

RI Senate Finance Committee  
Rhode Island State House  
82 Smith Street  
Providence, RI 02903

May 27, 2026

RE: S2833 AN ACT RELATING TO TAXATION -- RHODE ISLAND LOCAL INVESTMENT TAX CREDIT ACT

Dear Members of the Senate Finance Committee:

Our firm writes in support of S2833. This testimony is not delivered on behalf of any clients.

We urgently need to move money from Wall Street to our main streets. This bill creates a \$0.50 tax credit on every \$1.00 of investment by a Rhode Island taxpayer into local small businesses, up to \$3,000 in total credits per taxpayer. Any Rhode Island taxpayer qualifies for the incentive. Strong local, independent businesses mean a strong local economy. Money that stays local recirculates through the local economy 2-4 times more than money spent at a non-local company, meaning more wealth, jobs, and community giving. That's the "multiplier effect."

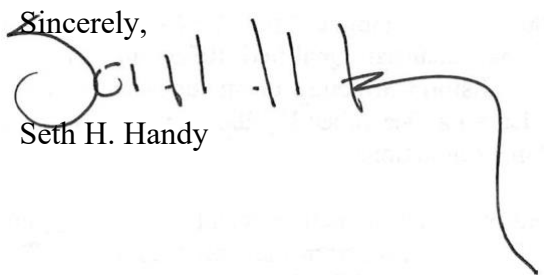
Small businesses are the soul of our communities and economy. 93% of Rhode Island businesses have fewer than 100 employees. Local businesses are more likely to purchase goods and services from other local businesses, which hire and procure locally themselves. American households have \$56 trillion invested 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.

Small businesses face challenges accessing capital, typically facing cash flow constraints that limit their ability to expand. Women and minority entrepreneurs have even more challenge getting traditional funding sources and, therefore, tend to rely on crowdfunding offerings. They and we need this tax credit. The incentive comes after the investment is made. Government is not picking winners and losers; Rhode Islanders still choose how to invest their money. The tax credit is 50% of the qualified investment amount with a maximum annual credit of \$3,000 per taxpayer (for qualified investment of \$6,000). This is a non-refundable tax credit that can be carried forward to offset tax liability for up to 10 years.

Please refer to this Brookings Institute paper for more information and analysis on the many benefits of a local investment tax credit - <https://www.brookings.edu/articles/states-incentivize-local-investing-capital-businesses-housing/>

Thank you for your consideration of our comments in support of S2833.

Sincerely,

  
Seth H. Handy