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January 31, 2024

Hon. Arthur Corvese  
Chairperson  
House Committee on Labor  
[houselabor@rilegislature.gov](mailto:houselabor@rilegislature.gov)  
State House  
Providence, RI 02903

**Re: H-7057; An Act Relating to Public Property and Works—Minority Business Enterprise**

Dear Chairman Corvese:

BuildRI is a domestic non-profit trade association comprised of four (4) contractor associations (the Labor Relations Division of the RI Chapter of the Associated General Contractors, the New England Mechanical Contractors' Ass'n, the RI Mason Contractors' Ass'n, and the RI and Southeast MA Chapter of the National Electrical Contractors' Ass'n), and seventeen (17) Local Trade Unions comprised of approximately 10,000 local tradesmen and women. On behalf of our organization, I write to **SUPPORT** of the above referred to legislation for the reasons that follow.

Recently, I authored an opinion piece in the Providence Journal that discussed existing MBE/WBE capacity, current challenges in expanding capacity, and offered a solution in the form of one piece of legislation that could assist in resolving a significant portion of these challenges. This opinion piece is attached hereto.

As I indicated in my commentary, according to various reports the state does not have enough MBE capacity to meet the requirements of existing state law. As a consequence, the Rhode Island Building and Construction Trades Council, BuildRI, and their contractors put together a working group to see what the industry can do to increase capacity. To that end this working group came up with the components of H-7057. This legislation will allow the state to waive bonding requirements for good cause for certified MBE companies; it accelerates the prompt pay provisions for all contractors from 30 working days to 30 calendar days; it requires contractors to pay subcontractors in 7 days as opposed to 10 days; requires the state to pay prime contractors "in a sufficient period to the commencement of work" so that the prime can make timely payments to MBE subcontractors; and, it releases retainage easier to certified MBE companies.

Hon. Arthur Covese  
January 31, 2024  
Page 2

We believe that this legislation will make it easier for MBE companies and other lower tier subcontractors with limited resources to not only compete but to also develop and flourish thereby increasing the existing stable of such companies.

We also know that this legislation is a start and that much more needs to be done, and we are committed to doing so. Therefore, we urge you to pass this bill so that we can start to assist existing MBE companies with their businesses as well as encourage increase MBE capacity. Thank you and if you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,



Michael F. Sabitoni  
Vice-Chair

Enclosure



# The Providence Journal

**COLUMNS | Opinion** *This piece expresses the views of its author(s), separate from those of this publication.*

## Legislation will offer a blueprint for Rhode Island's minority business goals | Opinion

**Michael F. Sabitoni** Guest columnist

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*Michael F. Sabitoni is president of Rhode Island Building & Construction Trades Council and vice chair of BuildRI.*

According to a 2021 Rhode Island (State) Disparity Study regarding awarding of public works contracts, the state has been woefully short of meeting its minority business enterprise (MBE) goals. Although disappointing, it should be noted that as a state Rhode Island is not an outlier regarding the lack of success of MBE obligations.

The Rhode Island Foundation's 2022 position paper "Make it Happen: Investing for Rhode Island's Future" told us why. It concluded that access to capital funding as well as access to appropriate technical advice were "two themes" for lack of MBE new business development. Specifically, the report said that Black and Latinx entrepreneurs "have historically had less access to mainstream financial institutions." Without access to capital there is no new business development, and without ample MBE new business development the state will never be able to fulfill its MBE obligations.

In early 2022, economic consultant BuildRI convened stakeholders to address how the state can meet its MBE goals. The group included local general contractors, minority subcontractors, trade unions, minority business trade associations, and Building Futures. The group regularly met for a number of months and concluded that the core issue for the lack of MBE contractor participation was lack of development and capacity for the reasons outlined in the Rhode Island Foundation's report — lack of access to capital and technical assistance.

Stakeholders discussed how the industry could work together to improve access to capital and technical assistance for MBE companies. It also discussed how the industry could increase access



to skilled labor on a reliable basis. After many meetings, the stakeholders developed a three-step approach.

Step one was developing legislation that would ease the capital obligations on small start-up companies by increasing prompt payment requirements on public works projects, give the state the authority to waive bonding requirements for certified minority business enterprise/women business enterprise companies, and release retainage easier to certified MBE companies. Stakeholders believe that easing these capital constraints on public works projects would allow MBE companies financial flexibility and thereby greater access to capital.

If our legislation were to pass, the second and third steps would be to work with local financial institutions to provide more access to capital and local general contractors and other stakeholders to provide access to business expertise. The third step was to assist companies in developing access through networking trade partnerships, pre-apprenticeship and apprenticeship programs to skilled labor using our collective assets and networks to promote and sustain a stable minority business climate.

Separately, Building Futures has initiated a pilot program to assist graduates who want to go into their own business in developing business plans including an emphasis on MBEs.

The Bill H-6202/S-659 was introduced last year and our coalition aggressively lobbied for its passage but unfortunately it did not. Rather, legislation that increased MBE minimum thresholds on public works projects passed. While this legislation is well intended, it did not address the core systemic issue — lack of contractor capacity — and the core reasons — lack of access to capital and expertise as outlined by the Rhode Island Foundation and many others.

This year, our coalition will once again introduce this legislation and work with Governor McKee, Speaker Shekarchi, and Senate President Ruggiero to secure its passage. We believe that this solution is one of many that are needed, but nevertheless strikes at the core of the reason why the state does not have the MBE capacity to meet its MBE obligations. We will also be working on the second and third phases of our approach in order to have a successful economy needed to ensure that everyone benefits, and that everyone includes successful MBE companies.