**Call to Action – Unemployment Trust Fund Replenishment**

The Chamber needs your help! Last week we provided testimony again, asking for a full replenishment of the Unemployment Trust Fund. Prior to the pandemic, the UI Trust Fund had over $500 million in it and businesses were being taxed at a “schedule F rate”. The Fund was healthy enough that discussions were underway to drop the tax rate to “schedule E” (the lower the alphabetical designation, the lower the corresponding tax rate). As of a couple months ago, the fund dropped to about $195 million and the tax rate paid by employers is now at “schedule H” which is two schedules higher than the pre-pandemic rate. The $300 million drop in funds came from the business community alone. Without help from the State or the federal government, the business community will bear the burden of paying back the $300 million.

As we all know, some very bad people took advantage of the pandemic by filing multiple fraudulent claims. We know that at least $70 million in fraudulent claims were paid out in Rhode Island (that number could change when the updated data is released). Of the $70 million, about $37 million was paid by the Trust Fund – meaning paid by Rhode Island employers. At the very least, employers should not be responsible to pay fraudulent claims.

Employers did not want to shut their doors to customers. They did not want to lay off or terminate employees. The State made the choice to close non-essential businesses and told people to stay home. From a public health perspective, this may have been the correct choice; but it was still a choice made ***by the State***. If it were not for the pandemic, employers would be paying less in unemployment insurance premiums today. ARPA funds are intended to be used to address losses associated with the pandemic. The UI Trust Fund experienced great loss due almost entirely due to the pandemic.

Lastly, it is important to stress that once the ARPA funds are spent, those funds are gone. Should the General Assembly choose not to replenish the UI Trust Fund, and Rhode Island experiences another downturn in the economy, there will be no funds to assist the UI trust fund. In that case, the tax rate would have to be further increased or the state would have to borrow from the federal government.

Please contact your legislators now and express how important it is to replenish the Unemployment Insurance Trust Fund. Call or send an email telling your own experience with unemployment insurance taxes. Thank you!!!

**This Week at the State House**

On **Tuesday, May 3rd,** the House Finance Committee will take testimony on many pieces of legislation. Among them are H.7440, An Act Relating to Taxation – Personal Income Tax and H.7659, An Act Relating to Taxation – Personal Income Tax. H.7440 proposes to add one new income tax bracket at a rate of 8.99% on taxable $403,500 (in 2011 dollars). Adjusted for inflation, the new tax bracket would apply to taxable income over approximately $500,000 (in 2022 dollars), This act would take effect on January 1, 2023 and would not apply retroactively. H.7659 would create a new income tax bracket at a rate of 6.99% on taxable income over $500,000. The funds collected from this new proposed bracket would be deposited into a restricted receipt account to pay for school building and school housing aid. Lastly H.7654,   
An Act Relating to Taxation – Business Corporate Tax will be heard on Tuesday. The bill imposes an additional tax on corporations equal to the tax cut created by the 2017 Tax Cuts and Jobs Act. It also eliminates the qualified business income deduction created by the 2017 Tax Cuts and Jobs Act available to pass-through entities. If passed, the bill would take effect on January 1, 2024. The language can be viewed at: <http://webserver.rilin.state.ri.us/BillText/BillText22/HouseText22/H7654.pdf>

On **Wednesday, May 4th**, the Senate Committee on Environment and Agriculture will hear testimony on more environmental mandate bills. S.2448, An Act Relating to Motor and Other Vehicles is identical to a bill heard last week in the House Finance Committee (H.7653). At that hearing, the business community expressed a need for a holistic approach as the State tries to meet the mandated targets passed in last year’s Act on Climate. The chamber pointed out that it is imperative to perform a cost/benefit analyses prior to passage of more legislative mandates. The issues contained in S.2448 and H.7653 need to be a part of the analysis; but all of the options, costs, benefits, transition timetables, etc. should be laid out for the General Assembly **prior** to moving forward on any legislation.

S.2448 requires 100% of all privately owned passenger and light-duty vehicles of model year 2030 or later “registered” in Rhode Island to be electric vehicles. That would mean anyone living in the state who purchased a fossil fuel vehicle outside Rhode Island or ***anyone moving to the state with a fossil fuel model 2030 vehicle would not be permitted to register the car here***. For the person moving here from another state, that person would have to sell the car and purchase a new one in order to relocate to Rhode Island. This could be a deterrent for employers attempting to attract employees.

Today in Rhode Island, there are approximately 500,000 car registrations (not including commercial vehicles). As of December 3, 2021, electric vehicle (EV) registrations accounted for 4,540 vehicles. According to Market Watch an EV car that drives 540 miles a month uses 180kwh a month. That means that the electric grid must find 180 kwh x 12 months (2,160 kwh a year) to meet the demand for each new EV purchased. Even if only 37% of the cars flipped to EVs in Rhode Island then it appears as if the electricity grid will need to find 33GW of new electricity per month (180 kwh x 185,000 EV vehicles). At a Senate Environment and Agriculture hearing earlier this year, ISO New England, the independent organization responsible for ensuring the region has reliable electricity supply, stated that it currently plans for summer peak demand because that is when New England experiences the highest usage of electricity. The “region’s all time summer peak demand was 28,130 MW on August 2, 2006.” (*ISO-NE presentation can be viewed at:* [*http://ritv.devosvideo.com/show?video=c4d8d4c3f5fc&apg=634c8273*](http://ritv.devosvideo.com/show?video=c4d8d4c3f5fc&apg=634c8273)) The supply of electricity, which under the Act on Climate must be from renewable energy sources only, is a big concern to the Chamber of Commerce. No legislation should move forward until the state can determine how to ensure a reliable source of electricity will be available. Without reliable energy, businesses cannot operate.

The following new bills were filed last week:

House Bill No. [8164](http://webserver.rilin.state.ri.us/BillText/BillText22/HouseText22/H8164.pdf) Hawkins, Cardillo, Phillips, Biah**,**AN ACT RELATING TO BUSINESSES AND PROFESSIONS -- ELECTRICIANS (Expands the types of electrical services that require an electrical contractor's license.)

<http://webserver.rilin.state.ri.us/BillText/BillText22/HouseText22/H8164.pdf>

House Bill No. [8192](http://webserver.rilin.state.ri.us/BillText/BillText22/HouseText22/H8192.pdf) Casimiro, Baginski, Noret, Solomon**,**AN ACT RELATING TO STATE AFFAIRS AND GOVERNMENT -- EVIDENCE AND OVERSIGHT ACT OF 2022 (Creates the Evidence and Oversight Act of 2022 to create and maintain a data transparency portal.)

<http://webserver.rilin.state.ri.us/BillText/BillText22/HouseText22/H8192.pdf>

House Bill No. [8195](http://webserver.rilin.state.ri.us/BillText/BillText22/HouseText22/H8195.pdf) Henries, Morales, Felix, Alzate, Kazarian, Biah, Speakman, Ranglin-Vassell**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- DIGNITY AT WORK ACT (Establishes a broad and comprehensive framework to provide workers with more protection and remedies from bullying and harassment in the workplace.)

<http://webserver.rilin.state.ri.us/BillText/BillText22/HouseText22/H8195.pdf>

Senate Bill No. [2892](http://webserver.rilin.state.ri.us/BillText/BillText22/SenateText22/S2892.pdf) Kallman, McCaffrey, Goodwin, Cano**,**AN ACT RELATING TO TAXATION -- PERSONAL INCOME TAX--CAPITAL GAINS (Amends the capital gains tax rates and holding period from 5 years to 1 year. Imposes a non-owner occupied tax on homes assessed at more than $1,000,000. Increases estate tax exemption to $2,225,000.)

<http://webserver.rilin.state.ri.us/BillText/BillText22/SenateText22/S2892.pdf>

Senate Bill No. [2895](http://webserver.rilin.state.ri.us/BillText/BillText22/SenateText22/S2895.pdf) Picard**,**AN ACT RELATING TO TAXATION -- STATE TAX OFFICIALS (Waives interest and penalties on the taxable portion of loans taxed or forgiven under the Paycheck Protection Program during tax years 2020 and 2021, provided any tax due is paid by March 31, 2022 and March 31, 2023, respectively.)

<http://webserver.rilin.state.ri.us/BillText/BillText22/SenateText22/S2895.pdf>