**Last Week At The State House**

**Minimum Wage Activity**

The House passed H.7157 SubA last Thursday on a vote of 62-5. As expected, the bill was amended to mirror the Senate version – an increase to $11.50 effective October 1, 2020. The General Assembly is on legislative break this week, so the bills will not get to the Governor’s desk until the last week of February at the earliest. However, businesses should begin to plan accordingly.

**This Week At the State House**

The House and Senate are on legislative break this week. No hearings will be held. The session will resume February 25th.

**What’s In the Governor FY2021 Budget?**

**Article 15 – Relating to Human Services**

This Article starts off with the creation of a “Geriatric parole” program. Anyone serving time (where the sentence was not “life without parole”) would be eligible for geriatric parole consideration after serving 10 years or 75% of the total sentence. A second parole option would be given to those who suffer from a cognitive incapacity such as dementia, or are severely or terminally ill. Those incarcerated still have to have their cases reviewed by the parole board.

The Substance Abuse Prevention Program under the purview of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) is assigned some new responsibilities including identifying funding distribution criteria for the program. Municipalities that receive substance abuse prevention grants would have to file written reports to BHDDH proving that monies received were spent in accordance with program requirements. BHDDH would also add high schools to the program target audience.

Under current law, $30 of each speeding fine issued in the state goes to the substance abuse program. Article 15 proposes to transfer certain other fines to this program. A civil penalty of $150 for the possession of 1 oz. or less of marijuana – first and second offense – would be transferred to the substance abuse program as would the civil penalty of $150 for a 17 year old possessing 1 oz. or less of marijuana and the additional $300 penalty if that 17 year old does not complete a drug awareness program.

The Rhode Island Works Program, which assists families while they train for careers, is changed to allow for a little more flexibility when determining income. The earned income of any adult family member who gains employment while the family is in the program can exclude the first 6 months of his/her earned income until the household reaches its 48 month time limit or until the household’s total gross income exceeds 185% of the federal poverty level, whichever comes first. The Governor also proposes to provide child care to families attending a Rhode Island college if the income of the family is below 180% of federal poverty level.

Lastly, Article 15 proposes a number of changes to the state subsidies for childcare. To view the changes go to <http://webserver.rilin.state.ri.us/BillText20/HouseText20/Article-015.pdf>

**Article 16 – Relating to Veterans Affairs**

Under current law, Veteran’s Affairs performs a calculation at the end of each year to determine a net per diem expense of the residents of the Veterans Home. That per diem is then charged to each resident, although a resident could only be charged up to 80% of the person’s net income. A Veteran’s net come is also considered the total amount of income minus $150 per month and only 50% of monies received due to wounds incurred in battle conditions for which the resident received a purple heart. The Governor’s proposal changes the amount a resident can be charged to 100% of the person’s net income, but also increases the monthly reduction to $300 per month when calculating net income. If a resident has no stipend for battle wounds, that resident could pay less to the state for an income of $10,000 a year, but could pay more for an income of $15,000 a year.

**Article 19 – Relating to Workforce Development**

This 52 page Article focuses on the construction industry and a few other areas of policy. If you are a member of the construction industry, the Chamber strongly urges you to read the Article which can be found at <http://webserver.rilin.state.ri.us/BillText20/HouseText20/Article-019.pdf>

Electrician (Class B) apprenticeship programs still require 8000 hours of on-the-job learning but it appears to eliminate the requirement to complete that training within 4 years. Maintenance electrician (Class M) still have 6000 hours but no longer within 3 years; and Lightning Protection Installers still need 4000 hours but no longer within 2 years. If an electrical apprentice obtained an associate degree in electrical technology, that person can get credit for 288 hours of academic instruction toward the apprenticeship requirement. The Electrician’s Board can also grant 144 hours of credit to apprentices that completed a high school electrical technology program.

Changes to the apprenticeship requirements are also made for electrical sign installers, plumbers, telecommunications, refrigeration technicians, pipefitters, and oil burnerpersons.

Of interest to all Rhode Island taxpayers is a section in Article 19 that only allows construction companies with apprenticeship programs, in every trade needed to build a school, to bid on a school construction project valued at $5 million or more. The Article states that 10% of the workers in each trade on the job must be apprentices, and that the company bidding must verify that it can meet this requirement at the time of bidding – not at the time the job begins. What does this mean in the real world? It means that only union construction companies will be able to bid on these projects, thus reducing the number of competitive bidders on school projects over $5 million. The Article does provide an out for the winning bidder if they determine there is a lack of apprentices in a specific field as long as the company demonstrated a good faith effort to comply. This allowance comes after the bid has been awarded, however. In a merit shop construction company (non-union), apprentices are full time employees of the individual company. The apprentice attends night classes and the individual company provides the on-the-job training requirement with approval by the Department of Labor. If the merit shop company does not have enough work for that apprentice, then – like most businesses – that employee will likely be laid off or terminated. A union construction company is different. The company calls the union hall and relays how many apprentices the company needs for a job. Joe Smith may work for one company one week and a different union company another week. Union construction companies can claim all of the union hall members as potential employees when attempting to qualify for bids. Merit shops can only claim their own full time employees. For this reason, it is extremely unlikely that any merit shop company will be able to bid on school buildings valued at $5 million or more should Article 19 pass.

Article 19 adds a provision to include nonprofit organizations with more than 1000 employees in the Job Development Assessment fee. In 2020, the taxable wage base for this fee is $24,000 per employee ($25,500 for those employers that have an unemployment experience rate of 9.19 or higher); and the tax rate is .21% (.0021).

Finally, this Article increases the earned-income tax credit. The Rhode Island tax credit would remain at 15% of the federal earned-income tax credit until December 31, 2020. The credit would increase to 16% from January 1, 2021 to December 31, 2021; 17% from January 1, 2022 to December 31, 2022; 18% from January 1, 2023 to December 31, 2023; 19% from January 1, 2024 to December 31, 2024; and to 20% effective January 1, 2025.

The following bills were filed last week:

House Bill No. [7440](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7440.pdf) Kazarian, Casimiro, Blazejewski, Williams, Alzate**,**AN ACT RELATING TO INSURANCE -- ACCIDENT AND SICKNESS INSURANCE POLICIES (Prohibits insurance companies from varying the premium rates charged for a health coverage plan based on the gender of the individual policy holder, enrollee, subscriber, or member.)

House Bill No. [7466](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7466.pdf) Walsh, Ajello, Lombardi, Hull, Fogarty**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS - MINIMUM WAGE--GRATUITIES (Raises the minimum wage for tipped workers by fifty cents ($.50) per year commencing on January 1, 2021 until the tipped minimum wage is not less than two-thirds (2/3) of the regular minimum wage.)

House Bill No. [7467](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7467.pdf) Walsh, Ajello, Lombardi, Hull, Fogarty**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- TIP PROTECTION (Prohibits employers from receiving any portion of the tips given by customers to their tipped employees, with limited exceptions for credit card service charges.)

House Bill No. [7468](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7468.pdf) Ackerman, Hawkins, Shekarchi, McNamara, Chippendale**,**AN ACT RELATING TO HEALTH AND SAFETY -- RESTROOM ACCESS ACT (Requires retail establishments with 3 or more employees on the premises without accessible public restroom to allow customers suffering from eligible conditions access to their employee restrooms.)

House Bill No. [7469](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7469.pdf) Casimiro, Alzate, McNamara, Jackson, Mendez**,**AN ACT RELATING TO FOOD AND DRUGS -- HEALTHY BEVERAGE ACT (Creates the "Healthy Beverage Act" which requires that children's meals offered by restaurants include certain healthy beverage options if beverage is automatically included in the meal.)

House Bill No. [7491](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7491.pdf) Tobon, Barros, Alzate, Costantino, McKiernan**,**AN ACT RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- RHODE ISLAND BUSINESS CORPORATION ACT (Imposes a fee of one hundred sixty dollars ($160) for all domestic and foreign corporations for a certificate of authority to transact business in this state.)

House Bill No. [7500](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7500.pdf) Cortvriend, Shekarchi, Amore, Carson, Nardone**,**AN ACT RELATING TO TAXATION - STATE TAX OFFICIALS - SALES AND USE TAXES -- ENFORCEMENT AND COLLECTION (Allows any tax payments to be paid by midnight of the date the tax is due and also provides for a twenty-four (24) hour extension of time to pay the tax.)

House Bill No. [7532](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7532.pdf) Kennedy, Abney, Edwards, Azzinaro, O'Brien**,**AN ACT RELATING TO TAXATION -- SALES AND USE TAXES -- LIABILITY AND COMPUTATION (Expands the definition of sales to include any license, lease, or rental of prewritten or vendor-hosted computer software and specified digital products. This act would also define "end-user" for specified digital products.)

House Bill No. [7533](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7533.pdf) Carson, Cortvriend, Amore**,**AN ACT RELATING TO TAXATION -- STATE TAX OFFICIALS -- SALES AND USE TAXES -- ENFORCEMENT AND COLLECTION (Provides that a tax payment shall be paid by midnight on the date in which the tax becomes due and payable, and reduces the amount of penalty for taxes unpaid from a maximum of twenty-one percent (21%) to ten percent (10%).)

House Bill No. [7539](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7539.pdf) Craven, McEntee, McKiernan, Millea**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- PAYMENT OF WAGES (Makes failure to pay employees wages amounting to $1,500 or more a felony punishable by fines or imprisonment or both.)

House Bill No. [7549](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7549.pdf) Jacquard, Kennedy, Azzinaro**,**AN ACT RELATING TO PUBLIC UTILITIES AND CARRIERS -- TAXI CABS AND LIMITED PUBLIC MOTOR VEHICLES (Requires national and state background checks for certain drivers transporting passengers for hire.)

House Bill No. [7576](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7576.pdf) Casey, Solomon, Ruggiero, Canario, Shekarchi**,**AN ACT RELATING TO INSURANCE - ACCIDENT AND SICKNESS INSURANCE POLICIES (Prohibits any health insurer, medical service corporation, hospital service corporation and health maintenance organization from making prescription drug formulary changes in a contract year.)

House Bill No. [7604](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7604.pdf) Blazejewski, Kislak, Cassar, Ajello, Barros**,**AN ACT RELATING TO HEALTH AND SAFETY -- STATE BUILDING CODE (Requires any single-user toilet facility in a public building or place of public accommodation that exists or is constructed on or after July 1, 2020, be available to persons of any gender.)

House Bill No. [7611](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7611.pdf) McEntee, Bennett, Ajello, Abney, Speakman**,**AN ACT RELATING TO HEALTH AND SAFETY -- BEVERAGE CONTAINER DEPOSIT RECYCLING ACT OF 2020 (Creates a refundable five cent ($0.05) deposit for non-reusable beverage containers. A one cent ($0.01) handling fee would be paid by distributors.)

House Bill No. [7615](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7615.pdf) Ruggiero, Bennett, Slater, Cortvriend, Chippendale**,**AN ACT AN ACT RELATING TO TOWNS AND CITIES -- RHODE ISLAND COMMUNITY RESILIENCY AND PRESERVATION ACT (Establishes the Rhode Island Community Resiliency and Preservation Act to provide cities and towns with the authority to propose, for consideration and decision by their voters, a reliable source of capital funding for investing in their community.)

House Bill No. [7627](http://webserver.rilin.state.ri.us/BillText/BillText20/HouseText20/H7627.pdf) Phillips, Edwards, Millea, Hawkins, Shanley**,**AN ACT RELATING TO COMMERCIAL LAW--GENERAL REGULATORY PROVISIONS -- DECEPTIVE TRADE PRACTICES (Amends the deceptive trade practices chapter to clarify the law's exemptions and enhances the attorney general's authority to seek civil penalties for violations of the law.)