**Governor’s Budget Released**

Governor McKee released his vision for the FY2024 budget. The 204-page document addresses his ideas for spending the $610 million in surplus money, for a total budget of $13.8 billion. The spending plan includes additional money for education, mental health, the environment, infrastructure and capital projects, as well as tax cuts and tax freezes. Over the next few weeks, the Chamber will take a look at particular budget Articles to give you a closer look at what the budget contains. What’s next? The House Finance Committee and the Senate Finance Committee will begin to hold hearings in the next few weeks. Those hearings will continue through May. The May Revenue Estimating Conference is held mid-May. This conference reviews the revenue and expenditure data in order to determine the most up-to-date estimates; and then the House Finance Committee will vote out a revised budget in June if all goes to plan.

**Budget Article 4 – Relating to Taxation**

Article 4 proposes to (1) freeze the gas tax at its current level, (2) reduce the sales tax from 7% to 6.85%, and (3) eliminate the litter control license fee for businesses.

In 2014, the legislature passed a budget that included an automatic increase in the gasoline tax. Every two years the tax is adjusted by the percentage of increase in the Consumer Price Index. The next increase is scheduled to occur July 1, 2023, and it will be a 3-cent increase from the current 34 cents a gallon to 37 cents a gallon. The Governor proposes to freeze the tax at 34 cpg until July 1, 2025 at which time the tax would be adjusted accordingly. The freeze is estimated to save consumers $25 million over the next two years.

In his State of the State Address, Governor McKee pointed out that the State’s sales tax “was raised during the banking crisis with a promise to be reduced once the crisis was over.  That didn’t happen.”  The proposed budget includes a sales tax decrease from 7% to 6.85%. The Governor considers this reduction a “first phase” with the hope of continuing to decrease the tax until it matches Massachusetts at 6.25%. The initial reduction is estimated to reduce state revenues by $35 million a year.  A tax rate of 6.25%. would result in a revenue reduction of $173 million a year.

The final piece of Article 4 is the elimination of the Taxation of Beverage Containers and Hard-To-Dispose Material. Under current law Beverage wholesalers (defined as those who engage in the “sale of beverage containers to beverage retailers in this state, including any brewer, manufacturer, or bottler who engages in those sales”) pay a fee based on their gross receipts. The fee starts at $25 and can go as high as $1000 per year. Article 4 eliminates the fee, saving Rhode Island wholesalers just under $1 million.

**Budget Article 6 – Relating to Small Business**

Article 6 (1) clarifies that municipalities have the ability to license second-hand metal article sales, (2) exempts local licensing requirements for second-hand consignment good, resale goods, thrift goods and antiques, (3) lowers the minimum corporate tax from $400 to $375, (4) eliminates the trade-in value for trucks and motorcycles from sales tax, and (5) creates a food products donation tax credit.

The first two elements of this article deal with local licensing requirements. The intent is to exempt from local licensure, “second-hand consignment goods” defined as “items, including but not limited to artwork, furniture, clothing, accessories and books that are sold by a third party, which receives a percentage of the revenue form the sale.” The Article also exempts “Resale goods” defined as “artwork, furniture, clothing, accessories and books that are purchased from the original owner and resold.” “Thrift Goods” are defined as “artwork, furniture, clothing accessories, and books, that are sold by or on behalf of a charity or non-profit organization. And, “Antiques” are defined as “items made in an earlier period that are collected and considered to have value because they are beautiful, rare, old, or of high quality.” Anyone selling these items would no longer need to be locally licensed if this Article passes as is.

The Governor proposes to decrease the minimum corporate tax from $400 a year to $375. This is estimated to affect 65,000 business entities. The revenue reduction has not yet been released.

Article 6 eliminates, from sales tax, the trade-in value on motorcycles and trucks with a gross weight of up to 14,000 pounds. This issue comes up every year in the legislature. This item is estimated to save consumers about $5 million per year.

Lastly, Article 6 creates a new “Food Products Donation Tax Credit” in the amount of 15% of the value of donated food up to $5,000 for a taxable year. Anyone who derives income from growing fruits, nuts, grains, vegetables or other food products, or raises animals for consumption can donate food to a food pantry and claim the credit against taxes owed to the state. The language includes a 4-year carryforward provision in the event the taxpayer has more credit available than tax liability. The Article clarifies that food product does not mean cannabis or cannabis products. The Division of Taxation is required to create forms suitable for filing the credit.

The following new bills have been filed:

Senate Bill No. [14](http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0014.pdf) Miller, Valverde, Kallman, Gu, DiMario, Lauria**,**AN ACT RELATING TO FOOD AND DRUGS -- DISPOSABLE FOOD SERVICE CONTAINERS (Prohibits a covered establishment from preparing, selling, processing or providing food or beverages in or on a disposable food service container that is composed in whole or in part of polystyrene foam.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0014.pdf>

Senate Bill No. [16](http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0016.pdf) Kallman, DiMario, Euer, Miller, LaMountain, Pearson, Valverde, Brito, Gu, Ujifusa**,**AN ACT RELATING TO HEALTH AND SAFETY -- COMPREHENSIVE PFAS BAN ACT OF 2023 (Prohibits use of PFAS in carpets, upholstered furniture, textile furnishings, apparel, cosmetics, juvenile products, cookware, firefighting foam and gives authority to the department of environmental management to regulate and the use.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0016.pdf>

Senate Bill No. [19](http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0019.pdf) Ciccone**,**AN ACT RELATING TO TAXATION -- PERSONAL INCOME TAX

<http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0019.pdf>

Senate Bill No. [23](http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0023.pdf) Miller, Goodwin, Pearson, Gallo, Euer, Ruggerio, DiMario, Valverde, Acosta, Zurier**,**AN ACT RELATING TO INSURANCE -- INDIVIDUAL HEALTH INSURANCE COVERAGE (Guarantees availability of coverage to eligible residents of state and does not limit or exclude coverage by imposing a preexisting condition exclusion.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0023.pdf>

Senate Bill No. [36](http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0036.pdf) Kallman, McKenney, Goodwin, Gallo, Burke, Ruggerio, LaMountain**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- PAYMENT OF WAGES (Provides for contractor liability for debts owed to an employer or third party on the wage claimants behalf, incurred by a subcontractor.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0036.pdf>

Senate Bill No. [37](http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0037.pdf) Ciccone**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- MINIMUM WAGES (Sets the minimum wage at fifteen dollars ($15.00) per hour commencing January 1, 2024, and at twenty dollars ($20.00) per hour commencing January 1, 2025.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/SenateText23/S0037.pdf>

House Bill No. [5199](http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5199.pdf) (Governor)**,**AN ACT RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2023

<http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5199.pdf>

House Bill No. [5200](http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5200.pdf) (Governor)**,**AN ACT MAKING APPROPRIATIONS FOR THE SUPPORT OF THE STATE FOR THE FISCAL YEAR ENDING JUNE 30, 2024

<http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5200.pdf>

House Bill No. [5159](http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5159.pdf) McGaw, McNamara, Carson, Speakman, Ackerman, Potter, Donovan, Ajello, Kislak, Tanzi**,**AN ACT RELATING TO MOTOR AND OTHER VEHICLES -- PARKING FACILITIES AND PRIVILEGES (Requires installation of designated electric vehicle parking spaces, with charging capabilities, by certain business/ municipalities/housing developments in existing/new/expanded parking lots as of 1/1/24.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5159.pdf>

House Bill No. [5175](http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5175.pdf) McNamara**,**AN ACT RELATING TO INSURANCE -- ACCIDENT AND SICKNESS INSURANCE POLICIES -- ACCESSIBLE RESIDENCE MODIFICATIONS (Allows health insurance plans to provide coverage for accessible residence modifications determined to be medically necessary.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5175.pdf>

House Bill No. [5181](http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5181.pdf) Sanchez, Morales, Stewart, Giraldo, Vella-Wilkinson, Potter, Batista, Henries, Caldwell, Slater**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- MINIMUM WAGES (Repeals the law that allowed employers to pay some of their minor employees and employees who are full time students and not attained the age of nineteen (19) less than minimum hourly wages, requiring them to be paid a minimum hourly wage.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5181.pdf>

House Bill No. [5192](http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5192.pdf) Solomon, O'Brien, Craven, Casimiro, Casey, Cardillo, Kennedy, Azzinaro, J. Brien, Lima**,**AN ACT RELATING TO TAXATION -- SALES AND USE TAXES--LIABILITY AND COMPUTATION (Reduces the sales tax rate to six percent (6%).)

<http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5192.pdf>

House Bill No. [5209](http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5209.pdf) Corvese, Vella-Wilkinson, Fellela, Solomon**,**AN ACT RELATING TO CRIMINAL PROCEDURE -- IDENTIFICATION AND APPREHENSION OF CRIMINALS -- REHABILITATION OF OFFENDERS (Prohibits any employer from denying any person employment based on a prior criminal conviction and prohibits state from disqualifying any person from any occupation for which a license is required based on a prior conviction.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5209.pdf>