**An Update from the State House**

The upcoming week at the State House will be a week of votes, as both the House and Senate begin to pass duplicate bills. Barring some breakdown in communication, this signals the opportunity for an early to mid-June passage of a budget.

What is a “duplicate bill”? It is common for bills to be introduced in both branches of the legislature. For example, this week S.2763SubA (Sen. Picard) is scheduled for a vote in the House Corporations Committee Wednesday. This bill allows those with a CDL license to submit the required medical certificate to the DMV by electronic means thus saving time and money. This bill passed the Senate Special Legislation Committee in April; passed the Senate floor and has been waiting for action by the House Corporations Committee. The same bill, H.7251SubA (Reps Phillips, Solomon, Casey, Morin and Corvese) was passed by the House Corporations Committee in April, followed by passage on the House floor and is now awaiting consideration in the Senate Special Legislation Committee. H.7251SubA is scheduled for a vote Wednesday.

**This Week At the State House**

**Tuesday** will feature a **Budget Status** update in the **House Finance Committee** at the Rise.

The **Senate Judiciary Committee** will meet at 3:00 pm to vote on **S.2423** (Senators Metts, Quezada, Jabour, Goldin, and Goodwin) a bill that would double the administrative penalty levied against real estate brokers and salespersons for crimes such as misappropriation of escrow funds, from $1000 to $2000.

**Thursday**, the **Senate Finance Committee** will take testimony on a number bills at the Rise. **S.2066** (Senators DiPalma, Pearson, Conley, Lynch Prata, Felag) lowers the non-resident seller withholding requirement from 9% to 7%. When a company is sold, if real estate is involved, and the seller is not a resident of Rhode Island, the closing attorney (or the buyer) must withhold 9% of the net proceeds of the sale until the seller can show proof of payment of Rhode Island income tax owed at the end of the year. If that person/corporate entity fails to pay taxes owed, the state can claim the amount owed from the funds that are being held. The legislature lowered the corporate tax rate in 2015 from 9% to 7%, but no one thought to amend the real estate non-resident withholding percentage as well. This bill corrects that error and allows seller to retain more of the net sale proceeds.

Other bills to be heard in the **Senate Finance Committee** include: **S.2072** (Senators Satchell, Archambault, Calkin, Euer and Miller) which establishes a nineteen percent (19%) “carried interest fairness fee” for investment management services in order to tax the carried interest income of hedge fund and private equity investors as traditional ordinary earned income; **S.2219** (Senators Pearson, Gallo, Satchell, DiPalma and Seveney) states that payments by an employer, whether paid to an employee or lender, of principal and interest on a qualified education loan incurred by an employee would be subtracted from the calculation of federal adjusted gross income; and S.**2389** (Senators Satchell, Conley, Calkin, Goldin and Euer) adds three new tax brackets to the RI personal income tax 7.99% for taxable income of $275k to $500k, 8.49% for taxable income of $500k to $1 million and 8.99% for taxable income over $1 million.

**Interesting News from a Federal District Court – Wage Equity**

The United States District Court for the Eastern District of Pennsylvania released an April 30th decision in the case of The Chamber of Commerce for Greater Philadelphia v. City of Philadelphia

<https://images.law.com/contrib/content/uploads/documents/402/18130/17-1548-FINAL-Opinion-on-MPI.pdf>

The Court laid out the basic facts by stating the following: “Responding to the problem of wage inequality for women and minorities, the City of Philadelphia has enacted an ordinance amending Title 9 of The Philadelphia Code to include provisions on wage equity. The ordinance has two parts. First, it prohibits an employer from inquiring about a prospective employee’s wage history (“the Inquiry Provision”); and second, it makes it illegal for an employer to rely on wage history “at any stage in the employment process” to determine a salary for an employee (“the Reliance Provision”).

The Philadelphia Chamber (and certain businesses by name) challenged both provisions on the grounds that the sections violate the First Amendment of the Constitution. The decision itself makes for interesting reading. In the end, the Court concluded that “the Inquiry Provision violates the First Amendment’s free speech clause.” The Court did uphold “the Reliance Provision” stating that a business could not ask for wage and salary history and then use that information to set the individual’s wage.

For those “legal junkies,” the Court determined that the protections afforded to wage and salary history inquiries fall under commercial related expression and is worthy of “intermediate scrutiny.”

The Court Case will likely be discussed as Rhode Island continues to consider pay equity legislation. It is also unclear whether the City of Philadelphia will appeal the decision.

**Political Update**

As stated previously in 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. Jared Nunes – a good friend to the business community – has decided not to run for re-election in the district representing Coventry and West Warwick.

The following bills were filed last week:

Senate Bill No. [2895](http://webserver.rilin.state.ri.us/BillText/BillText18/SenateText18/S2895.pdf)

**BY**  Miller

**ENTITLED,**AN ACT RELATING TO FOOD AND DRUGS -- ADULT USE OF CANNABIS ACT (Establishes a system for the regulation and taxation for adult use and cultivation of marijuana.)

Senate Bill No. [2905](http://webserver.rilin.state.ri.us/BillText/BillText18/SenateText18/S2905.pdf)

**BY**  Fogarty, Miller, Goldin, Euer, Calkin

**ENTITLED,**AN ACT RELATING TO STATE AFFAIRS AND GOVERNMENT - ENERGY FACILITY SITING ACT (Makes changes to the membership of the energy facilities siting board by increasing the size of the board from three (3) to seven (7) members for certain application, and also imposes additional requirements on applicants for energy facilities.)

Senate Bill No. [2924](http://webserver.rilin.state.ri.us/BillText/BillText18/SenateText18/S2924.pdf)

**BY**  Fogarty

**ENTITLED,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- WORKERS' COMPENSATION (Allows waiver of prior claimed common law rights by corp./LLC officers/Enlarges advisory council from 16 to 17 members/Imposes certain limitations on payments to injured employees/Authorizes uninsured protection fund to promulgate rules and regulations.)