**This Week At the State House**

**House Finance Meets Today**

Today, May 4th, the House Finance Committee will take testimony on TCI/TDI as well as about the challenge of getting employees to return to work.

H.5789, An Act Relating to Labor and Labor Relations – Temporary Disability Insurance – General Provisions, increases the number of caregiver benefit weeks from four weeks to twelve weeks beginning January 1, 2022. The bill, the companion bill to S.436 discussed in last week’s UTD, expands the coverage to care for a sibling or grandchild, and includes routine, preventative, diagnostic and therapeutic care as eligible reasons for TDI/TCI coverage. H.5789 allows self-employed individuals to join TDI/TCI, and they become eligible after making four quarterly payments into the system, or earlier, if the person was paying into the system prior to becoming self-employed. The bill changes the taxable wage base to the greater of $250,000 or a calculation using the maximum weekly benefit amount multiplied by 30 and divided by (.36). Lastly, the bill creates tiers of weekly benefits paid to lower income individuals. Minimum wage workers will receive 90% of the individual’s weekly wage. Those making two times minimum wage will receive 75% of the individual’s weekly wage. These new rates do not include dependent allowances, although no one is permitted to receive more than 100% of the weekly wage. [H5789.pdf (state.ri.us)](http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H5789.pdf)

H.6090, An Act Relating to Labor and Labor Relations – Temporary Disability Insurance – Benefits, increases TCI benefits to six weeks in a benefit year starting January 1, 2022 and would increase TCI benefits to eight weeks in a benefit year beginning January 1, 2023. [H6090.pdf (state.ri.us)](http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H6090.pdf)

Two other bills attempt to provide a financial incentive for employees to return to work. The Department of Labor has signaled that they will reinstate the “work search” requirement sometime in late May. However, some in the business community believe a larger incentive to return to work is required. This issue seems to be splitting the business community.

H.6249, An Act Relating to Labor and Labor Relations – Employment Security, allows employees to earn up to 150% of their weekly UI benefit while also still collecting the additional $300 in extra UI from the federal government. The additional $300 benefit is expected to end in September, but the federal government could extend the benefit. H.6249 allows employees to be deemed partially unemployed – and earn up to 150% of their UI weekly benefit rate starting May 1, 2021 and ending June 30, 2022. [H6249.pdf (state.ri.us)](http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H6249.pdf)

H.6218, An Act Relating to Labor and Labor Relations – RI Back to Work Incentive Program, provides incentive benefits for persons collecting unemployment benefits who return to work. The person would be eligible to receive $150 per week for thirteen weeks based on a forty-hour work week with prorated benefits for less than forty hours. Upon completion of the thirteen-week period, additional compensation up to a maximum of $1,950 would be paid on a prorated basis. These benefits would expire on January 1, 2022. [H6218.pdf (state.ri.us)](http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H6218.pdf)

Written testimony may be submitted via HouseFinance@rilegislature.gov but must be received by 1:00 pm Tuesday, May 4th. Indicate your name, bill number, and viewpoint (for/against/neither) at top of message. This inbox is for written testimony only. For faster processing, it is recommended that testimony is submitted as a PDF file.

**Senate Labor Meets Wednesday**

On Wednesday, May 5th, the Senate Labor Committee will meet at 5:00 pm to discuss some of the same bills as House Finance.

S.808, An Act Relating to Labor and Labor Relations – RI Back to Work Incentive Program is identical to H.6218 outlined above.

S.858, An Act Relating to Labor and Labor Relations – Employment Security is identical to H.6249 outlined above.

S.272, An Act Relating to Labor and Labor Relations – Fair Employment Practices, changes the definition of an employee to include volunteers, apprentices, and unpaid interns for the purposes of Fair Employment Practices Act. The bill also allows individual to be personally sued for violations of the Act. Under current law, only the employer can be sued for discrimination against an employee. [S0272.pdf (state.ri.us)](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0272.pdf)

S.837, An Act Relating to Labor and Labor Relations – Temporary Disability Insurance – Contributions, makes a radical change in the area of TDI. This program, since its inception, has been a program for employees, funded by employees. S.837 seeks to reduce the employee contribution by half and require employers to pay the other half. The new payment system would start January 1, 2022. [S0837.pdf (state.ri.us)](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0837.pdf)

**House Finance to Take Up Income Tax Hike Bills – Your Help is Needed!**

Thursday, May 6th the Chamber needs your help! The House Finance Committee will meet to discuss two tax hike bills (H 5227 and H 5229) that would increase income taxes in Rhode Island, damaging our state’s competitiveness and our ability to attract new businesses and grow our economy. You can help by delivering the message: “raising taxes right now is a bad idea.”

The Chamber is asking you to submit both written and verbal testimony:

* Submit written testimony to: HouseFinance@rilegislature.gov  Include your name and both bill numbers (H. 5227 and H. 5229)
* Request to verbally testify by clicking this link:  [HERE](https://forms.office.com/Pages/ResponsePage.aspx?id=LBHmn1akN0aJ3A8oTO_8ZpR-enp9FkxEjcJIbBjmg-tUQVhDN01JSFhNNFRDWjdMRjk2VllKSjRTSy4u)
* *Requests for verbal testimony must be submitted by 4:00 PM on Wednesday, May 5, 2021.*

**H-5227** increases the tax rate from 5.99% to 8.99% on income over $475,000 starting January 1, 2022. The money goes to the general fund

**H-5229** raises the tax rate from 5.99% to 6.99% on income over $500,000 effective immediately and places the money into an account to be used for primary and secondary education. It is important to remember that the General Assembly can transfer money out of restricted receipt accounts in any budget document.

**This is a bad idea - Here’s why.**

* We don’t need to raise taxes. Federal stimulus and recovery funds will more than cover any pandemic-related shortfalls.
* Raising taxes will make our tax rates higher than our neighbors and hurt our ability to attract businesses and new taxpayers.
* ***The proposed tax increases would impact small business owners who report their business income on their personal taxes.***

**Revenue Estimating Conference – Economic Overview**

IHS Markit provided their best economic forecast for Rhode Island at the Revenue Estimating Conference meeting last week. Before offering predictions, they revised their December 2020 report to reflect actual data. Nonfarm payroll was revised down an additional 4100 jobs which also related to a further downward revision on state year-over -year growth from -8.7% to -9.3%. Unemployment numbers improved a little as the rate was7.9% instead of the projected 8.1%. Much of the downturn came as a result of the COVID surge at the end of the year. Not surprisingly, the change in employment from January, 2020 to February, 2021, was felt more by lower wage earners. Those making $27,000 a year or less experienced a -25.1% employment rate. Those making $27000 - $60,000 experienced a -10.8% employment rate; and those making more than $60,000 experienced a -1.7% employment rate.

IHS Markit predicts: (1) Employment growth will proceed at a steady, yet decelerating pace over time as the recovery continues (2) Growth heavily front-loaded to near term as recovery takes off (3) Overall, quarterly annualized gains average 3.5% over that period, for an overall net gain of ~37,000 jobs by FY23Q4 and (4) Unemployment rate falls from 7.2% in FY21Q3 to 3.8% by FY23Q4

At the sectoral level, most of the largest projected employment gains are concentrated in the categories most heavily impacted in Spring 2020

• Professional, Scientific, Technical Services (+6,200)

• Accommodations and Food Services (+6,000)

• Healthcare and Social Assistance (+4,300)

• Other Services (+4,200)

• Administrative Support Services (+4,100)

Of course, these predictions are made under the assumption that no new significant COVID related outbreaks occur.

May 2021 Forecast –Annual Percent Change

FY2019 FY2020 FY2021 FY2022 FY2023 FY2024

Employment, Total Nonfarm 0.7 -3.9 -3.9 5.1 2.4 1.2

Real GSP, (2012$) 0.9 -2.9 1.0 5.3 2.3 1.9

Total Personal Income ($) 3.4 5.8 7.1 -1.8 3.6 4.0

Wages and Salaries ($) 2.9 -0.2 3.7 5.8 4.5 4.7

Transfer Payments ($) 2.2 27.7 21.6 -20.2 0.0 2.6

Personal Consumption Exp. 3.6 -0.8 2.6 7.9 5.1 4.5

Unemployment Rate (%, Level) 3.8 6.2 8.4 4.8 3.9 3.7

**Sugary Beverage Tax Debate Continues**

The tax on sugary beverages is getting attention at the State House. While the revenue may be desirable to some, the debate seems to be geared more toward influencing nutritional choices of individuals and providing a revenue stream for a new program. If passed, H.5715 would levy a tax of 1.5 cents per ounce, starting January 1, 2022, on items such as: soda, syrups, sports drinks, energy drinks, fruit drinks, sweetened iced teas and coffees, and other products with added caloric sweetener or flavored water with added caloric sweetener. Neither Massachusetts or Connecticut has a similar tax. H.5715 creates a new fund, called the “Retail SNAP Incentives Program.” The purpose of the fund is to promote healthy food access and nutrition for SNAP recipients. Recipients would receive $.50 credit on their EBT cards for each $1 spent on eligible fruits and vegetables up to a monthly limit set by the state.

What does the tax mean for businesses and consumers? A 5-gallon bag in a box, used by many businesses for fountain drinks, would be taxed $57.60. A 12-pack of canned soft drink would be taxed $2.16. A 19oz package of lemonade powder to make 8 quarts would be taxed $3.84. A 6-pack of ice tea (16.9 oz) would be taxed $1.44. An 8-pack of sports drinks (20 oz) would be taxed $2.40. A 2-liter bottle of soft drink would be taxed $1.02. This tax will hurt businesses and cost consumers money. If you wish to help on this issue, you can:

1. Follow the campaign on Facebook [www.facebook.com/StopRIBevTax](http://r20.rs6.net/tn.jsp?f=0017lrfPQKXgvhh7LVZzrZvMH0KAvRo4-UGEwnX_DfQdYkw-flRvTXJK1YIwYcqdqcD7vHowYpqUd-YdD52WPFvnku7_fSBO32K_el027qUB1_JrGrhj2fM6oxsRLxOnHnSVPcKMz2uDZUbvnxpa9XzBpXXIcSE1lhv&c=xTQ54DMIFc9hTlHvNTjNHngsfbUMtYgtjZ4Fm885b2ZlZ4C71wIkNg==&ch=LUOcf1IxFiBGEdu1JiduyGn1-D7SLCIFJOrrdn3BQrf0lcqoUv849w==&jrc=1)
2. Follow the campaign on Twitter [www.twitter.com/StopRIBevTax](http://r20.rs6.net/tn.jsp?f=0017lrfPQKXgvhh7LVZzrZvMH0KAvRo4-UGEwnX_DfQdYkw-flRvTXJK1YIwYcqdqcDdNOqxYQoprMmeipgl_e1IQuF4iGYcjp6MoMcswDl2hBGOcFuRATH_5nbH3dwl3EXnuiR_-U4DAKZwyOsvba5f6QCg8tLUPKZ&c=xTQ54DMIFc9hTlHvNTjNHngsfbUMtYgtjZ4Fm885b2ZlZ4C71wIkNg==&ch=LUOcf1IxFiBGEdu1JiduyGn1-D7SLCIFJOrrdn3BQrf0lcqoUv849w==&jrc=1)
3. Visit this website & contact your legislator: [www.stoptheribevtax.com](http://r20.rs6.net/tn.jsp?f=0017lrfPQKXgvhh7LVZzrZvMH0KAvRo4-UGEwnX_DfQdYkw-flRvTXJK1YIwYcqdqcDZ1YXhN2k9GK4ZrseX5CSB_9XX0gMqZSN5XaB0XpPxIk0GtjGQbQ364Z4z8f92G7zUrFKEac1e98mRhOCdpBNLL3IBlYHK6pp&c=xTQ54DMIFc9hTlHvNTjNHngsfbUMtYgtjZ4Fm885b2ZlZ4C71wIkNg==&ch=LUOcf1IxFiBGEdu1JiduyGn1-D7SLCIFJOrrdn3BQrf0lcqoUv849w==&jrc=1)

The following new bills have been filed:

House Bill No. [6265](http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H6265.pdf) (Secretary of State) Amore**,**AN ACT RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- UNIFORM 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 1/1/2022.)

House Bill No. [6267](http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H6267.pdf) Costantino, McEntee, Caldwell, Corvese, Hawkins, Phillips**,**AN ACT RELATING TO TAXATION (Provides for an interest and penalty free period for the payment of sales and income taxes due to the state for the calendar year 2021 and continuing through March of 2021 for income taxes and August 2021 for sales taxes.)

Senate Bill No. [858](http://webserver.rilin.state.ri.us/BillText/BillText21/SenateText21/S0858.pdf) Goodwin, Ciccone, Ruggerio**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- EMPLOYMENT SECURITY -- GENERAL PROVISIONS (Increases partial unemployment benefits by disregarding an amount of earnings when calculating weekly benefit rate with expiration date of 6/30/22.)