

March 26, 2019

TO: RI House Committee on Finance  
FROM: RI Center for Freedom & Prosperity, Mike Stenhouse  
SUBJECT: Written Testimony re. Line Item Veto bills (H5206 and H5308)

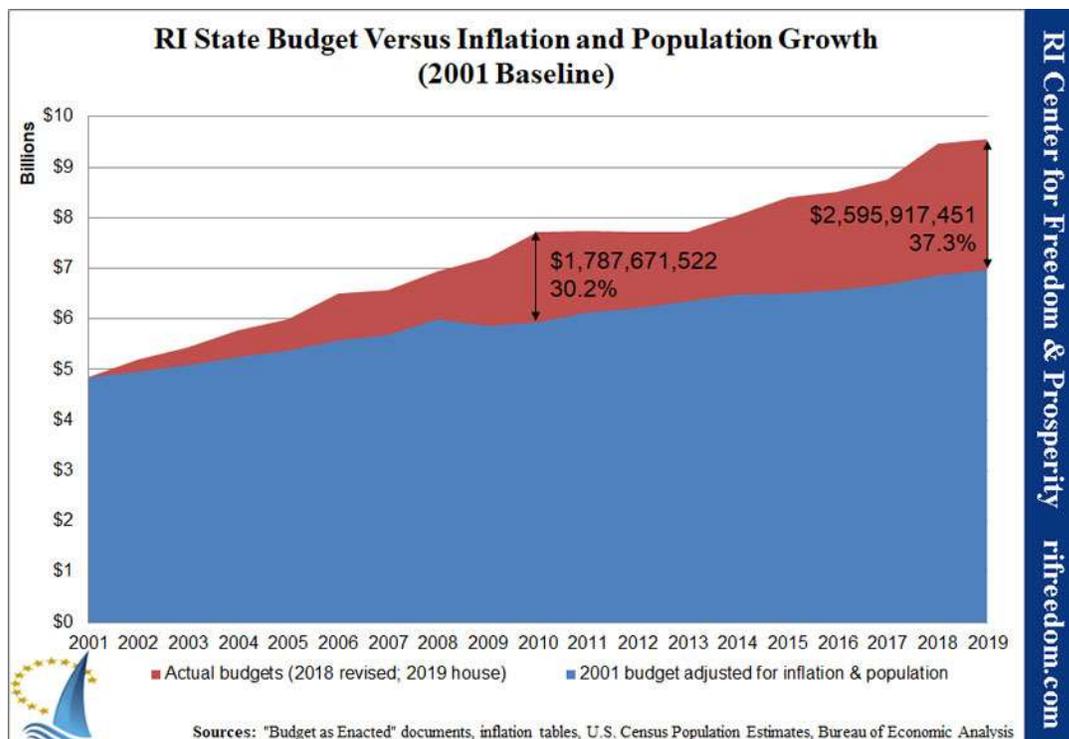


**Chairman Abney and Committee Members:** As CEO for the *RI Center for Freedom & Prosperity*, a non-partisan research and advocacy organization, and with a degree in Economics from Harvard University, I would like to provide some background on the Line Item Veto legislation before your committee today. As a 501-C-3 organization, our Center is not advising you whether or not to support this legislation. However, we are allowed to discuss our research and perspectives with regard to the pros and/or cons of the underlying issue.

**Rhode Island Needs a Check-and-Balance on Spending:** The primary reason why our state is about to lose a prized US Congressional seat, has seen a dramatic downward revision of its jobs data, and is rated one of the least friendly states in which to retire ... and why families and businesses are fleeing our state ... is because we simply spend too much and, consequently, tax too much.

*This excessive spending, including frivolous expenditures, must be controlled and should be subject to a legitimate check-and-balance like the Line Item Veto. Our Center supports this legislation.*

The chart below shows that just in the past two decades spending in our state has increased a whopping 37% faster than inflation and population growth would otherwise dictate – or \$2.6 billion.



Making matters even worse, **while spending has dramatically increased, the tax base in our state has decreased;** as our population has essentially remained stagnant while the average income among Rhode Islanders has relatively decreased. We call this a “death spiral”, meaning an ever-increasing burden is being placed on a population with less capacity to assume that burden ... thus driving away more people ... and the cycle repeats itself.

Another way to look at this spending problem, according to our Center’s *Jobs & Opportunity Index* ([RIFreedom.org.JOI](http://RIFreedom.org.JOI)), is that Rhode Island currently ranks 47<sup>th</sup> in the nation when it comes to the ratio of aggregate personal income as compared with aggregate government spending.

*Thank you. If I can provide more information, please contact me at [mstenhouse@RIFreedom.org](mailto:mstenhouse@RIFreedom.org) or 401.429.6115.*