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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- DEPARTMENT OF LABOR
AND TRAINING--SUBSIDIZED TRAINING AND EMPLOYMENT PROGRAM

Introduced By: Senators Satchell, Pichardo, Conley, Cote, and Lynch

Date Introduced: February 26, 2013

Referred To: Senate Labor

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 16.2

4 SUBSIDIZED TRAINING AND EMPLOYMENT PROGRAM

5 **42-16.2-1. Definitions. -- For purposes of this section:**

6 (1) "Department" means the department of labor and training.

7 (2) "Eligible small business" means a business that:

8 (i) Employed not more than fifty (50) full-time employees on at least fifty percent (50%)
9 of its working days during the preceding twelve (12) months;

10 (ii) Is a Rhode Island-based business with operations in Rhode Island;

11 (iii) Has been registered to conduct business in this state for not less than twelve (12)
12 months;

13 (iv) Is in good standing with the payment of all state and local taxes; and

14 (v) Is in good standing with the corporations division of the office of the secretary of
15 state.

16 (3) "Control", with respect to a corporation, means ownership, directly or indirectly, of
17 stock possessing fifty percent (50%) or more of the total combined voting power of all classes of
18 the stock of such corporation entitled to vote. "Control", with respect to a trust, means ownership,

1 directly or indirectly, of fifty percent (50%) or more of the beneficial interest in the principal or
2 income of such trust. The ownership of stock in a corporation, of a capital or profits interest in a
3 partnership, limited liability company or association or of a beneficial interest in a trust shall be
4 determined in accordance with the rules for constructive ownership of stock provided in section
5 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue
6 code of the United States, as from time to time amended, other than paragraph (3) of said section
7 267(c).

8 (4) "Related person" means:

9 (i) A corporation, limited liability company, partnership, association or trust controlled by
10 the eligible small business;

11 (ii) An individual, corporation, limited liability company, partnership, association or trust
12 that is in control of the eligible small business;

13 (iii) A corporation, limited liability company, partnership, association or trust controlled
14 by an individual, corporation, limited liability company, partnership, association or trust that is in
15 control of the eligible small business; or

16 (iv) A member of the same controlled group as the eligible small business.

17 (5) "Eligible small manufacturer" means an eligible small business described in sectors
18 31 to 33, inclusive, of the North American industry classification system, that employed not more
19 than fifty (50) employees on at least fifty percent (50%) of its working days during the preceding
20 twelve (12) months.

21 **42-16.2-2. Establishment of program.** – (a) There is established within the department
22 of labor and training a subsidized training and employment program for eligible small businesses
23 and eligible small manufacturers. Said program shall provide grants to such businesses and
24 manufacturers to subsidize, for the first six (6) months after a person is hired, a part of the cost of
25 employment, including any costs related to training. No such business or manufacturer receiving
26 a grant under this section with respect to a new employee or newly-hired person may receive a
27 second grant under this section with respect to the same new employee or newly-hired person.

28 (b) The department may use up to four percent (4%) of any funds allocated to program
29 for the purpose of retaining outside consultants to administer the subsidized training and
30 employment program.

31 **42-16.2-3. Eligible employees.** – (a) An eligible small business may apply to the
32 department for a grant to subsidize on-the-job training and compensation for a new employee,
33 where "new employee" means a person who:

34 (1) Was unemployed immediately prior to employment, regardless of whether such

1 person collected unemployment compensation benefits as a result of such unemployment.

2 (2) Has a family income equal to or less than two hundred fifty percent (250%) of the
3 federal poverty level, adjusted for family size. "New employee" does not include a person who
4 was employed in this state by a related person with respect to the eligible small business during
5 the prior twelve (12) months.

6 (b) Grants to eligible small businesses under the subsidized training and employment
7 program shall be in the following amounts:

8 (1) For the first full calendar month a new employee is employed, one hundred percent
9 (100%) of an amount representing the hourly wage of such new employee, exclusive of any
10 benefits, but in no event shall such amount be less than twelve dollars (\$12.00) per hour nor
11 exceed twenty dollars (\$20.00) per hour;

12 (2) For the second and third full calendar months, seventy-five percent (75%) of such
13 amount;

14 (3) For the fourth and fifth full calendar months, fifty percent (50%) of such amount; and

15 (4) For the sixth full calendar month, twenty-five percent (25%) of such amount.

16 Grants shall be cancelled as of the date the new employee leaves employment with the eligible
17 small business.

18 **42-16.2-4. Eligible small manufacturers.** – (a) An eligible small manufacturer may
19 apply to the department for a grant to be used to train and compensate persons newly hired by
20 such manufacturer. Any training shall be provided by such manufacturer, and take place on such
21 manufacturer's premises, but no existing formal training program shall be required. The
22 department shall review and approve such manufacturer's description of the proposed training as
23 part of the application.

24 (b) Grants awarded to an eligible small manufacturer pursuant to this subsection shall
25 subsidize the costs of training and compensating each person newly hired by such manufacturer.
26 In no event shall a grant exceed the salary of the newly-hired person. Maximum amounts of each
27 grant are:

28 (1) For the first full calendar month a newly-hired person is employed, up to two
29 thousand five hundred dollars (\$2,500);

30 (2) For the second month, up to two thousand four hundred dollars (\$2,400);

31 (3) For the third month, up to two thousand two hundred dollars (\$2,200);

32 (4) For the fourth month, up to two thousand dollars (\$2,000);

33 (5) For the fifth month, up to one thousand eight hundred dollars (\$1,800); and

34 (6) For the sixth month, up to one thousand six hundred dollars (\$1,600).

1 No grant shall exceed a total amount of twelve thousand five hundred dollars (\$12,500) per
2 newly-hired person. A grant may be cancelled as of the date such person leaves employment with
3 the eligible small manufacturer.

4 **42-16.2-5. Reports.** – Not later than June 30, 2014, and every six (6) months thereafter,
5 the director of the department of labor and training shall provide a report to the general assembly
6 having cognizance of matters relating to finance, revenue and bonding, appropriations, commerce
7 and labor. Said report shall include available data on:

8 (1) The number of small businesses that participated in the subsidized training and
9 employment program established pursuant to section 42-16.2-3 of this chapter, and the general
10 categories of such businesses.

11 (2) The number of small manufacturers that participated in the subsidized training and
12 employment program established pursuant to section 42-16.2-4 of this chapter, and the general
13 categories of such manufacturers.

14 (3) The number of individuals that received employment and their wages and benefits;
15 and

16 (4) The most recent estimate of the number of jobs created or maintained.

17 **42-16.2-6. Certifications required.** – (a) The employer must certify that the
18 employment opportunity is not due to a lockout, strike, or other labor dispute.

19 (b) For employers with employees who are subject to collective bargaining, the written
20 approval by the collective bargaining representative for each affected unit shall be required to be
21 included in the application for funding for a position which would otherwise be covered by a
22 collective bargaining agreement.

23 **42-16.2-7. Regulations.** – The director of the department of labor and training may
24 adopt regulations to carry out the provisions of this section.

25 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- DEPARTMENT OF LABOR
AND TRAINING--SUBSIDIZED TRAINING AND EMPLOYMENT PROGRAM

- 1 This act would establish the subsidized training and employment program within the
- 2 department of labor and training for the purpose of assisting small businesses.
- 3 This act would take effect upon passage.

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