



REVIEW Rhode Island General Assembly

September 2013

A Summary of Economic Development Laws Passed in 2013

Early in the 2013 General Assembly session, Senate President Teresa Paiva Weed (D-Newport) and House Speaker Gordon Fox (D-Providence) stated that the legislature would work hard to create the framework for job growth in the state. This focus is evidenced in the 33 House bills and 28 Senate bills pertaining to economic development that passed into law in one form or another.

In the Senate, Paiva Weed championed a number of legislative initiatives in an economic growth package of bills titled "Moving the Needle." The House of Representatives put forward several pieces of legislation that will reshape the state's economic development framework as well as require a strategic vision from any incoming administration as it relates to economic development.

Below is a summary of several laws from this year's legislative session that pertain to improving the economic environment in Rhode Island.

FISCAL YEAR 2014 STATE BUDGET

Article 9 of the budget includes an amendment to Chapter 44-61-1.1 of the Rhode Island General Laws. The law allows businesses to accelerate the depreciation of new equipment in accordance with federal standards. The depreciation schedule provides for a more accelerated depreciation of the equipment in the first year as opposed to the current state standard.

In addition, included in this budget article is a revision to Chapter 44-18-30B of the Rhode Island General Laws to designate the entire state as a sales tax-free zone for "one-of-a-kind limited" pieces of artwork and other crafts. There are already several tax-free artists zones in communities throughout the state, and this broadens the initiative statewide.

Article 22 establishes Chapter 44-33.6 of the Rhode Island General Laws which reinstates the state's historic tax credit program. The law allows for \$34.5 million in credits previously approved for projects not completed. In addition, the revised program now has a cap of \$5 million per project. Any project that receives credits and has construction costs of \$10 million or more must include an apprenticeship program for all such crafts that will be used on the project.

Article 23 creates Chapter 42-64.15 of the Rhode Island General Laws. The law establishes the Innovate Rhode Island Small Business Incentive Program. The program provides funding for the Rhode Island Science and Technology Advisory Council to award grants to certain eligible Rhode Island-based small businesses. The grants offset the costs associated with applying to the U.S. Small Business Administration for Small Business Innovation Research grants or Small Business Technology Transfer Research grants. The grants have a maximum value of \$3,000, and a

business may only receive one grant for each submission.

PAYMENT OF WAGES

[Chapters 269 & 349 of the Public Laws of 2013](#) amend Chapter 28-14-2.2 of the Rhode Island General Laws to allow certain private employers to pay their employees less frequently than weekly. Employers with an average payroll in excess of 200 percent of the state minimum wage (eight dollars per hour effective 1/1/14) can pay their employees biweekly or monthly upon request to the director of the Department of Labor and Training. In addition, employers who pay less than 200 percent of the minimum wage also can pay less frequently than weekly if they meet certain criteria and request approval from the director. *Effective Date: January 1, 2014*

STATEWIDE WETLANDS & SEPTIC STANDARDS PLANNING

[Chapters 136 & 162 of the Public Laws of 2013](#) amend Chapter 42-64.13-10 of the Rhode Island General Laws to establish a task force convened by the Division of Planning to develop recommendations to establish statewide standards for wetlands and septic systems. The task force will consist of state and local officials and representatives from the business community, as well as one civil or environmental engineer. The director of the Department of Environmental Management must submit proposed legislation establishing statewide standards to the governor and legislative leaders by January 31, 2015. *Effective Date: June 25, 2013*

EXPEDITED DEM CITATION PROCESS

[Chapters 290 & 400 of the Public Laws of 2013](#) amend Chapters 42-17.1 and 42-17.6 of the Rhode Island General Laws to establish an expedited process to resolve certain smaller Department of Environmental Management citations. For the expedited citation to take effect, the person found to be noncompliant must voluntarily agree to the resolution. *Effective Date: July 15, 2013*

HYDROPOWER PROJECTS

[Chapters 167 & 202 of the Public Laws of 2013](#) amend Chapters 39-26.1 and 39-26.2 of the Rhode Island General Laws to revise the definition of distributed generator contracts to allow hydropower projects to participate in the standard contract enforcement program. *Effective Date: July 11, 2013*

REAL ESTATE DEVELOPMENT

[Chapters 458 & 467 of the Public Laws of 2013](#) amend Chapters 45-23 and 45-24 of the Rhode Island General Laws to promote more sustainable, lower-impact development by allowing sloped land to be included within the calculation of lot size assessment for real estate development. The intent is to prevent landowners from having their property devalued and to reduce unnecessary regulation. *Effective Date: January 1, 2014*

BENEFIT CORPORATIONS

[Chapters 487 & 500 of the Public Laws of 2013](#) establish Chapter 7-5.3 of the Rhode Island General Laws. The laws allow for companies to establish themselves as benefit corporations in order to incorporate a social and community mission as well as to profit without the risk of lawsuits from shareholders. The transition from a for-profit to a benefit corporation structure requires a two-thirds vote of a company's shareholders. A benefit corporation is required to have a written mission and to report annually on its progress toward, and the societal impact of, this mission. Pursuant to the law, the purpose of the benefit corporation is the general public benefit, defined as a material positive impact on society and the environment, taken as a whole and assessed against a third-party standard, from the business and operations of a benefit corporation. The company directors must consider decisions based on their impact on other shareholders, employees, customers, community and societal factors, the environment, and the future of the company itself. *Effective Date: January 1, 2014*

"MADE IN RHODE ISLAND" COLLABORATIVE

[Chapters 123 & 129 of the Public Laws of 2013](#) establish Chapter 42-64.15 of the Rhode Island General Laws. The laws create a Collaborative and Advisory Council to promote the marketing and support of products from Rhode Island. The group will designate a "Made in Rhode Island"

logo to identify products manufactured locally. Also, it will be responsible for establishing a framework to verify that products affixed with the logo are made in the state. In addition, t will be a concerted effort to identify opportunities to grow the sale and manufacture of products with the Made in Rhode Island logo. *Effective Date: June 24, 2013*

ECONOMIC DEVELOPMENT & PLANNING STRUCTURE

[Chapters 489 & 492 of the Public Laws of 2013](#) create Chapter 42-6.1 of the Rhode Island General Laws. The laws establish the Executive Office of Commerce. The office is led by a secretary of Commerce, who is appointed by the governor with advice and consent from the Senate. The intent of the Commerce office is to better align the departments of state government that have an impact on economic growth as well as on jobs and workforce training. Certain functions of the Department of Business Regulation as well as the Department of Administration will be incorporated within the Executive Office of Commerce. *Effective Date: February 1, 2015*

[Chapters 243 & 490 of the Public Laws of 2013](#) amend Chapter 42-64 of the Rhode Island General Laws. The laws replace the Economic Development Corporation with the Commerce Corporation. The law establishes several measures to improve the transparency of the organization as it relates to financial transactions as well as to the operations of the corporation. In addition, the corporation's board must establish a risk management program for all loan guarantees and other financial commitments entered into by the corporation. *Effective Date: January 1, 2014*

[Chapters 156 & 208 of the Public Laws of 2013](#) establish Chapter 42-64.17 of the Rhode Island General Laws to require that each new governor or reelected governor establish a long-term economic plan for the state. The law establishes an Economic Development Planning Council composed of state officials as well as seven members of the public with various areas of expertise. The council will develop a long-term economic vision for the state and revise as needed to address the critical growth needs of the state. *Effective Date: July 11, 2013*

[Chapters 242 & 491 of the Public Laws of 2013](#) create Chapter 42-64.18 of the Rhode Island General Laws. The laws form establish a Council of Economic Advisors whose role is to collect and publish data to advise the governor, the General Assembly, and the secretary of Commerce on economic issues. The nine-member council will consist of members from the public and private sectors. *Effective Date: January 1, 2014.*

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