It is enacted by the General Assembly as follows:

SECTION 1. The General Assembly hereby finds:

(1) There is scientific consensus that Earth's climate is now changing faster than at any point in the history of modern civilization, primarily as a result of greenhouse gas (GHG) emissions from human activities; climate change has resulted in the increased frequency and severity of extreme weather events; and climate change poses a clear, present, and increasingly dangerous and costly threat to the health, safety and welfare of the residents of Rhode Island.

(2) Rhode Island has committed to mitigate the risks of climate change through strategies intended to reduce GHG emissions across all sectors; and the transportation sector causes approximately forty percent (40%) of GHG emissions in Rhode Island.

(3) A group of Northeastern and Mid-Atlantic states, as well as the District of Columbia (the “Participating Jurisdictions”), have worked together to create the transportation climate initiative program (“TCI Program”).

(4) The participating jurisdictions agreed to collaborate on the establishment of a multi-jurisdictional cap-and-invest program (the “TCI Program”) that will ensure reductions in greenhouse gas emissions from the transportation sector, and to strategically invest in programs to help residents transition to affordable, low-carbon transportation options that provide substantial public health benefits, reduce congestion, and increase both economic and job opportunities.

(5) The goal of the Rhode Island TCI (“RITCI”) is to cap and reduce CO₂ emissions from...
the transportation sector in a cost-effective and market-based manner and invest in projects that
support the goals of the TCI program.

(6) Living and working near sources of air pollution can lead to higher exposures of air
contaminants, many of which contribute to adverse health effects that negatively impact public
health.

(7) Lower-income households, people of color and other disadvantaged communities are
disproportionately exposed to air pollution from mobile sources. Higher exposures to air pollution
and other contaminants contribute to adverse health effects that negatively impact public health.

(8) The state of Rhode Island is committed to working with communities, businesses and
labor to accelerate the transition to an equitable, safe, and affordable low-carbon transportation
sector that will improve public health, create new economic opportunities, and provide enhanced
mobility options for Rhode Island communities.

(9) The state of Rhode Island recognizes and is committed to working with and investing
in communities that are overburdened by air pollution, vulnerable to the impacts of a changing
climate and/or underserved by the existing transportation system.

SECTION 2. Title 23 of the General Laws entitled "HEALTH AND SAFETY" is hereby
amended by adding thereto the following chapter:

CHAPTER 95
TRANSPORTATION EMISSIONS AND MOBILE (TEAM) COMMUNITY ACT

This chapter shall be known and may be cited as the “Transportation Emissions and Mobile
(TEAM) Community Act”.

As used in this chapter:

(1) “Allowance” means a limited authorization to emit a fixed amount of carbon dioxide
(CO$_2$), subject to all applicable limitations contained in this chapter and the rules and regulations
to be adopted by the department.

(2) “Department” means the Rhode Island department of environmental management.

(3) “Equity and environmental justice advisory board” or "board" means the board
established pursuant to the provisions of § 23-95-5.

(4) “Regulated entity” means an entity that the department by regulation determines shall
be subject to the requirements of RITCI.

(5) “Rhode Island transportation climate initiative” or “RITCI” means the cap-and-invest
program implemented pursuant to this chapter, to cap and reduce the CO$_2$ emissions that result from
the combustion of the quantities of fuel supplied in Rhode Island by the regulated entities.

(6) “Transportation climate initiative program” or “TCI Program” means the multi-jurisdictional cap-and-invest program developed by a group of northeastern and mid-atlantic states and the District of Columbia and outlined in a memorandum of understanding dated December 21, 2020, as may be amended or expanded, designed to cap and reduce CO₂ emissions from the transportation sector, and to invest proceeds from the program in measures designed to further reduce CO₂ emissions, provide incentives for low-carbon and more resilient transportation, and otherwise further the goals of the TCI program.

23-95.3. Rhode Island transportation climate initiative implementation.

(a) The department shall promulgate regulations establishing the Rhode Island transportation climate initiative (RITCI) to limit and reduce the CO₂ emissions that result from the combustion of fuel the regulated entities supplied in Rhode Island and to promote the purposes of the TCI program.

(b) The regulations shall be substantially similar to those promulgated by other participating jurisdictions and shall allow the holders of allowances to trade them in a multi-jurisdictional market established through the TCI program.

(c) A regulated entity’s compliance obligation is based on the total tons of indirect CO₂ emissions that result from the combustion of the quantity of fuel the regulated entity supplied in Rhode Island during the compliance period pursuant to department regulations. The department may require third-party verification of the accuracy of information reported by such regulated entities.

(d) The department may establish the number of allowances equal to the total amount of indirect CO₂ emissions allowed in Rhode Island. Regulated entities shall acquire and surrender allowances equivalent to the tons of CO₂ emissions that result from the combustion of the quantity of fuel the regulated entity supplied in Rhode Island during the compliance period.

(e) The department is authorized to conduct auctions and sell up to one hundred percent (100%) of the allowances created under RITCI. The department shall hold the proceeds from the auction of allowances in a separate, restricted receipt account, and is authorized to spend the proceeds to support the purposes of the RITCI in accordance with § 23-95-5 and ensure that the funds Rhode Island receives from the sale of allowances be invested in programs and initiatives to reduce the use of fossil fuels in the transportation sector, reduce greenhouse gas emissions from the transportation sector, and ensure equitable distribution of these benefits to those communities that have suffered disproportionate impacts of vehicular pollution and climate change.

(f) The department is authorized to request and obtain information from regulated entities,
and other persons, to verify the amount of CO₂ emissions the regulated entity reported to the state and obtain such information from other Rhode Island agencies including, but not limited to, the department of revenue and the office of energy resources, as well as agencies in other states or jurisdictions.

(g) Notwithstanding any law to the contrary, any information required by the department from any person participating in the RITCI, with the exception of information regarding air emission, offset, and allowance tracking required for compliance with the RITCI, shall be maintained for the sole and confidential use of the state, the general assembly, the department and their agents. This information shall be exempt from the definition of a public record as defined in § 38-2-2(4)(B), and shall not be subject to demand for production under chapter 2 of title 38. All information collected under this section may be shared with other TCI program participating jurisdictions which afford such information similar protection from public disclosure.

(h) The department may work with other TCI program participating jurisdictions to create a multi-jurisdictional organization or join an existing administrative organization to provide technical and administrative assistance on the ongoing administration and implementation of the TCI program and RITCI including, but not limited to, the establishment of a multi-jurisdictional emissions and allowance tracking system, the administration of a multi-jurisdictional auction, the monitoring of transportation fuel and allowance trading markets. The administrative organization shall not be a joint regulatory body with regulatory and enforcement powers that are greater than those of the state and the other participating jurisdictions.

(i) Any violation by a regulated entity of the provisions of this chapter or the rules and regulations promulgated by the department shall be deemed to be an air pollution violation subject to enforcement under § 23-23-14.

23-95-4. Transportation climate initiative special fund.

(a) There is established the transportation climate initiative special fund (the “TCI fund”) that shall be administered by the department in consultation with other state agencies through the executive climate change coordinating council (EC4) established pursuant to chapter 6.2 of title 42. Rhode Island’s proceeds from auction of the allowances shall be deposited in the TCI fund.

(b) The proceeds shall be used, without further appropriation, to reduce CO₂ emissions and otherwise achieve the goals of the RITCI, and to fund the administration of RITCI. A minimum of thirty-five percent (35%) of the annual proceeds from auction of allowances shall be used to benefit overburdened and underserved communities, as defined through the processes set forth in § 23-95-5. In keeping with the CO₂ emissions reduction goals of RITCI, the proceeds may be used to promote clean transportation and improve mobility, including, but not limited to, the following:
(1) Projects to enhance and expand public transportation services particularly for low-income communities, and environmental justice populations, and communities underserved by public transportation;

(2) Projects to accelerate the adoption of zero-emission public transportation services;

(3) Projects to accelerate adoption of zero-emission vehicles, including battery electric vehicles, plug-in hybrid electric vehicles and hydrogen fuel cell vehicles, particularly to make these vehicles more affordable and accessible for low- and moderate-income resident drivers and for Rhode Island businesses and municipalities;

(4) Projects that expand and increase the safety of bicycle and pedestrian transportation and micromobility, particularly in low-income communities;

(5) Projects that accommodate an increase in pedestrians, bicyclists and transit users;

(6) Projects to increase the resiliency of transportation infrastructure to withstand the impacts of climate change;

(7) Projects that will promote density, reduce congestion, and increase the production of affordable housing near public transit, and/or promote the use of public transportation;

(8) Payment for costs associated with administration of TCI program;

(9) Support for the purchase, construction, operation and maintenance of zero-emission vehicle fueling systems and supply equipment in Rhode Island;

(10) Projects to increase the availability of broadband Internet access; and

(11) Support for related complementary policies and programs that further the goals of RITCI.

(c) Up to five percent (5%) of program proceeds annually shall be available to the department to administer the program.

(d) Investments of auction proceeds under this chapter should comply with the requirements of chapter 13 of title 37 and should promote fair labor standards, support local jobs and prioritize hiring and training for workers affected by the transition to cleaner transportation, underrepresented in the workforce, or facing employment barriers, including women, people of color, veterans, formerly incarcerated individuals, and people with disabilities.

(e) Monies in the TCI fund shall only be used to support the programs and activities authorized pursuant to this section and shall not be available to meet the general obligations of the state. Balances in the TCI fund shall be carried forward and remain in the TCI fund at the end of each fiscal year and interest earned shall remain in the fund.

(f) The TCI fund shall be exempt from the indirect cost recovery provisions of § 35-4-27.

23-95-5. Equity and environmental justice advisory board.
(a) There shall be an equity and environmental justice advisory board to ensure that overburdened and underserved communities are able to provide meaningful input into decision-making processes relating to the investment of RITCI proceeds. The department shall establish an equity advisory board composed of diverse stakeholder groups to include one member of each of the state's Health Equity Zones, with a majority of the remaining members being representatives of overburdened and underserved communities or populations, to advise on decision making and equitable outcomes. The roles of the equity advisory board shall include:

(1) Developing criteria for defining overburdened and underserved communities, building on existing criteria and definitions, where applicable;

(2) Providing recommendations for equitable investments of RITCI proceeds and complementary policies that would achieve the requisite benefits for overburdened and underserved communities; and

(3) Developing metrics for evaluating how investments of program proceeds demonstrably provide direct and meaningful benefits for overburdened and underserved communities.


If any clause, sentence, paragraph, section, or part of this chapter shall be adjudged by any court of competent jurisdiction to be invalid, that judgment shall not affect, impair, or invalidate the remainder of the chapter but shall be confined in its operation to the clause, sentence, paragraph, section, or part directly involved in the controversy in which that judgment shall have been rendered.

SECTION 3. Section 35-4-27 of the General Laws in Chapter 35-4 entitled “State Funds” is hereby amended to read as follows:

35-4-27. Indirect cost recoveries on restricted receipt accounts.

Indirect cost recoveries of ten percent (10%) of cash receipts shall be transferred from all restricted-receipt accounts, to be recorded as general revenues in the general fund. However, there shall be no transfer from cash receipts with restrictions received exclusively: (1) From contributions from nonprofit charitable organizations; (2) From the assessment of indirect cost-recovery rates on federal grant funds; or (3) Through transfers from state agencies to the department of administration for the payment of debt service. These indirect cost recoveries shall be applied to all accounts, unless prohibited by federal law or regulation, court order, or court settlement. The following restricted receipt accounts shall not be subject to the provisions of this section:

Executive Office of Health and Human Services
Organ Transplant Fund
HIV Care Grant Drug Rebates
<table>
<thead>
<tr>
<th></th>
<th>Category</th>
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<tbody>
<tr>
<td>1</td>
<td>Health System Transformation Project</td>
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<tr>
<td>2</td>
<td>Department of Human Services</td>
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<td>3</td>
<td>Veterans' home -- Restricted account</td>
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<tr>
<td>4</td>
<td>Veterans' home -- Resident benefits</td>
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<td>5</td>
<td>Pharmaceutical Rebates Account</td>
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<td>6</td>
<td>Demand Side Management Grants</td>
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<td>7</td>
<td>Veteran's Cemetery Memorial Fund</td>
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<td>8</td>
<td>Donations -- New Veterans' Home Construction</td>
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<tr>
<td>9</td>
<td>Department of Health</td>
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<td>10</td>
<td>Pandemic medications and equipment account</td>
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<tr>
<td>11</td>
<td>Miscellaneous Donations/Grants from Non-Profits</td>
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<tr>
<td>12</td>
<td>State Loan Repayment Match</td>
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<tr>
<td>13</td>
<td>Healthcare Information Technology</td>
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<td>14</td>
<td>Department of Behavioral Healthcare, Developmental Disabilities and Hospitals</td>
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<tr>
<td>15</td>
<td>Eleanor Slater non-Medicaid third-party payor account</td>
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<tr>
<td>16</td>
<td>Hospital Medicare Part D Receipts</td>
</tr>
<tr>
<td>17</td>
<td>RICLAS Group Home Operations</td>
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<td>18</td>
<td>Commission on the Deaf and Hard of Hearing</td>
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<td>19</td>
<td>Emergency and public communication access account</td>
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<tr>
<td>20</td>
<td>Department of Environmental Management</td>
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<tr>
<td>21</td>
<td>National heritage revolving fund</td>
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<td>22</td>
<td>Environmental response fund II</td>
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<td>23</td>
<td>Underground storage tanks registration fees</td>
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<td>24</td>
<td>De Coppet Estate Fund</td>
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<td>25</td>
<td>Rhode Island Historical Preservation and Heritage Commission</td>
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<tr>
<td>26</td>
<td>Historic preservation revolving loan fund</td>
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<tr>
<td>27</td>
<td>Historic Preservation loan fund -- Interest revenue</td>
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<tr>
<td>28</td>
<td>Department of Public Safety</td>
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<tr>
<td>29</td>
<td>E-911 Uniform Emergency Telephone System</td>
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<tr>
<td>30</td>
<td>Forfeited property -- Retained</td>
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<tr>
<td>31</td>
<td>Forfeitures -- Federal</td>
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<tr>
<td>32</td>
<td>Forfeited property -- Gambling</td>
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<tr>
<td>33</td>
<td>Donation -- Polygraph and Law Enforcement Training</td>
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<tr>
<td>34</td>
<td>Rhode Island State Firefighter's League Training Account</td>
</tr>
</tbody>
</table>
1. Fire Academy Training Fees Account
2. Attorney General
3. Forfeiture of property
4. Federal forfeitures
5. Attorney General multi-state account
6. Forfeited property -- Gambling
7. Department of Administration
8. OER Reconciliation Funding
9. Health Insurance Market Integrity Fund
10. RI Health Benefits Exchange
11. Information Technology Investment Fund
12. Restore and replacement -- Insurance coverage
13. Convention Center Authority rental payments
14. Investment Receipts -- TANS
15. OPEB System Restricted Receipt Account
16. Car Rental Tax/Surcharge-Warwick Share
17. Executive Office of Commerce
18. Housing Resources Commission Restricted Account
19. Department of Revenue
20. DMV Modernization Project
21. Jobs Tax Credit Redemption Fund
22. Legislature
23. Audit of federal assisted programs
24. Department of Children, Youth and Families
25. Children's Trust Accounts -- SSI
26. Military Staff
27. RI Military Family Relief Fund
28. RI National Guard Counterdrug Program
29. Treasury
30. Admin. Expenses -- State Retirement System
31. Retirement -- Treasury Investment Options
32. Defined Contribution -- Administration - RR
33. Violent Crimes Compensation -- Refunds
34. Treasury Research Fellowship
Business Regulation

Banking Division Reimbursement Account

Office of the Health Insurance Commissioner Reimbursement Account

Securities Division Reimbursement Account

Commercial Licensing and Racing and Athletics Division Reimbursement Account

Insurance Division Reimbursement Account

Historic Preservation Tax Credit Account

Judiciary

Arbitration Fund Restricted Receipt Account

Third-Party Grants

RI Judiciary Technology Surcharge Account

Department of Elementary and Secondary Education

Statewide Student Transportation Services Account

School for the Deaf Fee-for-Service Account

School for the Deaf -- School Breakfast and Lunch Program

Davies Career and Technical School Local Education Aid Account

Davies -- National School Breakfast & Lunch Program

School Construction Services

Office of the Postsecondary Commissioner

Higher Education and Industry Center

Department of Labor and Training

Job Development Fund

Transportation Climate Initiative Special Fund

SECTION 4. This act shall take effect upon passage.
EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO HEALTH AND SAFETY – TRANSPORTATION EMISSIONS AND MOBILE (TEAM) COMMUNITY ACT

***
1 This act would establish the Transportation Emission and Mobile (TEAM) Community Act
2 intended to limit and reduce indirect carbon dioxide emissions throughout the state while promoting
3 the purposes of the transportation climate initiative program.
4 This act would take effect upon passage.

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