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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

A N A C T

RELATING TO PUBLIC PROPERTY AND WORKS - MICRO BUSINESSES

Introduced By: Representatives Barros, Abney, Tobon, Kazarian, and Coughlin

Date Introduced: March 03, 2016

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Preamble.

2 WHEREAS, The Small business Administration's (SBA) definition of small businesses
3 does not specifically target and address micro business reality (ownership, human capacity,
4 financial capacity, micro business culture and context); and

5 WHEREAS, The Small Business Act of July 30, 1953 (15 U.S.C. §631 et seq.) creating
6 the Small Business Administration (SBA), generally defines small business by the size of the firm
7 and the average annual receipts. These two widely used standards are, on the average five
8 hundred (500) employees for most manufacturing and mining industries, and seven million
9 dollars (\$7,000,000) in average annual receipts for most non-manufacturing industries. While
10 there are many exceptions, these two (2) are the primary size standards in the industries; and

11 WHEREAS, The State of Rhode Island currently uses the Federal Small Business
12 Administration's (SBA) definition of Small Businesses as a synonym for Micro Enterprises
13 (Micro Businesses); and

14 WHEREAS, According to information found on the Census.gov website, micro
15 enterprises make up ninety-five percent (95%) of the twenty-eight million (28,000,000) U.S.
16 companies tracked by the census; and

17 WHEREAS, The State of Rhode Island does not have a definition for micro businesses;
18 and

19 WHEREAS, There is an urgent need for a predictable process or continuum, where

1 entrepreneurs move from micro businesses, to small businesses, to medium businesses and finally
2 to large businesses in the state of Rhode Island; now therefore be it

3 RESOLVED, It is enacted by the general assembly as follows:

4 SECTION 2. Title 37 of the General Laws entitled "PUBLIC PROPERTY AND
5 WORKS" is hereby amended by adding thereto the following chapter:

6 CHAPTER 14.2

7 THE MICRO BUSINESSES ACT

8 **37-14.2-1. Short title.** -- This chapter shall be known and may be cited as "The Micro
9 Businesses Act".

10 **37-14.2-2. Purpose** -- The purpose of this chapter is to carry out the state's policy of
11 supporting the fullest possible participation of micro businesses in the economic activity in the
12 state of Rhode Island, including, but not limited to, state directed public construction programs
13 and projects and in-state purchases of goods and services. The purpose includes assisting micro
14 businesses throughout the life of any contracts with the state of Rhode Island or its agencies.

15 **37-14.2-3. Definitions.** -- As used in this chapter, the following words and terms shall
16 have the following meanings unless the context shall clearly indicate another or different meaning
17 or intent:

18 (1) "Compliance" means the condition existing when a contractor has met and
19 implemented the requirements of this chapter.

20 (2) "Contract" means a mutually binding legal relationship or any modification thereof
21 obligating the seller to furnish supplies or services, including construction, and the buyer to pay
22 for them. As used in this chapter, a lease is a contract.

23 (3) "Contractor" means one who participates, through a contract or subcontract, in any
24 procurement or program covered by this chapter and includes lessees and material suppliers.

25 (4) "Micro business" means a business entity, regardless of whether it is in the form of a
26 corporation, limited liability company, limited partnership, general partnership or sole
27 proprietorship, which has a total of ten (10) or fewer members, owners, and employees and has
28 assets totaling five hundred thousand dollars (\$500,000) or less.

29 (5) "MB coordinator" means the official designated to have overall responsibility for
30 promoting coordinating, documenting, and implementing efforts related to micro businesses.

31 (6) "Noncompliance" means the condition existing when a recipient or contractor has
32 failed to implement the requirements of this chapter.

33 **37-14.2-4. Compilation and reporting of data on micro business enterprises.** -- (a)
34 The department of administration shall compile and maintain data on the existence of micro

1 businesses to facilitate the achievement of the purpose of this chapter. Within sixty (60) days of
2 the effective date of this statute, the department of administration shall submit a report to the
3 governor and general assembly that describes the methodology being used to compile such data.
4 The report shall provide details of each category, specify in-state and out-of-state businesses,
5 dollar amounts and type of appropriation, code and corresponding definitions that it is using to
6 identify, track, and calculate data on micro businesses. The report shall be made public
7 contemporaneously with its submission to the governor and general assembly.

8 (b) The department of administration shall review on an annual basis the financial
9 documents of micro businesses including, but not limited to, the tax returns, bank statements, and
10 financial statements, of the businesses as well as all employment documents relating to the
11 number of employees. Those businesses that refuse to comply with the requests of the department
12 of administration seeking this information shall be subject to a civil penalty in the amount of one
13 thousand dollars (\$1,000) per refusal after an opportunity for hearing before the director of the
14 department of administration or the director's designee.

15 (c) On or before January 1, 2017, and on or before the first day of January in all years
16 thereafter, the department of administration shall submit a report to the governor and general
17 assembly consisting of data concerning the existence of micro business enterprises in the state.
18 The data shall include, but not be limited to, the number of micro business enterprises, the
19 distribution of micro business enterprises among the thirty-nine (39) cities or towns in the state,
20 the number of minority business enterprises which are micro business enterprises, the number of
21 micro business enterprises owned or controlled by women and the number of minority business
22 enterprises which are micro business enterprises, the number of micro business enterprises which
23 are owned or controlled by socially disadvantaged people and economically disadvantaged people
24 and data on the percentage of micro business enterprises among business enterprises of other
25 sizes in the state.

26 (d) At the request of the director of the department of administration, the secretary of
27 state and all other general officers of the state, all agencies of the state and all of its cities and
28 towns shall make reasonable modifications to their record keeping procedures to facilitate the
29 compilation of data concerning the existence of micro business enterprises in Rhode Island.

30 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO PUBLIC PROPERTY AND WORKS - MICRO BUSINESSES

1 This act would create "The Micro Businesses Act" in order to support participation of
2 micro businesses in the economic activity in the state, including state directed public construction
3 projects and in-state purchases. It would require the department of administration to compile data
4 and to submit an annual report to the governor and general assembly.

5 This act would take effect upon passage.

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