

**2016 -- S 2688 SUBSTITUTE A**

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LC004699/SUB A/2  
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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2016**

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**A N A C T**

**RELATING TO PUBLIC PROPERTY AND WORKS - MICRO BUSINESSES**

Introduced By: Senators Pichardo, Metts, Ciccone, Nesselbush, and Miller

Date Introduced: March 08, 2016

Referred To: Senate 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 (Micro  
13 Businesses); and

14           WHEREAS, According to information found on the Census Bureau 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

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

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

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

CHAPTER 14.2

THE MICRO BUSINESSES ACT

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

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

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

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

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

(3) "Micro business" means a Rhode Island based business entity, regardless of whether it is in the form of a corporation, limited liability company, limited partnership, general partnership or sole proprietorship, which has a total of ten (10) or fewer members, owners, and employees and has gross sales totaling five hundred thousand dollars (\$500,000) or less.

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

(5) "Registered" means those micro businesses that have provided their business name, address, owner contact information, number of employees, and annual gross sales to the department of administration.

**37-14.2-4. Compilation and reporting of data on micro businesses.** -- (a) The department of administration shall compile and maintain data on the existence of registered 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 and to report annual utilization of registered micro businesses in state-directed public construction  
5 programs and projects and in-state purchases of goods and services. The report shall be made  
6 public contemporaneously with its submission to the governor and general assembly.

7 (b) The department of administration shall maintain a micro business registration  
8 database which shall include the business name, address, owner contact information, number of  
9 employees, and annual gross sales. Such registration of micro businesses with the department of  
10 administration shall be on a voluntary basis, and does not supersede any mandated business  
11 registration requirements with the secretary of state or other general offices, as well as with any  
12 city or town as applicable.

13 (c) On or before January 1, 2017, and on or before the first day of January in all years  
14 thereafter, the department of administration shall submit a report to the governor and general  
15 assembly consisting of data concerning the registration of micro businesses in the state. The data  
16 shall include, but not be limited to, the number of registered micro businesses, the distribution of  
17 registered micro businesses among the thirty-nine (39) cities or towns in the state, the number of  
18 registered micro businesses that are also Rhode Island certified minority business enterprises, and  
19 the number of registered micro businesses that are also Rhode Island certified women business  
20 enterprises.

21 (d) At the request of the director of the department of administration, the secretary of  
22 state or all other general officers of the state, all agencies of the state and all cities and towns shall  
23 make reasonable modifications to their record keeping procedures to facilitate the compilation of  
24 data concerning the existence of micro businesses in Rhode Island.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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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. The act would also require the department of administration to  
4   compile data and to submit an annual report to the governor and general assembly.

5           This act would take effect upon passage.

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