

An Update from the State House

What's in the Governor's Budget?

Not Sick Pay

After searching high and low for a budget article adopting a mandatory sick time policy, the Chamber was unable to find one. According to the Governor's staff, she will be submitting a separate stand-alone bill in the upcoming weeks so stay tuned!

Article 3 – Promise Scholarship

The Governor's tuition program begins with the graduating class of 2017. The program would be funded by General Revenues as well as any donations that might be received, and covers both tuition and any mandatory fees assessed by the University of RI (URI), RI College (RIC), and the Community College of RI (CCRI). To qualify, the student must be less than 19 years of age at the time of graduation or at the time he/she earns a GED. If the student wishes to attend CCRI, he/she must enroll as a full-time student immediately after graduation. If the student wishes to attend URI or RIC, he/she must already be enrolled and completed 60 credits before the application for the tuition program is submitted. The student is required to be a full-time student (special circumstances exempted), maintain a 2.0 GPA and stay on track to finish on time.

Article 19 – Electric Vehicle Programs

Article 19 simply creates a new state program to encourage the lease or purchase of light-duty electric vehicles. The language calls for the program to begin in 2018 and sunset in 2022. For FY2018 (which starts 7/1/2018), the Office of Energy Resources would receive \$250,000 to distribute, as rebates, to drivers licensed in Rhode Island or who can prove residency in the state, and who purchase or lease the electric vehicle from an establishment in Rhode Island.

Article 21 – the Article of Business Penalty Increases

The first four sections of Article 21 actually eliminate fees, including the twenty-dollar (\$20) fee for individuals who must register their apprenticeship application with the Division of Professional Regulation. Under current law, apprentices in the following disciplines are required to pay the fee: electrical lightning protection installer, plumbing, water filtration installer, irrigator, pipefitters, and refrigeration/air conditioning. Apprentices in the Plumbers, Irrigators and Water Systems field are required to file this fee annually.

From the business side, sponsors of apprentices, not exempted under Chapter 28-45 of the General Laws would no longer be required to pay an annual fee of \$120 to the Department of Labor and Training. Sponsors who are licensed master or contractors were exempt under current law.

All other apprentices that were charged a \$24 fee to register their apprenticeship with the state, would receive a break through the elimination of their fee requirement.

HOWEVER, the remainder of this Article is dedicated to raising the penalties on employers who fail to comply with any violation related to the payment of wages, which includes the following:

1. Statement of Earnings to Employees
2. Frequency of Pay
3. Payment of Union Dues (if applicable)
4. Proper Payroll Deductions
5. Deducting From Wages for Items Not Allowable Under Law
6. Paying Proper Amount When Employee is Terminated or Quits
7. Payment of Wage to a Deceased Employee
8. Payment of Wages Not in Dispute
9. Misclassification of Employees

Administrative Assessment: If an employer “is found” to have violated any of the wage laws mentioned above, the Department of Labor and Training (DLT) SHALL assess, for the first violation, an administrative penalty equal to 15% - 25% of the amount of back wages ordered to be paid. Any subsequent violation within a 3 year period shall be assessed an administrative fee equal to 25% - 50% of the amount of back wages ordered to be paid. It is important to note that these administrative penalties must be assessed even if the employer enters into a settlement agreement with DLT. The Director must consider good faith, gravity of the violation, history of violations and whether the violation was a mistake or willful when deciding the amount of the penalty.

Misclassification of Employees: While misclassification is covered under the administrative penalty section (meaning a penalty of 15% - 50% of back wages is assessed depending on the infraction), Article 21 adds an additional penalty for misclassifying employees. Under current law, an employer that declares an individual to be an independent contractor when that person should be an employee, would be liable for a civil penalty between \$500 and \$3,000 for each misclassified employee for the first offense and up to \$5000 for subsequent offences. That penalty would be divided equally between DLT and the employee. Article 21 raises the \$500 threshold penalty to \$1500 per misclassified employee.

Quarterly Wage Report Penalty: Failure to file the state’s quarterly wage report is not covered under the new proposed administrative fee in Article 21, but it does carry its own penalty. Under current law, all employers must file quarterly reports detailing the wages paid to employees. The report includes each employee’s name, social security number and total wages paid (and any other information requested by DLT). Failure to file the report results in a \$25 fine plus \$25 per month that the report is delinquent up to \$150. Article 21 raises the maximum fine to \$200.

Penalties for Failure to Contribute or File Reports: Article 21 raises a number of other penalties starting July 1, 2017. Under current law, if an employer KNOWINGLY *fails to pay an amount* due to a state agency a fine of \$10 - \$100 will be assessed. Article 21 raises the fine to \$25 - \$200. If an employer *fails to file a required report* (does not have to be KNOWINGLY) to a state agency, the penalty was \$10. The new penalty would be \$25.

Penalty for Working as an Electrician Without a License: Section 5 of Article 21 increases the fine for violating the Electrician's law (Chapter 5-6). If an individual works without a license, has the wrong license for the job to be done, fails to keep up with continuing education requirements or fails to adhere to the electrician apprenticeship ratios, the penalty levied will be \$1500 for the first violation (was \$500) and \$2,000 for a subsequent violation (was \$950). This penalty can be assessed on a person, firm or corporation after notice and a hearing before the board of examiners of electricians.

The following bills were filed last week:

House Bill No. [5197](#), AN ACT RELATING TO STATE AFFAIRS AND GOVERNMENT -- ENERGY SITING (Requires environmental impacts be considered in energy plant siting proceedings.)

House Bill No. [5217](#), AN ACT RELATING TO PUBLIC PROPERTY AND WORKS -- LITTER CONTROL AND RECYCLING (Defines as "litter" any commercial/private/political sign/poster/notice subject to penalty provisions of §37-15-7.)

House Bill No. [5222](#), AN ACT RELATING TO BUSINESSES AND PROFESSIONS - REAL ESTATE BROKERS AND SALESPERSONS (Requires a real estate broker to release customer or client funds in an escrow account as instructed by the parties to a failed real estate transaction, within ten (10) days of receipt of a written release.)

House Bill No. [5225](#), AN ACT RELATING TO COMMERCIAL LAW--GENERAL REGULATORY PROVISIONS -- UNFAIR SALES PRACTICES (Defines the term "regular price" for purposes of the law regulating discount price advertisements.)

House Bill No. [5235](#), AN ACT RELATING TO TAXATION -- ESTATE AND TRANSFER TAXES (Provides that estates in Rhode Island be taxed at a rate equal to the maximum credit for state death taxes allowed by the federal revenue act, which exemption is set at five million, four hundred ninety thousand dollars (\$5,490,000) in 2017.)

House Bill No. [5242](#), AN ACT RELATING TO HUMAN SERVICES-- AUTOMOBILE ACCIDENT SOCIAL PROTECTION ACT (Creates an accident compensation fund to provide payments and benefits to those injured by uninsured motorists, to be administered by the DHS.)