



**ASHLEY
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GOVERNOR

Building a Strong Rhode Island Economy

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BUILDING A STRONG RHODE ISLAND ECONOMY.

As Governor, one of my foremost priorities will be to build an economy in Rhode Island that promotes opportunity, supports small businesses, leverages our educational and natural resources, and provides good paying jobs. For far too long, our state has ranked in the bottom third for economic outlook, and that is because one-party rule has pushed overburdensome regulations, unfriendly tax policies, and prioritized doling out welfare to a few at the expense of many. It is evident we need to reform our state and the way we do business if we want to have an economy that prospers now and for future generations. My plan provides that vision.





A Promise To Working Families

We have a once-in-a-generation opportunity to capitalize on state surplus monies and federal ARPA funds. This money must be spent wisely. We cannot afford to squander it with poorly thought through plans or by making decisions based on what lobbyists and insiders want. I am running for governor because I am a problem solver and have a passion for public policy. The problems that exist within Rhode Island are fixable – it just takes bold leadership, political will, and a new era of good government to create a state where our children and grandchildren can afford to stay here and start their own families. But also a place where our parents can afford to retire with dignity and spend their golden years with their families at their side. I fundamentally believe in providing relief to Rhode Islanders who have been crushed by this economy.

Families should be able to use their earnings to pay for the skyrocketing costs of necessities. Whether it is food, gas, energy, housing, child care, or education – people are being crushed, and we must take immediate and decisive action to provide relief. My income tax reduction plan will have a significant impact on working families throughout Rhode Island. Under my plan, the average couple, a teacher and a police officer, for example, would save an average of about \$3,400 a year. To put that into perspective, that is nearly the entire cost a family spent on gas last year.¹

(continued on next page)



¹<https://www.cnn.com/2022/05/18/households-are-spending-the-equivalent-of-5000-a-year-on-gasoline.html>

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Diving into the numbers, the median household income in Rhode Island is \$70,305² – while the largest share of taxpayers in the state make \$50,000³ or less. This plan will call for a structured tax reduction plan.

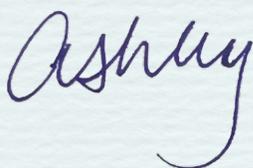
The largest reduction will be for the state's lowest earners – slashing the personal income tax for residents earning \$50,000 or less from 3.75% to 0%.

For filers making less than \$100,000, their tax bill will be cut to 2%. The reality is people are suffering and the cost of living in Rhode Island is making it impossible for people to find financial freedom. We have the means to be one of the most affordable states to live, work, and raise a family – but it takes leadership and vision to get us there.

Rhode Island doesn't have a revenue problem, it has a spending problem. Rhode Island is currently the 9th most expensive state to live. We continue to prioritize shortsighted corporate welfare over enduring prosperity. Rhode Islanders from every corner of the state will benefit from this proposal – and ultimately, we can help families provide a better life for their children.

To account for the lost revenue, we will take measures to protect the budget while also growing our economy to ensure fiscal stability. It will take a multipronged approach to achieve this goal. I will make state government more efficient and less corrupt; appoint an inspector general to identify waste, fraud, and abuse; revitalize our contracting practices prioritizing cost and merit; regionalize services where it makes sense; improve our economic environment to attract new businesses; increase the housing stock to grow our tax base; and use the existing funds at our disposal, including the ARPA money and budget surplus, to invest in projects for the public good that make Rhode Island a more attractive state.

I look forward to partnering with the leaders of the General Assembly – both the majority and minority – to implement a budget with these priorities. The General Assembly has already proven its willingness to help taxpayers – under Speaker Mattiello, the legislature ended the car tax. Now it is time to reform the tax code and continue giving more money back to the people.



²<https://www.census.gov/quickfacts/fact/table/RI,US/INC110220>

³https://tax.ri.gov/sites/g/files/xkgbur541/files/reports/SOI-Reports/TY2018/PIT/Resident-Income-Tax-Return-Summary--TY-2018_Report.pdf

⁴<https://www.cnn.com/2022/07/13/these-are-americas-10-most-expensive-states-to-live-in.html>

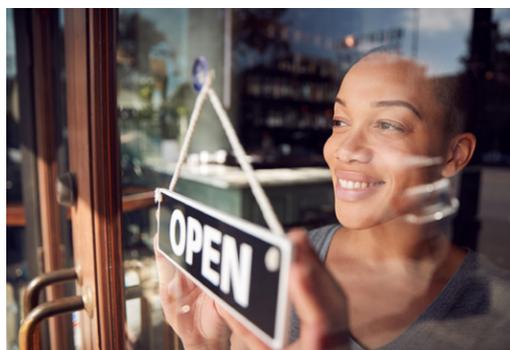


Supporting Small Businesses and Increasing Competitiveness

Small businesses are the backbone of the Rhode Island economy – constituting over 98% (106,412) of all businesses in Rhode Island in 2021, and employing over 52% (230,742) of the state’s workforce.⁵ Supporting small businesses ensures the economy will thrive while creating opportunity for all Rhode Islanders.

► **Improving our tax competitiveness:** In order to continue to attract new business, Rhode Island needs tax policies that are competitive with our neighboring states:

- Currently, we have a lower corporate tax rate (7.00%) than Massachusetts (8.00%) and Connecticut (7.50%). As Governor I will fight any attempt to raise this rate, and work to find ways we can lower it to further increase our competitiveness.
- Lower sales tax to 6.25% from 7% to bring in line with MA (CT’s rate is 6.35%) as well.
- Implement sales tax holidays: Massachusetts has multiple sales tax holidays throughout the year, designed to spur commerce and shopping. Rhode Island does not have such a program, which leads many to cross the border into Massachusetts during these times to shop. Here in Rhode Island we could implement programs like a Back-To-School Tax Holiday, Baby and Toddler Tax Holiday, and when sworn in in January, a Household Items Tax Holiday.
- Rhode Island should expand the Rebuild RI tax credit program. The Rebuild Program should be modified to be easier to use, and be partially targeted to retrofit smaller industrial and commercial properties. The fact is that no commercial or industrial project in Rhode Island “pencils out”, especially in this period of rapidly escalating construction costs. The availability of non-conventional, patient capital is critical to promoting the repositioning and addition of commercial and industrial buildings.



⁵<https://cdn.advocacy.sba.gov/wp-content/uploads/2021/08/30143125/Small-Business-Economic-Profile-RI.pdf>

- ▶ **Governor's Small Business Committee:** This would be augmented from the current RI Small Business Advisory Council to be directly within the executive office. Similarly, this would be composed of key government officials, RI Commerce leadership, Chamber of Commerce leaders, mayors and town administrators, and business owners to provide regular updates on the state of small businesses in the state. I would work to expand participation in our business community, and identify areas for regulatory reform, and identify the needs of small business owners quickly as they arise.
- ▶ **Streamlining business applications:** Depending on what business you are starting, different fees and application processes apply. Instead of having a mosaic of small business incorporation processes, I would work to create one standardized application process that all prospective owners can use to streamline the process and root out confusion.
- ▶ **Small Business Mentorship:** Create a mentoring program directly within RI Commerce to connect entrepreneurs and small businesses with current and retired business leaders in their field to provide guidance on best practices and navigate the opening and operation of a business. The program would serve business owners throughout the entirety of their business lifecycle from conception to maturity.
 - This program would work in conjunction with the Small Business Development Center currently operating at the University of Rhode Island to fully connect higher education, small business, and government toward one goal.
- ▶ **Commerce ROI Audit:** Rhode Island has continually placed emphasis on corporate welfare for major corporations instead of focusing on bolstering small businesses. Though we cannot rescind past investments, I would order a comprehensive return-on investment economic performance audit to evaluate which economic development tax incentives and credits are contributing to tax base expansion, job creation, and development, and which ones are not.
- ▶ **Cut Regulations:** In 2019, Rhode Island had over 92,000 restrictions on the books in its regulatory code. One report found, "it would take an individual 316 hours—or almost 8 weeks—to read the entire RICR. That's assuming the reader spends 40 hours per week reading and reads at a rate of 300 words per minute." While Rhode Island has⁶ undertaken some regulatory reform in the past— it is clear more needs to be done to unleash our economy and allow small businesses and entrepreneurs to prosper in our state – in years past,



⁶<https://www.quantgov.org/ri-snapshot>

businesses that rank highest for small business or economic activity were ones that pursued aggressive reforms to remove burdensome regulations and simplify their regulatory codes.

- The first step to achieving this is increasing cooperation between the government and our small business community. RICR has now been placed online, but I would create a portal for business owners to directly provide feedback on burdensome regulations and ideas for reform.
- Both Arizona and Virginia went under serious regulatory reform aimed at simplifying their codes and dramatically reducing the amount of unnecessary or overburdensome regulations on the books. Following these models, I would set a goal of reducing the number of “restrictive words” on our books by 10% in the first two years of review.
 - This initial review would include a full ecosystem approach – engaging chambers of commerce, business leaders, and the URI small business development center.
- Following this initial reduction, I would seek to create a program which requires the full regulatory code to be reviewed every five years with the goal of continuously removing regulations that are holding our state economy back.

▶ **Small Business Succession:** Rhode Island has an aging workforce and business owner community. Without a succession plan in place, many businesses can close for good, despite being pillars of their communities or offering essential services. To address this, I would have a two-fold approach:

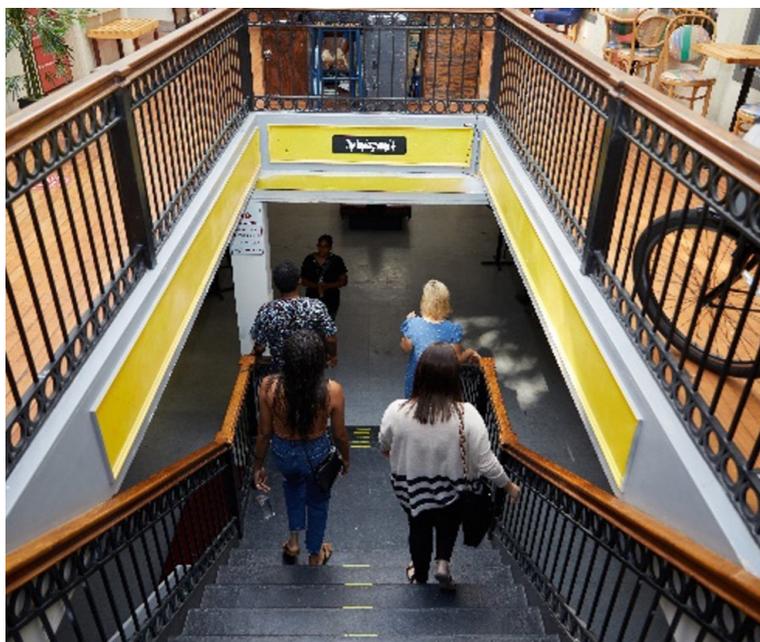
- Within the mentorship program I would create a system to train business owners on creating a succession plan if they need assistance;
- I would also work to connect young entrepreneurs with aging owners to train them in the business and prepare to take it over when needed.



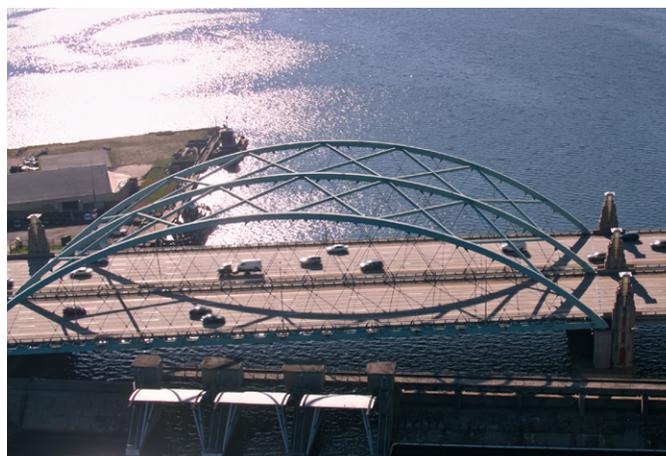
▶ **Improving Broadband Internet:** Rhode Island regularly ranks high in internet access, but we still have work to do to connect the “last mile”, improve affordability, improve transparency, and future proof our systems to ensure higher-speed internet is provided to all students, residents, and businesses. Additionally, this would allow Rhode Island to further capitalize on the remote economy that has emerged from the pandemic.



▶ **Creating more commercial “move-in” ready space:** Quonset Business Park has created a highly successful model that allows businesses to sign leases and be in a new space in a relatively short amount of time. This primarily is due to the built-in infrastructure that makes construction and connection streamlined. Work has begun to invest in our future by creating spaces around our state using this model. I would work to build a new state-of-the-art, site-ready business/corporate park in Rhode Island, specifically focusing efforts to create an additional industrial space in the northern half of our state. This area is closest to Boston and their bustling life-sciences corridor.



▶ **Improving Infrastructure:** According to *Reason*, Rhode Island currently ranks 49th⁷ in the nation for cost-effectiveness and overall roadway condition. This must change. We need to spend our dollars effectively while making needed investments in roads, bridges, and railways to consistently improve infrastructure and transportation around our state. This also includes additional investments, such as mitigating lead pipelines still being used throughout the state.



⁷<https://reason.org/policy-study/26th-annual-highway-report/rhode-island/>



Innovating, Creating Jobs, and Investing in our Human Capital

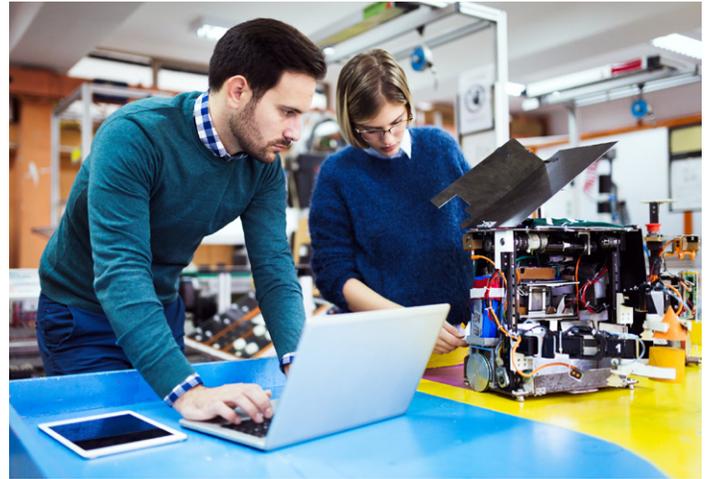
Building a successful economy in Rhode Island requires us to innovate within emerging industries, while leveraging existing programs and education institutions to create a well-trained workforce. This can drive entrepreneurship as well as provide a major incentive to companies looking to relocate to Rhode Island. We will build this by workforce by:



► **Connecting Business and Classrooms:** As “previously discussed in my education plan, we need a more robust pathway for students and adult learners, to learn in-demand skills/trades in school and have a good-paying job available to them upon graduation/completion. To accomplish this, I would:

- Expand cooperation between RI Commerce and Prepare RI to connect students with skills, resources, and businesses in need (both large and small).
- Have RI Commerce conduct an extensive audit of business needs in various industries (certifications, aging workforces, technical skills needed, business trends, etc.) and provide a direct report on the skills needed in today’s economy and the future one.
- Expand Career/Technical Education for students and adult learners so students of any age can learn in-demand skills.

▶ **Increasing and Encouraging Technology Education:** Expand P-Tech and other technology and career educational opportunities to build a workforce that is highly trained in advanced manufacturing, STEM, data analysis, IT, cyber-security, etc. With the world growing increasingly online and emerging tech companies and established defense contractors in our vicinity, these are the jobs of the future and building a well-trained workforce in these areas will increase Rhode Island's competitiveness and attractiveness.



▶ **Higher Education Involvement:** Expand partnerships between Rhode Island higher education institutions and corporations to drive innovation, research, and job training. This includes working to expand Rhode Island Innovation Voucher and Innovation Campus programs.



▶ **Expanding Affordable Housing:** In order for Rhode Island to prosper economically and have a robust workforce, we need a larger supply of affordable housing for families and employees throughout our state. Increasing this supply will be a priority of my administration.



▶ **Harnessing Rhode Island's Blue Economy:** One of our greatest assets here in Rhode Island is our incredible access to the ocean. With this incredible resource, our world-class educational facilities, and targeted investments, we are poised to become the national Blue Economy leader. To do this we need to:



- Part of my Small Business Committee will be dedicated to leading experts, innovators and entrepreneurs working in our Blue Economy. This will allow them to directly discuss the needs of the industry with my administration and expand partnerships across our business community.
- To successfully build our Blue Economy, we need increased investments for start ups and innovation. Additionally, as stated above, a goal of my administration will be to create a business climate that is attractive to venture capitalists – especially those seeking to be a part of our growing Blue Economy. To do this, I would create a new program directly targeted to Blue Economy start-up investment:
 - To be eligible, companies must be under two years old, operating within the Blue Economy, headquartered in Rhode Island, and have 25 employees or less.
 - Modeled after the successful SEIS programming used in the UK, this program would offer numerous benefits to investors in the Rhode Island Blue Economy, including:
 - Income tax credit on qualifying investments into Blue Economy Companies;
 - Waiving of capital gains tax on an investment if funds are reinvested into another qualifying Blue Economy company;
 - Due to the fact that this is an emerging industry and the risky nature of these investments, a loss protection would be built in for investors in qualifying companies.
 - Finally, I plan to be a strong partner with URI and our higher education institutions who are on the leading edge of this industry. I support URI's Bay Campus and Narragansett Bay Initiative continued expansion and will work to supply state funds as needed and work with my federal partners to bring in additional dollars as well.
 - I support the \$100 MM bond currently on the ballot this November to provide additional investment into URI's bay campus. Moving forward I will seek to provide additional bonds to support our Blue Economy as needs are identified.



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