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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 - THE MICRO BUSINESSES ACT

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

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 of this chapter includes
14 assisting micro businesses throughout the life of any contracts with the state of Rhode Island or
15 its agencies.

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

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

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

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

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

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

32 (6) "Noncompliance" means the condition existing when a micro business has failed to
33 implement the requirements of this chapter.

34 **37-14.2-4. Compilation and reporting of data on micro businesses.** -- (a) The

1 department of administration shall compile and maintain data on the existence of micro
2 businesses to facilitate the achievement of the purpose of this chapter. Within sixty (60) days of
3 the effective date of this statute, the department of administration shall submit a report to the
4 governor and general assembly that describes the methodology being used to compile such data
5 and to report annual utilization of micro businesses in state-directed public construction programs
6 and projects and in-state purchases of goods and services. The report shall be made public
7 contemporaneously with its submission to the governor and general assembly.

8 (b) The department of administration shall maintain a micro business registration
9 database which shall include the business name, address, owner contact information, number of
10 employees, and annual gross sales. Any businesses that fail to register and/or fail to update their
11 registration on an annual basis shall be considered noncompliant.

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

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

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC PROPERTY AND WORKS - THE MICRO BUSINESSES ACT

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 and it would require the department of administration to compile
4 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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