

RI Legislative Update February 2013

After a slow start to the 2013 RI General Assembly session where the focus for the first several weeks (particularly in the House where a majority of the bills typically originate) was on same sex marriage there has been a flurry of activity over past two weeks. Many of the same issues we have dealt with over the past few years are back – although sometimes in different formats - while we have also seen a number of bills focused on campaign promises.

On the plus side – and true to their election promises - we have seen a number of bills submitted that reduce, eliminate, or give credit back from the state minimum corporate tax and franchise tax. This is one attempt to reduce the tax burdens in this state and entice more businesses to come in or expand. Many of these bills that offer reductions or credit are based on the number of new – additional jobs that a company adds. Obviously, this is also consistent with another campaign promises to create more jobs. Currently we are tracking 8 different bills that deal with this initiative. We obviously support this type of legislation – but it is doubtful that any of these bills (four in the Senate and four in the House) will move forward until leadership decides what the proper course of action might be – particularly as it impacts the state’s revenue. For that reason they will have to have a comfort level on the new budget before considering reductions.

We have also seen a number of bills introduced that are not in the best interest of our industry. Many of these may sound familiar. These include a minimum wage increase bill -with subsequent COLA annual increases (H 5079) that would increase the minimum wage by .50 on Jan. 1st next year. This bill has already had a hearing and is being held for further study. The Food Dealers has sent written testimony to the Chair of House Labor voicing our objections as we did during the committee hearing last year. A new point of objection would be that this is contrary to the legislator’s commitment to add jobs in 2013. For this reason and because we had a mandatory increase in January of this year it would not appear that this bill has leadership support. It does appear however that a companion bill will be submitted in the Senate. So, as a result we need to monitor this closely.

As you may have read or seen on the news eVerification is back. The positioning of these bills (H 5016 & H 5236) has changed and to be consistent with the popular theme this legislative session - to add jobs. It would require employers to run mandatory background checks and use only validated workers. This would, in theory, force illegal immigrants from the workforce and those jobs would be filled by legal employees. Although this type of legislation may have some merit it is unclear how efficient and expensive this could be for employers. H 5016 has also had a hearing this past week and is being held for further study.

Late last week we saw the 2013 session version of the beverage tax (H 5228). Similar to last year it would add a tax to distributors and bottlers of 1 cent per gallon (including mixes based on yield) to all sugared beverages. Unlike past bills this one is very specific as to where the revenue would go – basically to education type programs. It has not been scheduled for a hearing and has no companion bill on the Senate side at this point. This bill too seems to be contradictory to adding jobs as it would most likely eliminate positions but it needs to be monitored closely as it does have sponsorship from ranking House members.

Another familiar piece of legislation that has come forward this week is with regard to GMO labeling (H5278). This would require any product that is sold in RI that is derived from or contains GMO ingredient to be labeled as such. Last year there were several bills introduced so this could be the first of several this year as well. This bill as written give little detail as to how this would be executed or policed – but would be burdensome to a retailer to manage in addition to the manufacturing implications.

True to their environmental awareness commitment we have also seen the first EPR bill introduced (H5264). Although the Senate has an ongoing study commission focusing on this that has not as of yet reported back we have seen proactive legislation in the House. This bill is very broad based and all-encompassing and would require all manufactures/owners of all consumer products to submit and gain approval of a plan that provides for “end of life” for all packaging. Basically they have to have a plan for what becomes of the packaging once the product has been used or consumed – namely how will this

packaging be disposed of. This could involve payments to the state from the product originator based on volume of disposing at the state landfill.

As concerning and confusing as this part of the bill is it also has provisions that any product not approved in 24 months of passage cannot be offered for sale in the state. How this would be determined or executed at retail is unclear, but a retailer cannot sell any product not approved. In a session that is focused on creating jobs – this would seem to provoke business to possibly not do business in the state. This bill bear close monitoring.

In addition to the bills on tax relief for business mention previously there is another interesting bill originating in the Senate that we are following. It is S 0009 and covers a number of different elements in addressing credit card unfair practices. This bill provides penalties for violation of the practices outlined and in general many of the provisions are favorable to business. It is not clear that all of the elements of this bill are consistent with – or in fact may conflict with recent federal regulations so it will be interesting to see what the intent of this bill is. Although many of the provisions will be favorable to retailers (and consumers) there are some that are restrictive and could be costly.