**2021 Act on Climate – Last Chance to Make Your Voice Heard in the Legislature**

Last week the House Committee on Environment passed S.78 SubA while the Senate Committee on Environment and Agriculture passed the companion bill H.5445 SubA. Both of these bills are headed to the House and Senate floor for a final vote today, April 6th. These bills speed up the State's current greenhouse gas emission reduction targets and also give anyone the right to sue in Superior Court if the targets are not met – making the targets mandatory.



Governor Dan McKee has expressed concern about granting legal standing so that anyone sue, suggesting instead that the legislature consider amending the bill to allow only the Attorney General to file suit.  The Governor’s proposal provides some level of checks and balances on the process, and will help the state to avoid wasting precious revenue on numerous lawsuits.

If these bills pass, all Rhode Island businesses and households will have to change their heating systems to geothermal heat pumps or electric heat pumps.  Businesses and residents will be required to switch their vehicles to electric vehicles. The Brattle Group Consultant said, “Residential deep energy retrofit” could cost between $50,000 and $100,000 or more per housing unit.  The average cost of an electric personal vehicle in 2019 was $35,000 according to Kelly Blue Book.

Finally, 89% of Rhode Island’s electricity is generated through fossil fuel.  H.5445 SubA and S.78 SubA require all electricity in Rhode Island to come from renewable sources – that’s what the experts say it will take to meet the targets in the legislation.  ISO New England representatives said the studies should be complete by the end of the year.  Today, we don’t know if it is technologically possible or, if it is possible, at what cost.

To move forward now on any proposal to force electrification of homes, businesses, vehicles, or transit modes, and to allow anyone to sue to force these changes to happen, is ill conceived and robs the business community and residents of true transparency surrounding the choices being made. Massachusetts is considering the passage of a $10 billion bond to begin the process of meeting its mandatory emission reduction targets.  How much will Rhode Island need to borrow to meet these goals; what will the cost of electricity be; can the state switch all homes and buildings and cars to electricity in 19 years? These answers must be known before we flip the switch.

If you have not yet contacted your legislator, please consider doing so by using this link:

<https://p2a.co/GkdBE4G>

**Governor’s Budget – Article 2- Relating to State Funds**

Budget Article 2 was heard in the House Finance Committee last week. In 2019, the General Assembly passed a law that requires monthly reporting if an agency’s quarterly report forecasts a deficit. The law also prohibits the controller from authorizing payments for new staff, contracts or purchases for any agency expected to overspend – unless that expense is related to immediate health or safety concerns. Article 2 limits the monthly reporting requirements to general revenue deficits, not restricted receipt accounts. The Article also allows the controller to spend more than the budget allocates, if the amount to be spent is less than the previous year’s expenditure or for one-time equipment or supply purchases. The controller would be permitted to allow overspending if the state is trying to comply with a corrective action plan, a court order or to respond to an emergency or to meet caseload estimates.

**Governor’s Budget – Article 8**

Budget Article 8 requires the Public Utilities Commission to establish an emergency response requirement by May 15, 2022, and annually thereafter. The Article also requires electric and natural gas companies to establish standards for responding to widespread outages. Failure to adopt standards results in a $500 per day fine. This comes as a response to the gas outage emergency on Aquidneck Island in January of 2019.

**This Week at the State House**

**PPP Loan Forgiveness Taxation**

On Wednesday, April 7th at the Rise (following session - approximately 4:30), the House Finance will take testimony on the Article 2 of H.6121. This is the Governor’s proposal to tax PPP loan forgiveness amounts over $150,000. As background, the federal government created the PPP loan program under the CARES Act in 2020. Normally, the IRS considers most types of loan forgiveness as taxable unearned income. However, the US Congress, US Senate and US President decided to change the rule as it applies to PPP loan forgiveness, thus making the loans non taxable from a federal tax point of view. Rhode Island is a federal tax piggy-back state, so the same tax treatment will apply to Rhode Island unless the General Assembly and Governor tax action. Under Article 2, if your company received a loan of $150,000, there would be no tax owed. If your company received a loan of $160,000, $10,000 of the loan forgiveness would become taxable.

Article 2 also contains a provision that gives the tax administrator the authority to exclude the amount of any PPP loan forgiveness from state taxation if the federal government allocates any funds to the state for general revenue replacement. The tax administrator would be required to provide written notice to the House and Senate that the loans are no longer taxable.

Written testimony may be submitted to:**HouseFinance@rilegislature.gov**

**Indicate your name, bill number H.6121, Article 2, and viewpoint (for/against/neither) at top of message.** Written testimony must be submitted no later 1:00 p.m. Wednesday, April, 7th. Testimony received after deadline will be sent to committee members and posted to the website as soon as possible. For faster processing, it is recommended that testimony is submitted as a PDF file.

**VERBAL TESTIMONY** Due to the extremely high volume of requests **Requests for verbal testimony must be submitted via the link, by 4:00 PM** **on Tuesday, April 6, 2021.**

For verbal testimony requests, [CLICK HERE](https://forms.office.com/Pages/ResponsePage.aspx?id=LBHmn1akN0aJ3A8oTO_8ZpR-enp9FkxEjcJIbBjmg-tUMVpVTFRWSzRERlFBNjEyMFFKMkM0MDhEQS4u)

The following new bills have been filed:

House Bill No. [6188](http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H6188.pdf) Vella-Wilkinson, Cardillo, Casimiro, Bennett**,**AN ACT RELATING TO MOTOR AND OTHER VEHICLES -- RHODE ISLAND SALVAGE LAW (Provides that if an insurance company is unable to obtain a certificate of title for a vehicle, the insurance company or its agent may apply for and obtain, free and clear of all liens and claims of ownership, a salvage certificate of title.) <http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H6188.pdf>

Senate Bill No. [754](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0754.pdf)  Murray**,**AN ACT RELATING TO TAXATION - SALES AND USE TAXES - LIABILITY AND COMPUTATION (Exempts from the sales and use tax that portion of a motor vehicle lease payment collected for tangible personal property tax, municipal property tax, excise, or any other similar tax.)

<http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0754.pdf>

Senate Bill No. [758](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0758.pdf) Miller, DiMario, Sosnowski, Pearson, Euer**,**AN ACT RELATING TO PUBLIC UTILITIES AND CARRIERS -- RENEWABLE ENERGY STANDARD (Sets forth new renewable energy standards.)

<http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0758.pdf>

Senate Bill No. [763](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0763.pdf) DiPalma**,**AN ACT RELATING TO TAXATION -- ESTATE AND TRANSFER TAXES--LIABILITY AND COMPUTATION (Increases the exemption for estate taxes to two million five hundred thousand dollars ($2,500,000) effective January 1, 2023. There would be a further increased estate tax exemption to five million dollars ($5,000,000) effective January 1, 2025.)

<http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0763.pdf>

Senate Bill No. [765](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0765.pdf) DiPalma**,**AN ACT RELATING TO TAXATION -- STATE TAX OFFICIALS (Changes the rate of interest for underpayments of tax to prime rate plus six percent (6%). Also limits the assessment of interest to four (4) calendar years prior to the date on which notice of the delinquent payment is sent.)

<http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0765.pdf>

Senate Bill No. [770](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0770.pdf) DiPalma**,**AN ACT RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS -- DECEPTIVE TRADE PRACTICES (Creates consumer legislation designed to limit in-application payments for software applications and purchases.)

<http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0770.pdf>