (compared to just \$43 for a big box store).
- Money that stays local recirculates through the local economy 2-4 times more than money spent at a non-local company, because local businesses are more likely to purchase goods and services from other local businesses, which hire and procure locally themselves. Investing in local businesses supports the entire economic ecosystem. When money is in motion within a community, the whole is greater than the sum of the parts.
- Local businesses are more inclined to give back to the local community. They donate almost 2.5x more per employee than national chains. They also shape the character of our communities and hire our neighbors, family members, and friends.

We urgently need to move money from Wall Street to our main streets.

- American households have \$56 trillion invested in stocks, bonds, mutual funds, pension funds, and insurance funds, nearly all of it in global companies.
- Rhode Islanders want and deserve the opportunity to invest their money into the local economy.
- The Crowdfunding Title of the JOBS Act (2012) allows businesses to crowdfund (i.e. raise capital from the public) using intermediaries that are registered with the Securities and Exchange Commission.
- Small businesses face significant challenges accessing capital, and they are more likely than larger businesses to face cash flow constraints which limit their ability to expand. Women and minority entrepreneurs face even greater challenges to financing but have a

higher chance of obtaining funding by participating in crowdfunding offerings compared to traditional funding sources.

This is a good use of a tax credit.

- Current economic development tax credit programs, such as the Rebuild Rhode Island tax credit (for large real estate development projects) and Qualified Jobs Tax Credit (for companies that relocate jobs from out of state or expand their local workforce), go to larger, corporate tax payers. The Rhode Island Local Investment Tax Credit would be aimed at everyday Rhode Islanders and the small businesses that would benefit from more local investment.
- The incentive comes *after* the investment is made.
- Government is not picking the winners and losers here; individual Rhode Islanders are choosing to invest their money with the businesses that are important to them.

We are grateful for your consideration of this important measure to spur local investment into our small, local businesses.

Best regards,

A handwritten signature in black ink that reads "Justin David". The signature is written in a cursive, slightly slanted style.

Jessica David
President