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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO COMMERCIAL LAW - GENERAL REGULATORY PROVISIONS - RHODE
ISLAND TRANSPARENCY IN SUPPLY CHAINS ACT OF 2017

Introduced By: Representatives Ajello, Walsh, and Regunberg

Date Introduced: February 08, 2017

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 6 of the General Laws entitled "COMMERCIAL LAW - GENERAL
2 REGULATORY PROVISIONS" is hereby amended by adding thereto the following chapter:

3 CHAPTER 12.1

4 RHODE ISLAND TRANSPARENCY IN SUPPLY CHAINS ACT OF 2017

5 **6-12.1-1. Short title.**

6 This chapter shall be known and may be cited as the "Rhode Island Transparency in
7 Supply Chains Act of 2017."

8 **6-12.1-2. Findings.**

9 The general assembly finds and declares that:

10 (1) Slavery and human trafficking are crimes under state, federal, and international law.

11 (2) As a result of the criminal natures of slavery and human trafficking, these crimes are
12 often hidden from view and are difficult to uncover and track.

13 (3) In recent years, significant legislative efforts have been made to capture and punish
14 the perpetrators of these crimes.

15 (4) Significant legislative efforts have also been made to ensure that victims are provided
16 with necessary protections and rights.

17 (5) Legislative efforts to address the market for goods and products tainted by slavery and
18 trafficking have been lacking, the market being a key impetus for these crimes.

1 (6) On September 30, 2016, the United States Department of Labor released a report
2 required by the Trafficking Victims Protection Reauthorization Acts of 2005, and subsequent
3 reauthorizations which named 139 goods from 75 countries that are believed to be produced by
4 forced labor or child labor in violation of international standards.

5 (7) Consumers and businesses are inadvertently promoting and sanctioning these crimes
6 through the purchase of goods and products that have been tainted in the supply chain.

7 (8) Absent publicly available disclosures, consumers are at a disadvantage in being able
8 to distinguish companies on the merits of their efforts to supply products free from the taint of
9 slavery and trafficking. Consumers are at a disadvantage in being unable to force the eradication
10 of slavery and trafficking by way of their purchasing decisions.

11 (9) It is the policy of this state to ensure large retailers provide consumers with
12 information regarding their efforts to eradicate slavery and human trafficking from their supply
13 chains, to educate consumers on how to purchase goods produced by companies that responsibly
14 manage their supply chains, and, thereby, to improve the lives of victims of slavery and human
15 trafficking.

16 **6-12.1-3. Definitions.**

17 For the purposes of this chapter, the following definitions shall apply:

18 (1) "Engaging in business in this state" shall have the same meaning as set forth in § 44-
19 18-23;

20 (2) "Gross receipts" shall have the same meaning as set forth in §44-18-13; and

21 (3) "Retailer" shall have the same meaning as set forth in §44-18-15.

22 **6-12.1-4. Supply chain transparency requirements.**

23 (a) Every retail seller engaging in business in this state, and having annual worldwide
24 gross receipts that exceed one hundred million dollars (\$100,000,000) shall submit an affidavit, as
25 set forth in subsection (c) of this section, disclosing its efforts to eradicate slavery and human
26 trafficking from its direct supply chain for tangible goods offered for sale.

27 (b) The affidavit described in subsection (a) of this section shall be posted on the retail
28 seller's Internet web site with a conspicuous and easily understood link to the required
29 information placed on the business' homepage, and filed with the office of the attorney general. In
30 the event the retail seller does not have an Internet web site, consumers shall be provided the
31 written affidavit within thirty (30) days of receiving a written request for the affidavit from a
32 consumer.

33 (c) The affidavit described in subsection (a) of this section shall, at a minimum, disclose
34 to what extent, if any, that the retail seller does each of the following:

1 (1) Engages in verification of product supply chains to evaluate and address risks of
2 human trafficking and slavery. The disclosure shall specify if the verification was not conducted
3 by a third party.

4 (2) Conducts audits of suppliers to evaluate supplier compliance with company standards
5 for trafficking and slavery in supply chains. The disclosure shall specify if the verification was
6 not an independent, unannounced audit.

7 (3) Requires direct suppliers to certify that materials incorporated into the product
8 comply with the laws regarding slavery and human trafficking of the country or countries in
9 which they are doing business.

10 (4) Maintains internal accountability standards and procedures for employees or
11 contractors failing to meet company standards regarding slavery and trafficking.

12 (5) Provides company employees and management, who have direct responsibility for
13 supply chain management, training on human trafficking and slavery, particularly with respect to
14 mitigating risks within the supply chains of products.

15 (6) Complies with 19 U.S.C. §1307, which reads in relevant part that "all goods, wares,
16 articles and merchandise mined, produced, or manufactured wholly or in part in any foreign
17 country by convict labor or/and forced labor or/and indentured labor under penal sanctions shall
18 not be entitled to entry at any of the ports of the United States, and the importation thereof is
19 hereby prohibited." Nothing in this section shall be construed to limit remedies available for a
20 violation of 19 U.S.C. §1307.

21 SECTION 2. Chapter 44-11 of the General Laws entitled "Business Corporation Tax" is
22 hereby amended by adding thereto the following section:

23 **44-11-21.1. Disclosures pursuant to supply chain transparency requirements.**

24 (a) Notwithstanding any provision of the general or public laws to the contrary, the
25 division of taxation shall make available to the attorney general a list of retail sellers required to
26 disclose efforts to eradicate slavery and human trafficking pursuant to chapter 12.1 of title 6. The
27 list shall be based on tax returns filed for taxable years beginning on or after January 1, 2018.

28 (b) Each list required by this section shall be submitted annually to the attorney general
29 by November 30, 2019, and each November 30 thereafter. The list shall be derived from original
30 tax returns received by the division of taxation on or before December 31, 2018, and each
31 December 31 thereafter.

32 (c) Each annual list required by this section shall include, for each retail seller, the name,
33 state of incorporation, address and other contact information for any corporation that files a tax
34 return with this state; provided, however, that such disclosure shall not include any other

1 [information, including any financial information of the corporation, pursuant to §44-11-21\(c\).](#)

2 SECTION 3. Section 1 shall take effect on January 1, 2019. Section 2 shall take effect
3 upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO COMMERCIAL LAW - GENERAL REGULATORY PROVISIONS - RHODE
ISLAND TRANSPARENCY IN SUPPLY CHAINS ACT OF 2017

1 This act would require retailers doing business in Rhode Island with over \$100,000,000
2 in annual global revenues to publically disclose the extent to which efforts are made to reduce the
3 risk of trafficked, coerced, and child labor in their supply chains. The division of taxation would
4 be authorized to disclose to the attorney general the names of those entities subject to this
5 measure.

6 Section 1 would take effect on January 1, 2019. Section 2 would take effect upon
7 passage.

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