**An Update from the State House**

**DLT Releases Final Paid Leave Regulations**

The Department of Labor and Training has released the final Paid Sick and Safety Leave (PSSL) regulations. The trigger point for employers to be included under the law is still based on the number of employees the business had within the 2 highest reporting quarter in the previous year. So if you maintained an average of 18 employees in the 2 highest employment quarters last year, **you are required to provide PSSL benefits beginning July 1, 2018**. New employers (companies started after January 1 of the current year) are required to provide PSSL as soon as the 18th person is hired.

Starting July 1, 2018, covered employees are entitled to 24 hours of PSSL during the 2018 calendar year. This wording suggests that if your company already provides paid leave and the employee has utilized a certain number of the hours prior to July 1st those hours would be included in the overall 24 hour count for 2018. Covered employees are entitle to 32 hours PSSL during calendar year 2019; and 40 hours during calendar year 2020 and thereafter.

An employee is covered if he/she spends more time working in Rhode Island than in any other state. Fifty percent (50%) is not a requirement for inclusion. If an employee works in three states but splits it up so that he/she works in Rhode Island more any other states – that employee is covered and is entitled to PSSL.

If an employee knows PSSL will be needed 24 hours in advance of the leave time, the leave is considered “foreseeable” and that employee must provide reasonable notice to the employer. If the employee discovers leave is needed less than 24 hours in advance, it is considered “unforeseeable” notice is required ONLY IF the employer has an adopted written policy that was provided to the employee prior to the leave request. Otherwise, notice is not required.

Employers are permitted to require documentation of PSSL lasting more than 3 consecutive workdays. HOWEVER, the employer must have a policy in place; and if the costs associated with obtaining that documentation (doctor visit, transportation cost, etc.) exceeds two times (2x) the employee’s hourly rate of pay, then the cost is considered unreasonable. If the cost is unreasonable, then the employer cannot require the employee to provide the documentation, but can ask the employee to sign a paper stating that the leave was taken in accordance with the law.

These are just a few of the items found in the final adopted regulation. The final regulation can be viewed at: <http://sos.ri.gov/documents/archives/regdocs/released/pdf/DLT/9466.pdf>

**If your business has 18 employees or more as outlined above, the Chamber strongly suggests you contact an employment attorney or human resource specialist ASAP and be sure that your policy manual is in compliance with this new law. The new policy must be in the hands of your employees by July 1, 2018 or the notice provisions and other parts of the law will be unavailable to you as an employer.**

**Final 2018 Revenue Estimated Conference Looks Brighter**

As a few people sat in the audience, 3 members of the Governor’s Revenue Department, 3 members of the House fiscal staff and 3 members of the Senate fiscal staff sat in a room for 5 ½ hours debating the appropriate number for each revenue line item in the current FY2018 budget and next year’s FY 2019 budget which starts July 1. For the FY2019 budget, the group believes personal income tax collections will be about $24 million more next year for a total of $1.3 billion. Lottery revenue will remain somewhat steady ($364 million). Corporate tax revenue was set at $176 million – a number that was difficult for the group to determine due to all of the changes in federal corporate tax law. Sales and Use Taxes are expected to increase in FY2019 by $30.5 million, with revenue from all state tax sources expected to rise $64.8 million. Those are a lot of numbers to digest; but the bottom line is that the budget hole is far less than was predicted back in November, 2017. The FY2019 budget will still not be a cake walk, and some will argue that a few of the numbers may be a little optimistic, but the budget process of negotiations between the three sides has begun.

**This Week At the State House**

The **House Finance Committee** will take testimony on a proposed **tax on carbon Tuesday in Room 35.** **H.7400** (Reps. Regunberg, Handy, Keable, Carson, Tobon) creates the Energize Rhode Island Fund and deposits into it money collected through a carbon tax. The tax is set at $15 per metric ton of carbon, charged at the first point of sale, and it increases by $5 per metric ton until it reaches $50 per metric ton. This year’s bill has changed in that it requires two other states (Massachusetts and one other RGGI state) to pass a carbon tax before the Rhode Island tax would become effective; but the other states only have to pass a carbon tax of $5 per metric ton, not an equal tax. The following chart shows the cent per gallon or dollar per gallon impact on prices:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Emission Factor kg CO2/unit | Tax Rate per metric ton | Gasoline | Diesel | LPG | Jet Fuel | Natural Gas |
|  |  | cents/gal | cents/gal | cents/gal | cents/gal | Dollars/Mcf |
| First Year of Enactment | 15 | 13.1 | 15.5 | 9.0 | 14.5 | .8 |
| Second Year of Enactment | 20 | 17.5 | 20.7 | 12.0 | 19.3 | 1.1 |
| Third Year of Enactment | 25 | 21.9 | 25.8 | 15.0 | 24.2 | 1.4 |
| Fourth Year of Enactment | 30 | 26.2 | 31.0 | 18.0 | 29.0 | 1.7 |
| Fifth Year of Enactment | 35 | 30.6 | 36.2 | 21.0 | 33.8 | 1.9 |
| Sixth Year of Enactment | 40 | 35.0 | 41.3 | 24.0 | 38.7 | 2.2 |
| Seventh Year of Enactment | 45 | 39.4 | 46.5 | 27.0 | 43.5 | 2.5 |
| Eighth Year of Enactment | 50 | 43.7 | 51.7 | 30.0 | 48.3 | 2.8 |

International Carbon Bank & Exchange

<http://www.icbe.com/carbondatabase/priceconverter.asp>

In the first year of enactment alone, taxes assessed on gasoline, diesel and jet fuel could reach over $150 million. The Chamber testified against the senate version (S.2188) and will testify against H.7400 as well.

The House Finance Committee will also hear testimony on **H.7437** which would allow for **internet lottery sales**. This initiative is particularly problematic for those businesses that sell lottery tickets as a part of their marketing strategy. These business entities also ensure that age requirements are met for the legal purchase of tickets, and that the sales are remitted to the state. The state of Georgia passed legislation allowing online lottery sales and found an off-shore company doing business under a name similar to its own state website.

On **Thursday, the House Committee on Municipal Government** will take testimony on **H.8177** (Reps. Maldonado, McLaughlin, Barros, Tobon, and Edwards) **in Room 205**. H.8177 was just introduced last week – the link can be found below in the new filed bills section of UTD. H.8177 changes the definition of residential property under the City’s 3 class tier tax system. The current definition includes all property fit for human habitation of 1 or more units. The new proposed definition changes the qualifications to: “(A) Owner-occupied dwellings of no more than five (5) units; (B) Non owner-occupied dwellings of no more than five (5) units including properties for mixed use as residential and commercial properties; and (C) Units or dwellings with six (6) or more units.”

**Political Update**

As stated in last week’s UTD, anyone wishing to run for office must file a Declaration of Candidacy Form with the Local Board of Canvassers in the City or Town in which you reside. Forms can be filed June 24th, 25th or 26th. Rep. Hearn of Barrington does not plan to run for re-election. Of course, Rep. Rugenberg from Providence will not be running for State Representative as he has declared for the Lt. Governor’s race so that seat will be open. And Rep. Morgan’s seat in Coventry will be open as she runs for Governor.

The following bills were filed last week:

House Bill No. [8177](http://webserver.rilin.state.ri.us/BillText/BillText18/HouseText18/H8177.pdf)

**BY**  Maldonado, McLaughlin, Barros, Tobon, Edwards

**ENTITLED,**AN ACT RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES--CITY OF CENTRAL FALLS (Authorizes Central Falls to adopt 3 separate tax classifications of residential property consisting of tax rates: owner-occupied property of 5 units or less/dwellings of 6 units or more/non owner-occupied property of 5 units or less, including mixed use.)

House Bill No. [8179](http://webserver.rilin.state.ri.us/BillText/BillText18/HouseText18/H8179.pdf)

**BY**  McEntee, Craven

**ENTITLED,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- RHODE ISLAND PARENTAL AND FAMILY MEDICAL LEAVE ACT (Allows employee granted unpaid family/parental leave to substitute any accrued vacation/sick/ other appropriate leave for any part of the unpaid leave.)

House Bill No. [8182](http://webserver.rilin.state.ri.us/BillText/BillText18/HouseText18/H8182.pdf)

**BY**  Costantino, Lima, Hearn, Shekarchi, Winfield

**ENTITLED,**AN ACT RELATING TO PUBLIC UTILITIES AND CARRIERS -- TRANSPORTATION NETWORK COMPANY SERVICES (Limits the maximum charge imposed by the Rhode Island airport corporation to three dollars ($3.00) per trip for transportation network company services.)