

RI Legislative Update June 2013

It finally appears that the state now has a budget for fiscal 2014 as the Senate has passed the final House version of the state budget (a significantly amended version of the governor's original budget). The governor now has the option to veto, sign, or let it become law without his signature. Most believe it will be one of the latter two options.

Beyond the fiscal outlining of the state spending this budget – particularly this one - is also a statement of policy. As the General Assembly vetted the budget submitted by the House Finance Committee the delays in passage were surrounded by the ongoing controversy and varying positions on the payback of bonds from the 38 Studio debacle, the ongoing battle with regard to the state pension fund, the state support of the Newport Casino, and the ongoing debate over the Sakonnet River Bridge toll. The funding allotted or denied (or in the case of the bridge toll delay) are not only fiscal decisions but are also quite clearly a political “hot spots” and as a result determine or attempt to determine policy as well.

Of particular interest for our members were the following budget outcomes:

- The \$2.5 M payment to the bondholders signals that most likely the taxpayers of RI will be paying off this debt over the next several years. As this amount of annual payback increases that money will need to be allocated. In order to be allocated it needs to come from tax revenue or from spending cuts in other areas. As it took some work this year to cover the projected \$30M shortfall – this could prove to be a huge burden on consumers and businesses.
- The same could be argued with regard to funding the state pension. The projected surplus from 2013 about \$12.2M was going to go into the next year's (this one) budget. It will not go to the state pension fund.
- On the plus side, the Sakonnet River Bridge toll implementation has been delayed until next year. This additional cost does not only

affect the residents of the area but also the businesses within it and those that sell goods and services into the area. This delay will allow some time for some additional time for the General Assembly to explore other options. As the final budget reflected a \$4M cut (from the original proposed budget) in bridges and road repair some additional funding will need to be done going forward. As a result of all these expectations of any RI road improvements need to be kept at a minimum.

- Overall, the final budget - and related individual legislation - did not supply much in the area of the much anticipated business stimulus. The restructure or reorganization of the economic development council was put off and the budget reflected only moderate financial relief for businesses in the form of accelerated depreciation options and reinstated the historic tax-credit program. There was little help in the area of providing stimulus for hiring or expanding worker skills.

You will remember that initially the General Assembly (and more specifically the House) spent a good deal of time on some social issues including same sex marriage, modifying marijuana laws, and gun control - for a significant part of this session. Since that time they have started to consider a number of different bills that were fast tracked. We have been tracking a number of these bills over the past several months.

The most recent activity of the General assembly is in three areas, minimum wage, bridge tolls and EPR (product stewardship). There has been a number of pieces of legislation submitted in an attempt to deal with the proposed toll on the Sakonnet River Bridge as mentioned previously. The most recent was submitted and had a hearing (6/13) in the same week. This bill is S 989, submitted by DePalma, Felag (and others). It provides amendments to restrict tolls and establish a bridge maintenance fund that would be financed out of General Assembly funds. As this was submitted well after the intro period it needed to have the support of leadership and could be considered in a revised form during the delay outlined in the budget.

The EPR bill that had a hearing this week is S 0406 (Cool Rumsey, DiPalma, and others) that had an original hearing two months ago. A Sub A was submitted that basically called for a study of the contents of the debris/contamination in order to determine what the issues are and where they may be coming from. If this bill passes, this commission will report back next year with its findings. As mentioned, this year's special Senate commission that was assembled last session to look at packaging in general and determine a proper course of action for the legislature to take.

This commission had several hearings listening to both environmentalists and business involved and/or impacted by this. The Food Dealers submitted testimony and gave a presentation to the committee. Our position was further supported by separate testimony from Tony Fonseca of Packaging & More (who also happens to be the chairman of our legislative committee). All of our testimony was referenced within the final report and is available on the Senate's website.

This final report came out last week and was very much consistent with our association and member's position. It calls for a more concerted effort and further expansion of the states recycling program. As late as June 27th another bill was fast tracked (on the eve of the budget passage) that developed a Mattress Stewardship Council. This was submitted by Rep. Arthur Handy. This bill deals with the disposal of mattresses that puts the burden (procedure and cost) of disposal on the seller and producer and takes the cost away from the cities and towns. Although this does not directly impact our industry it does serve as another example that this type of legislation is gaining momentum in our state.

No doubt these producer responsibility bills – consistent with what our neighboring states are doing – will be in the forefront again next session. This is something we really need to prepare for as an area of focus. We have made a number of good contacts within the general assembly and other agencies - particularly with an alliance with RI Resource Recovery (more on that in the next couple of weeks). This should really help us as this evolves.

At the end of May the Senate passed an amended minimum wage bill and sent it along to the House – where it also was passed. This Sub A version changes the minimum from \$8.25 proposed in the original bill to \$8.00 – but most importantly removes all language regarding automatic cost of living increase in subsequent years. The governor is expected to sign this bill. The increase to \$8.00 will be effective Jan. 1, 2014.

A quick update on other bills we have been tracking this session and their current status:

Sugared Beverage Tax (H 5228):

This bill was withdrawn by its principal sponsor Edith Ajello in early May after two scheduled hearings were postponed. As a companion bill was never introduced on the Senate side it is widely believed that Rep. Ajello had other bills she was focused on and did not have the time to muster the necessary support. As similar legislation has been introduced around the country – this will surely be reintroduced in RI (perhaps with modifications in the next session).

GMO Labeling (H 5278 – Hull, Giarrusso, & Others):

This bill had a hearing in late April and was held for further study. Other bills were submitted – but did not have any hearings. All of these bills would be very costly to retailers and manufacturers. Although it does not appear as though anything in this area will pass this year – this area of GMO labeling is being debated in other Northeastern states and just has a bill passed in Connecticut. This is something we will need to keep an eye on as we go forward.

Plastic Bag Ban (H 5403 Cimini, Ajello, Handy & Others; S 404 (Nesselbush, Satchell & Others):

This is another area where the RI Food Dealers has been very active. The Senate had a hearing in early April and held the Bill for further study. This initiative was driven on the House side with Rep. Cimini being the chief advocate. The House had a hearing in late April at which our Association testified and submitted written opposition from our members as well as an all-inclusive statement on behalf of the Food Dealers.

Those in favor of this ban were strong and passionate in their testimony – although their testimony was short on facts and specifics. As the sponsor and co-sponsor sit on this committee (House Environment & Natural Resources) where the co-sponsor Rep. Hanley is the Chair they supported the emotional responses and in fact were in a position to comment after each presentation. This is a strong motive on behalf of Rep. Cimini to have RI be the first state to enact legislation (on a statewide basis) which adds to the complexity of this (and like) bills. This will certainly be another area that has seen additional focus and support among the legislature and one that will certainly be an ongoing concern.

Although we did not see legislation submitted in this area in RI, another prevailing area of concern in neighboring states (and on the Federal level) is menu labeling. There were several bills introduced last year with one modified version being passed late in the session. We were successful last year in getting language entered into the legislation that clearly differentiated between restaurants and Supermarkets – but this is another area that we will need to watch carefully in the next session.