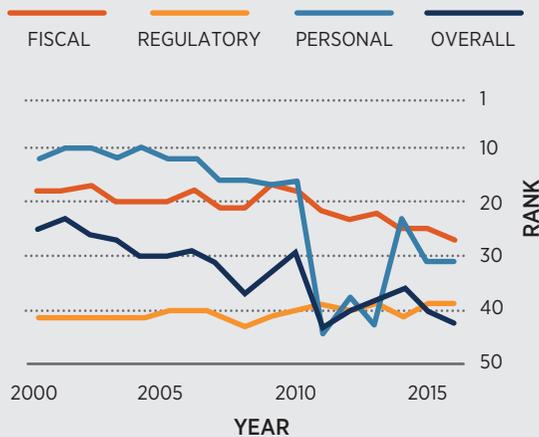


RHODE ISLAND

2016 RANK
42nd



POLICY RECOMMENDATIONS

- **Fiscal:** Cut spending on public buildings, housing, public welfare, and employee retirement, all areas in which state and local governments spend abnormally high amounts. The savings could be applied to reductions in selective sales and individual income taxes.
- **Regulatory:** Reform land-use regulations, perhaps through an Arizona-style regulatory taking compensation requirement combined with eminent domain reform.
- **Personal:** Legalize cultivation, sale, and possession of recreational cannabis.



Population, 2017
1,059,639

Net Migration Rate
-7.5%



State Taxes, Percent of Personal Income, FY 2017
5.96%

Local Taxes, Percent of Personal Income, FY 2015
5.12%

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Real Per Capita Personal Income, 2016, in 2009 \$
\$45,795

Real Personal Income Growth, CAGR, 2000-15
1.8%

ANALYSIS

Rhode Island has long been a fairly typical “deep blue” state in ample personal freedom and weak economic freedom, but that has changed lately, as Rhode Island has not kept up with the rest of the country’s growing personal freedom.

Rhode Island’s fiscal policy is slightly subpar. Government debt and local taxes are particularly high, while state taxes and financial assets are around the national average, and government consumption and employment are well below the national average. The growing economy has allowed the latter two ratios to fall further in 2015 and 2016. With four effective competing jurisdictions per 100 square miles, Rhode Island affords its residents quite a bit of choice among localities.

Rhode Island’s regulatory policy score has been essentially static over the last decade and a half, setting aside the effects of the federal health law. Land-use freedom is low because of exclusionary zoning and eminent domain abuse, and indications are that it has gotten worse since the early 2000s. Renewable portfolio standards are high. Labor policy is also anti-employment, with a high minimum wage, no right-to-work law, a short-term disability insurance mandate, a stricter-than-federal anti-discrimination law, and, since 2013-14, a paid family leave mandate. Health insurance freedom is about average. Cable and telecommunications have been liberalized. Occupational licens-

ing extent is about average, but freedom of practice for health care paraprofessionals is quite high. A price-gouging law was enacted in 2011-12, and the state has long had a general ban on “unfair(ly low) prices.” Medical facilities and moving companies face entry restrictions. Freedom from abusive lawsuits is a bit below average.

Rhode Island has one of the best criminal justice systems in the country. Incarceration rates are well below average, as are drug and nondrug victimless crime arrests. Unfortunately, the state has not sufficiently reformed civil asset forfeiture, and, although a big equitable sharing payout somewhat skews Rhode Island’s scores on that variable, evidence suggests that local law enforcement participated eagerly in the program even before that payout. The state has a fairly extensive medical cannabis law, and low-level possession of cannabis was decriminalized in 2012. However, it is still possible to get life imprisonment for a single marijuana offense not involving minors. Gambling freedom is high unless you want to play poker with friends in your own home. A tax credit scholarship law and repeal of private school teacher licensing passed in 2011-12, bringing the state’s educational freedom above average. Tobacco freedom is one of the lowest in the country because of sky-high cigarette taxes (well over \$3 a pack) and comprehensive smoking bans. Gun laws are extremely restrictive but have not changed much since 2000.