**An Update from the State House**

**Senate Finance Committee Meeting Cancelled Due to Weather**

The hearing scheduled for Tuesday, February 12th was cancelled due to the inclement weather. The Chamber expects testimony on Article 5, Section 9 of the Governor’s budget to be taken just after the February legislative break.

**The General Assembly is on Break from February 18 – 22.**

While the legislature is on break, the desk is still open to receive legislation so bills may continue to be released during the week.

**House Labor Takes Up Sexual Harassment Training for Employers**

On February 27th at approximately 4:30 p.m. in the House Lounge, the House Labor Committee will take testimony on various workplace sexual harassment and workplace dispute bills.

H.5343 (<http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5343.pdf>) requires employers with more than 50 employees to conduct sexual harassment education and training for new employees and members within 3 months of their hiring date or membership date. New supervisors and managers must also go through a training program within 3 months of being hired or receiving the promotion. Refresher training for all employees/members must be held every 2 years. Training materials are to be made available to businesses, at no charge, by the Department of Administration. H.5343 also encourages employers to participate in a survey of employees and members to determine the climate of the business.

H.5345 (<http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5345.pdf>) declares it an unfair labor practice to require an employee to sign a non-disclosure agreement or a non-disparage agreement as a condition of employment, and if the issue raised is related to alleged unlawful conduct or civil rights. This means that if an employer/employee dispute occurs, no settlement could include such a document as part of the settlement.

H.5346 (<http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5346.pdf>) amends the definition of employer, under the Fair Employment Practices Act, from those with four or more employees, to all employers. It also includes volunteers, apprentices, unpaid interns and anyone under a contract for hire.

**What’s in the Governor’s Budget – Article 12 Relating to Economic Development**

Article 12 devotes over 50 pages to economic development programs. In 2015, the Governor and the General Assembly created 15 programs that provided tax incentives and investment initiatives to jump start the economy. At the time, it was partially funded by debt restructuring.

Rebuild RI Tax Credit Act – The Governor’s budget extends the sunset of the program from 2020 to 2023. Manufacturers are more clearly defined as entities that transform raw material into a finished product for trade, but explicitly does not include an entity that merely alters stock in a warehouse for the “convenience of a customer.”

The Commerce Corporation is charged with developing a streamlined tax credit application for certified or recognized historic structures, manufacturers and affordable housing or workforce housing projects. Historic Tax Credit projects from the 2013 program that was phased out could be considered for Rebuild RI credits under this new budget Article.

An owner of multiple, separate buildings on I-195 land could submit applications for each parcel to be considered as separate qualified development projects.

Article 12 increases the maximum aggregate sum authorized for this credit from $150 million to $250 million and authorizes the Commerce Corporation to determine how much of the aggregate should be designated for historical building and residential projects. To date, $105 million in credits have been awarded, leaving $45 million in credits available under current law. Should this increase in the tax credit pass, the House Fiscal staff predicts out years will require $50 million to be budgeted to cover the additional credits taken.

Commerce Corporation can use up to $250,000 per year for technical assistance for tax credit applicants.

Article 12 calls for an extension of the Rhode Island Tax Increment Financing program, the Tax Stabilization Incentive program, the First Wave Closing Fund Act, the 195 Redevelopment Project Fund, the Small Business Assistance Program, the “Stay Invested in RI Wavemaker Fellowship program, the Main Street RI Streetscaped Improvement Fund, the Innovation Initiative, the Industry Cluster Grants, the High School College and Employer Partnerships, and the Air Service Development Fund, to 2023. These programs will sunset June 30, 2020 without legislative action. The budget includes at least $8.2 million for these initiatives (it is possible that a specific appropriation may have been missed while going through the list multiple times.)

The Governor added a new program to the economic development toolbox, called “The State and Local Partnership Council Act.” The Act creates a new public corporation is charged wtiih providing support and assistance to municipalities in economic development activities and to promote site readiness. The Corporation is given authority to “plan, construct, reconstruct, rehabilitate, alter, improve, maintain, operate…acquire or convey any parcels, tracts, areas or projects within participating municipalities.” If a city or town chooses to participate, this new corporation can adopt regulations and create new laws for the municipality that are deemed necessary to generate economic activity. Once the city or town votes to enter the program, the corporation takes over with full authority, and can even exempt parcels of land from the municipality’s zoning, land use ordinances, building codes and fire codes. According to the House fiscal staff, this program requires $800,000 for staff and consultants (8 FTEs) and $1.45 million for site readiness.

Article 12 makes a change to the corporate income tax by allowing as a deduction, any deduction to income allowable under 26 U.S.C. 1400Z-2(c). This special federal rule for investments held at least 10 years allows a taxpayer to elect to take, as a basis, the fair market value of the investment on the date the investment was sold or exchanged instead of the value at time of purchase.

Lastly, there are a number of income tax credits for research and development up to $1.3 million for qualifying costs.

**Article 13 – Relating to Minimum Wages**

Article 13 increases the state minimum wage from $10.50 per hour to $11.10 per hour starting January 1, 2020.

**Article 14 – Relating to Healthcare Market Stability**

Article 14 allows “short-term limited duration” health care policies and any policy that pays on a cost-incurred basis, to be considered allowable health care coverage in Rhode Island. Current law specifically bans the use of short-term limited duration policies. What are these policies? The product was designed for people who experience a temporary gap in health coverage. Short-term policies are generally considered to be “major medical” coverage; however, short-term policies are distinguished from other comprehensive major medical policies because they only provide coverage for a limited term, typically less than 365 days.  Short-term policies are also characterized by other significant limitations, including the types of services covered, often with a dollar maximum. These products are not renewable. They end when the contract is over. Individuals can be turned down due to age, gender, health status or other factors. Typical short-term policies do not cover maternity care, prescription drugs, mental health care, preventive care, and may limit coverage in other ways. That said, these policies can be significantly less than traditional products; and therefore, it has been added as an alternative for those who may not otherwise purchase insurance.

The Article seeks to place the federal Affordable Care Act into state law, thereby ensuring the program’s continuance. Every applicable individual must maintain minimum essential health care coverage after December 31, 2019, or that person will be assessed a penalty at the following personal income tax filing time. The penalty is equal to a taxpayer’s federal shared responsibility payment that was in effect December 15, 2017. The Article does recognize that the federal government could change its policy on the requirement for insurance and the corresponding penalty; so if the federal government institutes a penalty, then the Rhode Island penalty would not apply.

Lastly, the Article establishes a restricted receipt account called “The Health Insurance Market Integrity Fund.” The purpose of the fund is to provide reinsurance to health insurance carriers and to support personnel costs, operating costs and capital expenditures for the health exchange and the division of taxation to carry out the state’s health insurance program. If any money is left in the fund after meeting those requirements, the excess can be used for preventative health care programs for vulnerable populations.

The following bills were filed last week:

House Bill No. [5361](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5361.pdf) Edwards, Diaz, Kazarian, Maldonado, Alzate**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- UNLAWFUL EMPLOYMENT PRACTICES (Prohibits an employer, employment agency, labor organization, or employee, to commit any act declared to be an unlawful employment practice; individuals would be held personally liable for such conduct.)

House Bill No. [5364](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5364.pdf) Kazarian, Fogarty, Cassar, Bennett, Blazejewski**,**AN ACT RELATING TO INSURANCE -- ACCIDENT AND SICKNESS INSURANCE POLICIES (Prohibits health insurance companies from changing premiums based on gender.)

House Bill No. [5388](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5388.pdf) Phillips, Solomon, Amore, Morin, Casey**,**AN ACT RELATING TO STATE AFFAIRS AND GOVERNMENT -- MICRO ZONE ECONOMIC REVITALIZATION ACT (Creates micro zones in distressed areas to stimulate economic revitalization, employment opportunities, and business development through the redevelopment of obsolete, dilapidated and abandoned industrial and commercial structures.)

House Bill No. [5391](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5391.pdf) Fellela, Costantino, Ucci, Serpa**,**AN ACT RELATING TO MOTOR AND OTHER VEHICLES - INSPECTION OF MOTOR VEHICLES (Requires the first inspection of any new vehicle within five (5) years from the date of purchase. If the vehicle is sold within five (5) years, the new owner must obtain an inspection sticker before the current sticker expires.)

House Bill No. [5420](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5420.pdf) Diaz, Ackerman, Corvese, Slater, Craven**,**AN ACT RELATING TO INSURANCE -- MANDATORY COVERAGE FOR ALL BLOOD TESTING SERVICES (Mandates blood testing services coverage by accident/sickness/nonprofit hospital/nonprofit medical service corporation/HMOs effective 1/1/20.)

House Bill No. [5427](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5427.pdf) Casimiro, Alzate, Shanley, Tobon, Mendez**,**AN ACT RELATING TO FOOD AND DRUGS -- HEALTHY BEVERAGE ACT (Creates the "Healthy Beverage Act" which would require that children's meals offered by restaurants include certain healthy beverage options if the beverage is automatically included in the meal.)

House Bill No. [5441](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5441.pdf) McEntee, Craven, O'Brien**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS - EMPLOYMENT SECURITY - SEASONAL EMPLOYEES (Creates a seasonal employment designation for purposes of unemployment benefits, which would allow employers hiring employees for less than twenty (20) weeks to apply for a seasonal determination by the director of the department of labor and training.)

House Bill No. [5444](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5444.pdf) Blazejewski, Carson, Solomon, Ucci, Handy**,**AN ACT RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND GLOBAL WARMING SOLUTIONS ACT (Establishes the Rhode Island global warming solutions act to reduce carbon emissions across various sectors of the local economy.)

House Bill No. [5454](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5454.pdf) Casey, Edwards, Blazejewski, Kennedy, Morin**,**AN ACT RELATING TO ALCOHOLIC BEVERAGES -- WINE DIRECT SHIPPER LICENSE (Creates a wine direct shipper license to allow for shipment of limited amounts of wine through the mail to eligible customers.)

House Bill No. [5455](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5455.pdf) (Dept. of Business Regulation) Serodio, Amore, Noret**,**AN ACT RELATING TO ALCOHOLIC BEVERAGES - RETAIL LICENSES (Provides that Class F and F-1 liquor licenses may be issued to corporations, LLCs, and political organizations.)

House Bill No. [5478](http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5478.pdf) Craven, Millea, McEntee**,**AN ACT RELATING TO COURTS AND CIVIL PROCEDURE -- PROCEDURE GENERALLY (Provides that an open and obvious danger or defect is not a complete bar to recovery of damages in personal injury or property damage actions.)