

**Small Business Advocacy Council
Tuesday, December 3, 2013
8:30 – 10:00AM**

**Rhode Island Economic Development Corporation
Narragansett Conference Room
315 Iron Horse Way, Providence, RI**

MEETING MINUTES

Attendance

Lieutenant Governor Elizabeth H. Roberts
Secretary of State Ralph Mollis
Marcel Valois
Senator Joshua B. Miller
Mark Hayward
Leslie Taito
Bill McCourt
Mark Deion
Gary Ezovski
Miriam Ross
Mary Ann Shallcross Smith
Stephen Boyle
Sue Chomka
Ray Fogarty
Cap Willey
Jr. Neville Songwe
David Lucier
Janet Raymond
Terrance Martiesian
Sherri Carrera
Claudia Cardozo
Kelly Carello
Nancy Scarduzio
Maureen Ewing
Maria Tocco
Robert Kalaskowski
Vladimir Ibarra

I. Opening Remarks *Lieutenant Governor Roberts*

Lieutenant Governor Roberts opened the meeting hoping that everyone had a wonderful Thanksgiving Holiday and shopped locally during Small Business Saturday. Preliminary research on last year's event showed that consumers who were aware of Small Business Saturday spent roughly \$5.5 billion with independent merchants.

The Lieutenant Governor went on to discuss the SBA Economic Summit and its five Committees: Taxes & Budget, Regulations, Workforce Development, Economic Development and Main Street Issues. She commented how the Summit provides one of the few opportunities to listen from business owners and for legislators to find solutions for the many issues facing the state prior to the 2014 legislative session. The Lieutenant Governor was pleased to be part of the SBA's Plenary Session Panel along with Secretary of State Mollis and members of the General Assembly. Lieutenant Governor Roberts went on to discuss the three different initiatives that make up today's meeting: Mark Hayward will update the Council on the legislative priorities from the Summit, which will drive the work of the subcommittee groups; Leslie Taito will discuss the second phase of the regulatory reform review and the Regulatory Look Back Report; and Bill McCourt, will discuss the public/private partnership established in the creation of the Manufacturing 2500 Initiative to assess the needs of the industry and their potential growth.

Secretary of State Mollis

The Secretary discussed the success of the Small Business Expo's "Smart Start" room where attorneys and accountants were hand on hand to provide assistance and resources to small business and entrepreneurs on everything from trademarks to federal identification numbers. Due to popular demand, it will grow in 2014 as the "Smart Start Express" in conjunction with SBA partner agencies (SCORE, SBDC, CWE) starting in Providence. Secretary of State Mollis went on to discuss the SBA Summit and how the feedback would help shape legislative priorities for 2014.

EDC Director Marcel Valois

Director Valois discussed the recent partnership between the RI Economic Development Corporation and the Rhode Island Foundation to engage business leaders to improve the state's economy. The partnership will bring together representatives from eight industry sectors in order to develop action steps as well as inform and contribute to the state Division of Planning's RhodeMap RI economic development planning process. He also highlighted a series of workshops on facilitating private sector discussions about the market opportunities for the sectors that were identified in the Economic Development Data Analysis.

II. Approval of Minutes

Minutes were approved unanimously

III. Presentation: 2013 SBA Summit Priorities

Mark Hayward

Mr. Hayward informed the membership that 191 people attended the SBA Summit throughout the day and although his staff was still assessing the preliminary survey responses, overall the feedback was very positive. He then opened the floor for the SBA Chairs to provide their priorities:

Economic Development: Mr. Deion provided a set of five priorities for the 2013 legislative session:

1. Reinstate the SBA Loan Guarantee Fee Tax Credit (formerly Small Business Tax Credit Section 44-331) that allows a Rhode Island business that obtains an SBA Loan to take a tax credit for the amount of the loan guarantee fee paid against RI taxes due.
2. Adjustment to the RI Minimum Corporate Tax of \$500.
 - Eliminate the Minimum Corporate Tax for the 3 years of any Rhode Island corporation & eliminating the Minimum Corporate Tax if Gross Receipts are less than \$100,000.
3. The committee is proposing for the General Assembly to create an Unemployment Insurance and Temporary Disability Insurance Review Commission to provide for a comprehensive and comparative (multi-state) financial analysis of UI and TDI programs to determine the financial impact on Rhode Island employers and employees, and to ascertain if adjustments could be made to both programs to provide a more cost effective set of policies, procedures, benefits and fee structures.
4. Leverage a portion of Rhode Island Pension funds to support a small business loan program for Rhode Island corporations.
5. Technical assistance matching funds initiative. The State should make every effort to maximize Federal and non-State funds, which require a State match of funds to maximize the total amount of funds available to provide technical assistance to Rhode Island companies.

Regulations: Mr. Ezovski focused on several priorities that will guide the 2014 regulatory efforts including:

1. Assure that support continues for establishing a statewide electronic building permit system.
2. Assure that support continues for the ongoing review of regulations that the legislature initiated, our Governor expedited and the Office of Regulatory Reform is taking very seriously.
3. Support the ongoing process to evaluate wetland and OWTS setback rules and follow through with legislation to establish statewide scientifically defensible standards.
4. Make Victory Day and Columbus Day holiday policy more flexible just like so much of what is happening in personnel management today.
5. Increase apprenticeship opportunity rather than restrict it. Embrace apprenticeship to encourage work opportunity in new fields allowing emerging business initiatives to develop the talent they need. Apprenticeship should be expanded, creative, flexible and nimble in all levels and all sectors of our economy.
6. Encourage legislation to repeal the expansion of the Temporary Disability Insurance program that took place in the last session.

7. Encourage creation of a mutual aid system in local and state permit process management so progress can continue when inspectors are ill or on vacation.
8. Encourage reintroduction of legislation to establish an Office of the Repealer to provide for review of statutes requiring change to meet modern conditions.
9. Increase the value of contracts where prevailing wage requirements are imposed to parallel neighboring states.
10. Join the 18 other states that have enacted legislation to prohibit project labor agreements, which restrict the base of labor that can offer services on some public construction projects.
11. As other parts of the US are benefiting from increased supplies of energy and lower costs, Rhode Island must take action to preclude conditions where its current and future energy supply sources and costs don't further restrict economic activity.

Workforce Development: Ms. Shawcross discussed several conversations that centered on changes to the Rhode Island Department of Labor and Training TDI already alluded to by the Regulations Workgroup as well as the need to enhance certification programs, expansion of vocational programs and appropriation of funds for marketing purposes.

Main Street Issues: Ms. Ross discussed seeking economies of scale within State and Municipalities and the consolidation of services. The two priorities were:

- a. The Creation of a business certification similar to certifications provided by MBE/WBE programs.
- b. Focusing on making Rhode Island more business friendly – perhaps through Holiday Flexibility or other initiatives so that employers are not disadvantaged with MA or CT.

Taxes: Mr. Willey proposed several changes to the current tax structure including: Corporate Tax Reform, Property Tax Reform, changes to the Rhode Island Tax System, Estate tax reform, and Unemployment Tax an TDI reform.

IV. Presentation: Regulatory Look Back Report *Leslie Taito*

Ms. Taito updated the membership on the “Period One Regulatory Look Back Report” which reviews the findings and recommendations related to Period One of Rhode Island’s regulatory reform efforts. The goal of the effort is to help government become more efficient and for Rhode Island to be more business friendly by creating a clear, predictable and reliable regulatory system.

Ms. Taito stated that currently there were over 1,600 state regulations in Rhode Island, and the impact they have on small business is unclear. 709 small business leaders participated in the survey and delivered 10 recommendations:

1. Map the regulatory environment
2. Reduce the number of statutory exemptions
3. Improve accessibility to regulations

4. Remove duplicative regulations and “Non-regulations”
5. Rejoin separated regulation
6. Reform the audit, inspection and enforcement process
7. Promote lawmaker and small business participation in reform
8. Support improved cost-benefit analysis
9. Promote continues process improvement
10. Push regulatory reform efforts beyond the current performance levels

Other report highlights include the identification of five entities with the greatest small business impact. These were the Division of Taxation; Department of Environmental Management; Department of Health; Department of Labor and Training and Coastal Resources Management Council. Ms. Taito indicated that a cumulative report will be issued in the second quarter of 2014. The report can be accessed online at:
<http://www.governor.ri.gov/documents/regulatory/Small%20Business%20Survey%20Report%20-%20FINAL.pdf>

V. Presentation: Manufacturing 2500 Initiative

RI Manufacturers Association (RIMA), RI Manufacturers Extension Service (RIMES), RIEDC, Chafee Center for International Business at Bryant

Bill McCourt Executive Director RI Manufacturers Association discussed the “Manufacturing 2500” Project which has surveyed Rhode Island manufacturing companies starting with the largest and moving down to those with a handful of workers to try to establish a baseline on what manufacturing resources exist in the state and how can these companies work together. By doing so, other companies both domestic and international will be able to better identify products, capabilities and services provided by Rhode Island manufacturers.

Mr. McCourt stated that there were three deliverables and objectives:

1. Survey all Rhode Island companies and identify key contacts, concerns, and problem areas.
2. Create interactive database of all Rhode Island manufacturers to better serve the community, including an accurate inventory of products, skills and capabilities, information sharing and enhance communication.
3. Create a searchable website of Rhode Island manufacturers for public access and allow companies to update information and promote its use. The soft launch should be around April of 2014.

VI. Next steps

Lieutenant Governor Roberts

Lieutenant Governor stated that the Subcommittees will convene starting in January based on the legislative priorities from the SBA Economic Summit. Also based on the robust discussion and questions that came up with regards to the Department of Labor and Training

VII. Announcements/New Business/Adjourn

The 2014 SBAC meetings will be held at 8:30 am at the Rhode Island Commerce Corporation:

- Tuesday, January 28
- Tuesday, May 6
- Tuesday, September 16
- Tuesday, December 2