**An Update from the State House**

**Governor Sets Her Agenda in State of the State Address**

Last Tuesday, Governor Gina Raimondo gave her Annual State of the State Address and provided a small insight into her budget that was released later that week. Highlighting her past four years as Governor, Raimondo pointed out that Rhode Island has “more jobs today than at any time in our state’s history.”  She said, “We won’t stop until every one of our Rhode Islander’s has a shot at a good job.  Later in her speech the Governor went on to say that three of four jobs lost during the last recession were ones where the employee only had to obtain a high school diploma.  Ninety-nine percent (99%) of all jobs created since the last recession require some credential past high school.  Governor Raimondo also stated that government must “make it easier and cheaper to do business in Rhode Island.”

In her speech, the Governor talked about items that are in her proposed new budget:

1.  $30 million in new investment in K-12 education for local communities.

2.  A plan to begin a program for universal pre-K education

3.  An expansion in the Real Jobs training program

4.  Coverage for the last 2 years of tuition at CCRI with an expansion to RI College and the University of RI

5. Doubling of the small business loan fund

6.  Funding for mental health care needs in schools and training for teachers

In addition to the Budget, the Governor called on the General Assembly to increase the minimum wage to $11.10 to get on a path to an eventual minimum wage of $15; to codify Roe v. Wade; ban guns in schools and military guns in the state; and to pass Rhode Island’s own Affordable Care Act to ensure that the program stays in place in the event the federal government rescinds the program.

**What’s in the Governor’s Budget – Article 5**

Over the course of the next few weeks, Under the Dome will highlight the various budget Articles in H.5151 – the Governor’s budget proposal. We are starting with **Article 5** which addresses revenue sources. This 70-page Article, which can be viewed at <http://webserver.rilin.state.ri.us/BillText19/HouseText19/Article-005.pdf> does the following:

1. Increase the annual application fee for debt collectors from $100 to $500

2. Imposes the job development assessment on non-profit organizations with 1000+ employees. This assessment is currently set at .21% of payroll and is paid by most businesses in conjunction with the unemployment insurance tax. Today some non-profits are not subject to the unemployment insurance tax so they do not pay the job development assessment either. This would be effective January 1, 2020.

3. Creates a new fee on municipalities that submit names of delinquent car tax owners to the Department of Motor Vehicles. Today municipalities are required to submit a list of names of those delinquent in paying the tax. The Governor’s proposal would make the submission of the list an option, subject to a fee of $5 per taxpayer named on the list.

4. Re-distributes the tax monies collected on the rental of residential units. The percentages going to the local tourism entity, the local municipality and the RI Commerce Corporation changes depending upon the location of the rental unit, but 16.7% of the tax would go to the general fund. Today none of the tax collected goes to the general fund.

5. Increases the interest rate on delinquent debt owed to the state from prime +2% (currently 8.25%) to 13% or an interest rate established by a state agency, whichever is higher.

6. An expansion of the 7% sales tax to the following items:

 - Digital Audio Works such as Netflix, on-demand movies, games, movie streaming, etc.

 - Digital Audio Works such as audio book downloads

 - Ringtones

 - Digital books

 - It is unclear if downloaded apps would be included

 - Association or club dues associated with any service that is assessed a sales tax. (The Chamber has requested additional information on this definition to further clarify what is included. We will provide an update when the information becomes available.)

 - Hunting, Trapping and Shooting Services

 - Lobbying Services

 - Interior Design Services

 - Commercial Buildings Services which specifically includes extermination services, commercial cleaning services, landscaping and maintenance services, carpet and upholstery clearing services and janitorial services. These services, if performed in a private residence with a home office, are not taxable

7. Increases the hotel tax from 5% to 6% with the additional revenue going to the general revenue fund

8. Creates new fees and taxes on E-liquid nicotine products. A distributor’s license for an entity that does not affix stamps would increase from $100 to $250. A dealer’s license application fee increases from $25 to $75 and the subsequent license will cost $250. Effective September 1, 2019, E-liquid products would be taxes at 40% of wholesale cost.

9. Increases the cigarette tax from $4.25 per pack to $4.50 per pack starting August 1, 2019. The cigarette dealer’s license renewal increases from $25 to $250.

10. Increases the tax on beverage case containers sold by a beverage wholesaler from $.04 per case to $.08 per case

11. Increases the tax on lubricating oil from $.05 per quart to $.10 per quart. Increase the tax on antifreeze from $.10 per gallon to $.20 per gallon. The tax on organic solvents increases from $.0025 per gallon to $.005 per gallon. The tax on tires increases from $.50 per tire to $1.00 per tire.

12. Increases the “hard to dispose material” fee for titling a new vehicles from $3.00 to $6.00.

13. Creates a new tax on firearms of 10% for any item more than $1.09. Exempt from the tax are the government, military, veteran organization purchasing items for ceremonial events, law enforcement and blank ammunition.

14. Increases the Oil Spill Prevention Administration and Response fee placed on every barrel of petroleum that comes into the state. The fee which currently raises about $2 million, would double. The OSPAR Fund, created to provide a clean-up fund in the event of a marine oil spill, would be expanded to pay for storm water management and brownfields remediation.

The following bills were filed last week:

House Bill No. [5129](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5129.pdf) Solomon, Casey, Johnston, Millea, Vella-Wilkinson**,**AN ACT RELATING TO PROPERTY CONDOMINIUM LAW - RESALE OF UNITS (Imposes a penalty against a condominium association that fails to deliver a resale certificate within ten (10) days of a request by a unit owner.)

House Bill No. [5133](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5133.pdf)  McNamara, Ackerman, Newberry, Lyle, Jackson**,**AN ACT RELATING TO PUBLIC UTILITIES AND CARRIERS - RESIDENTIAL SOLAR ENERGY - DISCLOSURE AND HOMEOWNERS BILL OF RIGHTS ACT (Grants solar energy system retail purchasers protections requiring disclosures in the retail/lease documents the right to cancel/rescind agreement within 90 days prior to installation/notice of liens filed on their property.)

House Bill No. [5137](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5137.pdf) Williams, Shekarchi, Vella-Wilkinson, Barros**,**AN ACT RELATING TO PROPERTY -- FAIR HOUSING PRACTICES (Prohibits discrimination in housing against those persons who have a lawful source of income.)

House Bill No. [5142](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5142.pdf) Bennett, Edwards, McNamara, McEntee, Jacquard**,**AN ACT RELATING TO BUSINESSES AND PROFESSIONS -- PHYSICAL THERAPISTS (Includes in the practice of physical therapy ordering diagnostic images and studies provided they are performed and interpreted by other licensed health care professionals.)

House Bill No. [5145](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5145.pdf) Ruggiero, Shekarchi, Marszalkowski, Blazejewski, Craven**,**AN ACT RELATING TO BUSINESSES AND PROFESSIONS (Enables Rhode Island businesses to voluntarily promulgate standards to guide its business activities in a sustainable and responsible manner, as well as metrics for assessing whether it has met its objectives.)

ouse Bill No. [5146](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5146.pdf) Bennett, Edwards, McNamara, McEntee, Jacquard**,**AN ACT RELATING TO INSURANCE -- ACCIDENT AND SICKNESS INSURANCE POLICIES (Requires health insurance coverage for annual pediatric mental health examinations when ordered by a physician.)

House Bill No. [5151](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5151.pdf) (Governor) Abney**,**AN ACT RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2020. This is the Governor’s Budget Proposal.

Senate Bill No. [16](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0016.pdf) Miller**,**AN ACT RELATING TO STATE AFFAIRS AND GOVERNMENT - ENERGY FACILITY SITING ACT (Provides that applicants/licensees for fossil fuel electricity generating facilities invest in renewable energy facilities in conjunction with the fossil fuel facility construction.)

Senate Bill No. [17](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0017.pdf) DiPalma, Seveney, Conley, Miller, Goldin**,**AN ACT RELATING TO TAXATION - JOBS DEVELOPMENT ACT (Sunsets/discontinues the Jobs Development Act rate reduction as of July 1, 2019.)

Senate Bill No. [20](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0020.pdf) Miller**,**AN ACT RELATING TO TAXATION -- LITTLE CIGAR TAX (Requires little cigars tax be imposed in the same manner as cigarette tax with twenty-five percent (25%) of revenue applied to smoking cessation programs and that little cigars be sold in packs of twenty (20) or more.)

Senate Bill No. [21](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0021.pdf) Satchell, Seveney, Miller, Conley, Quezada**,**AN ACT RELATING TO TAXATION -- PERSONAL INCOME TAX (Adds three (3) new income tax brackets for purposes of Rhode Island state income taxation.)

Senate Bill No. [22](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0022.pdf) Satchell, Euer, Conley, Bell**,**AN ACT RELATING TO TAXATION -- HISTORIC PRESERVATION TAX CREDITS 2013 (Provides that applicants for historic tax credits shall have ninety (90) days after the date of the commission's written determination certifying the rehabilitation to pay the required three percent (3%) non-refundable fee to the division of taxation.)

Senate Bill No. [24](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0024.pdf) Miller, Satchell, Conley, DiPalma, Sosnowski**,**AN ACT RELATING TO HUMAN SERVICES -- RHODE ISLAND PATHWAYS PROJECT (Requires the executive office of health and human services (EOHHS) to conduct a study to assess the impact of using Medicaid funds to provide coverage for the treatment of the chronically homeless.)

Senate Bill No. [27](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0027.pdf) Lombardi, McCaffrey, Felag, Ciccone, Lombardo**,**AN ACT RELATING TO FOOD AND DRUGS - FOOD DONATIONS (Repeals the current chapter of the general laws regarding immunity for food donors to food banks, and would adopt a new chapter with comprehensive immunity provisions for persons involved in donating food to food banks.)

Senate Bill No. [30](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0030.pdf) Lombardi, Ciccone, McCaffrey**,**AN ACT RELATING TO PROPERTY - RESIDENTIAL LANDLORD AND TENANT ACT (Mandates that a landlord have a general liability policy of at least $100,000 in effect for those injured on premises due to the landlord's negligence. Failure to provide proof of insurance would preclude a landlord from proceeding on an eviction action.)