**An Update from the State House**

**What’s in the Governor’s Budget – Article 4**

Article 4 seeks to reorganize the state government by shifting responsibilities from one agency to another and adding new responsibilities to some.

 1. Veterans’ Affairs (VA) – Article 4 proposes to give VA the job of presenting RI veterans’ claims to the veterans benefit administration without charge to the veteran. The agency is also given control over any special funds to be used for installing markers, etc. on grave sites of military individuals. The Article eliminates the mention of the General Assembly’s consideration to fund the annual encampment of the united Spanish war event.

2. Motor Vehicles – The budget appears to eliminate the Motor Vehicle Inspection Commission which was housed within the Department of Revenue. Records of vehicle inspections would be maintained by the Department of Revenue itself; and any hearings of complaints concerning inspections would be run by the Department of Revenue.

3. Office of Management and Budget (OMB) – Article 4 proposes to take away the responsibility of maximizing federal grants to the State from the OMB and gives to the agency the responsibility for reviewing regulatory impacts. OMB would be required to “analyze the impact of proposed regulations on the public and state as required by” the RI Regulatory Reform Act. Currently regulation review is done by the Office of Regulatory Reform which is housed within OMB, so the change should be minimal; but the Chamber will monitor the debate on this change. The federal grant responsibilities would go to the State Controller. In the event a federal grant requires state matching funds, then the OMB would have to approve the filing of the grant application.

4. Public Utilities Commission – The duties and powers of the Water Resources Board (currently housed within the Department of Administration) go to the PUC. All property, employees and accounts are transferred to the PUC as well. This Article would charge the PUC with drinking water protection, water infrastructure, water use efficiency, the sale of water to other states, etc. However, the Article specifically states that the Department of Administration retains authority over the Big River Reservoir which is located in West Greenwich. This is another governmental change the Chamber will be following closely.

5. Office of Elderly Affairs – This agency moves from the Department of Human Services to the Executive Office of Health and Human Services, along with Veterans’ Affairs. The Senate would no longer have advice and consent over the director of the office which would be simply a Gubernatorial appointment.

6. Day Care Providers – Article 4 creates a new statute to address the licensing and monitoring of child day care providers. The Department of Human Services would be responsible for overseeing the licensing process for day care centers, family day care homes, and group family day care homes. The new section establishes nonrefundable application fees for the various licenses which all go to general revenue.

7. Child Placement Monitoring – The Department of Children, Youth and Families would be given authority to establish a unit to license and monitor child care agencies, foster and adoptive homes, and children’s behavioral health programs

**Article 5 – Tax Article**

This Article was reviewed in the January 22nd Edition of Under the Dome

**Article 6 – Debt Management Act**

1. URI – The Governor is requesting approval for financing $51.5 million in bonds for the renovation and expansion of the Memorial Union. The total debt service is estimated to be $112.3 million assuming a 6% interest rate. The debt service payments are to be supported by revenues from student fees and retail lease payments.

2. URI – Article 6 requests approval for $2.1 million in bonds for improvements to URI’s Fraternity Circle including water, wastewater, electrical, telecommunications, natural gas connections, roadways, walkways and parking lots. This represents the first phase of the project. The total debt service is estimated at $3.7 million assuming a 6% interest rate.

3. URI – The budget includes a request for $26.9 million in bonds for a Combined Health and Counseling Center for URI students. The bonds would be financed through the Rhode Island Health and Educational Building Corporation over a term of 30 years. Total debt service is estimated at $58.7 million assuming 6% interest rate.

4. Department of Corrections High Security Center – The last section of Article 6 calls for $60 million for the Department of Corrections. According to the Governor, the current capacity of the High Security Center (HSC) is 138 inmates. Even with the current population of 86, the “per inmate” cost in the facility is $240,000 – a cost which is among the “highest in the nation.” She states that due to the poor design of the facility, more staff is needed to supervise the number of inmates, resulting in a .85 inmate to 1 staff ratio. The $60 million would be paid using $15 million from the Rhode Island Capital Plan Fund and $45 million through the issuance of Certificates of Participation. A certificate of participation is a [tax-exempt](https://www.investopedia.com/terms/t/tax_exempt.asp) lease-financing agreement that is sold to investors as securities resembling bonds. In a COP program, a trustee is typically appointed to issue the securities that represent a percentage interest in the right to receive payments from the local government under the lease-purchase contract. Investors that participate in the program are given a certificate which entitles each investor to a share, or participation, in the revenue generated from the lease-purchase of the property or equipment to which the COP is tied. The Governor proposes lease payments to be made over 15 years assuming a 5% average coupon rate for a total cost of $66.1 million.

**Article 7 – Motor Vehicles**

This short Article increases the technology surcharge added to every DMV transaction from $1.50 to $2.50 per transaction. The original $1.50 would continue to go into the information technology investment fund, while the additional $1.00 would go to an account for DMV project-related payments and on-going maintenance of the computer system. Starting July 1, 2022, the entire $2.50 would go to the on-going maintenance account. The Article also eliminates the current requirement for Rhode Island drives to obtain a new license plate January 1, 2020. Lastly, the Article eliminates the exemption for vehicles that are 20 years old or more. Current law states that the older vehicles do not require a title certificate, making it easier to transfer these vehicles. Article 7 seems to require all vehicles, regardless of age, to have a title certificate.

**Article 8 – Relating to Transportation**

1. Size, Weight and Load Limits are addressed in this Article. For vehicles between 80,000 lbs. and 130,000 lbs. a trip fee permit increases from $20 to $40. For vehicles over 130,000 lbs. the fee increases to $300. Current law allows for the purchase of an annual fee to avoid paying each trip fee. Article 8 increases the annual fee from $300 to $400 for loads less than 130,000 lbs. There is no annual fee option for loads over 130,000 lbs.

2. While the gas tax does not increase under the budget proposal, the monies collected are disbursed differently. The Rhode Island Public Transportation Authority (RIPTA) gets an additional half cent per gallon which is roughly $2 million. Additionally, RIPTA has been receiving $5 million a year from 2017 to 2019 from the RI Highway Maintenance Account. That transfer of money is to sunset June 30, 2019. Article 8 includes one more year of the $5 million funding to RIPTA.

The following bills were filed last week:

House Bill No. [5216](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5216.pdf) Solomon, Amore, Shekarchi, Casey, Morin**,**AN ACT RELATING TO STATE AFFAIRS AND GOVERNMENT - ESTABLISHING A SMALL BUSINESS DEVELOPMENT FUND (Establishes a small business develop fund designed to encourage the formation of private capital investment by federally licensed investment companies in underserved small business, leveraged by delayed, at-risk stream of tax credits.)

House Bill No. [5217](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5217.pdf) Morin, Marszalkowski, Solomon, Casey, Phillips**,**AN ACT RELATING TO ALCOHOLIC BEVERAGES - BREWERIES (Removes the limitations on the quantities of malt beverages that can be sold at retail by licensed breweries.)

House Bill No. [5218](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5218.pdf) Craven, McEntee, Edwards, Bennett**,**AN ACT RELATING TO INSURANCE -- ACCIDENT AND SICKNESS INSURANCE POLICIES (Substitutes the office of health insurance commissioner for the director of business regulation as the overseer of health insurance claims and sets forth guidelines to use to determine whether substantial compliance has been met.)

House Bill No. [5225](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5225.pdf)  Marshall, Abney, Shekarchi, Shanley, Costantino**,**AN ACT RELATING TO THE GENERAL ASSEMBLY - HOUSE OFFICE OF ECONOMICS (Establishes an office of economics to assist the house of representatives during its review of the financial impact of proposed legislation.)

House Bill No. [5260](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5260.pdf) Vella-Wilkinson, Morin, O'Brien, Almeida, Williams**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS - ARBITRATION - CERTIFIED SCHOOL TEACHERS - MUNICIPAL EMPLOYEES (Makes the arbitrator's decision binding on all matters pertaining to certified public school teachers and municipal employees, including those matters involving the expenditure of money.)

House Bill No. [5268](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5268.pdf) Edwards, Maldonado, Canario, Slater, Amore**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS - PAYMENT OF WAGES (Eliminates repealed statute references and create a mechanism for employees to enforce their existing right to continuation of medical benefits.)

House Bill No. [5269](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5269.pdf) Blazejewski, Shanley, Barros, Cassar, Ranglin-Vassell**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- MINIMUM WAGES (Provides health care employers with at least 18 employees, which receive certain state funding or pay an executive $1,000,000 or more annually, pay a minimum wage of $15.00.)

House Bill No. [5270](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5270.pdf)  McKiernan, McEntee, Craven, Millea, Almeida**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS - EMPLOYMENT SECURITY - BENEFITS (Increases the maximum weekly unemployment benefit rate to the higher of fifty-seven and one-half percent (57.5%) of the average weekly wages paid to the workers in the prior calendar year or six hundred thirty-six dollars ($636) per week.)

House Bill No. [5271](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5271.pdf) McEntee, Craven, Caldwell, McKiernan, Millea**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- RHODE ISLAND PARENTAL AND FAMILY MEDICAL LEAVE ACT (Allows an employee granted unpaid family or parental leave to substitute any accrued vacation, sick or other appropriate paid leave for any part of the unpaid leave.)

Senate Resolution No. [194](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0194.pdf) DiPalma, Euer, Seveney, Felag, Murray**,**JOINT RESOLUTION CREATING A SPECIAL LEGISLATIVE COMMISSION TO STUDY AND EVALUATE RHODE ISLAND'S ELECTRIC AND NATURAL GAS TRANSMISSION AND DISTRIBUTION SYSTEM INFRASTRUCTURE (Creates a 22 member commission to study and evaluate Rhode Island's electric and natural gas transmission and distribution system infrastructure, and report back to the General Assembly by March 1, 2020, and expire on June 30, 2020.)

Senate Bill No. [195](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0195.pdf) Raptakis, Bell, Metts, Sheehan, Ciccone**,**AN ACT RELATING TO COMMERCIAL LAW-GENERAL REGULATORY PROVISIONS -- INTEREST AND USURY (Reduces the usury rate to twelve percent (12%).)

Senate Bill No. [202](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0202.pdf)  McCaffrey, Sosnowski, Miller, DiPalma, Euer**,**AN ACT RELATING TO FOOD AND DRUGS - SINGLE-USE PLASTIC STRAWS (Prohibits a food service establishment from providing a consumer with a single-use plastic straw unless requested by the consumer.)

Senate Bill No. [204](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0204.pdf) Felag, Sosnowski, Seveney, DiPalma, Ciccone**,**AN ACT RELATING TO TAXATION - SALES TAX (Eliminates the sales tax on taxi services and pet care services.)

Senate Bill No. [220](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0220.pdf) Conley, Nesselbush, Crowley, Cano**,**AN ACT RELATING TO TAXATION -- PAWTUCKET OPPORTUNITY ZONE INCOME TAX CREDIT ACT (Tax credit for opportunity zone in investment in Pawtucket)

Senate Bill No. [234](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0234.pdf) Conley, DiPalma, Lawson, Satchell, Cano**,**AN ACT RELATING TO COMMERCIAL LAW--GENERAL REGULATORY PROVISIONS -- CONSUMER PRIVACY PROTECTION (Creates "Consumer Privacy Protection Act.")

Senate Bill No. [241](http://webserver.rilin.state.ri.us/BillText/BillText19/SenateText19/S0241.pdf) Raptakis, Lombardo, Paolino, Lombardi, Morgan**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- MINIMUM WAGES (Increases the hourly minimum wage in accordance with the Consumer Price Index for the Northeast Region for the four (4) previous fiscal years, effective January 1, 2021.)