**Open Businesses Required To Sign Checklist Form**

Rhode Island Governor Raimondo has asked all currently opened businesses and newly opening businesses to print out and sign a checklist form that can be accessed at:

<https://www.reopeningri.com/resource_pdfs/Business-organization-checklist-poster_05.15.20%20.pdf>

While the state is not requiring proof of the signed document ***prior*** to opening, she did state during her May 15th press conference that inspectors could ask for this signed form at a business location.  It's not clear what penalty might be applicable if a business does not have the form executed on site.

**House Finance Committee Meets**

The House Finance Committee met last Thursday. There was no public testimony at the hearing, only a briefing from the House fiscal staff outlining the findings from the Revenue and Caseload Estimating Conference and the Federal Relief Programs and their impact on the State. The 95 slide presentation provided by House Fiscal Advisor Sharon Reynolds and her team can be viewed at: <http://www.rilegislature.gov/housefiscalreport/Briefings%20and%20Presentations/2020%20Session/Federal%20Relief%20Programs%20and%20May%20%20REC%20CEC.pdf>

Can Rhode Island End FY2020 With a Deficit

One of the questions raised was whether the State can roll over into FY2021, any deficit from the current fiscal year that ends June 30th. The answer is not knowingly. The State must do its best to end at zero or in the black (sometimes estimates are off a little when audits are completed following the end of the fiscal year, but the General Assembly must do its best to get to a zero balance or better).

Federal CARES Fund Effects

When Governor Raimondo and then President Trump declared a state of emergency, those declarations allowed the federal Stafford Act to go into effect. The Stafford Act provides funds to states, but comes with a 25% match requirement from states. If Rhode Island received $100 million, it would have to put up $25 million. Rhode Island has asked for a waiver of that match requirement – a response has not yet been received. The federal government has since adopted the State Coronavirus Relief Fund from which Rhode Island received $1.25 billion. As Ms. Reynolds stated at the hearing, if the federal government waives the 25% match requirement, that is the best budget situation for the State. It could also allow states to use the Coronavirus Relief money to meet the match (2nd best option); or if both of those options are not permitted then the State’s expenses occurred will have to be switched over to the Relief Fund monies and the least amount of federal dollars will be available to help with budgetary problems that have arisen due to the crisis. It is important Chamber members know that this budget is going to be tricky and cannot be solved properly until federal guidance is provided. Cities and Towns face the same challenge.

The Coronavirus Relief Funds can be used for “necessary” expenditures related to COVID-19, incurred between March 1, 2020 and December 30, 2020. Direct expenditures for medical as well as public safety are covered. “Secondary” expenses are also covered such as employment or business interruptions, but it’s not completely clear what it allowable as a “secondary” expense. It does include items related to health and safety – for example payroll for public safety; but it does not include increased Medicaid expenses.

The Fund also included $121.5 million for education, provided the State maintains a level of effort equal to an average over the last three previous fiscal years (FY17-FY19). Of the $121.5 million, $46.4 million is for K-12 and is available through September 30, 2022. This money can be used for items such as: cleaning, long-term closure planning, training, technology purchases, mental health support and summer learning. Also available is $66.4 million for higher education through September 30, 2021 for things like: costs associated with facility shut-downs, emergency aid to students, and assistance for minority institutions.

The federal package included $197.8 million for healthcare providers, almost half of which goes to healthcare providers to assist with lost revenue due to the pandemic. RI Hospital received an additional $19.8 million because it qualified as a “hot spot” area under the federal legislation. Some of the other recipients include: community health centers ($11.5 million), community mental health centers ($6 million), community living programs ($6.4 million), child care ($8.2 million), community services for low-income families ($5.5 million), head start programs ($2.3 million), and LIHEAP – low income home energy assistance program – ($4.8 million). Additionally, Rhode Island did receive an increase in the federal rate share of Medicaid. Other items can be found in the slide presentation.

Unemployment Fund update – according to the presentation, Rhode Island’s unemployment insurance fund started 2020 with $537.9 million, more than it has had in the past twenty years. As of May 12th, the Fund had $420 million.

Lastly, it’s important to note that a number of federal programs for individuals and businesses, equates to a loss of revenue for the state, thus affecting the budget process. For example, the federal CARES Act gives employers credit for net operating losses. The House fiscal staff anticipates a relative loss in state revenue of $2 million in FY2021 and a loss of $700,000 in FY2022. The federal government increased the interest deduction cap for businesses. That change is expected to reduce state revenue by $1.6 million in FY2021 and $1 million in FY2022. These programs are important to the business community. At the same time, those changes have state budget implications that must be accounted for as the budget process moves forward.

The House Finance Committee plans to meet again to review the 3rd Quarter Report which will include spending updates, agency additional deficits and an update on COVID expenses. The Committee will also receive updates on the current federal program as well as new program that might or might not be passed by Congress.

**New Bills**

The Rhode Island Senate did release new bills last week. The Senate desk was left open when the legislature cancelled session in March, which is why the following bills are available now, but receive a technical “introduction date” of March 12th:

Senate Bill No. [2777](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2777.pdf) de la Cruz, DiPalma, Seveney**,**AN ACT RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND ECONOMIC GROWTH BLOCKCHAIN ACT (Establishes an economic growth blockchain act, set regulations for the sale of hemp, regulate virtual and digital assets and establish depository banks for these purposes.)

Senate Bill No. [2794](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2794.pdf)  McCaffrey, Sosnowski, Miller, DiPalma, Euer**,**AN ACT RELATING TO FOOD AND DRUGS - SINGLE-USE PLASTIC STRAWS (Prohibits food service establishments providing single-use plastic straws unless requested or from self-service dispenser. First and second violation results in notice of violation and $25 fine thereafter up to $300 annually.)

Senate Bill No. [2795](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2795.pdf) Pearson, DiPalma, Conley, Cano, Seveney**,**AN ACT RELATING TO TAXATION -- STATE TAX OFFICIALS (Requires electronic filing of returns and remittance of payments for certain larger business registrants.)

Senate Bill No. [2798](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2798.pdf) Pearson**,**AN ACT RELATING TO TOWNS AND CITIES - MUNICIPAL INCENTIVE AID (Authorizes the general treasurer to withhold state aid to municipalities which do not meet certain requirements regarding locally-administered pension plans and, if applicable, funding improvement plans.)

Senate Bill No. [2800](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2800.pdf) Picard**,**AN ACT RELATING TO TAXATION -- STATE TAX OFFICIALS (Changes the rate of interest for underpayments of tax to prime rate plus six percent (6%). It would also limit the assessment of interest to four (4) calendar years.)

Senate Bill No. [2801](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2801.pdf) Conley, Satchell, Goodwin, Metts, Cano**,**AN ACT RELATING TO TAXATION -- PERSONAL INCOME TAX (Adds one new income tax bracket for purposes of state income taxation.)

Senate Bill No. [2803](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2803.pdf) Conley, DiPalma, Lynch Prata, Seveney, Pearson**,**AN ACT RELATING TO PUBLIC PROPERTY AND WORKS -- STATE PURCHASES (Increases the maximum small state purchase from $10,000 to $25,000 for construction projects and from $5,000 to $10,000 for all other small purchases.)

Senate Bill No. [2804](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2804.pdf) McCaffrey, Pearson**,**AN ACT RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION (Amends the classification of manufacturing machinery that is eligible for a property tax exemption.)

Senate Bill No. [2816](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2816.pdf) Lynch Prata**,**AN ACT RELATING TO BUSINESSES AND PROFESSIONS -- HOTELS (Requires all hotels to make a good faith effort to post human trafficking awareness signage and provide all employees with human trafficking awareness training.)

Senate Bill No. [2831](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2831.pdf) Lynch Prata**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- TEMPORARY DISABILITY INSURANCE BENEFITS (Increases temporary caregiver benefits to six weeks starting January 1, 2021 and then to eight weeks starting January 1, 2022.)

Senate Bill No. [2832](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2832.pdf) Lynch Prata**,**AN ACT RELATING TO LABOR AND LABOR RELATIONS -- PAYMENT OF WAGES -- VIOLATIONS (Increases penalties for violations of certain wage and hour laws.)

Senate Bill No. [2835](http://webserver.rilin.state.ri.us/BillText/BillText20/SenateText20/S2835.pdf) Valverde, Satchell, Cano, Murray, DiPalma**,**AN ACT RELATING TO HEALTH AND SAFETY - STATE BUILDING CODE (Requires that baby changing tables are provided in the ladies' and men's rooms of the Rhode Island State House and be included in new or substantially renovated construction of all publicly accessible buildings.)