

RI LEGISLATIVE UPDATE

August 2014

Selective Highlights of this RI legislative session that just ended (some bullet points gleaned from Journal State House Bureau Reporting)

Casino Gambling:

In the final hours of their six-month session, lawmakers unveiled and approved a Newport Grand casino deal aimed at saving the struggling video-slot parlor and the \$26 million it produces for the state.

The legislation calls for a referendum in November on Newport Grand's renewed bid to add live table-game action to its video-slot menu, under the same terms the state already has with the larger Twin River in Lincoln. While the deal would give Newport no cut in the table games, it does include significant annual cash sweeteners.

The legislation also promises Newport a flat \$1.5 million a year for the first six years after the completion of the construction by the prospective new owners, and a minimum of \$1 million a year after that. By way of comparison, the city's current share of the video-slot play produced an estimated \$448,440 this year.

Corporate Tax Rate:

The RI Corporate tax rate was reduced from 9 percent to 7 percent and the threshold for the estate tax from \$921,655 to \$1.5 million. This action, together with other initiatives in the area of job training should help the state's economy to continue moving in the right direction.

Minimum Wage:

Lawmakers raised the minimum wage from \$8 to \$9. Consistent with the efforts made (with success) in other states as well as the national initiatives supported by the President a significant increase in the minimum wage was approved. This is the fourth straight year that this has been increased in RI. Attempts to minimize this increase for 2015 were not successful but the COLA language provided for subsequent years and the \$1 increase for the next two years were eliminate from this. That was the good news – but on the other side of this issue we can be certain that minimum wage legislation will be submitted again in the next session.

Ethics Commission:

A move to reinstate the Ethics Commission's power to investigate and prosecute legislators died. The Senate bill cleared the House Judiciary Committee earlier this month on a 7-to-2 vote, but never made it to the House floor.

Sakonnet Rive Bridge Tolls Repealed:

The General Assembly this session also put to rest a long-simmering controversy by banning tolls on the Sakonnet River Bridge. The legislature also came up with a plan to pay for maintenance of the state's other bridges, as well as roads. To help pay for that plan, the budget increases the vehicle inspection fee from \$39 to \$55 and raises a surcharge on all court dismissals of driving infractions for drivers with a good driving record from \$25 to \$50. And, it paves the way for a series of increases, every two years, in the state's 33-cent gasoline tax, starting with a projected 1-cent increase in 2015-2016.

Tax Revenue Offsets:

Following the lead of at least nine other states, Rhode Island lawmakers also included what's known as a use-tax "lookup table" in the state budget to help capture tax revenue now lost by consumer purchases made online or out of state. It would require personal income-tax filers who haven't kept their receipts to pay a use tax that is based on their federal adjusted gross income. Filers would either multiply the income figure by .0008 to calculate the tax owed, or find the amount in the lookup table that shows income ranges and corresponding use-tax amounts.

Among Other Provisions:

* The General Assembly approved legislation to delay the use of any standardized test as a high school graduation requirement until 2017, including the controversial test known as the NECAP.

* And on a lighter note, the lawmakers voted to make "Rhode Island-style calamari" the official state appetizer.

* A \$4.8-million state bailout for Central Falls retirees won approval, despite a heated House debate.

* The House and Senate also overwhelmingly approved a three-year moratorium on the use of any standardized test as a high school graduation requirement, including the NECAP.

* A retooled version of a bill to spare "effective" public school teachers from having to undergo annual evaluations also won final votes necessary late in the session.