**CALL TO ACTION – Time to Call/Email Your State Representative**

**Last week, the House Committee on Environment & Natural Resources voted to recommend passage of H.5445 SubA, the 2021 Act on Climate. (the change was not substantive) The bill is on the House floor for a vote Tuesday.**

**Go to this link to send an email directly to your State Representative – please do it today!** [**https://p2a.co/dzkbnYe**](https://p2a.co/dzkbnYe)

These bills speed up the reduction of greenhouse gas emission targets currently in law, but they do much more. Under current law, Rhode Island set a goal of 10% reduction over 1990 levels by 2020, a 45% reduction over 1990 levels by 2035, and 80% over 1990 levels by 2050. The Climate Change Coordinating Council (EC4) is charged with developing plans to meet those targets. The state has met the 2020 target. H.5445 SubA changes the targets to 45% reduction over 1990 levels by 2030, 80% reduction over 1990 levels by 2040 and net zero emissions by 2050.

The more challenging change is in the enforcement of the reduction targets. H.5445 SubA allows the EC4 to require agencies to promulgate rules necessary to reach the targets. There is no language in the bill to provide guidelines for what can or cannot be adopted as part of a rule. At this time, the only known technological path to meet the 2040 goal is to require every business and every residence to switch heating systems to a geothermal heat pump or to an electric heat pump for heating purposes, and to require all Rhode Islanders to switch to electric vehicles. In addition, all electricity generation in the state would have to switch to renewable fuel – wind, solar, etc. If the emission target is not reached, any person has the right to file a lawsuit and force government action regardless of the cost.

89% of the state’s electricity is currently generated by natural gas. The body responsible for ensuring reliability of New England’s electrical grid (ISO New England) will not complete its study on feasibility until the end of this year. Rhode Island also has the fourth highest electricity rates in the country. How does the state transition to 100% renewable electricity and at what cost? If, as H.5445 SubA would indirectly require, all businesses and residents must switch to electric heat and electric vehicles by 2030 or 2040, how will the additional electricity demand be met and at what cost? According to the State’s consultant, a “deep residential energy retrofit” would cost between $50,000 and $100,000 per unit. No cost analysis was provided for a commercial or industrial facility.

Massachusetts has similar language in law to that proposed by H.5445 SubA. Last month legislation was introduced in Massachusetts to raise $10 billion to pay for necessary actions to try to meet the mandated greenhouse gas emission targets in their state law. Part of the $10 billion, includes $500 million generated from a carbon tax on electricity, transportation, heating and industry. The money would go to construct more renewable energy capacity, local aid for climate-related projects, clean energy workforce training and direct payments to lower-income households.

***Now is the time to call your State Representative!*** Ask them to vote against passage of H.5445 SubA.

**This Week at the State House**

**New Mandate Proposed for Businesses With 500+ Employees**

On Wednesday at 5:00 p.m., the Senate Labor Committee will consider S.433, An Act Relating to Labor and Labor Relations – Establishing the “Commuter Transportation Benefits Act”. This bill requires employers with 500+ employees to offer employees a pre-tax transportation fringe benefit program that provides commuter transit benefits consistent with section 132(f) of the Internal Revenue Code of 1986. State and municipal governments are exempt, as are employees covered by a collective bargaining agreement in effect on January 1, 2022. Those covered by a CBA are included after the agreement expires. If an employer fails to comply, a civil penalty of $100 to $250 will be assessed for the first violation, and the employer will be given 90 days to come into compliance. Each additional 30-day period of non-compliance will result in an additional $250 fine. If passed, the requirement would go into effect January 1, 2022.

The bill can be viewed at: <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0433.pdf>

Written testimony can be submitted to the committee by emailing it to:  
[slegislation@rilegislature.gov](mailto:slegislation@rilegislature.gov) \*Written Testimony must be submitted prior to 2:00 PM on Wednesday, March 24, 2021, in order for it to be provided to the members of the committee at the hearing and to be included in the meeting records.  
  
Members of the public can request to provide verbal testimony to the committee through the following link:[VERBAL TESTIMONY](https://forms.office.com/Pages/ResponsePage.aspx?id=LBHmn1akN0aJ3A8oTO_8ZrrkHo3ATJRAp4ByeeV8cWRUM1JIM1NRNElHRFNFN0dFTEFMODNHWjFVUy4u)  
  
\*Requests to provide verbal testimony must be submitted by 4:00 PM on Tuesday,  
March 23, 2021.

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**Employer Assessment Fee Hearing**

On Wednesday at 5:00 p.m., the Senate Committee on Health and Human Services Committee will take testimony on S.386, An Act Relating to Health and Safety – Catastrophic Illness in Children Relief Fund. S.386 creates a new government program to assist families of children fighting an illness, the medical expenses of which are not covered by a state or federal program or health insurance program; and the expense exceeds 10% of the first $100,000 of annual income of the family plus 15% of the excess income over $100,000.

The Catastrophic Illness in Children Relief Fund will be financed through an annual charge on employers of $1.50 per employee. The fee only applies to employers subject to the unemployment insurance tax. The bill can be viewed at: <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0386.pdf>

Written testimony can be submitted to the committee by emailing it to:  
[slegislation@rilegislature.gov](mailto:slegislation@rilegislature.gov) \*Written Testimony must be submitted prior to 2:00 PM on Wednesday, March 24, 2021, in order for it to be provided to the members of the committee at the hearing and to be included in the meeting records.  
  
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**\*Requests to provide verbal testimony must be submitted by 4:00 PM on Tuesday,**  
**March 23, 2021.**

**Governor McKee’s Supplemental Budget – PPP Loan Forgiveness Taxation**

H.6121 is the Governor’s Supplemental Budget for the current fiscal year. Article 2 of the FY2021 Supplemental Budget includes a provision that decouples the Rhode Island income tax from the federal income as it relates to the treatment of PPP Loan Forgiveness. In December of 2020, the federal government reversed its treatment of PPP Loan Forgiveness so that it is considered nontaxable for federal tax purposes. Because Rhode Island is a “piggy-back” state, this tax treatment flows to the state tax treatment as well. It has been reported that Rhode Island would lose $133 million in tax revenue if the status quo remains. H.6121 proposes to decouple so that PPP Loan Forgiveness amounts over $150,000 would be taxable in the state of Rhode Island. Early reports indicate the State would recapture about half of the $133 million by making this change – that calculation could change as time moves forward. The language of the Article also appears to give the Tax Administrator specific authority to forgo taxing PPP Loan forgiveness over $150,000 if the State receives federal funds earmarked for state revenue replacement.

**Governor McKee’s FY2022 Budget – What’s In It?**

**Article 6 – Relating to Fees**

Article 6 proposes to change the following fees:

* Contractor’s Registration License - from $200 to $150, but it is an annual license instead of bi-annual
* Roofing Contractor Registration – the $400 registration must be renewed every two years at a new renewal fee of $200
* Uniform Securities sales representative license increases from $75 to $100
* The Department of Health is given the ability to establish “reasonable fees” for processing special data analysis of health data requests
* Hospital Licensing fee for FY2021 remains at 6% of the net patient-services revenue (it was slated to go to 5%). The fee for FY2022 is also 6%. The fee is different for Washington County hospitals
* Beach fees in Westerly, currently frozen at 2011 rates, are proposed to be set by DEM at an amount to be determined
* Promotion of Show permits, currently $10, are eliminated. The $10 permit fee is also eliminated for businesses renting living quarters in any hotel, rooming house, or tourist camp.

Article 6 also gives the Coastal Resource Management Council (CRMC) the authority to increase administrative penalties assessed. Existing law allows for a penalty up to $2500 for each violation and additional penalties up to $500 per day up to a maximum of $10,000. This Article increases the penalties to $10,000 for each violation and an additional penalty of up to $1000 per day up to $50,000.

**Article 9 – Economic Development**

The first five pages of Article 9 relates to education requirements and listing of Engineers in Rhode Island. The language can be found at: <http://webserver.rilegislature.gov/BillText21/HouseText21/Article-009.pdf>

Rebuild RI Tax Credit – the budget provides an additional $30 million to the program going from $210 million to $240 million

The following programs were scheduled to sunset this year, but are extended in the budget for another 18 months:

* Rebuild RI Tax Credit
* RI Tax Increment Financing
* Tax Stabilization Incentive
* First Wave Closing Fund
* I-195 Redevelopment project Fund
* Rhode Island Small Business Assistance Program
* Stay Invested in RI Wavemaker Fellowship
* Main Street Rhode Island Streetscape Improvement Fund
* Innovation Initiative
* Industry Cluster Grants
* High School, College, and Employer Partnerships
* Air Service Development Fund
* Small Business Development Loan Fund

Article 9 proposes some changes to the Small Business Development Loan Fund. This program was created in 2019 for companies that have less than 250 employees and not more than $15 million in net income. When a small business investor makes a capital investment in the fund, that person or entity is eligible for a tax credit. These credits can be assigned, transferred, or sold on the open market. The budget makes clear that only the owner or holder of the credit can transfer, assign or sell the credits. The Article also gives the state the ability to recapture tax credits by requiring the original applicant to pay back the state if the applicant fails to complete the program. This avoids loss to the state as it is difficult to recover loss from a transferee, assignee or purchaser who did so in an arms-length transaction.

The loan program itself will also change. Under the proposal, Commerce RI would issue the first public solicitation for applicants by November 1, 2021. The application fee of $5,000 would change to a fee set by regulation. After the close of the public solicitation period, Commerce RI would make determinations and those determinations are final. The Article eliminates and applicant’s ability to appeal and submit further information if their application is incomplete.

The following new bills have been filed:

House Bill No. [6142](http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H6142.pdf) (Attorney General)  Lima, Phillips, Carson, Caldwell, Serpa, Fellela, Fenton-Fung, Casey**,**AN ACT RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS -- DECEPTIVE TRADE PRACTICES (Penalty of $10,000 for violating Deceptive Trade Practices Act.) <http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H6142.pdf>

Senate Bill No. [629](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0629.pdf) Ruggerio, Euer, Goodwin, McCaffrey, Pearson, Miller, Gallo, DiPalma**,**AN ACT RELATING TO PUBLIC UTILITIES AND CARRIERS-RENEWABLE ENERGY (Increases the percentage of retail electricity sales from renewable energy sources.) <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0629.pdf>

Senate Bill No. [630](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0630.pdf) Morgan, de la Cruz**,**AN ACT RELATING TO COMMERCIAL LAW - GENERAL REGULATORY PROVISIONS-CONSUMER PROTECTION FROM MANDATED INDEMNIFIED (LIABILITY-FREE) PRODUCTS (Prohibits mandating indemnified products to consumers in certain circumstances.) <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0630.pdf>

Senate Resolution No. [639](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0639.pdf) Mack**,**SENATE RESOLUTION SUPPORTING THE CONVERSION OF RHODE ISLAND'S ECONOMY FROM MILITARISM TO CLIMATE RESILIENCY <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0639.pdf>

Senate Bill No. [640](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0640.pdf) Kallman, Cano, Quezada, Valverde, DiMario, Euer, Coyne, Seveney, Lombardo**,**AN ACT RELATING TO PUBLIC FINANCE -- RHODE ISLAND SECURE CHOICE RETIREMENT SAVINGS PROGRAM ACT (Establishes the Rhode Island secure choice retirement savings program. Establishes a board which is a public corporation. Allows for creation of IRA-type retirement investments managed by the board.) <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0640.pdf>

Senate Bill No. [654](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0654.pdf) DiMario, Valverde, Kallman, Raptakis, Murray, Pearson, Quezada, Mendes**,**AN ACT RELATING TO TOWNS AND CITIES -- SMALL BUSINESSES -- ZONING ORDINANCES <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0654.pdf>

Senate Bill No. [668](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0668.pdf) Mack**,**AN ACT RELATING TO PROPERTY – RESIDENTIAL RENT AND MORTGAGE CANCELLATION ACT OF 2021 <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0668.pdf>

Senate Bill No. [673](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0673.pdf) Lombardi, Coyne**,**AN ACT RELATING TO CORPORATIONS, ASSOCIATIONS AND PARTNERSHIPS -- PARTNERSHIPS--RHODE ISLAND PARTNERSHIP ACT (Enacts the Uniform Partnership Act of 1997, last amended in 2013, to govern the law of partnerships in this state and would repeal chapter 12 of title 7 entitled "Partnerships".) <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0673.pdf>

Senate Bill No. [674](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0674.pdf) Lombardi, Coyne**,**AN ACT RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- THE RHODE ISLAND LIMITED PARTNERSHIP ACT (Enacts the Rhode Island Limited Partnership Act to govern the law of limited partnerships in this state and repeal chapter 12 of title 7 entitled "Limited Partnerships". Effective January 1, 2022.) <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0674.pdf>

Senate Bill No. [688](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0688.pdf) Lawson, Lombardo, Seveney, Quezada, Miller, Sosnowski, Cano, Pearson, Euer, Burke**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- TEMPORARY DISABILITY INSURANCE -- BENEFITS (Increases temporary caregiver benefits to six (6) weeks in a benefit year starting January 1, 2022 and would increase temporary caregiver benefits to eight (8) weeks in a benefit year beginning January 1, 2023.) <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0688.pdf>

Senate Bill No. [689](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0689.pdf)  Mack, Calkin, Mendes, Euer**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- WAGES (Increases minimum wage on October 1, 2021, to $13, gradually increases future wages to $16 in 2023.) <http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0689.pdf>