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LC02076  
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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2006**

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A N A C T

MAKING APPROPRIATIONS FOR THE SUPPORT OF THE STATE FOR THE FISCAL  
YEAR ENDING JUNE, 30, 2007

Introduced By: Representatives Watson, Mumford, Gorham, Savage, and Ehrhardt

Date Introduced: February 08, 2006

Referred To: House Finance

It is enacted by the General Assembly as follows:

- 1 ARTICLE 1 RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2007
- 2 ARTICLE 2 RELATING TO BORROWING IN ANTICIPATION OF RECEIPTS FROM
- 3 TAXES
- 4 ARTICLE 3 RELATING TO THE JUDICIARY
- 5 ARTICLE 4 RELATING TO PUBLIC SERVICE EMPLOYEE REFORM
- 6 ARTICLE 5 RELATING TO CAPITAL DEVELOPMENT PROGRAM
- 7 ARTICLE 6 RELATING TO BOND PREMIUMS
- 8 ARTICLE 7 RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS
- 9 ARTICLE 8 RELATING TO MOTOR VEHICLE EMISSIONS INSPECTION FEES
- 10 ARTICLE 9 RELATING TO MUNICIPAL INCENTIVE PAY PROGRAMS
- 11 ARTICLE 10 RELATING TO DIVISION OF MOTOR VEHICLES
- 12 ARTICLE 11 RELATING TO RESTRICTED RECEIPT ACCOUNTS
- 13 ARTICLE 12 RELATING TO GENERAL PUBLIC ASSISTANCE – HARDSHIP
- 14 ASSISTANCE FUND
- 15 ARTICLE 13 RELATING TO HOSPITAL UNCOMPENSATED CARE
- 16 ARTICLE 14 RELAINING TO CHILD CARE – STATE SUBSIDIES
- 17 ARTICLE 15 RELATING TO NURSING FACILITIES
- 18 ARTICLE 16 RELATING TO RESOURCE RECOVERY CORPORATION

- 1 ARTICLE 17 RELATING TO STATE AID
- 2 ARTICLE 18 RELATING TO LICENSING OF HOSPITAL FACILITIES
- 3 ARTICLE 19 RELATING TO EDUCATION AID
- 4 ARTICLE 20 RELATING TO INDEPENDENT LIVING
- 5 ARTICLE 21 RELATING TO STATE BUDGET
- 6 ARTICLE 22 RELATING TO PUBLIC UTILITIES COMMISSION
- 7 ARTICLE 23 RELATING TO REGISTRATION OF VEHICLES
- 8 ARTICLE 24 RELATING TO TUITION TAX CREDITS
- 9 ARTICLE 25 RELATING TO MEDICAL ASSISTANCE - MANAGED CARE
- 10 ARTICLE 26 RELATING TO HEALTH CARE QUALITY PROGRAM
- 11 ARTICLE 27 RELATING TO UNDERGROUND STORAGE TANK FINANCIAL  
12 RESPONSIBILITY FUND REVIEW BOARD
- 13 ARTICLE 28 RELATING TO PAY DIFFERENTIAL FOR STATE EMPLOYEES ON  
14 ACTIVE DUTY
- 15 ARTICLE 29 RELATING TO MOTOR VEHICLE EXCISE TAX
- 16 ARTICLE 30 RELATING TO ESTABLISHMENT OF A SALES AND USE TAX HOLIDAY
- 17 ARTICLE 31 RELATING TO PANDEMIC INFLUENZA PREPARATION
- 18 ARTICLE 32 RELATING TO HUMAN SERVICES – FAMILY INDEPENDENCE ACT
- 19 ARTICLE 33 RELATING TO MEDICAL ASSISTANCE – PRESCRIPTION DRUGS
- 20 ARTICLE 34 RELATING TO INSURANCE – MANDATED BENEFITS
- 21 ARTICLE 35 RELATING TO MEDICAL ASSISTANCE – COMMUNITY HEALTH  
22 CENTERS
- 23 ARTICLE 36 RELATING TO ZONING ORDINANCES
- 24 ARTICLE 37 RELATING TO EMPLOYER TEACHER RETIREMENT CONTRIBUTIONS
- 25 ARTICLE 38 RELATING TO RETIREE HEALTH TRUST FUND
- 26 ARTICLE 39 RELATING TO THE IMPLEMENTATION OF THE STREAMLINED  
27 SALES AND USE TAX AGREEMENT
- 28 ARTICLE 40 RELATING TO MEDICAL ASSISTANCE – OPTIONAL ELIGIBILITY
- 29 ARTICLE 41 RELATING TO CITY, TOWN AND SCHOOL DISTRICT EFFICIENCY
- 30 ARTICLE 42 RELATING TO OFFICE OF HEALTH AND HUMAN SERVICES
- 31 ARTICLE 43 RELATING TO EFFECTIVE DATE
- 32

1 **ARTICLE 1**

2 RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2007

3 SECTION 1. Subject to the conditions, limitations and restrictions hereinafter contained  
4 in this act, the following general revenue amounts are hereby appropriated out of any money in  
5 the treasury not otherwise appropriated to be expended during the fiscal year ending June 30,  
6 2007. The amounts identified for federal funds and restricted receipts shall be made available  
7 pursuant to section 35-4-22 and Chapter 41 of Title 42 of the Rhode Island General Laws. For  
8 the purposes and functions hereinafter mentioned, the state controller is hereby authorized and  
9 directed to draw his or her orders upon the general treasurer for the payment of such sums or such  
10 portions thereof as may be required from time to time upon receipt by him or her of properly  
11 authenticated vouchers.

12 **Administration**

13 *Central Management*

14	General Revenue Total	2,029,239
15	Federal Funds Total	355,996
16	Restricted Receipts Total	70,029
17	Total - Central Management	2,455,264

18 *Legal Services*

19	General Revenue Total	2,824,685
20	Other Funds	
21	Legal Support/DOT	108,503
22	Other Funds Total	108,503
23	Total – Legal Services	2,933,188

24 *Accounts and Control*

25	General Revenue Total	4,848,790
26	Total - Accounts and Control	4,848,790

27 *Budgeting*

28	General Revenue Total	3,320,984
29	Total – Budgeting	3,320,984

30 *Purchasing*

31	General Revenue Total	2,449,714
32	Total - Purchasing	2,449,714

33 *Auditing*

34	General Revenue Total	2,067,092
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1	Total – Auditing	2,067,092
2	<i>Human Resources</i>	
3	General Revenue Total	5,445,150
4	Total - Human Resources	5,445,150
5	<i>Personnel Appeal Board</i>	
6	General Revenue Total	103,004
7	Total - Personnel Appeal Board	103,004
8	<i>Taxation</i>	
9	General Revenue Total	20,146,312
10	Federal Funds Total	1,249,947
11	Restricted Receipts Total	856,552
12	Other Funds	
13	Motor Fuel Tax Evasion Program	42,732
14	Temporary Disability Insurance	920,799
15	Other Funds Total	963,531
16	Total – Taxation	23,216,342
17	<i>Registry of Motor Vehicles</i>	
18	General Revenue Total	16,506,580
19	Federal Funds Total	443,912
20	Restricted Receipts Total	16,083
21	Total – Registry of Motor Vehicles	16,966,575
22	<i>Facilities Management</i>	
23	General Revenue Total	12,195,923
24	Federal Funds Total	18,208,987
25	Restricted Receipts Total	674,608
26	Total – Facilities Management	31,079,518
27	<i>Capital Projects and Property Management</i>	
28	General Revenue Total	3,376,132
29	Total – Capital Projects and	
30	Property Management	3,376,132
31	<i>Information Technology</i>	
32	General Revenue Total	7,678,084
33	Federal Funds Total	44,135
34	Total – Information Technology	7,722,219

1	<i>Library and Information Services</i>	
2	General Revenue Total	1,091,785
3	Federal Funds Total	1,360,677
4	Restricted Receipts Total	1,500
5	Total – Library and Information Services	2,453,962
6	<i>Planning</i>	
7	General Revenue Total	5,321,839
8	Federal Funds total	8,108,653
9	Other Funds	
10	Federal Highway - PL Systems Planning	1,458,068
11	Air Quality Modeling	20,800
12	Other Funds Total	1,478,868
13	Total – Planning	14,909,360
14	<i>Security Services</i>	
15	General Revenue Total	19,889,262
16	Total – Security Services	19,889,262
17	<i>General</i>	
18	General Revenues	
19	Information Processing Overhead	510,000
20	Miscellaneous Grants	191,250
21	Property Tax Relief	10,000,000
22	Rhode Island Sports Foundation	300,000
23	Torts – Courts	400,000
24	Contingency Fund	1,350,000
25	State Employees/Teachers Retiree	
26	Health Subsidy	9,475,125
27	Economic Development Corporation	7,939,837
28	Economic Policy Council	300,000
29	Centers of Excellence	3,000,000
30	EDC EPScore	1,500,000
31	Motor Vehicle Excise Tax Payment	129,104,939
32	Property Valuation	1,500,000
33	General Revenue Sharing Program	65,186,503
34	Payment in Lieu of Tax Exempt Properties	28,966,967

1	Distressed Communities Relief Program	11,741,667
2	Resource Sharing and State Library Aid	8,712,871
3	Library Construction Aid	2,705,348
4	General Revenue Total	282,884,507
5	Federal Funds Total	34,869
6	Restricted Receipts Total	1,283,347
7	Other Funds	
8	RICAP - Chapin Health Laboratory	125,000
9	RICAP - Cannon Building	285,000
10	RICAP - Old State House	270,380
11	RICAP - State Office Building	200,000
12	RICAP - Williams Powers Building	500,000
13	RICAP - State House Renovations – Phase II	830,000
14	RICAP – Powers Building Technology Infrastructure	300,000
15	RICAP - Environmental Compliance	350,000
16	RICAP - Fox Point Hurricane Barrier	50,000
17	RICAP – Fire Code Compliance State Buildings	1,000,000
18	RICAP – Lead Mitigation Group Homes	200,000
19	RICAP – Municipal Police Academy	100,000
20	RICAP – McCoy Stadium	557,500
21	RICAP - Elderly Affairs One Stop Elder Center	500,000
22	Other Funds Total	5,267,880
23	Total – General	289,470,603
24	<i>Debt Service Payments</i>	
25	General Revenue Total	91,534,238
26	Federal Funds Total	1,177,854
27	Restricted Receipts Total	1,027,956
28	Other Funds	
29	RICAP - MHRH Community Services Program	5,374,946
30	RICAP - MHRH Community Mental Health Program	1,827,046
31	RICAP - DEM – Narragansett Bay Commission	1,527,738
32	RICAP - DEM – Debt Service – CWFA	3,254,086
33	RICAP - DEM – Debt Service – Recreation	10,665,854
34	RICAP - DEM – Debt Service –	

1	Wastewater Treatment	4,203,348
2	RICAP – DEM – Hazardous Waste	2,340,378
3	RICAP - RIPTA – Water Resources Board	2,220,215
4	RICAP – URI GO Debt Service	5,101,021
5	RICAP - DOA – Third Rail Project – Quonset Point	2,463,980
6	RIPTA Debt Service	703,466
7	Transportation Debt Service	36,695,660
8	RIRBA - DLT – Temporary Disability Insurance	45,586
9	COPS - DLT Building – TDI	382,138
10	Debt - URI Education and General	1,994,229
11	Debt - URI Housing Loan Funds	4,208,297
12	Debt - URI Dining Services	1,078,794
13	Debt - URI Health Services	127,938
14	Debt – URI Parking Authority	649,353
15	Debt – URI Ryan Center	1,515,473
16	Debt – URI Boss Arena	295,207
17	Debt – W. Alton Jones	113,289
18	Debt - URI Memorial Union	99,615
19	Debt - URI Sponsored Research (Indirect Cost)	99,970
20	Debt - RIC Education and General	295,152
21	Debt - RIC Housing	494,417
22	Debt - RIC Student Center and Dining	172,061
23	Debt - RIC Student Union	172,194
24	Debt - CCRI Bookstore	176,504
25	Other Funds Total	88,297,955
26	Total - Debt Service Payments	182,038,003
27	<i>Lottery Division</i>	
28	Other Funds Total	214,990,880
29	Total – Lottery Division	214,990,880
30	<i>Personnel Reform</i>	
31	General Revenues	
32	Reduction in Force	(32,172,512)
33	Longevity Savings	(1,995,584)
34	Shut Down Days	(3,570,947)

1	Medical Insurance	(3,709,901)
2	Limited Service Positions	(309,926)
3	General Revenue Total	(41,758,870)
4	Federal Funds	
5	Longevity Savings	(763,493)
6	Shut Down Days	(1,192,795)
7	Medical Insurance	(1,298,060)
8	Limited Service Positions	(582,721)
9	Federal Funds Total	(3,837,069)
10	Restricted Receipts	
11	Longevity Savings	(187,847)
12	Shut Down Days	(309,971)
13	Medical Insurance	(264,858)
14	Limited Service Positions	(68,986)
15	Restricted Receipts Total	(831,662)
16	Other Funds	
17	Longevity Savings	(409,632)
18	Shut Down Days	(1,400,092)
19	Medical Insurance	(1,512,997)
20	Limited Service Positions	(4,711)
21	Other Funds Total	(3,327,432)
22	Total – Personnel Reform	(49,755,033)
23	Grand Total - General Revenue	441,954,450
24	Grand Total - Administration	779,981,009
25	<b>Business Regulation</b>	
26	<i>Central Management</i>	
27	General Revenue Total	1,766,772
28	Total - Central Management	1,766,772
29	<i>Banking and Securities Regulation</i>	
30	General Revenue Total	2,825,683
31	Total - Banking and Securities Regulation	2,825,683
32	<i>Commercial Licensing, Racing and Athletics</i>	
33	General Revenue Total	1,821,137
34	Restricted Receipts Total	100,000



1	Total - Commercial Licensing,	
2	Racing and Athletics	1,921,137
3	<i>Insurance Regulation</i>	
4	General Revenue Total	4,690,490
5	Restricted Receipts Total	705,358
6	Total - Insurance Regulation	5,395,848
7	<i>Board of Accountancy</i>	
8	General Revenue Total	156,280
9	Total – Board of Accountancy	156,280
10	Grand Total - General Revenue	11,260,362
11	Grand Total - Business Regulation	12,065,720
12	Labor and Training	
13	<i>Central Management</i>	
14	General Revenue Total	238,616
15	Restricted Receipts Total	1,034,583
16	Total - Central Management	1,273,199
17	<i>Workforce Development Services</i>	
18	Federal Funds Total	16,610,404
19	Restricted Receipts Total	10,456,560
20	Other Funds	
21	Reed Act – Rapid Job Entry	1,000,604
22	Reed Act – Woonsocket Networking	55,000
23	Reed Act – Workforce Development	7,116,250
24	Other Funds Total	8,171,854
25	Of the \$8.2 million appropriated from Reed Act funds, \$1 million may be used solely for	
26	the Rapid Job Entry Program to engage welfare recipients in employment preparation and	
27	placement through employment assessment workshop and job club/job search workshop	
28	activities; \$55,000 may be used solely for netWORKri office renovations; and \$7.1 million may	
29	be for the administration of this state’s employment compensation law and public employment	
30	service offices.	
31	Total - Workforce Development Services	35,238,818
32	<i>Workforce Regulation and Safety</i>	
33	General Revenue Total	3,685,065
34	Total - Workforce Regulation and Safety	3,685,065

1	Income Support	
2	General Revenue Total	3,146,221
3	Federal Funds Total	15,372,764
4	Restricted Receipts Total	1,616,676
5	Other Funds	
6	Temporary Disability Insurance Fund	177,525,508
7	Employment Security Fund	213,398,437
8	Other Funds Total	390,923,945
9	Total - Income Support	411,059,606
10	Injured Workers Services	
11	Restricted Receipts Total	10,846,503
12	Total - Injured Workers Services	10,846,503
13	Labor Relations Board	
14	General Revenue Total	463,001
15	Total - Labor Relations Board	463,001
16	Grand Total - General Revenue	7,532,903
17	Grand Total - Labor and Training	462,566,192
18	Legislature	
19	General Revenue Total	32,240,992
20	Restricted Receipts Total	1,456,233
21	Grand Total - Legislature	33,697,225
22	Lieutenant Governor	
23	General Revenue Total	967,512
24	Grand Total - Lieutenant Governor	967,512
25	Secretary of State	
26	<i>Administration</i>	
27	General Revenue Total	1,743,391
28	Total - Administration	1,743,391
29	Corporations	
30	General Revenue Total	1,586,627
31	Total – Corporations	1,586,627
32	<i>State Archives</i>	
33	General Revenue Total	104,891
34	Federal Funds Total	85,000

1	Restricted Receipts Total	486,355
2	Total - State Archives	676,246
3	<i>Elections</i>	
4	General Revenue Total	1,278,170
5	Federal Funds Total	2,021,890
6	Total – Elections	3,300,060
7	<i>State Library</i>	
8	General Revenue Total	630,172
9	Total - State Library	630,172
10	<i>Office of Civics and Public Information</i>	
11	General Revenue Total	314,339
12	Total - Office of Civics and Public Information	314,339
13	Grand Total - General Revenue	5,657,590
14	Grand Total - State	8,250,835
15	<i>General Treasurer</i>	
16	Treasury	
17	General Revenue Total	2,723,228
18	Federal Funds Total	292,655
19	Restricted Receipts Total	10,000
20	Other Funds	
21	Temporary Disability Insurance Fund	305,514
22	Other Funds Total	305,514
23	Total – Treasury	3,331,397
24	<i>State Retirement System</i>	
25	Other Funds	
26	Administrative Expenses - State Retirement System	5,749,105
27	Retirement - Treasury Investment Operations	772,474
28	Other Funds Total	6,521,579
29	Total - State Retirement System	6,521,579
30	<i>Unclaimed Property</i>	
31	Restricted Receipts Total	16,669,226
32	Total - Unclaimed Property	16,669,226
33	<i>RI Refunding Bond Authority</i>	
34	General Revenue Total	55,770

1	Total - RI Refunding Bond Authority	55,770
2	Crime Victim Compensation Program	
3	General Revenue Total	212,872
4	Federal Funds Total	731,764
5	Restricted Receipts Total	1,716,840
6	Total - Crime Victim Compensation Program	2,661,476
7	Grand Total - General Revenue	2,991,870
8	Grand Total - General Treasurer	29,239,448
9	Boards for Design Professionals	
10	General Revenue Total	394,153
11	Grand Total - Boards for Design Professionals	394,153
12	Board of Elections	
13	General Revenue Total	3,784,056
14	Federal Funds Total	818,900
15	Grand Total - Board of Elections	4,602,956
16	Rhode Island Ethics Commission	
17	General Revenue Total	1,322,186
18	Grand Total - Rhode Island Ethics Commission	1,322,186
19	Office of Governor	
20	General Revenue Total	4,962,015
21	Restricted Receipts Fund Total	211,603
22	Other Funds	
23	Intermodal Surface Transportation Funds	92,129
24	Other Funds Total	92,129
25	Grand Total - Office of Governor	5,265,747
26	Public Utilities Commission	
27	General Revenue Total	746,530
28	Federal Funds Total	88,567
29	Restricted Receipts Total	6,089,429
30	Grand Total - Public Utilities Commission	6,924,526
31	Rhode Island Commission on Women	
32	General Revenue Total	99,915
33	Grand Total - Rhode Island Commission on Women	99,915
34	Children, Youth, and Families	

1	Central Management	
2	General Revenue Total	8,951,332
3	Federal Funds Total	4,383,415
4	Total - Central Management	13,334,747
5	Children's Behavioral Health Services	
6	General Revenue Total	34,111,449
7	Federal Funds Total	33,334,921
8	Total - Children's Behavioral Health Services	67,446,370
9	Juvenile Correctional Services	
10	General Revenue Total	33,439,629
11	Federal Funds Total	3,927,232
12	Restricted Receipts Total	6,000
13	Other Funds	
14	RICAP – Girls Facility – Training School	800,000
15	RICAP – Community Facilities – Training School	1,500,000
16	Other Funds Total	2,300,000
17	Total - Juvenile Correctional Services	39,672,861
18	Child Welfare	
19	General Revenue Total	95,282,190
20	Federal Funds Total	70,834,582
21	Restricted Receipts Total	1,655,094
22	Other Funds	
23	RICAP – Fire Code Upgrades	1,300,000
24	Other Funds Total	1,300,000
25	Total - Child Welfare	169,071,866
26	Higher Education Incentive Grants	
27	General Revenue Total	200,000
28	Total - Higher Education Incentive Grants	200,000
29	Grand Total - General Revenue	171,984,600
30	Grand Total - Children, Youth, and Families	289,725,844
31	Elderly Affairs	
32	General Revenues	
33	General Revenue	15,848,320
34	RIPAE	3,382,000

1	Safety and Care of the Elderly	600
2	General Revenue Total	19,230,920
3	Federal Funds Total	12,556,580
4	Restricted Receipts	1,250,000
5	Other Funds	
6	Intermodal Surface Transportation Fund	4,760,000
7	Other Funds Total	4,760,000
8	Grand Total - Elderly Affairs	37,797,500
9	Health	
10	Central Management	
11	General Revenue Total	4,880,219
12	Federal Funds Total	5,077,328
13	Restricted Receipts Total	2,844,485
14	Total - Central Management	12,802,032
15	State Medical Examiner	
16	General Revenue Total	1,965,131
17	Federal Funds Total	140,543
18	Total - State Medical Examiner	2,105,674
19	Family Health	
20	General Revenue Total	2,962,993
21	Federal Funds Total	29,314,106
22	Restricted Receipts Total	6,875,852
23	Total - Family Health	39,152,951
24	Health Services Regulation	
25	General Revenue Total	5,086,125
26	Federal Funds Total	5,350,171
27	Restricted Receipts Total	400,865
28	Total - Health Services Regulation	10,837,161
29	Environmental Health	
30	General Revenue Total	4,617,475
31	Federal Funds Total	4,989,468
32	Restricted Receipts Total	1,553,683
33	Total - Environmental Health	11,160,626
34	Health Laboratories	

1	General Revenue Total	6,375,822
2	Federal Funds Total	2,184,907
3	Total - Health Laboratories	8,560,729
4	Disease Prevention and Control	
5	General Revenue Total	7,367,806
6	Federal Funds Total	20,078,231
7	Other Funds	
8	Walkable Communities Initiative	29,960
9	Other Funds Total	29,960
10	Total - Disease Prevention and Control	27,475,997
11	Grand Total - General Revenue	33,255,571
12	Grand Total - Health	112,095,170
13	Human Services	
14	Central Management	
15	General Revenue Total	7,857,682
16	Federal Funds Total	6,670,510
17	Restricted Receipts Total	2,355,895
18	Total - Central Management	16,884,087
19	Child Support Enforcement	
20	General Revenue Total	3,791,180
21	Federal Funds Total	7,676,384
22	Total – Child Support Enforcement	11,467,564
23	Individual and Family Support	
24	General Revenue Total	25,884,920
25	Federal Funds Total	55,900,984
26	Restricted Receipts Total	91,944
27	Total - Individual and Family Support	81,877,848
28	Veterans' Affairs	
29	General Revenue Total	20,023,332
30	Federal Funds Total	7,588,106
31	Restricted Receipts Total	1,363,715
32	Total - Veterans' Affairs	28,975,153
33	Health Care Quality, Financing and Purchasing	
34	General Revenue Total	22,412,361

1	Federal Funds Total	45,624,266
2	Restricted Receipts Total	566,815
3	Total - Health Care Quality, Financing & Purchasing	68,603,442
4	Medical Benefits	
5	General Revenue	
6	Hospitals	78,074,240
7	Nursing Facilities	143,716,829
8	Managed Care	202,152,512
9	Pharmacy	69,830,930
10	Other	69,440,704
11	General Revenue Total	563,215,215
12	Federal Funds	
13	Hospitals	84,593,230
14	Nursing Facilities	161,205,912
15	Managed Care	233,960,128
16	Special Education	20,733,240
17	Pharmacy	25,041,445
18	Other	77,998,149
19	Federal Funds Total	603,532,104
20	Restricted Receipts Total	15,000
21	Total - Medical Benefits	1,166,762,319
22	Supplemental Security Income Program	
23	General Revenue Total	28,517,635
24	Total - Supplemental Security Income Program	28,517,635
25	Family Independence Program	
26	General Revenues	
27	Child Care	40,342,464
28	TANF/Family Independence Program	6,462,624
29	General Revenue Total	46,805,088
30	Federal Funds Total	83,800,960
31	Total - Family Independence Program	130,606,048
32	State Funded Programs	
33	General Revenues	
34	General Public Assistance	3,640,050



1	Citizenship Participation Program	50,000
2	General Revenue Total	3,690,050
3	Federal Funds Total	83,690,512
4	Total - State Funded Programs	87,380,562
5	Grand Total - General Revenue	722,197,463
6	Grand Total - Human Services	1,621,074,658
7	Mental Health, Retardation, and Hospitals	
8	Central Management	
9	General Revenue Total	2,611,517
10	Total - Central Management	2,611,517
11	Hospital and Community System Support	
12	General Revenue Total	30,801,421
13	Other Funds	
14	RICAP - Utilities Upgrade	500,000
15	RICAP - Medical Center Rehabilitation	400,000
16	RICAP – Utility Systems - Water Tanks and Pipes	250,000
17	RICAP – Central Power Plant Rehabilitation	900,000
18	RICAP – Community Facilities Fire Code	750,000
19	RICAP – Pastore Center Fire Code Compliance	500,000
20	RICAP – MHRH Hospital Warehouse	150,000
21	RICAP – MHRH Environmental Mandates	100,000
22	Other Funds Total	3,550,000
23	Total - Hospital and Community System Support	34,351,421
24	Services for the Developmentally Disabled	
25	General Revenue Total	113,993,486
26	Federal Funds Total	131,650,105
27	Other Funds	
28	RICAP – Regional Center Repair/Rehabilitation	200,000
29	RICAP – Developmental Disability Group Homes	1,000,000
30	Other Funds Total	1,200,000
31	Total - Services for the Developmentally Disabled	246,843,591
32	Integrated Mental Health Services	
33	General Revenue Total	42,992,851
34	Federal Funds Total	36,937,480

1	Total - Integrated Mental Health Services	79,930,331
2	Hospital and Community Rehabilitation Services	
3	General Revenue Total	52,991,012
4	Federal Funds Total	57,229,927
5	Other Funds	
6	RICAP - Zambarano Buildings and Utilities	200,000
7	Other Funds Total	200,000
8	Total - Hospital and Community Rehabilitation Services	110,420,939
9	Substance Abuse	
10	General Revenue Funds	14,076,965
11	Federal Funds Total	14,740,422
12	Restricted Receipts Total	90,000
13	Other Funds	
14	RICAP - Asset Protection	100,000
15	Other Funds Total	100,000
16	Total - Substance Abuse	29,007,387
17	Grand Total - General Revenue	257,467,252
18	Grand Total - Mental Health, Retardation,	
19	and Hospitals	503,165,186
20	Office of the Child Advocate	
21	General Revenue Total	562,596
22	Federal Funds	40,000
23	Grand Total - Child Advocate	602,596
24	Commission on the Deaf and Hard of Hearing	
25	General Revenue Total	358,729
26	Federal Funds Total	15,000
27	Grand Total - Commission on the Deaf and	
28	Hard of Hearing	373,729
29	RI Developmental Disabilities Council	
30	Federal Funds Total	463,053
31	Grand Total - RI Developmental Disabilities Council	463,053
32	Governor's Commission on Disabilities	
33	General Revenue Total	602,509
34	Federal Funds Total	195,681

1	Restricted Receipts Total	25,444
2	Other Funds	
3	RICAP – Facility Renovation –	
4	Handicapped Accessibility	200,000
5	Other Funds Total	200,000
6	Grand Total - Governor's Commission on Disabilities	1,023,634
7	Commission for Human Rights	
8	General Revenue Total	1,075,216
9	Federal Funds Total	329,678
10	Grand Total - Commission for Human Rights	1,404,894
11	Mental Health Advocate	
12	General Revenue Total	397,798
13	Grand Total - Mental Health Advocate	397,798
14	Elementary and Secondary Education	
15	Administration of the Comprehensive Education Strategy	
16	General Revenue Total	20,860,431
17	Federal Funds total	178,981,095
18	Restricted Receipts Total	2,792,518
19	Total – Administration of the Comprehensive	
20	Education Strategy	202,634,044
21	<i>Davies Career and Technical School</i>	
22	General Revenue Total	13,755,994
23	Federal Funds Total	1,200,244
24	Restricted Receipts Total	
25	Other Funds	
26	RICAP – Davis Elevators	51,939
27	Other Funds Total	51,939
28	Total - Davies Career and Technical School	15,008,177
29	RI School for the Deaf	
30	General Revenue Total	6,478,348
31	Federal Funds Total	375,864
32	Total - RI School for the Deaf	6,854,212
33	Metropolitan Career and Technical School	
34	General Revenue Total	9,406,956

1	Total - Metropolitan Career and Technical School	9,406,956
2	Education Aid	
3	General Revenue Total	666,383,432
4	Federal Funds Total	2,221,786
5	Restricted Receipt Total	1,734,549
6	Total – Education Aid	670,339,767
7	Central Falls School District	
8	General Revenue Total	41,248,560
9	Total - Central Falls School District	41,248,560
10	Housing Aid	
11	General Revenue Total	49,672,045
12	Total – Housing Aid	49,672,045
13	Teachers' Retirement	
14	General Revenue Total	69,381,696
15	Total – Teachers' Retirement	69,381,696
16	Grand Total - General Revenue	877,187,462
17	Grand Total - Elementary and Secondary	
18	Education	1,064,545,457
19	Public Higher Education	
20	Board of Governors/Office of Higher Education	
21	General Revenue Total	7,805,037
22	Federal Fund Total	3,146,976
23	Restricted Receipts Total	540,000
24	Total – Board of Governors/Off.	
25	of Higer Education	11,492,013
26	University of Rhode Island	
27	General Revenues	85,885,597
28	Other Funds	
29	University and College Funds	379,614,907
30	Other Funds Total	379,614,907
31	Total – University of Rhode Island	465,500,504
32	Rhode Island College	
33	General Revenues	47,355,901
34	Other Funds	

1	University and College Funds	74,883,920
2	Other Funds Total	74,883,920
3	Total – Rhode Island College	122,239,821
4	Community College of Rhode Island	
5	General Revenues	49,538,585
6	Restricted Receipts	639,479
7	Other Funds	
8	University and College Funds	59,570,842
9	Other Funds Total	59,570,842
10	Total – Community College of Rhode Island	109,748,906
11	Grand Total – General Revenue	190,585,120
12	Grand Total – Public Higher Education	708,981,244
13	RI State Council on the Arts	
14	General Revenues	
15	Operating Support	1,464,368
16	Grants 909,317	
17	General Revenue Total	2,373,685
18	Federal Funds Total	736,500
19	Restricted Receipts Total	1,008,195
20	Grand Total - RI State Council on the Arts	4,118,380
21	RI Atomic Energy Commission	
22	General Revenue Total	836,702
23	Federal Funds Total	375,000
24	Other Funds	
25	URI Sponsored Research	171,206
26	Other Funds Total	171,206
27	Grand Total - RI Atomic Energy Commission	1,382,908
28	RI Higher Education Assistance Authority	
29	General Revenues	
30	Needs Based Grants and Work Opportunities	8,330,027
31	Authority Operations and Other Grants	1,042,375
32	General Revenue Total	9,372,402
33	Federal Fund Total	12,927,312
34	Other Funds	

1	Tuition Savings Program - Administration	7,458,298
2	Other Funds Total	7,458,298
3	Grand Total - Higher Education Assistance Authority	29,758,012
4	RI Historical Preservation and Heritage Commission	
5	General Revenue Total	1,489,494
6	Federal Funds Total	487,267
7	Restricted Receipts Total	266,820
8	Grand Total - RI Historical Pres. and Heritage Comm.	2,243,581
9	RI Public Telecommunications Authority	
10	General Revenue Total	1,390,669
11	Other Funds	
12	Corporation for Public Broadcasting	828,498
13	Other Funds Total	828,498
14	Grand Total - Public Telecommunications Authority	2,219,167
15	Attorney General	
16	Criminal	
17	General Revenue Total	13,077,675
18	Federal Funds Total	1,055,397
19	Restricted Receipts Total	520,527
20	Total - Criminal	14,653,599
21	Civil	
22	General Revenue Total	4,195,071
23	Restricted Receipts Total	552,539
24	Total - Civil	4,747,610
25	Bureau of Criminal Identification	
26	General Revenue Total	992,614
27	Total – Bureau of Criminal Identification	992,614
28	General	
29	General Revenue Total	2,249,721
30	Other Funds	
31	RICAP – Building Renovations and Repairs	165,000
32	Other Funds Total	165,000
33	Total - General	2,414,721
34	Grand Total - General Revenue	20,515,081

1	Grand Total - Attorney General	22,808,544
2	Corrections	
3	Central Management	
4	General Revenue Total	11,302,094
5	Federal Funds Total	260,032
6	Total - Central Management	11,562,126
7	Parole Board	
8	General Revenue Total	1,248,155
9	Federal Funds Total	33,002
10	Total - Parole Board	1,281,157
11	Institutional Corrections	
12	General Revenue Total	139,490,061
13	Federal Funds Total	7,224,911
14	Other Funds	
15	RICAP – Fire Code Safety Improvements	350,000
16	RICAP - Security Camera Installation	500,000
17	RICAP – Reintegration Center State Match	3,247,123
18	RICAP - General Renovations – Maximum	250,000
19	RICAP – General Renovations – Women’s	700,000
20	RICAP - Women’s Bathroom Renovations	356,000
21	RICAP – Work Release Roof	623,000
22	RICAP – Heating and Temperature Control	339,000
23	RICAP – Minimum – Infrastructure Improvement	100,000
24	RICAP – High – Infrastructure Improvements	315,000
25	RICAP – Pinel Building – Int. Roof/Window Replacement	50,000
26	RICAP – Medium – Price – Window/HVAC Renovations	50,000
27	RICAP – MIS/Admin. Units Relocation	101,017
28	Other Funds Total	6,981,140
29	Total - Institutional Corrections	153,696,112
30	Community Corrections	
31	General Revenue Total	14,238,023
32	Federal Funds Total	820,175
33	Total – Community Corrections	15,058,198
34	Grand Total - General Revenue	166,278,333

1	Grand Total - Corrections	181,597,593
2	Judiciary	
3	Supreme Court	
4	General Revenue	
5	General Revenue	12,845,973
6	Defense of Indigents	3,167,659
7	General Revenue Total	16,013,632
8	Federal Funds Total	122,000
9	Restricted Receipts Total	11,016,070
10	Other Funds	
11	RICAP – Blackstone Valley Courthouse Study	50,000
12	RICAP – Judicial Complex Restroom	50,000
13	RICAP – Judicial HVAC	500,000
14	RICAP – Licht Window Restoration	150,000
15	RICAP – Garrahy Judicial Complex	100,000
16	Other Funds Total	850,000
17	Total - Supreme Court	28,001,702
18	Superior Court	
19	General Revenue Total	20,232,742
20	Federal Funds Total	255,590
21	Total - Superior Court	20,488,332
22	Family Court	
23	General Revenue Total	14,617,034
24	Federal Funds Total	1,608,529
25	Restricted Receipts Total	2,656,342
26	Total - Family Court	18,881,905
27	District Court	
28	Restricted Receipts Total	9,923,880
29	Total - District Court	9,923,880
30	Traffic Tribunal	
31	Restricted Receipts Total	7,644,326
32	Total - Traffic Tribunal	7,644,326
33	Workers' Compensation Court	
34	Restricted Receipts Total	7,285,626



1	Total - Workers' Compensation Court	7,285,626
2	Grand Total - General Revenue	50,863,408
3	Grand Total - Judiciary	92,225,771
4	Military Staff	
5	National Guard	
6	General Revenue Total	2,343,299
7	Federal Funds Total	9,138,067
8	Restricted Funds Total	145,000
9	Other Funds	
10	RICAP – Command Readiness Center – HVAC	12,500
11	RICAP – Command Readiness Center – Roof	120,000
12	RICAP – Benefit Street Arsenal Rehabilitation	200,000
13	RICAP - Schofield Armory Rehabilitation	140,000
14	RICAP – Warwick Armory Boiler	50,000
15	RICAP – AMC Roof Replacement	200,000
16	RICAP – State Armories Fire Code Comp.	106,250
17	RICAP – Federal Armories Fire Code Comp.	46,875
18	RICAP – Woonsocket Equipment	71,250
19	RICAP – Warren Org. Maintenance Shop	62,500
20	RICAP – Logistics/Maint. Facilities Fire Code Comp.	62,505
21	Other Funds Total	1,071,880
22	Total - National Guard	12,698,246
23	<i>Emergency Management</i>	
24	General Revenue Total	832,452
25	Federal Funds Total	23,696,978
26	Restricted Receipts Total	285,385
27	Total - Emergency Management	24,814,815
28	Grand Total - General Revenue	3,175,751
29	Grand Total - Military Staff	37,513,061
30	E-911 Emergency Telephone System	
31	General Revenue Total	4,540,876
32	Federal Funds Total	70,936
33	Restricted Receipts Total	2,312,113
34	Grand Total - E-911 Emergency Telephone System	

1		6,923,925
2	Fire Safety Code Board of Appeal and Review	
3	General Revenue Total	292,554
4	Grand Total - Fire Safety Code Board of Appeal	
5	and Review	292,554
6	State Fire Marshal	
7	General Revenue Total	2,814,010
8	Federal Funds Total	191,000
9	Grand Total - State Fire Marshal	3,005,010
10	Commission on Judicial Tenure and Discipline	
11	General Revenue Total	114,772
12	Grand Total - Commission on Judicial Tenure	
13	and Discipline	114,772
14	Rhode Island Justice Commission	
15	General Revenue Total	263,972
16	Federal Funds Total	4,708,722
17	Restricted Receipts Total	30,000
18	Grand Total - Rhode Island Justice Commission	5,002,694
19	Municipal Police Training Academy	
20	General Revenue Total	425,910
21	Federal Funds Total	45,000
22	Grand Total - Municipal Police Training Academy	470,910
23	State Police	
24	General Revenue Total	49,057,151
25	Federal Funds Total	1,758,907
26	Restricted Receipts Total	235,411
27	Other Funds	
28	Traffic Enforcement - Municipal Training	454,596
29	RICAP – Headquarters Repairs/Renovations	90,000
30	Lottery Commission Assistance	155,127
31	Road Construction Reimbursement	2,366,598
32	Other Funds Total	3,066,321
33	Grand Total - State Police	54,117,790
34	Office of Public Defender	

1	General Revenue Total	8,944,421
2	Federal Funds Total	135,701
3	Grand Total - Office of Public Defender	9,080,122
4	Environmental Management	
5	Office of the Director	
6	General Revenue Total	7,517,660
7	Federal Funds Total	1,245,287
8	Restricted Receipts Total	1,914,300
9	Total – Office of the Director	10,677,247
10	Natural Resources	
11	General Revenue Total	18,774,575
12	Federal Funds Total	17,977,153
13	Restricted Receipts Total	4,158,067
14	Other Funds	
15	RICAP - Dam Repair	300,000
16	DOT Recreational Projects	73,417
17	Blackstone Bikepath Design	1,284,821
18	RICAP – Recreational Facilities Improvements	200,000
19	RICAP – Fort Adams Rehabilitation	100,000
20	RICAP – Jamestown Fishing Pier	100,000
21	RICAP - Wickford Marine Facility	223,310
22	RICAP - Galilee Piers Upgrade	200,000
23	RICAP - Newport Piers	150,000
24	Other Funds Total	2,631,548
25	Total - Natural Resources	43,541,343
26	Environmental Protection	
27	General Revenue Total	12,436,697
28	Federal Funds Total	12,946,862
29	Restricted Receipts Total	9,814,557
30	Total - Environmental Protection	35,198,116
31	Grand Total - General Revenue	38,728,932
32	Grand Total - Environmental Management	89,416,706
33	Coastal Resources Management Council	
34	General Revenue Total	1,762,667

1	Federal Funds Total	1,599,392
2	Restricted Receipts Total	2,747,200
3	Grand Total - Coastal Resources Management Council	6,109,259
4	State Water Resources Board	
5	General Revenue Total	1,933,202
6	Federal Funds Total	400,000
7	Other Funds	
8	RICAP - Big River Management Area	80,600
9	Other Funds Total	80,600
10	Grand Total - State Water Resources Board	2,413,802
11	Transportation	
12	Central Management	
13	Federal Funds Total	5,161,535
14	Other Funds	
15	Gasoline Tax	3,902,448
16	Other Funds Total	3,902,448
17	Total - Central Management	9,063,983
18	Management and Budget	
19	Other Funds	
20	Gasoline Tax	2,738,940
21	Other Funds Total	2,738,940
22	Total - Management and Budget	2,738,940
23	Infrastructure – Engineering – Garvee/Motor Fuel Tax Bonds	
24	Federal Funds Total	233,890,893
25	Restricted Receipts Total	3,066,699
26	Other Funds	
27	Gasoline Tax	49,145,871
28	Land Sale Revenue	2,000,000
29	State Infrastructure Bank	1,000,000
30	Pawtucket/Central Falls Train Station	25,000
31	Other Funds Total	52,170,871
32	Total - Infrastructure – Engineering – Garvee/Motor	289,128,463
33	Infrastructure Maintenance	
34	Other Funds	

1	Gasoline Tax	41,401,486
2	Outdoor Advertising	75,000
3	Other Funds Total	41,476,486
4	Total - Infrastructure Maintenance	41,476,486
5	Grand Total - Transportation	342,407,872
6	Statewide Totals	
7	General Revenue Total	3,153,993,762
8	Federal Funds Total	1,915,824,674
9	Restricted Receipts Total	145,282,174
10	Other Funds Total	1,365,150,010
11	Statewide Grand Total	6,580,250,620

12 SECTION 2. Each line appearing in Section 1 of this Article shall constitute an  
13 appropriation.

14 SECTION 3. Upon the transfer of any function of a department or agency to another  
15 department or agency, the Governor is hereby authorized by means of executive order to transfer  
16 or reallocate, in whole or in part, the appropriations and the full-time equivalent limits affected  
17 thereby.

18 SECTION 4. From the appropriation for contingency shall be paid such sums as may be  
19 required at the discretion of the Governor and the Director of Administration to fund expenditures  
20 for which appropriations may not exist. Such contingency funds may also be used for  
21 expenditures in the several departments and agencies where appropriations are insufficient, or  
22 where such requirements are due to unforeseen conditions or are non-recurring items of an  
23 unusual nature. Said appropriations may also be used for the payment of bills incurred due to  
24 emergencies or to any offense against public peace and property, in accordance with the  
25 provisions of Titles 11 and 45 of the General Laws of 1956, as amended. All expenditures and  
26 transfers from this account shall be approved by the Director of Administration and the Governor.

27 SECTION 5. The general assembly authorizes the state controller to establish the  
28 internal service accounts shown below, and no other, to finance and account for the operations of  
29 state agencies that provide services to other agencies, institutions and other governmental units on  
30 a cost reimbursed basis. The purpose of these accounts is to ensure that certain activities are  
31 managed in a businesslike manner, promote efficient use of services by making agencies pay the  
32 full costs associated with providing the services, and allocate the costs of central administrative  
33 services across all fund types, so that federal and other nongeneral fund programs share in the  
34 costs of general government support. The controller is authorized to reimburse these accounts for

1 the cost of work or services performed for any other department or agency subject to the  
2 following expenditure limitations:

3	<u>Account</u>	<u>Expenditure Limit</u>
4	State Assessed Fringe Benefit Internal Service Fund	30,640,107
5	Administration Central Utilities Internal Service Fund	18,807,479
6	Human Resources Service Centers Internal Service Fund	9,299,608
7	State Facilities Management Internal Service Fund	35,435,919
8	Personnel Reform Internal Service Fund	(634,348)
9	State Information Processing Internal Service Fund	23,040,802
10	State Central Mail Internal Service Fund	5,518,011
11	State Telecommunications Internal Service Fund	2,307,829
12	State Automotive Fleet Internal Service Fund	14,810,647
13	State Surplus Property Internal Service Fund	17,715
14	Capital Police Internal Service Fund	559,158
15	MHRH Central Pharmacy Internal Service Fund	10,332,218
16	MHRH Laundry Services Internal Service Fund	1,407,510
17	Corrections General Services & Warehouse	
18	Internal Service Fund	6,133,583
19	Corrections Howard Center Telephone Operations	
20	Internal Service Fund	707,955
21	Correctional Industries Internal Service Fund	6,945,758
22	Secretary of State Record Center Internal Service Fund	1,156,600

23

24 SECTION 6. The General Assembly may provide a written "statement of legislative  
25 intent" signed by the chairperson of the House Finance Committee and by the chairperson of the  
26 Senate Finance Committee to show the intended purpose of the appropriations contained in  
27 Section 1 of this Article. The statement of legislative intent shall be kept on file in the House  
28 Finance Committee and in the Senate Finance Committee.

29 At least twenty (20) days prior to the issuance of a grant or the release of funds, which  
30 grant or funds are listed on the legislative letter of intent, all department, agency and corporation  
31 directors, shall notify in writing the chairperson of the House Finance Committee and the  
32 chairperson of the Senate Finance Committee of the approximate date when the funds are to be  
33 released or granted.

34 SECTION 7. Appropriation of Temporary Disability Insurance Funds -- There is hereby

1 appropriated pursuant to sections 28-39-5 and 28-39-8 of the Rhode Island General Laws all  
2 funds required to be disbursed for the benefit payments from the Temporary Disability Insurance  
3 Fund and Temporary Disability Insurance Reserve Fund for the fiscal year ending June 30, 2007.

4 SECTION 8. Appropriation of Employment Security Funds -- There is hereby  
5 appropriated pursuant to section 28-42-19 of the Rhode Island General Laws all funds required to  
6 be disbursed for benefit payments from the Employment Security Fund for the fiscal year ending  
7 June 30, 2007.

8 SECTION 9. Appropriation of University and College Funds -- There is hereby  
9 appropriated pursuant to section 16-59-9 of the Rhode Island General Laws relating to the  
10 appropriation of funds by the General Assembly for Higher Education, and section 16-59-18 of  
11 the General Laws relating to receipts from sources other than appropriations, any funds received  
12 by the Board of Governors for Higher Education for the fiscal year ending June 30, 2007 payable  
13 out of the University and College Funds.

14 SECTION 10. Appropriation of Lottery Division Funds -- There is hereby appropriated  
15 to the Lottery Division any funds required to be disbursed by the Lottery Division for the  
16 purposes of awarding winnings for the fiscal year ending June 30, 2007.

17 SECTION 11. Departments and agencies listed below may not exceed the number of full-  
18 time equivalent (FTE) positions shown below in any pay period. Full-time equivalent positions  
19 do not include seasonal or intermittent positions whose scheduled period of employment does not  
20 exceed twenty-six consecutive weeks or whose scheduled hours do not exceed nine hundred and  
21 twenty-five (925) hours, excluding overtime, in a one-year period. Nor do they include  
22 individuals engaged in training, the completion of which is a prerequisite of employment.  
23 Provided, however, that the Governor or designee, Speaker of the House of Representatives or  
24 designee, and the President of the Senate or designee may authorize an adjustment to any  
25 limitation. Prior to the authorization, the State Budget Officer shall make a detailed written  
26 recommendation to the Governor, the Speaker of the House, and the President of the Senate. A  
27 copy of the recommendation and authorization to adjust shall be transmitted to the chairman of  
28 the House Finance Committee, Senate Finance Committee, the House Fiscal Advisor and the  
29 Senate Fiscal Advisor. During the implementation of the reduction in force, the State Budget  
30 Officer is authorized to allow agencies to exceed their FTE authorization, such that the total FTEs  
31 authorized by the Budget Officer shall not exceed 16,373.3 positions.

32 FTE POSITION AUTHORIZATION

33 <u>Departments and Agencies</u>	<u>Full-Time Equivalent</u>
34 Administration	1,529.9

1	Business Regulation	102.7
2	Labor and Training	467.9
3	Legislature	275.2
4	Office of the Lieutenant Governor	9.5
5	Office of the Secretary of State	55.9
6	Office of the General Treasurer	86.2
7	Boards for Design Professionals	3.8
8	Board of Elections	14.3
9	Rhode Island Ethics Commission	11.4
10	Office of the Governor	47.0
11	Public Utilities Commission	45.7
12	Rhode Island Commission on Women	0.9
13	Children, Youth, and Families	790.8
14	Elderly Affairs	50.5
15	Health	466.6
16	Human Services	1,113.0
17	Mental Health, Retardation, and Hospitals	1,776.3
18	Office of the Child Advocate	5.8
19	Commission on the Deaf and Hard of Hearing	2.8
20	RI Developmental Disabilities Council	2.0
21	Governor's Commission on Disabilities	6.3
22	Commission for Human Rights	14.4
23	Office of the Mental Health Advocate	3.5
24	Elementary and Secondary Education	325.5
25	Office of Higher Education	22.0
26	Provided that 1.0 of the total authorization would be available only for a position that is	
27	supported by third- party funds.	
28	University of Rhode Island	2,542.1
29	Provided that 602.0 of the total authorization would be available only for positions that	
30	are supported by third-party funds.	
31	Rhode Island College	925.5
32	Provided that 82.0 of the total authorization would be available only for positions that are	
33	supported by third-party funds.	
34	Community College of Rhode Island	850.2



1            Provided that 100.0 of the total authorization would be available only for positions that  
2 are supported by third-party funds.

3	Rhode Island State Council on the Arts	7.6
4	RI Atomic Energy Commission	8.2
5	Higher Education Assistance Authority	45.6
6	Historical Preservation and Heritage Commission	17.0
7	Public Telecommunications Authority	21.4
8	Office of the Attorney General	220.9
9	Corrections	1,484.6
10	Judiciary	721.4
11	Military Staff	103.1
12	E-911 Emergency Telephone System	49.9
13	Fire Safety Code Bd. of Appeal and Review	2.8
14	RI State Fire Marshal	36.1
15	Commission on Judicial Tenure and Discipline	0.9
16	Rhode Island Justice Commission	6.4
17	Municipal Police Training Academy	3.7
18	State Police	268.5
19	Office of the Public Defender	87.9
20	Environmental Management	503.5
21	Coastal Resources Management Council	28.5
22	State Water Resources Board	8.5
23	Transportation	779.7
24	<b>Total</b>	<b><u>15,953.9</u></b>

25  
26            SECTION 12. The amounts reflected in this Article include the appropriation of Rhode  
27 Island Capital Plan funds for fiscal year 2007 and supersede appropriations provided for FY 2007  
28 within Section 11 of Article 1 of Chapter 117 of the P.L. of 2005.

29            The following amounts are hereby appropriated out of any money in the State's Rhode  
30 Island Capital Plan Fund not otherwise appropriated to be expended during the fiscal years ending  
31 June 30, 2008, June 30, 2009, and June 30, 2010. These amounts supersede appropriations  
32 provided within Section 11 of Article 1 of Chapter 117 of the P.L. of 2005. For the purposes and  
33 functions hereinafter mentioned, the State Controller is hereby authorized and directed to draw  
34 his or her orders upon the General Treasurer for the payment of such sums and such portions

1 thereof as may be required by him or her upon receipt of properly authenticated vouchers.

2	Fiscal Year Ending	Fiscal Year Ending	Fiscal Year Ending
3	<u>June 30, 2008</u>	<u>June, 30, 2009</u>	<u>June 30, 2010</u>
4	<u>Project</u>		
5			
6	DOA - State House Renovations – Phase II	1,005,000	0 0
7			
8	DEA - Elder Center	2,000,000	2,000,000 2,085,000
9			
10	DCYF - Training School Girl’s Facility	2,000,000	1,545,000 0
11			
12	DCYF - Training School Community Centers	4,400,000	3,300,000 1,400,000
13			
14	URI - Lippitt Hall Rehabilitation	3,520,000	0 0
15	DOC – Reintegration Center	787,810	0 0
16	DOA – McCoy Stadium Repairs	432,500	152,500 372,500
17	DOA – Relocation of MIS Unit	1,000,000	903,998 407,985
18	DOC – Medium II Window and HVAC	430,000	650,000 155,000
19	Judiciary – Garrahy Elevators	500,000	0 0
20	Mil Staff – AMC HVAC/Slate Roof Replacement	800,000	900,000 750,000
21	DEM – Bay Islands Park System	0	1,140,261 926,100
22	State Police – New Headquarters/Training Fac.	0	2,000,000 7,000,000

23

24 SECTION 13. Reappropriation of Funding for Rhode Island Capital Plan Fund Projects.  
25 - Any unexpended and unencumbered funds from Rhode Island Capital Plan Fund project  
26 appropriations shall be reappropriated in the ensuing fiscal year and made available for the same  
27 purpose. Any unexpended funds of less than five hundred dollars (\$500) shall be reappropriated  
28 at the discretion of the State Budget Officer.

29 SECTION 14. Notwithstanding any provisions of Chapter 19 in Title 23 of the Rhode  
30 Island General Laws, the Resource Recovery corporation shall transfer to the State Controller the  
31 sum of three million dollars (\$3,300,000) on June 30, 2007.

32 SECTION 15. This article shall take effect as of July 1, 2006.

33

ARTICLE 2

34

RELATING TO BORROWING IN

1 ANTICIPATION OF RECEIPTS FROM TAXES

2 SECTION 1. The State of Rhode Island is hereby authorized to borrow during its fiscal  
3 year ending June 30, 2007, in anticipation of receipts from taxes such sum or sums, at such time  
4 or times and upon such terms and conditions not inconsistent with the provisions and limitations  
5 of Section 17 of Article VI of the constitution of Rhode Island, as the general treasurer, with the  
6 advise of the Governor, shall deem for the best interests of the state, provided that the amounts so  
7 borrowed shall not exceed two hundred and fifty million dollars (\$250,000,000), at any time  
8 outstanding. The state is hereby further authorized to give its promissory note or notes signed by  
9 the general treasurer and counter-signed by the secretary of state for the payment of any sum so  
10 borrowed. Any such proceeds shall be invested by the general treasurer until such time as they  
11 are needed. The interest income earned from such investments shall be used to pay the interest on  
12 the promissory note or notes, and any expense of issuing the promissory note or notes, with the  
13 balance remaining at the end of said fiscal year, if any, shall be used toward the payment of long-  
14 term debt service of the state, unless prohibited by federal law or regulation.

15 Notwithstanding any other authority to the contrary, duly authorized bonds or notes of the  
16 state issued during the fiscal year ending June 30, 2007 may be issued in the form of commercial  
17 paper, so-called. In connection herewith, the state, acting through the general treasurer, may  
18 enter into agreements with banks, trust companies or other financial institutions within or outside  
19 the state, whether in the form of letters or lines of credit, liquidity facilities, insurance or other  
20 support arrangements. Any notes issued as commercial paper shall be in such amounts and bear  
21 such terms as the general treasurer, with the advice of the governor, shall determine, which may  
22 include provisions for prepayment at any time with or without premium at the option of the state.  
23 Such notes may be sold at a premium or discount, and may bear interest or not and, if interest  
24 bearing, may bear interest at such rate or rates variable from time to time as determined by the  
25 Federal Reserve Bank Composite Index of Commercial Paper, or the Municipal Market Data  
26 General Market Index or other similar commercial paper offerings, or other method specified in  
27 any agreement with brokers for the placement or marketing of any such notes issued as  
28 commercial paper, or other like agreements. Any such agreement may also include such other  
29 covenants and provisions for protecting the rights, security and remedies of the lenders as may, in  
30 the discretion of the general treasurer, be reasonable, legal and proper. The general treasurer may  
31 also enter into agreements with brokers for the placement or marketing of any such notes of the  
32 state issued as commercial paper. Any notes to the state issued as commercial paper in  
33 anticipation of receipts from taxes in any fiscal year must also be issued in accordance with the  
34 provisions of Section 17 of Article VI of the constitution of Rhode Island and within the

1 limitations set forth in Section 1 of this act.

2 SECTION 2. This article shall take effect upon passage.

3 ARTICLE 3

4 RELATING TO THE JUDICIARY

5 SECTION 1. Chapter 815 of the General Laws entitled “Court Administration” is  
6 hereby amended by adding thereto the following section:

7 **§ 8-15-10. Court operation.** – (a) There is hereby established a court operation account  
8 within the judiciary to be composed of all court imposed or court related fees, fines, costs,  
9 assessments, charges, and other monetary payments, deposits, and receipts, all of which are  
10 hereafter referred to as “revenues”, that are received by the courts pursuant to the provisions of  
11 Chapter 8-1, Chapter 8-2, Chapter 8-8, Chapter 8-8.2, and Chapter 8-10. Those revenues that are  
12 otherwise authorized to be received as restricted receipts for an existing statutory purpose are  
13 excepted.

14 (b) Revenues not otherwise excepted shall be deposited as restricted receipts into an  
15 account which shall be referred to as the “court operation account”. Receipts from the court  
16 operation account shall be transferred to discrete expenditure accounts and used exclusively for  
17 the operation of the courts, as required and authorized by the provisions of Title 8 and by all other  
18 applicable provisions of the General Laws.

19 SECTION 2. Section 35-3-5 of the General Laws in Chapter 35-3 entitled “State  
20 Budget” is hereby amended to read as follows:

21 **§ 35-3-5. Estimates for legislature and judiciary.** – Itemized estimates of the financial  
22 needs of the legislature and of the judiciary shall be submitted, ~~without revision~~, by the budget  
23 officer to the governor on or before the first day of October for inclusion in the budget, with such  
24 recommendations by the governor as he or she may deem proper to submit to the general  
25 assembly. ~~The Governor shall submit the financial needs as requested by the legislature and~~  
26 ~~judiciary without revision for inclusion in the budget recommendation to the general assembly.~~

27 The budget officer shall provide copies to the House Fiscal Advisor and the Senate Fiscal  
28 Advisor.

29 SECTION 3. This article shall take effect as of July 1, 2006.

30

1 ARTICLE 4

2 RELATING TO PUBLIC SERVICE EMPLOYEE REFORM

3 SECTION 1. Statement of Intent. The purpose of the Public Service Employee Reform  
4 Article is to improve the efficiency and effectiveness of the State's workforce, to promote the  
5 development of skilled employees, and to allow for the recognition of superior achievement in the  
6 workplace. Currently, the primary focus of state employment laws is on seniority and length of  
7 service. The Public Service Employee Reform Article seeks to change that focus, by providing  
8 incentives to enhance the development of skills and by establishing rewards for outstanding  
9 achievement in the workplace. As a consequence of the reforms contained in the Article, state  
10 employees will have greater mobility and career advancement opportunities; state agencies will  
11 also have greater flexibility so that they might better respond to their needs. In order to promote  
12 this change of focus and to provide for the development of a new personnel system, this Article  
13 provides for the following:

14 (a) Transfers the Classified Service to a new classification known as "Public Service  
15 Employees."

16 (b) Eliminates statutory status.

17 (c) Freezes longevity amounts at June 30, 2006 levels.

18 (d) Eliminates an employee's ability to bump another employee with less seniority during  
19 workforce reductions.

20 (e) Mandates periodic evaluations of state employees.

21 (f) Extends the probationary period from six months to one year.

22 (g) Requires the development of a streamlined classification and compensation program  
23 for state employees.

24 (h) Allows state employees to attend without charge work related courses at state colleges  
25 and universities, on a space available basis during non-working hours.

26 (i) Requires all state employees to receive their paychecks via direct deposit.

27 (j) Establishes a program which would award annual "Pay for Performance" bonuses in  
28 an amount up to three per cent (3%) of an employee's salary.

29 SECTION 2. Section 16-59-7.1 of the General Laws in Chapter 16-59 entitled "Board of  
30 Governors for Higher Education" is hereby repealed.

31 ~~§ 16-59-7.1. Permanent status for non-classified employees. — All non-classified~~  
32 ~~employees of the board of governors who shall have twenty (20) years, not necessarily~~  
33 ~~consecutive, of service credit, these credits having been earned in either the classified, non-~~  
34 ~~classified, or unclassified service or any combination of these, shall be deemed to have acquired~~

~~1 full status in their positions as the status is defined by § 36-4-59; provided that this provision shall  
2 not apply to those employees whose base entry date is after August 7, 1996; and provided that  
3 this provision shall not apply to faculty employed by the board of governors nor shall it apply to  
4 non-classified employees who have acquired tenure as faculty.~~

5 SECTION 3. Section 16-59-7.2 of the General Laws in Chapter 16-59 entitled “Board of  
6 Governors for Higher Education” is hereby amended to read as follows:

7 **§ 16-59-7.2. Longevity payments – Nonclassified employees.** – (a) The non-classified  
8 employees of the board of governors for higher education, except for faculty employees and  
9 except for non-classified employees already receiving longevity increases, shall be entitled to a  
10 longevity payment in the amount of five percent (5%) of base salary after ten (10) years of  
11 service and increasing to a total of ten percent (10%) of base salary after twenty (20) years of  
12 service. The provisions of this section will apply only to employees under the grade of nineteen  
13 (19). The longevity payments shall not be included in base salary.

14 (b) The board of governors is authorized to promulgate regulations implementing the  
15 provisions of this section.

16 (c) As of July 1, 2006, there shall be no further longevity increases, either in percentage  
17 or actual funds received, for any State employee under the provisions of this section. During his  
18 or her employment a State employee shall continue to receive a total longevity payment in the  
19 amount that the employee received as of June 30, 2006. It is further provided that an employee  
20 who has left or hereafter leaves state service and who returns to state service after June 30, 2006  
21 shall not be eligible to receive a longevity increase upon the employee’s return to state service.

22 (d) Notwithstanding the provisions of any other law, it shall be unlawful for any state  
23 agency or any person or persons acting on behalf of the agency, to agree to or to enter into any  
24 agreement, including a collective bargaining agreement or any amendment, modification,  
25 extension, or replacement thereof, whether verbal or written, which contains provisions that are  
26 inconsistent with the provisions of this section and the inconsistent provisions shall be null and  
27 void, whether the provisions result from agreement or the award of an arbitrator or arbitration  
28 panel either under a grievance arbitration award or an award under the provisions of chapter 11 of  
29 this title.

30 SECTION 4. Section 16-60-7 of the General Laws in Chapter 16-60 entitled “Board of  
31 Regents for Elementary and Secondary Education” is hereby amended to read as follows:

32 **§ 16-60-7. Department of elementary and secondary education – Personnel board.** –

33 (a) The board of regents shall maintain a department of elementary and secondary education  
34 which shall perform the research, administrative, and instructional functions and duties, including

1 technical assistance and statewide educational information services for local school districts,  
2 required of the regents by the provisions of this chapter. Within that department the appointment,  
3 promotion, salaries, term of service, and dismissal of all professional employees, including  
4 instructional and research employees, administrative employees, and secretaries shall be at the  
5 pleasure of the commissioner of elementary and secondary education except that the regents shall  
6 approve all assistant commissioners; all professional employees, including instructional and  
7 research employees, and administrative employees may be initially engaged under contract for  
8 not more than two (2) years. All professional employees, including instructional and research  
9 employees, and administrative employees shall not be in the classified service of the state nor be  
10 subject in any manner of control by the personnel administrator or by any officer or board other  
11 than the commissioner of elementary and secondary education; provided, that all permanent  
12 appointments of the commissioner to vacant, reestablish or newly established positions shall be  
13 subject to approval by the Emergency Hiring Council established by Executive Order 95-2. All  
14 appointments to positions at state operated schools shall be exempt from the preceding  
15 requirement provided that total full time equivalent positions are within the authorized cap and all  
16 these personnel are assigned exclusively to the schools. The hiring of individuals on a contract  
17 basis shall be subject to state purchasing requirements. ~~All non-classified employees of the board  
18 of regents who shall have twenty (20) years, not necessarily consecutive, of service credit, these  
19 credits having been earned in either the classified, non-classified, or unclassified service or any  
20 combination of these, shall be deemed to have acquired full status in their positions as the status  
21 is defined by § 36-4-59; provided, that this provision shall not apply to those employees whose  
22 base entry date is after August 7, 1996; and provided that this provision shall not apply to faculty  
23 employed by the board of regents nor shall it apply to non-classified employees who have  
24 acquired tenure as faculty. Employees who had permanent status prior to May 7, 1981, shall  
25 continue to retain their status. Persons employed by the department on February 1, 1974 in either  
26 the classified or unclassified service and who were receiving longevity payments on or before  
27 February 1, 1974 shall continue to be eligible for longevity benefits upon transfer to the non-  
28 classified service within the department.~~

29 (b) The table of organization, as submitted by the commissioner of elementary and  
30 secondary education, together with the pay ranges, shall be subject to approval by the board of  
31 regents.

32 SECTION 5. Section 16-60-7.2 of the General Laws in Chapter 16-60 entitled "Board of  
33 Regents for Elementary and Secondary Education" is hereby amended to read as follows:

34 **§ 16-60-7.2. Longevity payments – Nonclassified employees.** – (a) The non-classified

1 employees of the board of regents for elementary and secondary education, except for non-  
2 classified employees already receiving longevity increases, shall be entitled to a longevity  
3 payment in the amount of five percent (5%) of base salary after ten (10) years of service and  
4 increasing to a total of ten percent (10%) of base salary after twenty (20) years of service. The  
5 provisions of this section shall apply only to employees under the grade of nineteen (19). The  
6 longevity payments shall not be included in base salary.

7 (b) The board of regents is authorized to promulgate regulations implementing the  
8 provisions of this section.

9 (c) As of July 1, 2006, there shall be no further longevity increases, either in percentage  
10 or actual funds received, for any State employee under the provisions of this section. During his  
11 or her employment a State employee shall continue to receive a total longevity payment in the  
12 amount that the employee received as of June 30, 2006. It is further provided that an employee  
13 who has left or hereafter leaves state service and who returns to state service after June 30, 2006  
14 shall not be eligible to receive a longevity increase upon the employee's return to state service.

15 (d) Notwithstanding the provisions of any other law, it shall be unlawful for any state  
16 agency or any person or persons acting on behalf of the agency, to agree to or to enter into any  
17 agreement, including a collective bargaining agreement or any amendment, modification,  
18 extension, or replacement thereof, whether verbal or written, which contains provisions that are  
19 inconsistent with the provisions of this section and the inconsistent provisions shall be null and  
20 void, whether the provisions result from agreement or the award of an arbitrator or arbitration  
21 panel either under a grievance arbitration award or an award under the provisions of chapter 11 of  
22 this title.

23 SECTION 6. Section 16-61-8.1 of the General Laws in Chapter 16-61 entitled "Rhode  
24 Island Public Telecommunications Authority" is hereby amended to read as follows:

25 **§ 16-61-8.1. Longevity payments – Nonclassified employees.** – (a) Non-classified  
26 employees of the Rhode Island public telecommunications authority, except for non-classified  
27 employees already receiving longevity increases, shall be entitled to a longevity payment in the  
28 amount of five percent (5%) of base salary after ten (10) years of service and increasing in a total  
29 of ten percent (10%) of base salary after twenty (20) years of service. The provisions of this  
30 section shall apply only to employees under the grade of nineteen (19). The longevity payments  
31 shall not be included in base salary.

32 (b) The telecommunications authority is authorized to promulgate regulations  
33 implementing the provisions of this section.

34 (c) As of July 1, 2006, there shall be no further longevity increases, either in percentage



1 or actual funds received, for any State employee under the provisions of this section. During his  
2 or her employment a State employee shall continue to receive a total longevity payment in the  
3 amount that the employee received as of June 30, 2006. It is further provided that an employee  
4 who has left or hereafter leaves state service and who returns to state service after June 30, 2006  
5 shall not be eligible to receive a longevity increase upon the employee's return to state service.

6 (d) Notwithstanding the provisions of any other law, it shall be unlawful for any state  
7 agency or any person or persons acting on behalf of the agency, to agree to or to enter into any  
8 agreement, including a collective bargaining agreement or any amendment, modification,  
9 extension, or replacement thereof, whether verbal or written, which contains provisions that are  
10 inconsistent with the provisions of this section and the inconsistent provisions shall be null and  
11 void, whether the provisions result from agreement or the award of an arbitrator or arbitration  
12 panel either under a grievance arbitration award or an award under the provisions of chapter 11 of  
13 this title.

14 SECTION 7. Sections 36-4-3, 36-4-7, 36-4-28, and 36-4-37 of the General Laws in  
15 Chapter 36-4 entitled "Merit System" are hereby amended to read as follows:

16 **§ 36-4-3. Branches of classified service.** – The classified service shall be divided into a  
17 competitive branch and a noncompetitive branch. The competitive branch shall consist of all  
18 positions in the classified service except those assigned to the noncompetitive branch as  
19 hereinafter provided. Beginning July 1, 2006, the Classified Service shall henceforth be referred  
20 to as the Public Service.

21 **§ 36-4-7. Probationary period in noncompetitive branch – Acquisition of full status.**  
22 = Persons appointed to positions in the noncompetitive branch shall serve a probationary period  
23 of ~~six (6) months~~ one (1) year during which time the appointing authority shall report to the  
24 personnel administrator every sixty (60) days concerning the work of the employee and at the end  
25 of the probationary period no further salary or other compensation shall be paid to the employee  
26 unless the appointing authority has filed with the personnel administrator a statement, in writing,  
27 that the services of the employee have been satisfactory and that it is desired that his or her  
28 services be continued. The probationary period is further defined to be ~~one hundred thirty (130)~~  
29 two hundred-sixty (260) days, excluding overtime, worked in the non-competitive position to  
30 which the person has been appointed. Upon completion of the probationary period and receipt of  
31 the statement of satisfactory service by the personnel administrator and having fulfilled the  
32 requirements for character and physical condition, the employee shall be deemed to have acquired  
33 full status and shall enjoy all the rights and privileges of that status. Whenever a class of positions  
34 shall be assigned to the noncompetitive branch, every employee holding a position in that class at

1 the time of assignment who is a temporary employee and has served in that class for ~~six (6)~~  
2 ~~months~~ one (1) year or more shall be considered to have completed the required probationary  
3 period and upon receipt of a statement from his or her appointing authority that his or her services  
4 have been satisfactory shall be deemed to have acquired full status and shall enjoy all the rights  
5 and privileges of that status. ~~A temporary employee who has served at least four (4) months but~~  
6 ~~has not completed six (6) months shall be deemed to have served four (4) months of the required~~  
7 ~~probationary period and his or her appointing authority shall submit a report concerning the work~~  
8 ~~of the employee to the personnel administrator and shall at the end of sixty (60) days submit a~~  
9 ~~final probationary report for the employee. An employee who has served at least two (2) months~~  
10 ~~but has not completed four (4) months shall be deemed to have served two (2) months of the~~  
11 ~~required probationary period and his or her appointing authority shall submit a report concerning~~  
12 ~~the work of the employee to the personnel administrator and shall subsequently submit a~~  
13 ~~probationary report at the end of the next sixty (60) days and a final probationary report at the end~~  
14 ~~of six (6) months of service.~~

15 **§ 36-4-28. Probationary period.** – All original appointments and promotional  
16 appointments to the classified service shall be for a probationary period of ~~six (6) months~~ one (1)  
17 year, during which time the appointment authority shall report to the personnel administrator  
18 every sixty (60) days concerning the work of the employee and at the expiration of the  
19 probationary period unless the appointing authority files with the personnel administrator a  
20 statement in writing that the services of the employee during the probationary period have not  
21 been satisfactory and that it is not desired that he or she be continued in the service, he or she  
22 shall receive permanent status in this classification. Any employee may be dismissed by the  
23 appointing authority during the probationary period for reasons relating to the employee's  
24 qualifications or for the good of the service stated by the appointing authority in writing and filed  
25 with the personnel administrator. The probationary period is further defined to be ~~one hundred~~  
26 ~~and thirty (130)~~ two hundred-sixty (260) days worked in the classified position to which the  
27 person has been appointed.

28 **§ 36-4-37. Layoffs – Preference for retention or reemployment.** – An appointing  
29 authority may lay off a classified employee whenever he or she deems it necessary because of a  
30 material change in duties or organization, or shortage or stoppage of work or funds. In every case  
31 of layoff, the appointing authority shall, before the effective date of the layoff, give written notice  
32 of his or her action to the personnel administrator and the employee and shall certify that  
33 consideration has been given to length and quality of service of all employees in the affected class  
34 under his or her jurisdiction. ~~No employee with full status shall be laid off while probational,~~

1 ~~provisional, or temporary employees are employed by the same appointing authority in the same~~  
2 ~~class of positions. No probationary employee shall be laid off while provisional or temporary~~  
3 ~~employees are employed by the same appointing authority in the same class of positions. No~~  
4 ~~provisional employee shall be laid off while temporary employees are employed by the same~~  
5 ~~appointing authority in the same class of positions. Nor shall any temporary appointment be made~~  
6 ~~to any position in the class by the appointing authority while any employee who has been laid off~~  
7 ~~by the appointing authority is available for certification from a reemployment list. Any person~~  
8 ~~who has held full status and who has been laid off shall have his or her name placed on the~~  
9 ~~appropriate reemployment list.~~

10 SECTION 8. Sections 36-4-17.1 and 36-4-59 of the General laws in Chapter 36-4 entitled  
11 “Merit System” are hereby repealed.

12 ~~**§ 36-4-17.1. Longevity payments.**— A state employee in the classified or unclassified~~  
13 ~~service who terminates employment and is subsequently reemployed by the state, notwithstanding~~  
14 ~~any rule, regulation, or provision of the general laws to the contrary, shall be eligible to receive an~~  
15 ~~aggregate longevity increase for the period of initial employment and subsequent employment.~~  
16 ~~The provisions of this section shall be applied retroactively to those persons reemployed prior to~~  
17 ~~June 1, 1980, and thereafter.~~

18 ~~**§ 36-4-59. Tenure in state service.**—(a) Every person who shall have twenty (20) years,~~  
19 ~~not necessarily consecutive, of service credit, the credits having been earned in either the~~  
20 ~~classified, nonclassified, or unclassified service of the state or a combination of both, shall be~~  
21 ~~deemed to have acquired full status in the position he or she holds at the time of obtaining twenty~~  
22 ~~(20) years of service credit.~~

23 ~~(2) For any other position he or she may hold subsequent to the time of obtaining twenty~~  
24 ~~(20) years of service credit, the person, subject to a then existing list, is to be deemed to have~~  
25 ~~acquired full status in the subsequent position and shall be protected by the provisions of this~~  
26 ~~chapter, provided, however:~~

27 ~~(i) That military service not to exceed four (4) years of active service shall constitute~~  
28 ~~service credit within the meaning of this section;~~

29 ~~(ii) That in case of layoff or the abolition of a position through reorganization or~~  
30 ~~otherwise, any person in that position or subject to layoff, who has full status, otherwise qualified~~  
31 ~~under this section, shall be retained within the state services in a position of similar grade;~~

32 ~~(iii) That this section shall not apply to employees of the state government whose method~~  
33 ~~of appointment and salary and term of office is specified by statute;~~

34 ~~(iv) That all employees otherwise qualified under this section shall be subject to all of the~~

1 ~~provisions of dismissal and appeal as elsewhere described in this chapter.~~

2 ~~(b) This section shall not apply to those employees whose base entry date is after August~~  
3 ~~7, 1996.~~

4 SECTION 9. Chapter 36-4 of the General Laws entitled "Merit System" is hereby  
5 amended by adding thereto the following sections:

6 § 36-4-62.1. Employee Bonus Program. - There is hereby established a state employee  
7 bonus program for all state employees. Pursuant to this program state agencies are authorized to  
8 annually award to any eligible state employee a stipend for that year in an amount not to exceed  
9 three per cent (3%) of the employee's salary for the preceding year. These stipends shall be  
10 awarded as a result of employee performance evaluations. The employee bonus program shall be  
11 administered by the department of administration according to rules and regulations that are  
12 adopted by the department on or before July 1, 2007.

13 § 36-4-66. Employee Evaluations. -- All state employees shall be evaluated periodically  
14 by their departments or agencies. Beginning on July 1, 2007 employees shall be evaluated not  
15 less than every two years. Final evaluations shall be placed in writing and employees shall be  
16 entitled to review a copy of and to comment upon this evaluation. The procedures for employee  
17 evaluations shall be set forth in rules and regulations that are adopted by the department of  
18 administration.

19 § 36-4-67. State Employee Tuition Waivers. -- Eligible state employees shall be  
20 entitled to obtain tuition waivers, on a space available basis and on the employee's own time, in  
21 order to attend certain work-related courses at Rhode Island state colleges and universities. The  
22 department of administration shall adopt rules and regulations regarding eligibility for the waiver  
23 program, allowable work related-courses, and the administration of the program any other  
24 necessary rules and regulations.

25 SECTION 10. Sections 36-5-7 and 36-5-8 of the General Laws in Chapter 36-5  
26 "Military Service and Veterans" are hereby repealed.

27 ~~§ 36-5-7. State employees — Veterans. (a) Any person who is an honorably~~  
28 ~~discharged veteran of the armed forces of the United States and who has completed fifteen (15) or~~  
29 ~~more years, not necessarily consecutive of service credit, those credits having been earned in~~  
30 ~~either the classified, nonclassified, or unclassified service of the state or a combination of both,~~  
31 ~~shall be deemed to have acquired full status in the position he or she holds at the time of~~  
32 ~~obtaining fifteen (15) years of service credit. For any other position he or she may hold~~  
33 ~~subsequent to the obtaining fifteen (15) years of service credit, the person, subject to a then~~  
34 ~~existing list, shall be deemed to have acquired full status in the subsequent position and shall be~~

1 ~~protected by the provisions of this chapter; providing, however:~~

2 ~~(1) That military service not to exceed four (4) years of active service shall constitute~~  
3 ~~service credit within the meaning of this section;~~

4 ~~(2) That in case of layoff or the abolition of a position through reorganization or~~  
5 ~~otherwise, any person in that position or subject to layoff, who has full status, otherwise qualified~~  
6 ~~under this section, shall be retained within the state services in a position of similar grade;~~

7 ~~(3) That this section shall not apply to employees of the state government whose method~~  
8 ~~of appointment, salary, and term of office is specified by statute;~~

9 ~~(4) That all employees otherwise qualified under this section shall be subject to all of the~~  
10 ~~provisions of dismissal and appeal as elsewhere described in this chapter.~~

11 ~~(b) This section shall not apply to those employees whose base entry date is after August~~  
12 ~~7, 1996.~~

13 ~~**§ 36-5-8. State employment tenure for disabled veterans.** (a) Any person who is an~~  
14 ~~honorably discharged veteran of the armed forces of the United States of America and is also~~  
15 ~~receiving a disability pension from the United States government for a service connected~~  
16 ~~disability and has completed ten (10) years or more not necessarily consecutive, of service credit,~~  
17 ~~those credits having been earned in either the classified, nonclassified or unclassified service of~~  
18 ~~the state or a combination of both, shall be deemed to have acquired full status in the position he~~  
19 ~~or she holds at the time of obtaining ten (10) years of service credit. For any other position he or~~  
20 ~~she may hold subsequent to the obtaining ten (10) years of service credit, the person, subject to a~~  
21 ~~then existing list, shall be deemed to have acquired full status in the subsequent position and shall~~  
22 ~~be protected by the provisions of this chapter; provided, however:~~

23 ~~(1) That military service not to exceed four (4) years of active service shall constitute~~  
24 ~~service credit within the meaning of this section;~~

25 ~~(2) That in case of layoff or the abolition of a position through reorganization or~~  
26 ~~otherwise, any person in that position or subject to layoff, who has full status, otherwise qualified~~  
27 ~~under this section, shall be retained within the state services in a position of similar grade;~~

28 ~~(3) That this section shall not apply to employees of the state government whose method~~  
29 ~~of appointment, salary, and term of office is specified by statute;~~

30 ~~(4) That all employees otherwise qualified under this section shall be subject to all of the~~  
31 ~~provisions of dismissal and appeal as elsewhere described in this chapter.~~

32 ~~(b) "Veteran" is defined herein as any man or woman who has been engaged heretofore,~~  
33 ~~is now or may hereafter be engaged in the active service of the armed forces of the United States~~  
34 ~~with a minimum of ninety (90) days of active duty time served during any declared war;~~

~~undeclared war, Korean campaign, conflict in Vietnam or any war, campaign, or conflict which the armed forces of the United States of America actively engages in.~~

~~(e) This section shall not apply to those employees whose base entry date is after August 7, 1996.~~

SECTION 11. A Career Service Advisory Committee is hereby established in order to assist with the implementation of the provisions of this Act. The Governor or his designee shall be the Chairman of this committee. Members of the committee shall be selected by the Governor and shall have demonstrated competence in the fields of human resources management and career development.

SECTION 12. The director of the department of administration is directed to develop a streamlined classification and compensation program. The director shall submit a report to the governor by December 1, 2006 which will set forth the goals of the program, short term and long term objectives, and implementation recommendations. This report will also describe what legislative and regulatory changes will be necessary in order to implement such a program by July 1, 2007.

SECTION 13. Notwithstanding any law or regulation to the contrary, longevity payments for state employees, including employees in the classified service, the non-classified service, and the unclassified service, shall not exceed the levels in effect as of June 30, 2006.

SECTION 14. Any person who has been appointed to a position in state government is required to participate in a payroll direct deposit program.

SECTION 15. Notwithstanding any law or rule to the contrary, as of July 1, 2006 no payment shall be made for sick leave that has been accrued but has not been discharged by an employee of the State of Rhode Island.

SECTION 16. Notwithstanding any law or rule to the contrary, state offices shall be closed on Monday July 3, 2006 and Friday November 24, 2006, except for essential operations. Non-essential employees will not be paid for nor allowed to discharge leave on these days, but will be allowed to discharge leave without pay. The personnel administrator shall determine which employees are required to perform essential operations on those days and shall notify the heads of those employees' agencies at least thirty (30) days prior to each shut down day. Employees who are identified by the personnel administrator as essential employees and who work on a shut down day shall be paid straight time for each hour worked.

SECTION 17. This article shall take effect upon passage, except for sections 3, 5, 6, 15 and 16, which shall take effect as of July 1, 2006.

## ARTICLE 5

1 RELATING TO CAPITAL DEVELOPMENT PROGRAM

2 SECTION 1. Proposition to be submitted to the people. -- At the general election to be  
3 held on the Tuesday next after the first Monday in November 2006, there shall be submitted to  
4 the people for their approval or rejection the following proposition:

5 "Shall the action of the general assembly, by an act passed at the January 2006 session,  
6 authorizing the issuance of bonds, refunding bonds, and temporary notes of the state for the  
7 capital projects and in the amount with respect to each such project listed below be approved, and  
8 the issuance of bonds, refunding bonds, and temporary notes authorized in accordance with the  
9 provisions of said act?"

10 Project

11 (1) University of Rhode Island \$140,000,000

12 Approval of this question will allow the State of Rhode Island to issue general obligation  
13 bonds, refunding bonds, and temporary notes in an amount not to exceed \$140,000,000 for the  
14 construction of science and health related academic facilities at the University of Rhode Island.

15 (2) Community College of Rhode Island \$3,400,000

16 Approval of this question will allow the State of Rhode Island to issue general obligation  
17 bonds, refunding bonds, and temporary notes in an amount not to exceed \$3,400,000 for fire  
18 code, including sprinklers and fire suppression systems, and heating and cooling system  
19 improvements at the Community College of Rhode Island.

20 (2) Rhode Island College \$4,610,000

21 Approval of this question will allow the State of Rhode Island to issue general obligation  
22 bonds, refunding bonds, and temporary notes in an amount not to exceed \$4,610,000 for road and  
23 parking lot improvements at Rhode Island College.

24 (4) Narragansett Bay and Watershed Restoration \$25,000,000

25 Approval of this question will allow for the State of Rhode Island to issue general  
26 obligation bonds, refunding bonds, and temporary notes in an amount not to exceed \$25,000,000  
27 for the water pollution abatement projects and or restoration activities benefiting Narragansett  
28 Bay and state watersheds.

29 (5) Transportation \$88,500,000

30 Approval of this question will authorize the State of Rhode Island to issue general  
31 obligation bonds, refunding bonds, and temporary notes in an amount not to exceed \$80,000,000  
32 to match federal funds, provide direct funding for improvements to the state's highways, roads  
33 and bridges; \$7,000,000 to provide funding for commuter rail, and \$1,500,000 to purchase and/or  
34 rehabilitate buses for the Rhode Island Public Transit Authority's bus fleet.

1 (6) Roger Williams Park Zoo \$11,000,000

2 Approval of this question will allow for the State of Rhode Island to issue general  
3 obligation bonds, refunding bonds, and temporary notes in an amount not to exceed \$11,000,000  
4 for improvements to the Roger Williams Park Zoo in Providence.

5 SECTION 2. Ballot labels and applicability of general election laws. -- The secretary  
6 of state shall prepare and deliver to the state board of elections ballot labels for each of the  
7 projects provided for in section 1 hereof with the designations "approve" or "reject" provided next  
8 to the description of each such project to enable voters to approve or reject each such proposition.  
9 The general election laws, so far as consistent herewith, shall apply to this proposition.

10 SECTION 3. Approval of projects by people. -- If a majority of the people voting on  
11 the proposition provided for in section 1 hereof shall vote to approve the proposition as to any  
12 project provided for in section 1 hereof, said project shall be deemed to be approved by the  
13 people. The authority to issue bonds, refunding bonds and temporary notes of the state shall be  
14 limited to the aggregate amount for all such projects as set forth in the proposition provided for in  
15 section 1 hereof which has been approved by the people.

16 SECTION 4. Bonds for capital development program. -- The general treasurer is  
17 hereby authorized and empowered with the approval of the governor and in accordance with the  
18 provisions of this act, to issue from time to time capital development bonds in serial form in the  
19 name and on behalf of the state in amounts as may be specified from time to time by the governor  
20 in an aggregate principal amount not to exceed the total amount for all projects approved by the  
21 people and designated as "capital development loan of 2006 bonds" provided, however, that the  
22 aggregate principal amount of such capital development bonds and of any temporary notes  
23 outstanding at any one time issued in anticipation thereof pursuant to section 7 hereof shall not  
24 exceed the total amount for all such projects as have been approved by the people. All provisions  
25 in this act relating to "bonds" shall also be deemed to apply to "refunding bonds".

26 Capital development bonds issued under this act shall be in denominations of one  
27 thousand dollars (\$1,000) each, or multiples thereof, and shall be payable in any coin or currency  
28 of the United States which at the time of payment shall be legal tender for public and private  
29 debts. These capital development bonds shall bear such date or dates, mature at specified time or  
30 times, but not beyond the end of the twentieth state fiscal year following the state fiscal year in  
31 which they are issued, bear interest payable semi-annually at a specified rate or different or  
32 varying rates, be payable at designated time or times at specified place or places, be subject to  
33 expressed terms of redemption or recall, with or without premium, be in a form, with or without  
34 interest coupons attached, carry such registration, conversion, reconversion, transfer, debt



1 retirement, acceleration and other provisions as may be fixed by the general treasurer, with the  
2 approval of the governor, upon each issue of such capital development bonds at the time of each  
3 issue. Whenever the governor shall approve the issuance of such capital development bonds, he  
4 or she shall certify approval to the secretary of state; the bonds shall be signed by the general  
5 treasurer and countersigned by the manual or facsimile signature of the secretary of state and  
6 shall bear the seal of the state or a facsimile thereof. The approval of the governor shall be  
7 endorsed on each bond so approved with a facsimile of his or her signature.

8 SECTION 5. Refunding bonds for 2006 capital development program. -- The general  
9 treasurer is hereby authorized and empowered, with the approval of the governor and in  
10 accordance with the provisions of this act, to issue from time to time bonds to refund the 2006  
11 capital development program bonds in the name and on behalf of the state, in amounts as may be  
12 specified from time to time by the governor in an aggregate principal amount not to exceed the  
13 total amount approved by the people, to be designated as "capital development program loan of  
14 2004 refunding bonds" (hereinafter "refunding bonds").

15 The general treasurer with the approval of the governor shall fix the terms and form of  
16 any refunding bonds issued under this act in the same manner as the capital development bonds  
17 issued under this act, except that the refunding bonds may not mature more than twenty (20)  
18 years from the date of original issue of the capital development bonds being refunded.

19 The proceeds of the refunding bonds, exclusive of any premium and accrual interest and  
20 net the underwriters' cost, and cost of bond insurance, shall, upon their receipt, be paid by the  
21 general treasurer immediately to the paying agent for the capital development bonds which are to  
22 be called and prepaid. The paying agent shall hold the refunding bond proceeds in trust until they  
23 are applied to prepay the capital development bonds. While such proceeds are held in trust, they  
24 may be invested for the benefit of the state in obligations of the United States of America or the  
25 State of Rhode Island.

26 If the general treasurer shall deposit with the paying agent for the capital development  
27 bonds the proceeds of the refunding bonds or proceeds from other sources amounts that, when  
28 invested in obligations of the United States or the State of Rhode Island, are sufficient to pay all  
29 principal, interest, and premium, if any, on the capital development bonds until these bonds are  
30 called for prepayment, then such capital development bonds shall not be considered debts of the  
31 State of Rhode Island for any purpose from the date of deposit of such moneys with the paying  
32 agent. The refunding bonds shall continue to be a debt of the state until paid.

33 The term "bond" shall include "note", and the term "refunding bonds" shall include  
34 "refunding notes" when used in this act.



1 Associated Health programs building \$25,000,000

2 Question 2 relating to bonds in the amount of \$3,400,000 shall be allocated for fire code  
3 and heating and cooling system improvements at the Community College of Rhode Island.

4 Question 3 relating to bonds in the amount of \$4,610,000 shall be allocated for road and  
5 parking lot improvements at Rhode Island College.

6 Question 4 relating to bonds in the amount of \$25,000,000 for Narragansett Bay and  
7 Watershed Restoration shall be allocated as follows:

8 (a) Clean Water State Revolving Fund \$19,000,000

9 Provide funds for the Rhode Island Clean Water Finance Agency, which will be  
10 leveraged to provide subsidized loans to regional and municipal wastewater treatment facilities  
11 for water quality projects, including reduction of nutrients to the receiving waters of the State.

12 (b) Department of Environmental Management \$6,000,000

13 Provide funds for the Department of Environmental Management to provide matching  
14 grants to state and local agencies, non-profit organizations and other non-governmental entities  
15 for projects that abate non-point source water pollution, including stormwater management, or  
16 that restore aquatic and riparian habitat.

17 Question 5 relating to bonds in the amount of \$91,765,000 for transportation purposes  
18 shall be allocated as follows:

19 (a) Highway improvement program \$80,000,000

20 Provide funds for the Department of Transportation to match federal funds or to provide  
21 direct funding for improvements to the state's highway, roads and bridges.

22 (b) Commuter Rail \$7,000,000

23 Provide funds for the Department of Transportation to match federal funds or to provide  
24 direct funding for commuter rail.

25 (c) Bus replacement/Rehabilitation \$1,500,000

26 Provide funds for the Rhode Island Public Transit Authority to purchase new buses or for  
27 rehabilitation of existing buses in the bus fleet.

28 Question 6 relating to bonds in the amount of \$11,000,000 to be provided by the  
29 Department of Environmental Management to the Roger Williams Park Zoo to be used with other  
30 federal, state and private funds for upgrades and development of exhibits and facilities at the zoo.

31 SECTION 7. Sale of bonds and notes. -- Any bonds or notes issued under the authority  
32 of this act shall be sold from time to time at not less than the principal amount thereof, in such  
33 mode and on such terms and conditions as the general treasurer, with the approval of the  
34 governor, shall deem to be for the best interests of the state.

1 Any premiums and accrued interest, net of the cost of bond insurance and underwriters  
2 discount, that may be received on the sale of the capital development bonds or notes shall become  
3 part of the general fund of the state and shall be applied to the payment of debt service charges of  
4 the state.

5 In the event that the amount received from the sale of the capital development bonds or  
6 notes exceeds the amount necessary for the purposes stated in section 6 hereof, the surplus may  
7 be used to the extent possible to retire the bonds as the same may become due, to redeem them in  
8 accordance with the terms thereof or otherwise to purchase them as the general treasurer, with the  
9 approval of the governor, shall deem to be for the best interests of the state.

10 Any bonds or notes issued under the provisions of this act and coupons on any capital  
11 development bonds, if properly executed by the manual or facsimile signatures of officers of the  
12 state in office on the date of execution shall be valid and binding according to their tenor,  
13 notwithstanding that before the delivery thereof and payment therefor, any or all such officers  
14 shall for any reason have ceased to hold office.

15 SECTION 8. **Bonds and notes to be tax exempt and general obligations of the state. -**  
16 **-** All bonds and notes issued under the authority of this act shall be exempt from taxation in the  
17 state and shall be general obligations of the state, and the full faith and credit of the state is hereby  
18 pledged for the due payment of the principal and interest on each of such bonds and notes as the  
19 same shall become due.

20 SECTION 9. **Investment of moneys in fund. --** All moneys in the capital development  
21 fund not immediately required for payment pursuant to the provisions of this act may be invested  
22 by the investment commission, as established by Chapter 35-10, pursuant to the provisions of  
23 such chapter; provided, however, that the securities in which the capital development fund is  
24 invested shall remain a part of the capital development fund until exchanged for other securities;  
25 and provided further, that the income from investments of the capital development fund shall  
26 become a part of the general fund of the state and shall be applied to the payment of debt service  
27 charges of the state, or to the extent necessary, to rebate to the United States treasury any income  
28 from investments (including gains from the disposition of investments) of proceeds of bonds or  
29 notes to the extent deemed necessary to exempt (in whole or in part) the interest paid on such  
30 bonds or notes from federal income taxation.

31 SECTION 10. **Appropriation. --** To the extent the debt service on these bonds is not  
32 otherwise provided, a sum sufficient to pay the interest and principal due each year on bonds and  
33 notes hereunder is hereby annually appropriated out of any money in the treasury not otherwise  
34 appropriated.



1 one of more of the depositories in which the funds of the state may be lawfully kept in such  
2 special accounts (hereinafter cumulatively referred to as “such Rhode Island Clean Water Act  
3 Environmental Trust Fund”) as established by section 46-12-24.2 and to be used for the purposes  
4 specified in section 46-12-24.2.

5 (b) All proceeds of bonds and notes not immediately required for deposit into such Rhode  
6 Island Clean Water Act Environmental Trust Fund may be invested by the investment  
7 commission, as established by chapter 35-10 of the general laws, pursuant to the provisions of  
8 such chapter; provided, however, that the securities in which such fund is invested shall remain a  
9 part of such fund until exchanged for other securities, and provided further that the income from  
10 such investments made pursuant to this subsection shall become part of the general fund of the  
11 state and shall be applied to the payment of debt service charges of the state, unless prohibited by  
12 applicable federal law.

13 SECTION 2. Section 6 of Chapter 425 of the Public Laws, enacted in Article I of 87-H  
14 7247 as amended, and approved on Jun. 30, 1987 is hereby amended to read as follows:

15 SECTION 6. Proceeds of open space and recreational area bonds. – (a) The general  
16 treasurer is directed to deposit the proceeds from the sale of open space and recreational area  
17 bonds, exclusive of premiums and accrued interest and net of the underwriters cost, and cost of  
18 bond insurance, in one or more of the depositories in which the funds of the state may lawfully be  
19 kept in appropriately designated special accounts (hereinafter cumulatively referred to as “such  
20 open space and recreational area bond funds”), to be used for the purposes and in the manner set  
21 forth in this section.

22 (b) Up to forty-five million dollars (\$45,000,000.00) of such open space and recreational  
23 area bond funds are hereby allocated for grants to the cities and towns, to be administered by the  
24 director of environmental management to be used:

25 (1) to purchase fee simple title or development rights to open spaces, coastal flood-prone  
26 areas and public recreational areas, and

27 (2) for the improving and restoration of public recreational areas. Fifty percent (50%) of  
28 the aforementioned sums shall be allocated to the cities and towns in the form of grants in the  
29 furtherance of section 6(b)(1) and shall be equal to seventy five percent (75%) of the cost of any  
30 such purchase of fee simple or development rights. All funds allocated for grants under this  
31 subsection must be obligated for grants no later than three years from the date of voter approval  
32 for the referendum authorized in section 1 of this act. All funds authorized but not obligated on  
33 that date shall revert to the control of the director of environmental management for use in the  
34 furtherance of the purposes contained in section 6(b)(1). Forty percent (40%) of said funds shall

1 be allocated to the cities and towns in the form of grants in the furtherance of section 6(b)(2) and  
2 shall be equal to fifty percent (50%) of the cost of any improvements and restoration. The  
3 remaining ten percent (10%) of said funds shall be used to carry out the provisions of section  
4 6(b)(1) or section 6(b)(2) so as to make it possible under certain circumstances, including the  
5 financial ability of a community, to fund any such program up to a one hundred percent (100%)  
6 grant. The director shall establish guidelines for the allocation of funds under 6(b).

7 (c) Up to fifteen million dollars (\$15,000,000.00) of such open space and recreational  
8 area bonds are hereby allocated to the department of environmental management to be used to  
9 purchase fee simple or development rights for the preservation of open spaces and rehabilitation  
10 of state owned recreation areas. Priority shall be given to preserving those lands that either  
11 service or are accessible to people living in the more densely populated areas of the state. Not  
12 more than five million dollars (\$5,000,000.00) of said funds shall be utilized for the rehabilitation  
13 of state owned recreation areas. Said funds shall be utilized to allow private land trusts to apply  
14 for and receive funds equal to seventy-five percent (75%) of the cost of any purchase.

15 (d) Up to five million two hundred dollars (\$5,200,000.00) of such open space and  
16 recreational area bonds are hereby allocated for the restoration or rehabilitation of the following  
17 parks which shall be carried out pursuant to any applicable master plan dealing with the  
18 restoration of historic landscape in order to maintain the landscape architectural integrity of these  
19 parks.

20 (1) Three million dollars (\$3,000,000.00) for the restoration of Roger Williams Park;

21 (2) Two hundred thousand dollars (\$200,000) for restoration of Jenks Park in Central  
22 Falls;

23 (3) Four hundred thousand dollars (\$400,000) for restoration of Slater Park in Pawtucket;

24 (4) Two hundred thousand dollars (\$200,000) for rehabilitation of Cold Spring Park in  
25 Woonsocket;

26 (5) Eight hundred thousand dollars (\$800,000) for rehabilitation of City Park in the City  
27 of Warwick; and

28 (6) Two hundred fifty thousand dollars (\$250,000) for the rehabilitation of Carousel Park  
29 in East Providence

30 (7) Two hundred fifty thousand dollars (\$250,000) for the rehabilitation of Freebody Park  
31 and Miantonomi Park in the city of Newport;

32 (8) One hundred thousand dollars (\$100,000) for the rehabilitation of Wilcox Park in  
33 Westerly.

34 (e) Neither the director nor any municipality shall use such open space and recreational

1 area bond funds to purchase title or development rights to any property whose natural condition is  
2 such that it can not be developed.

3 (f) The director shall pay the expense of issue for the open space and recreational area  
4 bonds or notes hereunder from the proceeds thereof.

5 (g) The state controller is hereby authorized and directed to draw orders upon the general  
6 treasurer for payment out of such open space and recreational area bond funds of such sum or  
7 sums as may be required from time to time, upon the receipt of properly authenticated vouchers  
8 approved by the director.

9 SECTION 3. Section 7 of Chapter 434, of the Public Laws enacted in Article I of 90-H  
10 9751A as amended, and approved on July 12, 1990 is hereby amended to read as follows:

11 SECTION 7. Proceeds of capital development program. – The general treasurer is  
12 directed to deposit the proceeds from the sale of such capital development bonds, exclusive of  
13 premiums and accrued interest and net of the underwriters cost, and cost of bond insurance, in  
14 one or more of the depositories in which the funds of the state may be lawfully kept in such  
15 special accounts (hereinafter cumulatively referred to as “such capital development bond fund”)  
16 appropriately designated for each of such projects set forth in sections 1 and 2 hereof which shall  
17 have been approved by the people to be used for the purpose of paying the cost of all such  
18 projects so approved.

19 All moneys in such capital development fund shall be expended for the purposes  
20 specified in the proposition provided for in sections 1 and 2 hereof under the direction and  
21 supervision of the director of administration (hereinafter referred to as “said director”); provided,  
22 however, with respect to the project regarding transportation, said director may delegate all of  
23 part of the authority hereunder granted to the director of transportation; said director or his  
24 delegate, as the case may be, shall be vested with all power and authority necessary or incidental  
25 to the purposes of this act, including where appropriate without limiting the generality of said  
26 authority, and only by way of illustration, the following authority: (a) to acquire land or other  
27 real property or any interest, estate or right therein as may be necessary or advantageous to  
28 accomplish the purposes of this act; (b) to pay for the preparation of any reports, plans and  
29 specifications, and relocation expenses and other costs such as for furnishings, equipment  
30 designing, inspecting and engineering, required in connection with the implementation of any  
31 project set forth in sections 1 and 2 hereof; (c) to pay the costs of construction, rehabilitation,  
32 enlargement, provision of service utilities, and razing of facilities, and other improvements to  
33 land in connection with the implementation of any project set for in sections 1 and 2 hereof; and  
34 (d) to pay for the cost of equipment, supplies, devices, materials and labor for repair, renovation



1 or conversion of systems and structures as necessary to implement any project set forth in  
2 sections 1 and 2 hereof; (e) to pay the expense of issue for such 1990 and 1992 capital  
3 development program bonds or notes hereunder from the proceeds thereof.

4 No more of such moneys in such capital development bond fund shall be expended for  
5 any such project than the total amount appearing next to the description of such project in the  
6 proposition provided for in sections 1 and 2 hereof.

7 The state controller is authorized and directed to draw his orders upon the general  
8 treasurer for payment out of such capital development bond fund of such sum or sums as may be  
9 required from time to time, upon receipt by him of properly authenticated vouchers approved by  
10 said director or his delegate as the case may be.

11 The powers and authorities granted by this act to said director or his delegate, as the case  
12 may be, shall be in addition to, and not in substitution for, all other power provided by law.

13 SECTION 4. Section 7 of Chapter 70, of the Public Laws enacted in Article VI of 94-H  
14 9326A as amended, and approved on Jun. 22, 1994 is hereby amended to read as follows:

15 SECTION 7. Proceeds of capital development program. -- The general treasurer is  
16 directed to deposit the proceeds from the sale of such capital development bonds, exclusive of  
17 premiums and accrued interest and net of the underwriters cost, and cost of bond insurance, in  
18 one or more of the depositories in which the funds of the state may be lawfully kept in such  
19 special accounts (hereinafter cumulatively referred to as "such capital development bond fund")  
20 appropriately designated for each of such projects set forth in sections 1 and 2 hereof which shall  
21 have been approved by the people to be used for the purpose of paying the cost of all such  
22 projects so approved.

23 All monies in such capital development fund shall be expended for the purposes specified  
24 in the propositions provided for in sections 1 and 2 hereof under the direction and supervision of  
25 the director of administration (hereinafter referred to as "said director") said director or his  
26 delegate, as the case may be, shall be vested with all power and authority necessary or incidental  
27 to the purposes of this act, including where appropriate without limiting the generality of said  
28 authority, and only by way of illustration, the following authority: (a) to acquire land or other real  
29 property or any interest, estate or right therein as may be necessary or advantageous to  
30 accomplish the purposes of this act; (b) to pay for the preparation of any reports, plans and  
31 specifications, and relocation expenses and other costs such as for furnishings, equipment  
32 designing, inspecting and engineering, required in connection with the implementation of any  
33 projects set forth in sections 1 and 2 hereof; (c) to pay the costs of construction, rehabilitation,  
34 enlargement, provision of service utilities, and razing of facilities, and other improvements to

1 land in connection with the implementation of any projects set forth in sections 1 and 2 hereof;  
2 and (d) to pay for the cost of equipment, supplies, devices, materials and labor for repair,  
3 renovation or conversion of systems and structures as necessary to issue for such 1994 and 1996  
4 capital development program bonds or notes hereunder from the proceeds thereof.

5 No more of such monies in such capital development bond fund shall be expended for  
6 any such project than the total amount appearing next to the description of such project in the  
7 propositions provided for in sections 1 and 2 hereof.

8 The state controller is authorized and directed to draw his or her orders upon the general  
9 treasurer for payment out of such capital development bond fund of such sum or sums as may be  
10 required from time to time, upon receipt by him or her of properly authenticated vouchers  
11 approved by said director or his or her delegate as the case may be.

12 The powers and authorities granted by this act to said director or his or her delegate, as  
13 the case may be, shall be in addition to, and not in substitution for, all other power provided by  
14 law.

15 SECTION 5. Section 6 of Chapter 31, of the Public Laws enacted in Article 5 of 98-H  
16 8478A as amended, and approved on Jun. 25m 1998, is hereby amended to read as follows:

17 SECTION 6. Proceeds of capital development program. -- The general treasurer is  
18 directed to deposit the proceeds from the sale of such capital development bonds, exclusive of  
19 premiums and accrued interest and net of the underwriters cost, and cost of bond insurance, in  
20 one or more of the depositories in which the funds of the state may be lawfully kept in such  
21 special accounts (hereinafter cumulatively referred to as "such capital development bond fund")  
22 appropriately designated for each of such projects set forth in section 1 hereof which shall have  
23 been approved by the people to be used for the purpose of paying the cost of all such projects so  
24 approved.

25 All monies in such capital development fund shall be expended for the purposes specified  
26 in the propositions provided for in section 1 hereof under the direction and supervision of the  
27 director of administration (hereinafter referred to as "said director") said director or his delegate,  
28 as the case may be, shall be vested with all power and authority necessary or incidental to the  
29 purposes of this act, including where appropriate without limiting the generality of said authority,  
30 and only by way of illustration, the following authority: (a) to acquire land or other real property  
31 or any interest, estate or right therein as may be necessary or advantageous to accomplish the  
32 purposes of this act; (b) to pay for the preparation of any reports, plans and specifications, and  
33 relocation expenses and other costs such as for furnishings, equipment designing, inspecting and  
34 engineering, required in connection with the implementation of any projects set forth in section 1

1 hereof; (c) to pay the costs of construction, rehabilitation, enlargement, provision of service  
2 utilities, and razing of facilities, and other improvements to land in connection with the  
3 implementation of any projects set forth in section 1 hereof; and (d) to pay for the cost of  
4 equipment, supplies, devices, materials and labor for repair, renovation or conversion of systems  
5 and structures as necessary for such 1998 capital development program bonds or notes hereunder  
6 from the proceeds thereof.

7 No more of such monies in such capital development bond fund shall be expended for  
8 any such project than the total amount appearing next to the description of such project in the  
9 propositions provided for in section 1 hereof.

10 The state controller is authorized and directed to draw his or her orders upon the general  
11 treasurer for payment out of such capital development bond fund of such sum or sums as may be  
12 required from time to time, upon receipt by him or her of properly authenticated vouchers  
13 approved by said director or his or her delegate as the case may be.

14 The powers and authorities granted by this act to said director or his or her delegate, as  
15 the case may be, shall be in addition to, and not in substitution for, all other power provided by  
16 law.

17 SECTION 6. Section 6 of Chapter 55, of the Public Laws enacted in Article 5 of 2000-H  
18 7862A as amended, and approved on Jun. 29, 2000 is hereby amended to read as follows:

19 SECTION 6. Proceeds of capital development program. -- The general treasurer is  
20 directed to deposit the proceeds from the sale of capital development bonds issued under this act,  
21 exclusive of premiums and accrued interest and net of the underwriters cost, and cost of bond  
22 insurance, in one or more of the depositories in which the funds of the state may be lawfully kept  
23 in special accounts (hereinafter cumulatively referred to as "such capital development bond  
24 fund") appropriately designated for each of the projects set forth in section 1 hereof which shall  
25 have been approved by the people to be used for the purpose of paying the cost of all such  
26 projects so approved.

27 All monies in the capital development fund shall be expended for the purposes specified  
28 in the proposition provided for in section 1 hereof under the direction and supervision of the  
29 director of administration (hereinafter referred to as "director"). The director or his delegate shall  
30 be vested with all power and authority necessary or incidental to the purposes of this act,  
31 including, but not limited to, the following authority: (a) to acquire land or other real property or  
32 any interest, estate or right therein as may be necessary or advantageous to accomplish the  
33 purposes of this act; (b) to direct payment for the preparation of any reports, plans and  
34 specifications, and relocation expenses and other costs such as for furnishings, equipment



1	(ii) Recreation Development Grants	\$5,000,000
2	(iii) Roger Williams Park Restoration	\$1,500,000

3 Provide funds for improvements and renovations at Roger Williams Park.

4 Question 2 relating to bonds totaling \$60,000,000 for projects to improve the state's water  
5 quality shall be deposited by the Rhode Island Clean Water Finance Agency in one or more of its  
6 revolving loan funds which, when leveraged with federal and state capitalization grants, will  
7 provide funding to municipalities, governmental entities and non-governmental entities for water  
8 pollution abatement projects and drinking water projects. Not less than \$70,000,000 in leveraged  
9 funds will be allocated for loans at a subsidized rate of zero percent to the Narragansett Bay  
10 Commission to fund costs associated with combined sewage overflow projects. Not more than  
11 \$3,000,000 of the bond proceeds shall be allocated to the Rhode Island Clean Water Finance  
12 Agency to provide state matching funds to obtain federal capitalization grants available to the  
13 state, enabling the Rhode Island Clean Water Finance Agency to provide subsidized interest rate  
14 loans to community water systems, both privately and publicly owned, and non-profit non-  
15 community water systems for drinking water projects. The Rhode Island Clean Water Finance  
16 Agency will use the remainder of the bond proceeds to provide loans at a subsidized rate of zero  
17 percent to fund water pollution abatement projects pursuant to chapter 46-12.2 of the Rhode  
18 Island General Laws, including but not limited to, wastewater treatment facilities; sludge  
19 improvement projects; the construction of sewers to relieve areas that should no longer be served  
20 by septic systems; planning/feasibility studies to support water quality restoration projects  
21 including stormwater treatment, nutrient reduction, and other similar water pollution abatement  
22 projects; restoration of aquatic habitats; and implementation of stormwater treatment and other  
23 nonpoint source water pollution abatement projects.

24 Question 3 relating to bonds in the amount of \$62,510,000 for transportation purposes  
25 shall be allocated as follows: \$60,000,000 to match federal highways funds to fund improvements  
26 to the state's highways, roads and bridges, and \$2,510,000 to purchase buses for the Rhode Island  
27 Public Transit Authority's fleet.

28 Question 4 relating to bonds in the amount of \$36,950,000 to fund improvements to the  
29 University of Rhode Island, Rhode Island College and the Community College of Rhode Island  
30 shall be allocated as follows:

31	University of Rhode Island Residence Halls	\$22,000,000
32	Rhode Island College Residence Halls	\$4,015,000
33	Community College of Rhode Island Newport Campus	\$10,935,000

34 Question 5 relating to bonds totaling \$25,000,000 for the creation, design, construction,

1 furnishing, and equipping of the Heritage Harbor Museum. The new Heritage Harbor Museum is  
2 being built at the site of the former South Street Power Plant. The general obligation bond  
3 proceeds shall be used to supplement funding available to the project from other sources,  
4 including, but not limited to federal grants, contributions from individuals and other corporations  
5 and foundations, state appropriations, and grants from the City of Providence.

6 SECTION 7. Section 6 of Chapter 65, of the Public Laws enacted in Article 6 of 2002-H  
7 7732A as amended, and approved on Jun. 12, 2002 is hereby amended to read as follows:

8 SECTION 6. Proceeds of capital development program. -- The general treasurer is  
9 directed to deposit the proceeds from the sale of capital development bonds issued under this act,  
10 exclusive of premiums and accrued interest and net of the underwriters cost, and cost of bond  
11 insurance, in one or more of the depositories in which the funds of the state may be lawfully kept  
12 in special accounts (hereinafter cumulatively referred to as "such capital development bond  
13 fund") appropriately designated for each of the projects set forth in section 1 hereof which shall  
14 have been approved by the people to be used for the purpose of paying the cost of all such  
15 projects so approved.

16 All monies in the capital development fund shall be expended for the purposes specified  
17 in the proposition provided for in section 1 hereof under the direction and supervision of the  
18 director of administration (hereinafter referred to as "director"). The director or his delegate shall  
19 be vested with all power and authority necessary or incidental to the purposes of this act,  
20 including but not limited to, the following authority: (a) to acquire land or other real property or  
21 any interest, estate or right therein as may be necessary or advantageous to accomplish the  
22 purposes of this act; (b) to direct payment for the preparation of any reports, plans and  
23 specifications, and relocation expenses and other costs such as for furnishings, equipment  
24 designing, inspecting and engineering, required in connection with the implementation of any  
25 projects set forth in section 1 hereof; (c) to direct payment for the costs of construction,  
26 rehabilitation, enlargement, provision of service utilities, and razing of facilities, and other  
27 improvements to land in connection with the implementation of any projects set forth in section 1  
28 hereof; and (d) to direct payment for the cost of equipment, supplies, devices, materials and labor  
29 for repair, renovation or conversion of systems and structures as necessary for 2002 capital  
30 development program bonds or notes hereunder from the proceeds thereof. No funds shall be  
31 expended in excess of the amount of the capital development bond fund designated for each  
32 project authorized in section 1 hereof. With respect to the bonds and temporary notes described in  
33 section 1, the proceeds shall be utilized for the following purposes:

34 Question 1 relating to bonds and notes totaling \$55.0 million for the support of the

1 creation, design, construction, furnishing, and equipping of the new State Police Headquarters  
2 Facility and the new State Municipal Fire Academy. Additionally, funds may be used to upgrade  
3 the state's automated Fingerprint Identification System. The new State Police Headquarters  
4 Facility will be centrally located in Rhode Island to better serve the needs of the citizens of the  
5 state. The facility will serve the centralized dispatch functions for the Division and provide a  
6 more unified service delivery for the command staff, business office, communications center,  
7 traffic personnel, detectives, support staff and technology center.

8 The new facility moves headquarters from its current location in North Scituate to a  
9 centralized location in the state based on the number of assistance calls to which the Rhode Island  
10 State Police respond. With this move, the Division will centralize records, secure evidence,  
11 expand technology and provide a public service center. The new State Municipal Fire Academy  
12 will serve the citizens of the state in a modern facility dedicated to fire protection and prevention.

13 Question 2 relating to bonds and notes totaling \$14,000,000 for preservation, recreation,  
14 and heritage shall be allocated as follows:

15 (a) Pawtuxet River Walkway \$3,000,000

16 Provide funds for development and restoration of the Pawtuxet River Walkway located  
17 within the Town of West Warwick.

18 (b) Roger Williams Park \$3,000,000

19 Provide funds for capital development and restoration at Roger Williams Park, located in  
20 the City of Providence.

21 (c) State Support of Museums and Cultural Art Centers located in historic structures  
22 \$3,000,000

23 Provide state support of the Historical Preservation and Heritage Commission to fund  
24 capital preservation for renovation projects for museums and cultural art centers located in  
25 historic structures in the State of Rhode Island.

26 (d) Heritage Harbor Museum \$5,000,000

27 Provide funds for the creation, design, construction, furnishing, and equipping of the  
28 Heritage Harbor Museum, a statewide history museum and cultural center for Rhode Island. The  
29 new Heritage Harbor Museum is being built at the site of the former South Street Power Plant.  
30 The general obligation bond proceeds shall be used to supplement funding available to the project  
31 from other sources, including, but not limited to, federal grants, contributions of individuals,  
32 corporations and foundations, state appropriations, and grants from the City of Providence. The  
33 Heritage Harbor Museum will feature artifacts from the Smithsonian Institution borrowed  
34 through the Museum's participation in the Smithsonian Affiliations Program. The Heritage

1 Harbor Museum is currently the only Smithsonian affiliate museum in New England.

2 Question 3 relating to bonds in the amount of \$63,500,000 for transportation purposes  
3 shall be allocated as follows:

4 (a) Highway Improvement Program \$60,000,000

5 Provide funds for the Department of Transportation to match federal funds or to provide  
6 direct funding for improvements to the state's highways, roads and bridges.

7 (b) Facilities/Equipment Replacement \$1,800,000

8 Provide funds for the Department of Transportation to repair or renovate existing  
9 maintenance facilities or to construct new maintenance facilities.

10 (c) Bus Replacement \$1,700,000

11 Provide funds for the Rhode Island Public Transit Authority to purchase new buses or for  
12 the rehabilitation of existing buses in the bus fleet.

13 Question 4 relating to bonds in the amount of \$11,000,000 for Quonset Point/Davisville  
14 for improvements to road and utility infrastructure at the site, for the demolition of buildings, site  
15 preparation and pier rehabilitation.

16 SECTION 8. Section 6 of Chapter 595, of the Public Laws enacted in Article 5 of 2004 --  
17 H 8219 as amended, and approved Jun. 30, 2004 is hereby amended as follows:

18 SECTION 6. Proceeds of capital development program. -- The general treasurer is  
19 directed to deposit the proceeds from the sale of capital development bonds issued under this act,  
20 exclusive of premiums and accrued interest and net of the underwriters cost, and cost of bond  
21 insurance, in one or more of the depositories in which the funds of the state may be lawfully kept  
22 in special accounts (hereinafter cumulatively referred to as "such capital development bond  
23 fund") appropriately designated for each of the projects set forth in section 1 hereof which shall  
24 have been approved by the people to be used for the purpose of paying the cost of all such  
25 projects so approved.

26 All monies in the capital development bond fund shall be expended for the purposes  
27 specified in the proposition provided for in section 1 hereof under the direction and supervision of  
28 the director of administration (hereinafter referred to as "director"). The director or his or her  
29 designee shall be vested with all power and authority necessary or incidental to the purposes of  
30 this act, including but not limited to, the following authority: (a) to acquire land or other real  
31 property or any interest, estate or right therein as may be necessary or advantageous to  
32 accomplish the purposes of this act; (b) to direct payment for the preparation of any reports, plans  
33 and specifications, and relocation expenses and other costs such as for furnishings, equipment  
34 designing, inspecting and engineering, required in connection with the implementation of any



1 projects set forth in section 1 hereof; (c) to direct payment for the costs of construction,  
2 rehabilitation, enlargement, provision of service utilities, and razing of facilities, and other  
3 improvements to land in connection with the implementation of any projects set forth in section 1  
4 hereof; and (d) to direct payment for the cost of equipment, supplies, devices, materials and labor  
5 for repair, renovation or conversion of systems and structures as necessary for 2004 capital  
6 development program bonds or notes hereunder from the proceeds thereof. No funds shall be  
7 expended in excess of the amount of the capital development bond fund designated for each  
8 project authorized in section 1 hereof. With respect to the bonds and temporary notes described in  
9 section 1, the proceeds shall be utilized for the following purposes:

10 Question 1 relating to bonds in the amount of \$66,520,000 for transportation purposes  
11 shall be allocated as follows:

12 (a) Highway improvement program \$60,000,000

13 Provide funds for the Department of Transportation to match federal funds or to provide  
14 direct funding for improvements to the state’s highway, roads and bridges.

15 (b) Facilities equipment replacement \$5,020,000

16 (c) Bus replacement \$1,500,000

17 Provide funds for the Rhode Island Public Transit Authority to purchase new buses or for  
18 rehabilitation of existing buses in the bus fleet.

19 Question 2 relating to bonds and notes totaling \$15,000,000 shall be allocated to the  
20 construction, renovation, and rehabilitation of the state’s regional career and technical schools.

21 Question 3 relating to bonds in the amount of \$50,000,000 shall be allocated to provide  
22 \$20,000,000 to construct, renovate and rehabilitate residence halls at the University of Rhode  
23 Island and \$30,000,000 to construct a new residence hall at Rhode Island College.

24 Subject to any pledge of housing revenues derived by the Board of Governors for Higher  
25 Education from residence halls at Rhode Island College, the college shall, to the extent of any  
26 available funds, reimburse the state for debt service paid by the state on the bonds issued pursuant  
27 to this act.

28 Question 4 relating to bonds in the amount of \$12,300,000 shall be allocated to restore  
29 the historic Cranston Street Armory facility for use as an a archives and records center and make  
30 space available for either office or educational use, provided that the bonds may not be issued  
31 until the Governor has submitted detailed expenditure plans and cost estimates to the General  
32 Assembly, and provided further that the General Assembly has reviewed the plans and cost  
33 estimates and passed a joint resolution approving the issuance.

34 Question 5 relating to bonds in the amount of \$10,000,000 shall be allocated as follows:

1 (a) Emergency water interconnect \$5,000,000

2 Provide funds for the Water Resources Board to fund matching grants to local water  
3 suppliers to develop interconnections between and among water systems to be used in the event  
4 of an emergency.

5 (b) Shad Factory Pipeline \$5,000,000

6 Provide funds for the Water Resources Board to make necessary repairs to the Shad  
7 Factory Pipeline to ensure continuation of the state's rights to water from two reservoirs located  
8 in Massachusetts.

9 Question 6 relating to bonds in the amount of \$70,000,000 shall be allocated as follows:

10 (a) Narragansett Bay and Watershed Restoration \$19,000,000

11 Provide \$8.5 million for activities to restore and protect the water quality, and enhance  
12 the economic viability and environmental sustainability of Narragansett Bay and the state's  
13 watersheds. Eligible activities shall include, but not be limited to: nonpoint pollution source  
14 abatement, including stormwater management; nutrient loading abatement; commercial, industrial  
15 and agricultural pollution abatement; and, riparian buffer and watershed ecosystem restoration.  
16 Provide \$10.5 million funding for the Rhode Island Clean Water Finance Agency which will be  
17 leveraged to provide loans to municipalities and governmental entities for the design,  
18 construction, repair, equipping and upgrading of wastewater treatment facilities to implement  
19 nutrient reduction projects impacting Narragansett Bay and the State's Watersheds.

20 (b) Open Space and Recreational Development \$43,000,000

21 Provide funds for open space land acquisition farmland preservation, and recreational  
22 development to be allocated as follows: \$25,000,000 would be used by the Department of  
23 Environmental Management to purchase or otherwise permanently protect through the purchase  
24 of fee title, development rights, conservation easements and public recreation easements,  
25 greenways and other open space, recreation lands, agriculture lands, forested lands and state  
26 parks. An amount not to exceed \$10,000,000 of these funds shall be available to municipalities  
27 local land trusts, conservation commissions, and other environmental nonprofit organizations to  
28 provide grants on a matching basis for open space preservation consistent with the state guide  
29 plan and local comprehensive plan.

30 \$18,000,000 would be used for the design, development, expansion and renovation of  
31 new or existing public recreations facilities and parks. \$8,000,000 of these funds shall be  
32 available for the development or renovation of state public recreational facilities including  
33 \$3,000,000 for restoration of Fort Adams.

34 The remaining \$10,000,000 includes \$4,000,000 for Roger Williams Park and Zoo.,

1 \$4,000,000 for municipalities to provide grants on a matching basis for other municipal parks,  
2 and \$2,000,000 for municipalities to provide grants on a matching basis for recreation  
3 development grants.

4 (c) Groundwater Protection/Land Acquisition \$8,000,000

5 Provide funds for use by the Rhode Island Water Resources Board for acquisition of land  
6 through the purchase of fee title, development rights, and conservation easements for  
7 groundwater protection and protection of public drinking water supplies.

8 Question 7 relating to bonds and notes totaling \$14,000,000 shall be allocated to the  
9 construction and renovation of the University of Rhode Island Pell Library and Oceanographic  
10 Information Center.

11 Question 8 relating to bonds and notes totaling \$6,700,000 shall be allocated to the  
12 construction of the Athletic Performance Center and the renovation of facilities at Meade Stadium  
13 and Keaney Gymnasium at the University of Rhode Island.

14 Question 9 relating to bonds in the amount of \$3,000,000 shall be allocated to the  
15 Historical Preservation and Heritage Commission to fund capital preservation for renovation  
16 projects for public and nonprofit historic sites, museums and cultural art centers located in  
17 historic structures in the State of Rhode Island.

18 Question 10 relating to bonds in the amount of \$46,500,000 shall be allocated to provide  
19 funds to begin to purchase, build or modify state facilities for state agency use to reduce the  
20 state's reliance on leased space and for the State Information Operations Center to meet the  
21 state's growing technology needs, provided that the bonds may not be issued until the Governor  
22 has submitted detailed expenditure plans and cost estimates to the General Assembly, and  
23 provided further that the General Assembly has reviewed the plans and cost estimates and passed  
24 a joint resolution approving the issuance of all or a portion of the bonds.

25 Question 11 relating to bonds and notes totaling \$50,000,000 shall be allocated to the  
26 construction of the University of Rhode Island Center for Biotechnology and Life Sciences.

27 Question 12 relating to bonds and notes totaling \$48,000,000 shall be allocated to road  
28 and utility infrastructure, building demolition, site preparation, and pier rehabilitation at the  
29 Quonset Point/Davisville Industrial Park.

30 SECTION 9. This article shall take effect upon passage.

31 **ARTICLE 7**

32 **RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS**

33 SECTION 1. This article shall serve as joint resolutions required pursuant to Rhode  
34 Island General Laws 35-18-1, et seq.

1           SECTION 2. *Pastore Government Center Varley Building Renovations.*

2           WHEREAS, Rhode Island currently lacks an appropriate facility with furnishings,  
3 equipment, security devices and services that integrates the roles of agencies whose job it is to  
4 respond in times of emergency and to protect Rhode Island's data systems; and

5           WHEREAS, the Varley Building is a 70,000 square-foot, state owned facility at the  
6 Pastore Government Center that could effectively house Rhode Island's Emergency 911 call  
7 center, the Rhode Island Emergency Management Agency Operations Center, and the State's  
8 Information Technology Operations/Data Center; and

9           WHEREAS, the project costs associated with renovating and equipping the Varley  
10 Building are estimated to be \$20.0 million. The total financing obligation of the State of Rhode  
11 Island would be approximately \$20.5 million, with \$20.0 million deposited in the construction  
12 fund, and \$0.5 million available to pay the associated costs of financing. Total payments on the  
13 State's obligation over twenty (20) years on the \$20.5 million issuance are projected to be  
14 \$32.359 million, assuming an average effective interest rate of 5.0%; and

15           WHEREAS, payments would be financed within the Department of Administration from  
16 general revenue appropriations and any other sources available to the agencies occupying the  
17 facility; now, therefore, be it

18           RESOLVED, That a consolidated facility to be located in the Varley Building is critical  
19 to ensure that Rhode Island's emergency response and data systems are administered in a secure  
20 and efficient manner; and be it further

21           RESOLVED, That this General Assembly hereby approves financing in an amount not to  
22 exceed \$20.50 million for the provision of a new consolidated facility; and be it further

23           RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by  
24 this General Assembly.

25           SECTION 3. *Department of Administration Vehicle Lease Purchase.*

26           WHEREAS, the state of Rhode Island finds that it is cost-effective to use the state's tax-  
27 exempt borrowing capacity to finance vehicles, trucks and heavy equipment; and

28           WHEREAS, the state of Rhode Island finds that it is cost effective when such borrowings  
29 are consolidated into one borrowing package rather than executed on an individual basis with  
30 financing companies; and

31           WHEREAS, the Rhode Island Public Corporation Debt Management Act (R.I. General  
32 Laws Section 35-18-1, et seq) requires the general assembly to provide its consent to the issuance  
33 of debt incurring by the state of Rhode Island and other public agencies of certain obligations;  
34 and

1           WHEREAS, this methodology has been approved in past years by the general assembly;  
2 and

3           WHEREAS, the state of Rhode Island Department of Administration desires to enter into  
4 financing agreements to finance the purchase of thirty (30) State Police Trooper vehicles and  
5 associated equipment, heavy equipment for the Department of Transportation, and other  
6 replacement vehicles for various state agencies, as required; and

7           WHEREAS, the Department of Administration estimates that the total issuance for  
8 vehicles and equipment will not exceed \$10.5 million, with \$10,450,000 deposited in the vehicle  
9 replacement fund and \$50,000 available to pay the associated costs of financing. Total lease  
10 payments over a period of three (3) years for State Police and other vehicles and ten (10) years for  
11 transportation heavy equipment are projected to be \$10,245,800, assuming an average coupon of  
12 4.0 percent. The lease payments would be financed within the various general revenue, federal,  
13 restricted, and other fund appropriations available to the respective departments; now, therefore,  
14 be it

15           RESOLVED, That it is cost effective when such borrowings are consolidated into one  
16 borrowing package; and be it further

17           RESOLVED, That this general assembly hereby approves financing in an amount not to  
18 exceed \$10,500,000 for the purchase of vehicles, heavy equipment and trucks for fiscal year  
19 2007; and be it further

20           RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by  
21 this General Assembly.

22           SECTION 4. *Information Technology Improvements.*

23           WHEREAS, the computer systems that currently support the Division of Motor Vehicles  
24 are outdated and put the operations of the driver licenses and registrations systems at risk of  
25 operation; and

26           WHEREAS, the enterprise infrastructure of the state's wide and local area networks need  
27 upgrades to protect them from cyber security attack; and

28           WHEREAS, an integrated professional licensing software platform would increase the  
29 regulatory compliance of licensees and increase access and convenience to the public of licensing  
30 rules, regulations, and application processing; and

31           WHEREAS, state police require IT management information systems and radio  
32 technology for the new headquarters located in Cranston; and

33           WHEREAS, public education would benefit from outfitting teachers with skills in the use  
34 of information technology intergrated into the curriculum in the classroom ; and

1           WHEREAS, the health information exchange would improve the quality, safety, and  
2 value of healthcare in the state and allow patients and providers to have their healthcare  
3 information when and where they need it; and

4           WHEREAS, testing the use of wireless broad communications in government  
5 applications would increase the productivity of government workers; and

6           WHEREAS, the project costs associated with the Innovative Technology Initiative is  
7 \$64.4 million. The total financing obligation of the State of Rhode Island would be  
8 approximately \$65.2 million, with \$64.4 million deposited in the construction fund, and \$0.8  
9 million available to pay the associated costs of financing. Total payments on the State's  
10 obligation over ten (10) years on the \$65.2 million issuance are projected to be \$83.5 million,  
11 assuming an average effective interest rate of 4.5%. The payments would be financed within the  
12 Department of Administration from general revenue appropriations; and

13           WHEREAS, payments would be financed within the Department of Administration from  
14 general revenue appropriations and any other sources available to the agencies benefiting from  
15 the project; now, therefore, be it

16           RESOLVED, That this General Assembly hereby approves financing in an amount not to  
17 exceed \$65.2 million for the provision of funds for Innovative Technology; and be it further

18           RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by  
19 this General Assembly.

20           SECTION 5. *School for the Deaf*

21           WHEREAS the State currently lacks the appropriate facility with furnishings, and  
22 equipment to educate and serve the deaf population; and

23           WHEREAS, the General Assembly funded a study in the FY 2006 budget to determine  
24 the cost of a new facility, and

25           WHEREAS, the study revealed that a new facility would cost approximately \$31.16  
26 million; and

27           WHEREAS, there is state-owned property in Lincoln, Rhode Island on the campus of the  
28 Community College of Rhode Island which is suitable for the facility; and

29           WHEREAS, the project costs associated with constructing and equipping a new School  
30 for the Deaf are estimated to be \$31.16 million. The total financing obligation of the State of  
31 Rhode Island would be approximately \$31.25 million, with \$31.16 million deposited in the  
32 construction fund, and \$90,000 available to pay the associated costs of financing. Total payments  
33 on the State's obligation over twenty (20) years on the \$31.25 million issuance are projected to be  
34 \$49.6 million, assuming an average effective interest rate of 5.0%. The payments would be

1 financed within the Department of Administration from general revenue appropriations; now,  
2 therefore, be it

3 RESOLVED, That a new School for the Deaf is needed to provide an environment  
4 conducive to learning; and be it further

5 RESOLVED, That this General Assembly hereby approves financing in an amount not to  
6 exceed \$31.25 million for the construction of a new School for the Deaf; and be it further

7 RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by  
8 this General Assembly.

9 *SECTION 6. Garrahy Courthouse Parking Project.*

10 WHEREAS, given the current real estate marketplace, there is significant interest in  
11 mixed use developments within the City of Providence; and

12 WHEREAS, the Route I-195 relocation project is expected to cause significant disruption  
13 to the parking surrounding the Garrahy Courthouse, which is currently available for customers  
14 utilizing this facility and other buildings in the area; and

15 WHEREAS, the State needs to address the upcoming parking situation and can capture  
16 the significant increased value of the land caused by the current market demand for developable  
17 land in the City; and

18 WHEREAS, the State is prepared to entertain bids for a public private partnership to  
19 develop the land at the Garrahy Courthouse; and

20 WHEREAS, the intent is to partner with Rhode Island Housing and Mortgage Finance  
21 Corporation or another agency, if preferable, to establish a request for proposals (RFP) for a  
22 mixed use project consisting of parking, housing and retail; and

23 WHEREAS, the State would sell the property next to the courthouse (currently a parking  
24 lot) to the quasi-public agency who would then issue an RFP for prospective developers. The  
25 State would partner with the quasi-public agency to enter into a long term financial structure that  
26 would provide initial financial benefits for the State from the land sale and additional parking,  
27 and include provisions for long term revenues based on the upside potential of the project; now,  
28 therefore, be it

29 RESOLVED, That the State is authorized to enter into a long-term parking lease for court  
30 employee and other state employees, and develop a financing structure that would provide  
31 additional payments or other economic benefits or concessions to the State from the winning  
32 developer over a 20 to 30 year period; and be it further

33 RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by  
34 this General Assembly.

1           SECTION 7. *Energy Service Companies - Equipment Replacement.*

2           WHEREAS, in FY 2005 Rhode Island state government expended approximately \$38.0  
3 million on energy utilities for state-owned facilities; and

4           WHEREAS, energy prices increased significantly during FY 2006 and are expected to  
5 continue to rise in FY 2007; and

6           WHEREAS, the State of Rhode Island owns in excess of two hundred (200) buildings  
7 with boilers, heating systems, air conditioning systems, lighting and control systems many of  
8 which are antiquated, inefficient, and are expensive to maintain; and

9           WHEREAS, various private sector companies, hereinafter referred to as energy service  
10 companies or “ESCOs”, are willing to guarantee energy savings to pay for the cost of the  
11 replacement of these antiquated and inefficient boilers, heating and air conditioning, lighting and  
12 other building systems and equipment; and

13           WHEREAS, several state agencies are seeking to retain ESCOs to undertake energy  
14 service contracts; and

15           WHEREAS, State facilities/agencies seeking to undertake energy savings contracts to  
16 replace old and obsolete equipment that would be normally be done through the capital budget  
17 process and the estimated costs of such contracts include:

18           Department of Administration not to exceed \$6.0 million;

19           University of Rhode Island not to exceed \$18.1 million;

20           Rhode Island College not to exceed \$7.5 million;

21           Pastore Government Center Complex and Zambarano Complex not to exceed \$40.0  
22 million;

23           Rhode Island Airport Corporation not to exceed \$5.0 million;

24           now, therefore, be it

25           RESOLVED, That the State of Rhode Island is authorized to proceed with the  
26 aforementioned projects in the amounts specified above, exclusive of financing and servicing  
27 costs; and be it further

28           RESOLVED, That these contracts will be structured so that, at a minimum, the annual  
29 principal, interest and service and maintenance costs resulting from these contracts would be  
30 completely offset by the annual energy savings guaranteed by the ESCOs; and be it further

31           RESOLVED, That these contracts would be multi-year contracts of up to a term of  
32 eighteen years. In addition to saving energy and helping to protect the state from future energy  
33 cost increases, these contracts would aide in reducing maintenance costs by providing new  
34 equipment and replacing older energy consuming systems; and be it further



1 RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by  
2 this General Assembly.

3 SECTION 8. This article shall take effect upon passage.

4 **ARTICLE 8**

5 RELATING TO MOTOR VEHICLE EMISSIONS INSPECTION FEES

6 SECTION 1. Section 31-47.1-11 of the General Laws in Chapter 31-47.1 entitled “Motor  
7 Vehicle Emissions Inspection Program” is hereby amended to read as follows:

8 **31-47.1-11. Fees.** – (a) A fee of forty-seven dollars (\$47.00) is to be charged for each  
9 motor vehicle inspected. The amount of fees collected shall provide for the cost of the inspection,  
10 the costs of administering the motor vehicle emissions inspection program and other costs  
11 provided by law. The fee must be paid for each motor vehicle inspected at an emissions  
12 inspection station at the time of the inspection and is payable whether a compliance certificate,  
13 waiver certificate, or no certificate is issued. There shall be no fee charged for one reinspection of  
14 a vehicle that failed an initial inspection when the reinspection is conducted at the AIRS that  
15 conducted the initial inspection.

16 Of the forty-seven dollars (\$47.00) fee, eighteen dollars (\$18.00) shall be retained by the  
17 inspection station owner to cover the costs of performing the inspection. The remaining twenty-  
18 nine dollars (\$29.00) shall be remitted to the program manager. The program manager shall retain  
19 ~~thirteen dollars (\$13.00)~~ no more than ten dollars (\$10.00) of the fee and remit ~~the remaining~~  
20 ~~sixteen dollars (\$16.00)~~ no less than nineteen dollars (\$19.00) for deposit in the state general  
21 fund. The general assembly shall annually appropriate such sums as may be required to cover the  
22 costs of administering the program by the division of motor vehicles and the department of  
23 environmental management.

24 (b) The general assembly shall on or before June 30th of each calendar year review the  
25 costs and fees associated with the program with the goal of eliminating all fees being directed to  
26 the general fund and to eliminate all costs and fees not directly related and necessary to pay the  
27 costs of administering the motor vehicle emission inspection program as required under 40 CFR  
28 51.354(a).

29 SECTION 2. This article shall take effect on January 1, 2007.

30 **ARTICLE 9**

31 RELATING TO MUNICIPAL INCENTIVE PAY PROGRAMS

32 SECTION 1. Chapter 42-28.1 of the General Laws in Title 42 entitled “Municipal Police  
33 – Incentive Pay” is hereby repealed in its entirety.

34 ~~**§ 42-28.1-1. Incentive pay plan.**—There is hereby established an incentive pay program~~

1 in accordance with the provisions hereof, offering financial compensation to members of the  
2 state, city, town police departments, sheriffs and deputy sheriffs, members of the Rhode Island  
3 marshals' unit, Rhode Island capitol police and the state fire marshal and deputy fire marshals of  
4 the Rhode Island division of fire safety for college education credits in the field of police work.

5 § 42-28.1-2. Eligibility for plan.— Any full time member of any state, city, town police  
6 force, the sheriffs unit, the Rhode Island marshals' unit, the Rhode Island capitol police force,  
7 park police and conservation officer units of the division of enforcement of the department of  
8 environmental management and the state fire marshal and deputy state fire marshals of the Rhode  
9 Island division of fire safety shall be eligible for the plan established in this chapter provided he  
10 or she accumulates the requisite number of points under the schedule set forth in § 42-28.1-3.

11 § 42-28.1-3. Incentive steps.— (a) Advancement to each of the incentive salary steps  
12 shall be based on a point system as set forth in § 42-28.1-4 and shall be accomplished as follows:

Incentive	Increase Above	Points
Step	Basic Salary	Acquired
1	\$1,000	30
2	\$2,000	Associate Degree in
		Law Enforcement
3	\$3,000	Bachelor's Degree in
		Law Enforcement or
		Criminal Justice
4	\$3,500	Juris Doctor, Masters Degree
		in Law Enforcement provided
		the participant has achieved a
		Bachelor's Degree in Law
		Enforcement, criminal justice
		or law

27  
28 (b) Except that the state fire marshal and the deputy state fire marshals may be granted  
29 credit for a degree with a concentration in fire science.

30 § 42-28.1-4. Point system.— The points needed to be acquired in order to achieve the  
31 various incentive steps as set forth in § 42-28.1-3 shall be earned as follows:

32 (a) One hundred twenty (120) points for a baccalaureate degree in a university, college,  
33 technical institute, or other institution approved by the regional accrediting association of colleges  
34 and secondary schools.

1           ~~(b) Sixty (60) points for an associate degree awarded by any institution approved by the~~  
2 ~~regional accrediting association of colleges and secondary schools.~~

3           ~~(c) One point for each semester hour credit obtained in a university, college, technical~~  
4 ~~institute, or other institute of learning approved by the New England Association of Colleges and~~  
5 ~~Secondary Schools, with a concentration in police and legal studies and including studies in the~~  
6 ~~field of behavioral sciences, provided that the member is continuously enrolled in a law~~  
7 ~~enforcement degree program and is taking a minimum of nine (9) credit courses per year in said~~  
8 ~~program; and that a degree is obtained by the member within six (6) years from the time that he~~  
9 ~~or she receives his or her first credit under this program; provided, further, that upon disability or~~  
10 ~~hardship of a member the chief of training, division of personnel, may exempt that member from~~  
11 ~~the above requirements.~~

12           ~~**§ 42-28.1-5. Eligible expenses.**— Upon presentation of evidence of successful~~  
13 ~~completion of any course or courses as mentioned in § 42-28.1-4 to the chief of the department in~~  
14 ~~which any police officer is a member, then the respective town or city in which the officer is~~  
15 ~~employed shall reimburse him or her all his or her eligible expenses incurred by taking the~~  
16 ~~courses within a period of ninety (90) days from the submission. For the purposes of this section,~~  
17 ~~the words "eligible expenses" shall include the cost of tuition, books, and supplies but shall not~~  
18 ~~include any expenses related to courses in a program leading to a Bachelor of Laws (LLB) or a~~  
19 ~~Juris Doctor (JD) degree.~~

20           ~~Any city or town may enter into an agreement with any police officer upon acceptance to~~  
21 ~~law school while in the employ of said city or town.~~

22           ~~Said agreement may require the police officer to remain employed one month for each~~  
23 ~~month the officer received reimbursement for law school.~~

24           ~~Failure to meet said employment shall mandate the officer reimburse the city or town the~~  
25 ~~full amount paid by the city or town for law school.~~

26           ~~**§ 42-28.1-6. Payments.**— (a) Each of the chiefs of the various agencies shall supply to~~  
27 ~~the chief of training, division of personnel, on or before the first day of September of each year, a~~  
28 ~~list of all members of their respective agencies who have received incentive credits. The chief~~  
29 ~~shall certify the amount of incentive pay for each city and town, and the state controller is hereby~~  
30 ~~authorized and directed to draw his or her orders on the general treasurer for payment to the chief~~  
31 ~~of the sums to be certified to be distributed by him or her to the several city and town treasurers~~  
32 ~~for payment to the eligible police officers; provided, however, that if the appropriation in any~~  
33 ~~fiscal year is not sufficient to pay in full the total amount which is eligible to be distributed during~~  
34 ~~the fiscal year, the maximum amounts which the eligible police officers are eligible to receive~~

1 shall be ratably reduced to the level of the appropriation. The state shall not be responsible for  
2 payment of any of the "eligible expenses" as defined in § 42-28.1-5 except for payment of the  
3 eligible expenses of deputy sheriffs. Payment of all other expenses shall be the exclusive  
4 responsibility of the respective city or town.

5 (b) Individual incentive payments shall remain fixed at the dollar amount obtained by the  
6 incentive point score attained as of September 1, 1978, and will not increase until the additional  
7 required incentive points have been earned.

8 (c) No participant in this program shall receive an incentive award in an amount less than  
9 the amount he or she received in the fiscal year ending June 30, 1979.

10 (d) Those who are participants in this program as of September 1, 1978, and who do not  
11 have a degree nor are enrolled in a degree program, must enroll in a degree program by January 1,  
12 1980, in order to be eligible for the incentive award payments

13 ~~§ 42-28.1-7. Appropriation.~~ The state of Rhode Island shall bear the expense for  
14 incentive payments. The general assembly shall annually appropriate such sums as it may deem  
15 necessary to carry out the provisions of this chapter; and the controller is hereby authorized and  
16 directed to draw his or her orders upon the general treasurer for the payment of such sum or so  
17 much thereof as may be required from time to time, upon receipt by him or her of duly  
18 authenticated vouchers.

19 ~~§ 42-28.1-8. Eligible education.~~ No credit shall be granted for any degree other than  
20 those specified in § 42-28.1-3. No credit shall be granted to members of city or town police forces  
21 for degrees awarded prior to May 1, 1967. No credit shall be granted to members of the state  
22 police force and division of fire safety for degrees awarded prior to May 16, 1970. No credit shall  
23 be granted to members of the sheriffs' unit for degrees awarded prior to January 1, 1970. No  
24 credit shall be granted to members of the Rhode Island marshals' unit or Rhode Island capitol  
25 police force for degrees awarded prior to June 30, 1987, except for those members of the  
26 marshals' unit or capitol police force presently in service.

27 ~~§ 42-28.1-9. Ineligibility for other incentive payments.~~ Any person receiving  
28 educational incentive payments under this chapter is ineligible for additional incentive payments  
29 as contained in the in-service training program for state employees, as contained in the state  
30 personnel rules or in § 36-4-44 or in any other chapter relating to incentive in-service training  
31 programs.

32 SECTION 2. Chapter 42-28.4 of the General Laws in Title 42 entitled "Municipal  
33 Firefighters – Incentive Pay" is hereby repealed in its entirety.

34 ~~§ 42-28.4-1. Incentive pay plan.~~ There is hereby established an incentive pay program

1 ~~in accordance with the provisions hereof, offering financial compensation to members of the~~  
2 ~~various city and town fire departments and fire districts and the Cumberland rescue department~~  
3 ~~and emergency service technicians of the town of Lincoln for furthering their education so as to~~  
4 ~~improve their professional competency.~~

5 ~~**§ 42-28.4-2. Eligibility for plan.**—Any full-time member of any city or town fire~~  
6 ~~department, the Cumberland rescue department, emergency service technicians of the town of~~  
7 ~~Lincoln, any salaried, full-time official, and any salaried, full-time firefighter of any incorporated~~  
8 ~~fire district shall be eligible for the plan established in this chapter provided he or she~~  
9 ~~accumulates the requisite number of points under the schedule set forth in § 42-28.4-3.~~

10 ~~**§ 42-28.4-3. Incentive steps.**—Advancement to each of the incentive award steps shall~~  
11 ~~be based on a point system as set forth in § 42-28.4-4 and shall be accomplished as follows:~~

<del>Incentive</del>	<del>Increase Above</del>	<del>Points</del>
<del>Step</del>	<del>Basic Salary</del>	<del>Acquired</del>
<del>1</del>	<del>\$1,000</del>	<del>30</del>
<del>2</del>	<del>\$2,000</del>	<del>Associate Degree</del>
<del>3</del>	<del>\$3,000</del>	<del>Baccalaureate Degree</del>

17 ~~**§ 42-28.4-4. Point system.**—The points needed to be acquired in order to achieve the~~  
18 ~~various incentive steps as set forth in § 42-28.4-3 shall be earned as follows:~~

19 ~~(a) One hundred forty (140) points for a baccalaureate degree in a university, college,~~  
20 ~~technical institute, or other institution approved by the regional accrediting association of colleges~~  
21 ~~and secondary schools for the area in which the institution is located.~~

22 ~~(b) Seventy (70) points for an associate degree awarded by any institution approved by~~  
23 ~~the regional accrediting association of colleges and secondary schools for the area in which the~~  
24 ~~institution is located.~~

25 ~~(c) One point for each semester-hour credit obtained in a university, college, technical~~  
26 ~~institute, or other institute of learning approved by the regional accrediting association of colleges~~  
27 ~~and secondary schools for the area in which the institution is located, with a concentration related~~  
28 ~~to fire science, provided that the member is continuously enrolled in a degree program and is~~  
29 ~~taking at least nine (9) semester hours per year in the program and that a degree is obtained;~~  
30 ~~provided, however, that upon disability or hardship of a member, the chief of classification and~~  
31 ~~training, division of personnel may exempt the member from the above requirements.~~

32 ~~**§ 42-28.4-5. Payments.**—(a) The chiefs of the various fire departments and fire districts~~  
33 ~~and Cumberland rescue department and emergency service technicians of the town of Lincoln~~  
34 ~~shall supply to the chief of classification and training, division of personnel, on or before the first~~

1 ~~day of September of each year, a list of all members of the respective departments who have~~  
2 ~~earned incentive credits from July 1, 1970. The chief shall certify the amount of incentive pay for~~  
3 ~~each firefighter or Cumberland rescue personnel and emergency service technicians of the town~~  
4 ~~of Lincoln and the state controller is hereby authorized and directed to draw his or her orders~~  
5 ~~upon the general treasurer for payment to the chief of the sums to be distributed by him or her to~~  
6 ~~the several city and town treasurers who shall in turn distribute these funds to the eligible~~  
7 ~~firefighters or Cumberland rescue personnel and emergency service technicians of the town of~~  
8 ~~Lincoln; provided, however, that if the appropriation in any fiscal year is not sufficient to pay in~~  
9 ~~full the total amount which is eligible to be distributed during the fiscal year, the maximum~~  
10 ~~amounts which the eligible firefighters or Cumberland rescue personnel, and emergency service~~  
11 ~~technicians of the town of Lincoln are eligible to receive shall be ratably reduced to the level of~~  
12 ~~the appropriation.~~

13 ~~(b) Individual incentive payments shall remain fixed at the dollar amount obtained by the~~  
14 ~~incentive point score attained as of September 1, 1978, and will not increase until the additional~~  
15 ~~required incentive points have been earned.~~

16 ~~(c) No participant in this program shall receive an incentive award in an amount less than~~  
17 ~~the amount he or she received in the fiscal year ending June 30, 1979.~~

18 ~~(d) Firefighters who are participants in this program as of September 1, 1978 and who do~~  
19 ~~not have a degree nor are enrolled in a degree program must enroll in a degree program by~~  
20 ~~January 1, 1980 in order to be eligible for the incentive award payments.~~

21 ~~**§ 42-28.4-6. Appropriation.**—The state of Rhode Island shall bear the expense for~~  
22 ~~incentive payments. The general assembly shall annually appropriate such sums as it may deem~~  
23 ~~necessary to carry out the provisions of this chapter; and the controller is hereby authorized and~~  
24 ~~directed to draw his or her orders upon the general treasurer for the payment of such sum or so~~  
25 ~~much thereof as may be required from time to time upon receipt by him or her of duly~~  
26 ~~authenticated vouchers.~~

27 ~~**§ 42-28.4-7. Eligible education.**—No credit shall be granted for any degree other than in~~  
28 ~~a major concentration related to fire science, nor for any degree awarded prior to July 5, 1970.~~

29 SECTION 3. This article shall take effect upon passage.

30 **ARTICLE 10**

31 **RELATING TO DIVISION OF MOTOR VEHICLES**

32 SECTION 1. Section 31-2-6 of the General Laws in Chapter 31-2 entitled “Division of  
33 Motor Vehicles” is hereby amended to read as follows:

34 **§ 31-2-6. Offices.** — The administrator shall maintain offices in those places in the state

1 that he or she may deem necessary to properly carry out the powers and duties vested in the  
2 division of motor vehicles. ~~The administrator shall maintain a branch office in the town of~~  
3 ~~Warren and keep that office open for business at least three (3) days per week.~~

4 SECTION 2. This article shall take effect as of July 1, 2006.

5 **ARTICLE 11**

6 **RELATING TO RESTRICTED RECEIPT ACCOUNTS**

7 SECTION 1. Section 35-4-27 of the General Laws in Chapter 35-4 entitled “State  
8 Funds” is hereby amended to read as follows:

9 **§ 35-4-27. Indirect cost recoveries on restricted receipt accounts.** – Indirect cost  
10 recoveries of ten percent (10%) of cash receipts shall be transferred from all restricted receipt  
11 accounts, to be recorded as general revenues in the general fund. However, there shall be no  
12 transfer from cash receipts with restrictions received exclusively: (1) from contributions from  
13 non-profit charitable organizations; (2) from the assessment of indirect cost recovery rates on  
14 federal grant funds; or (3) through transfers from state agencies to the department of  
15 administration for the payment of debt service. These indirect cost recoveries shall be applied to  
16 all accounts, unless prohibited by federal law or regulation, court order, or court settlement. The  
17 following restricted receipt accounts shall not be subject to the provisions of this section:

18 Department of Human Services

19 Veterans' home – Restricted account

20 Veterans' home – Resident benefits

21 Organ transplant fund

22 [Veteran’s Cemetery Memorial Fund](#)

23 Department of Environmental Management

24 National heritage revolving fund

25 Environmental response fund II

26 Underground storage tanks

27 Rhode Island Council on the Arts

28 Art for public facilities fund

29 Rhode Island Historical Preservation and Heritage Commission

30 Historic preservation revolving loan fund

31 Historic Preservation loan fund – Interest revenue

32 State Police

33 Forfeited property – Retained

34 Forfeitures – Federal





1 appropriation for hardship contingency, the director of the department of human services, in his  
2 or her sole discretion, may authorize payments of cash assistance benefits up to two hundred  
3 dollars (\$200) per month upon a showing of hardship by an individual who is eligible for general  
4 public assistance medical benefits under Section 40-6-3.1; provided, however, that individuals  
5 who are determined eligible for medical assistance (“Medicaid”) under Title XIX of the Social  
6 Security Act, 42 U.S.C. Section 1396 et seq., or who are determined eligible to receive an interim  
7 cash assistance payment for the disabled pursuant to Section 40-6-28, shall not be eligible for  
8 assistance under this section. The director shall not be required to promulgate any new,  
9 additional or separate rules or regulations in connection with his or her disbursement of the  
10 contingency fund created hereby.

11 SECTION 2. This article shall take effect as of July 1, 2006.

## 12 ARTICLE 13

### 13 RELATING TO HOSPITAL UNCOMPENSATED CARE

14 SECTION 1. Sections 40-8.3-2 and 40-8.3-3 of the General Laws in Chapter 40-8.3  
15 entitled “Uncompensated Care” are hereby amended to read as follows:

16 **§ 40-8.3-2. Definitions.** – As used in this chapter:

17 (1) "Base year" means for the purpose of calculating a disproportionate share payment for  
18 any fiscal year ending after September 30, 2005, the period from October 1, 2003 through  
19 September 30, 2004.

20 (2) "Medical assistance inpatient utilization rate for a “hospital” means a fraction  
21 (expressed as a percentage) the numerator of which is the hospital's number of inpatient days  
22 during the base year attributable to patients who were eligible for medical assistance during the  
23 base year and the denominator of which is the total number of the hospital's inpatient days in the  
24 base year.

25 (3) "Participating hospital" means any nongovernment and nonpsychiatric hospital that:  
26 (i) was licensed as a hospital in accordance with chapter 17 of title 23 during the base year, (ii)  
27 achieved a medical assistance inpatient utilization rate of at least one percent (1%) during the  
28 base year, and (iii) continues to be licensed as a hospital in accordance with chapter 17 of title 23  
29 during the payment year.

30 (4) "Uncompensated care costs" means, as to any hospital, the sum of: (i) the cost  
31 incurred by such hospital during the base year for inpatient or outpatient services attributable to  
32 charity care (free care and bad debts) for which the patient has no health insurance or other third-  
33 party coverage less payments, if any, received directly from such patients and (ii) the cost  
34 incurred by such hospital during the base year for inpatient or out-patient services attributable to



1 Care- State Subsidies” is hereby amended to read as follows:

2 **§ 40-6.2-1.1. Rates Established.** -- (a) Subject to the payment limitations in section (b),  
3 the maximum reimbursement rates to be paid by the Departments of Human Services and  
4 Children, Youth and Families for licensed child care centers and certified family-child care  
5 providers shall be based on the following schedule of the 75th percentile of weekly market rates:

6 LICENSED 75th PERCENTILE  
7 CHILD CARE OF WEEKLY  
8 CENTERS MARKET RATE

9  
10 INFANT \$182.00  
11 PRESCHOOL \$150.00  
12 SCHOOL-AGE \$135.00

13  
14 CERTIFIED 75th  
15 FAMILY PERCENTILE  
16 CHILD CARE OF WEEKLY  
17 PROVIDERS MARKET RATE

18  
19 INFANT \$150.00  
20 PRESCHOOL \$150.00  
21 SCHOOL-AGE \$135.00

22 (b) The department shall pay child care providers based on the lesser of the applicable  
23 rate specified in section (a), or the lowest rate actually charged by the provider to any of its public  
24 or private child care customers with respect to each of the rate categories, infant, preschool and  
25 school-age.

26 (c) By June 30, 2004 and biennially thereafter, the Department of Labor and Training  
27 shall conduct an independent survey or certify an independent survey of the then current weekly  
28 market rates for child care in Rhode Island and shall forward such weekly market rate survey to  
29 the Department of Human Services. The Departments of Human Services and Labor and Training  
30 will jointly determine the survey criteria including, but not limited to, rate categories and sub-  
31 categories. The 75th percentile of weekly market rates in the table in subsection (a) shall be  
32 adjusted by the surveys conducted under this subsection, beginning January 1, 2006 and  
33 biennially thereafter; provided, however, that the weekly market rates in the table in subsection  
34 (a) shall be adjusted by the 2004 market rate survey beginning July 1, ~~2006~~ 2007. For the

1 purposes of this section, and until adjusted in accordance with this subsection, the 75th percentile  
2 of weekly market rate shall mean the 2002 Department of Human Services Child Care Market  
3 Survey.

4 (d) The department of human services is authorized and directed to establish rates of  
5 reimbursement for appropriate child care provided to children older than twelve (12) years of age,  
6 so as to implement the provisions of § 40- 5.1-17(b).

7 (e) In order to expand the accessibility and availability of quality child care, the  
8 department of human services is authorized to establish by regulation alternative or incentive  
9 rates of reimbursement for quality enhancements, innovative or specialized child care and  
10 alternative methodologies of child care delivery, including non-traditional delivery systems and  
11 collaborations.

12 SECTION 2. This article shall take effect as of July 1, 2006.

### 13 ARTICLE 15

#### 14 RELATING TO NURSING FACILITIES

15 SECTION 1. Section 40-8-19 -of the General Laws in Chapter 40-8 entitled “Medical  
16 Assistance” is hereby amended to read as follows:

17 **§ 40-8-19. Rates of payment to nursing facilities.** – (a) The rates to be paid by the state  
18 to nursing facilities licensed pursuant to chapter 17 of title 23, and certified to participate in the  
19 title XIX medicaid program for services rendered to medicaid-eligible residents, shall be  
20 reasonable and adequate to meet the costs which must be incurred by efficiently and  
21 economically operated facilities in accordance with 42 U.S.C. § 1396a(a)(13). The department of  
22 human services shall promulgate or modify the principles of reimbursement for nursing facilities  
23 currently in effect on July 1, 2003 to be consistent with the provisions of this section and title  
24 XIX, 42 U.S.C. § 1396 et seq., of the Social Security Act.

25 (b) *Rate reform.* Subject to the phase-in provisions in subsections (c) and (d) below, the  
26 department shall, on or before October 1, 2005, modify the principles of reimbursement for  
27 nursing facilities to include the following elements:

28 (1) Annual base years;

29 (2) Four (4) cost centers: direct labor, property, other operating, and pass through items;

30 (3) Re-array of costs of all facilities in the labor and other operating cost centers every  
31 three (3) years beginning with calendar year 2002;

32 (4) A ceiling maximum for allowable costs in the direct labor cost center to be  
33 established by the department between one hundred ten percent (110%) and one hundred twenty-  
34 five percent (125%) of the median for all facilities for the most recent array year.

1 (5) A ceiling maximum for allowable costs in the other operating cost center to be  
2 established by the department between ninety percent (90%) and one hundred fifteen percent  
3 (115%) of the median for all facilities for the most recent array year;

4 (6) Adjustment of costs and ceiling maximums by the increase in the National Nursing  
5 Home Price Index ("NNHPI") for the direct labor cost center and the other operating cost center  
6 for year between array years; such adjustments to be applied on October 1st of each year  
7 beginning October 1, 2003 for the direct labor cost center and October 1, 2005 for the other  
8 operating cost center, except for the fiscal year beginning July 1, 2006 for which the price index  
9 shall be applied on January 1, 2007.

10 (7) Application of a fair rental value system to be developed by the department for  
11 calculating allowable reimbursement for the property cost center;

12 (8) Such quality of care and cost containment incentives as may be established by  
13 departmental regulations.

14 (c) Phase I Implementation. The department shall file a state plan amendment with the  
15 U.S. Department of Health and Human Services on or before August 1, 2003 to modify the  
16 principles of reimbursement for nursing facilities, to be effective on October 1, 2003, or as soon  
17 thereafter as is authorized by an approved state plan amendment, to establish the direct labor cost  
18 center and the pass through items cost center utilizing calendar year 2002 cost data, and to apply  
19 the ceiling maximums in subsections (b)(4) and (b)(5) above. Nursing facilities whose allowable  
20 2002 direct labor costs are below the median in the direct labor cost center may make application  
21 to the department for a direct labor cost interim payment adjustment equal to twenty-five percent  
22 (25%) of the amount such allowable 2002 direct labor costs are below the median in the direct  
23 labor cost center, provided that the interim payment adjustment granted by the department on or  
24 after October 1, 2003 must be expended by the facility on expenses allowable within the direct  
25 labor cost center, and any portion of the interim payment not expended on allowable direct labor  
26 cost center expenses shall be subject to retroactive adjustment and recoupment by the department  
27 upon the department's determination of a final direct labor payment adjustment after review of the  
28 facility's actual direct labor expenditures. The final direct labor payment adjustment will be  
29 included in the facility's October 1, 2004 rate until the facility's next base year.

30 (d) Phase II Implementation. The department shall file a state plan amendment with the  
31 U.S. Department of Health and Human Services to modify the principles of reimbursement for  
32 nursing facilities, to be effective on September 1, 2004, or as soon thereafter as is authorized by  
33 an approved state plan amendment, to establish a fair rental value system for calculating  
34 allowable reimbursement for the property cost center in accordance with subsection (b)(7) above;

1 provided, however, that no facility shall receive a payment as of September 1, 2004 for property-  
2 related expenses pursuant to the fair rental value system that is less than the property-related  
3 payment they would have received for the other property-related ("OPR") cost center system in  
4 effect as of June 30, 2004.

5 SECTION 2. This article shall take effect upon passage.

6 **ARTICLE 16**  
7 **RELATING TO RESOURCE RECOVERY CORPORATION**

8 SECTION 1. Section 23-19-13 of the General Laws in Chapter 23-19 entitled "Rhode  
9 Island Resource Recovery Corporation" is hereby amended to read as follows:

10 **§ 23-19-13. Municipal participation in state program.** – (a) Any person or  
11 municipality which intends to transfer, treat, or dispose of solid waste originating or collected  
12 within the state, or which intends to make arrangements to do so, shall utilize, exclusively, a  
13 system or facility designated by the corporation as provided under this chapter. All transfer  
14 stations in existence as of December 1, 1986 are empowered so long as they maintain the  
15 appropriate license to continue their operations, and the corporation shall not exercise its powers  
16 under this chapter to compete with their operation and activity. No municipality shall have power  
17 to engage in, grant any license, or permit for or enter into any contract for the collection,  
18 treatment, transportation, storage, or disposal of solid waste, and no municipality or any person  
19 shall engage in any activities within the state, including disposal of solid waste, which would  
20 impair the ability of the corporation to meet its contractual obligations to its bondholders and  
21 others, or which would be in competition with the purposes of the corporation as provided in this  
22 chapter. The corporation shall not be empowered to engage in the transportation, transfer, or  
23 storage of solid waste, except in temporary situations where a municipality has defaulted in its  
24 obligation under this section, or in conjunction with its activities at its disposal sites. Provided,  
25 however, that municipal contracts which were in existence on March 1, 1985, are excepted from  
26 this requirement until expiration of the original term of the contract or the expiration of any  
27 extension approved by the corporation, or sooner termination of the contracts, and provided,  
28 further, that municipalities operating their own landfills on December 1, 1986 shall be free to  
29 continue to use the landfills until closure of the landfills. Without limiting the generality of the  
30 preceding, municipalities and persons are expressly empowered to contract with the corporation  
31 and/or, subject to the approval of the corporation, with a duly licensed private disposal facility for  
32 the disposal of solid wastes. The approval shall be conditioned upon a finding by the board of  
33 commissioners of the corporation that any proposed contract with a Rhode Island municipality or  
34 person is in conformity with the statewide resource recovery system development plan and this

1 chapter, and that the proposed contract will not impair the ability of the corporation to meet its  
2 contractual obligations to its bondholders and others. The contracts may have a maximum total  
3 term, including all renewals, of up to fifty (50) years.

4 (2) The corporation shall charge fees for its solid waste management services that,  
5 together with other revenues available to the corporation, will, at a minimum, be sufficient to  
6 provide for the support of the corporation and its operations on a self-sustaining basis, including  
7 debt service on its bonds and other obligations.

8 (b) Insofar as the provisions of this chapter are inconsistent with the provisions of any  
9 other laws of this state, general, special, or local, restricting the power of any municipality to  
10 enter into long term contracts with the corporation, the provisions of this chapter shall be  
11 controlling. The corporation shall provide suitable and appropriate assistance to communities  
12 under these circumstances. Notwithstanding the preceding, if the corporation deems it desirable,  
13 it may from time to time permit municipalities to contract among themselves for the disposal of  
14 their wastes.

15 (c) Municipalities, along with private producers of waste which contract with the  
16 corporation for disposal of their wastes, shall continue to be free to make their own arrangements  
17 for collection of wastes at the source and/or the hauling of wastes to the designated processing  
18 and/or transfer stations, so long as those arrangements are in compliance with the provisions of  
19 chapter 18.9 of this title and with this chapter, and any municipal license relating thereto.

20 (d) All municipalities and state agencies which are participants in the state waste disposal  
21 program shall initiate a separation and recycling program within one year after the date on which  
22 the resource recovery facility utilized by that municipality or agency is operational and accepting  
23 waste for incineration.

24 (e)(1) The corporation and any municipality may enter into a contract or contracts  
25 providing for or relating to the disposal of solid waste originating in the municipality and the cost  
26 and expense of the disposal.

27 (2) The contract may be made with or without consideration and for a specified or  
28 unspecified time not to exceed fifty (50) years, and on any terms and conditions which may be  
29 approved by the municipality and which may be agreed to by the corporation in conformity with  
30 its contracts with the holders of any bonds or other obligations. Subject to the contracts with the  
31 holders of bonds, the municipality is authorized and directed to do and perform any and all acts or  
32 things necessary, convenient, or desirable to carry out and perform the contract and to provide for  
33 the payment or discharge of any obligation under the contract in the same manner as other  
34 obligations of the municipality.

1 (f) The municipalities and the state have shared responsibility for the payment of the cost  
2 of municipal solid waste disposal. The state will pay its share of the cost of the solid waste  
3 disposal services to be provided by the corporation to the municipalities at its solid waste  
4 management facilities and its central landfill in the town of Johnston, and at any back-up facility  
5 which the corporation is required to provide, by providing solid waste disposal operating  
6 subsidies as provided in subsections (i) and (j).

7 (g)(1) The corporation shall charge each municipality with which it has a long-term  
8 contract for solid waste disposal services a tipping fee per ton of source separated solid waste  
9 excluding separated recyclable materials, sludge, and demolition debris delivered to any  
10 corporation facility computed in accordance with this subsection. For purposes of this chapter,  
11 "fiscal year" shall mean the twelve-month period, July 1 to June 30. The municipal tipping fee  
12 shall be equal to one hundred seven and one-half percent (107.5%) of the prior fiscal year's  
13 municipal tipping fee through the end of the 2009 fiscal year. One dollar and ten cents (\$1.10) per  
14 ton on all garbage, including recycled garbage, collected by the corporation as tipping fee shall be  
15 paid to the town of Johnston. In addition to any other fees the corporation shall also charge a  
16 three dollar (\$3.00) tipping fee per vehicle. Any vehicle carrying municipal solid waste shall be  
17 exempt from this three dollar (\$3.00) tipping fee. All fees collected shall be paid to the town of  
18 Johnston on a biannual basis. No tipping fee shall be charged for recyclable materials delivered to  
19 a recycling facility provided by or through the corporation. The corporation shall annually make  
20 \$600,000.00 available to be distributed pro rata as grants based on applications by municipalities  
21 that achieved less than twenty (20) percent materials recycling facility ("MRF") recycling rate in  
22 the previous fiscal year. Such grant dollars must be used by the receiving municipality to  
23 increase recycling efforts by implementing programs to achieve a twenty (20) percent MRF  
24 recycling rate. The corporation shall also annually make \$400,000.00 available to be distributed  
25 pro rata as grants based on applications by municipalities that achieved a twenty (20) percent  
26 MRF recycling rate in the previous fiscal year. Such grant dollars must be used by the receiving  
27 municipality to continue its recycling programs. Municipalities may collect and include  
28 recyclables collected from the commercial sector that are included in the municipal recycling  
29 program in order to achieve a twenty (20) percent MRF recycling rate. The applications from  
30 municipalities for recycling grants shall be first reviewed by an advisory committee comprised by  
31 designees from the corporation, DEM and the Statewide Planning Office, with a recommendation  
32 provided to the corporation by said committee.

33 (2) Notwithstanding the provisions of subdivision (g)(1), the municipal tipping fee may  
34 be increased, if, due to the commencement of operation of a new resource recovery facility during



1 the previous fiscal year, the state subsidy as calculated pursuant to subsection (i), not considering  
2 landfill revenues and losses, is projected to be greater than the state subsidy projected by the  
3 corporation and the department of administration when the projections were officially accepted  
4 by the corporation on the basis of contracts entered into for the initial resource recovery facility.  
5 The amount by which the projected state subsidy exceeds the original projections will be  
6 apportioned between the state and the municipalities in the same ratio as the state subsidy for the  
7 previous year divided by the number of tons of municipal solid waste processed by the  
8 corporation bears to the municipal tipping fee for that year. The increased municipal tipping fee  
9 herein provided shall be subject to the same escalation factor as the municipal tipping fee set forth  
10 above.

11 (3) The corporation shall establish in the contract, the maximum amount of municipal  
12 solid waste that each municipality will be entitled to deliver to the corporation at the municipal  
13 tipping fee. Solid waste in excess of the contract amount will be charged to the municipality at the  
14 non-municipal rate. In determining the maximum amount of municipal solid waste which will  
15 qualify for the municipal tipping fee, the corporation shall consider the municipality's solid waste  
16 per capita average, the statewide solid waste per capita average, and any other factors that it shall  
17 deem appropriate.

18 (4) Seaweed collected and removed by a municipality shall be deemed "yard waste" for  
19 purposes of this chapter and any rules, regulations and/or plans promulgated by the corporation  
20 pursuant to this chapter, and shall be accepted by the corporation at the same rate and cost as all  
21 other municipal yard waste.

22 (h) The corporation, after the initial resource recovery facility becomes operational, shall  
23 charge each non-municipal user of its facilities a fee per ton equal to the projected annual  
24 resource recovery system cost less energy revenues and interest earnings on bond reserve funds,  
25 if any, divided by the projected tons to be processed by the corporation at its resource facilities  
26 for the year. Landfill costs shall not be considered in the calculation unless landfill costs exceed  
27 revenues generated at the landfills; in those cases, excess landfill costs will be added to the  
28 system costs.

29 (i) The annual state subsidy for the cost of disposal of municipal solid waste shall be  
30 calculated for each fiscal year or portion of each fiscal year according to the following formula:  
31 The annual state subsidy shall equal the total projected annual resource recovery system costs  
32 (minus costs associated with the central landfill) for the next fiscal year less the sum of the  
33 following: (1) projected resource recovery system revenues for the year; and (2) projected landfill  
34 revenues; provided, however, that in the event that the landfill is projected to operate at a loss, the

1 amount of the loss shall be added to the subsidy.

2 (j)(1) On or before October 1 of each year, the corporation shall submit a budget to the  
3 director of administration for the succeeding fiscal year using actual resource recovery system  
4 revenues and costs, and the audit of the preceding fiscal year prepared by the corporation's  
5 independent auditors and accepted by the auditor general. On or before December 1 of each year,  
6 the director of administration, in consultation with the corporation, shall review the budget of the  
7 corporation and shall determine and certify the annual state subsidy for the succeeding fiscal year  
8 to the governor who shall submit to the general assembly printed copies of a budget which shall  
9 include the state subsidy as previously determined in this subsection. The state subsidy  
10 appropriation shall be on a system basis but shall contain specific appropriations for each  
11 resource recovery facility. If the amount appropriated exceeds the amount needed for a specific  
12 facility, the corporation, with the approval of the director of administration, may reallocate the  
13 appropriated but unadvanced funds to other corporation facilities or costs. If the audit prepared by  
14 the corporation's independent auditors indicates that the amounts appropriated and disbursed to  
15 the corporation as a subsidy were in excess of the amounts which would have been required for  
16 the year if actual resource recovery system revenues and costs had been used in the calculation of  
17 the subsidy, the excess shall be credited against the current fiscal year's subsidy.

18 (2) At any time, if the corporation determines that the state subsidy will be insufficient  
19 to discharge the corporation's obligations for the current fiscal year, it shall request, in writing, to  
20 the director of administration for a supplemental appropriation. After review, the director of  
21 administration will recommend to the governor additional funding for the corporation, and the  
22 governor after further review, shall submit a supplemental appropriation bill request for the funds  
23 to the general assembly.

24 (3) From the appropriations made by the general assembly, the state controller is  
25 authorized and directed to draw his or her orders upon the general treasurer every month for the  
26 payment of those sums that may be required upon receipt by him or her of properly authenticated  
27 vouchers.

28 (k) If, in any fiscal year, the appropriation for the state subsidy is not made and if the  
29 corporation has insufficient other funds to discharge its obligations to holders of its bonds and  
30 notes as certified by the state auditor general, the corporation shall be empowered to charge both  
31 municipal and non-municipal users whatever fees are necessary to discharge its obligations to  
32 holders of its bonds and notes, and the municipal tipping fee set forth in subsection (g) shall not  
33 be applicable for the fiscal year.

34 (l) On or after the date established for separation of recyclable solid waste in the

1 statewide plan for separation of recyclables by the department of environmental management,  
2 only segregated solid waste shall be accepted at the corporation's facilities.

3 (m) Costs associated with participation in the state program shall not constitute state  
4 mandated costs under § 45-13-7.

5 SECTION 2. Section 39-3-11.2 of the General Laws in Chapter 39-3 entitled "Regulatory  
6 Powers of Administration" is hereby amended to read as follows:

7 **§ 39-3-11.2. Interim rates.** -- Notwithstanding the provisions of titles 23 and 39, the  
8 municipal tipping fee charged by the resource recovery corporation shall be thirty-two dollars  
9 (\$32.00) per ton from July 1, ~~2005~~ [2006](#) to June 30, ~~2006~~ [2007](#).

10 SECTION 3. This article shall take effect as of July 1, 2006.

## 11 ARTICLE 17

### 12 RELATING TO STATE AID

13 SECTION 1. Section 45-13-5.1 of the General Laws in Chapter 45-13 entitled "State  
14 Aid" is hereby amended to read as follows:

15 **§ 45-13-5.1. General assembly appropriations in lieu of property tax from certain**  
16 **exempt private and state properties.** – (a) In lieu of the amount of local real property tax on  
17 real property owned by any private nonprofit institution of higher education, or any nonprofit  
18 hospital facility, or any state owned and operated hospital, veterans' residential facility, [juvenile](#)  
19 [residential facility authorized by Section 2 of Article 43 of Chapter 595 of the Public Laws of](#)  
20 [2004, airports serving more than 1,000,000 passengers](#), or correctional facility occupied by more  
21 than 100 residents which may have been or will be exempted from taxation by applicable state  
22 law, exclusive of any facility operated by the federal government, the state of Rhode Island, or  
23 any of its subdivisions, the general assembly shall annually appropriate for payment to the several  
24 cities and towns in which the property lies a sum equal to twenty-seven percent (27%) of all tax  
25 that would have been collected had the property been taxable.

26 (b) As used in this section, "private nonprofit institution of higher education" means any  
27 institution engaged primarily in education beyond the high school level, the property of which is  
28 exempt from property tax under any of the subdivisions, and "nonprofit hospital facility" means  
29 any nonprofit hospital licensed by the state and which is used for the purpose of general medical,  
30 surgical, or psychiatric care and treatment.

31 (c) The grant payable to any municipality under the provision of this section shall be  
32 equal to twenty-seven percent (27%) of the property taxes which, except for any exemption to  
33 any institution of higher education or general hospital facility, would have been paid with respect  
34 to that exempt real property on the assessment list in the municipality for the assessment date of

1 December 31, 1986 and with respect to such exempt real property appearing on an assessment list  
2 in the municipality on succeeding assessment dates.

3 (d) The state budget offices shall include the amount of the annual grant in the state  
4 budget for the fiscal year commencing July 1, 1988 and each fiscal year thereafter. The amount of  
5 the annual grant payable to each municipality in any year in accordance with this section shall be  
6 reduced proportionately in the event that the total of the annual grants in any year exceeds the  
7 amount appropriated that year for the purposes of this section. Provided further that the grant  
8 amount paid in state FY 2006-2007 for airports servicing more than 1,000,000 passengers shall be  
9 one half the full entitlement amount.

10 (e) Distribution of appropriations shall be made by the state on or before July 31 of 1988  
11 and each July 31 thereafter, and the payments may be counted as a receivable by any city or town  
12 for a fiscal year ending the preceding June 30.

13 (f) Any act or omission by the state with respect to this chapter shall in no way diminish  
14 the duty of any town or municipality to provide public safety or other ordinary services to the  
15 properties or facilities of the type listed in subsection (a).

16 (g) Provided, that payments authorized pursuant to this section shall be reduced pro rata,  
17 for that period of time that the municipality suspends or reduces essential services to eligible  
18 facilities. For the purposes of this section "essential services" include, but are not to be limited to,  
19 police, fire and rescue.

20 SECTION 2. Section 45-13-1 of the General Laws in Chapter 45-13 entitled "State Aid"  
21 is hereby amended to read as follows:

22 **§ 45-13-1. Apportionment of annual appropriation for state aid.** – (a) As used in this  
23 chapter, the following words and terms have the following meanings:

24 (1) "Population" means the most recent estimates of population for each city and town as  
25 reported by the United States department of commerce, bureau of the census.

26 (2) "Income" means the most recent estimate of per-capita income for a city, town or  
27 county as reported by the United States department of commerce, bureau of the census.

28 (3) "Tax effort" means the total taxes imposed by a city or town for public purposes or  
29 the totals of those taxes for the cities or towns within a county (except employee and employer  
30 assessments and contributions to finance retirement and social insurance systems and other  
31 special assessments for capital outlay) determined by the United States secretary of commerce for  
32 general statistical purposes and adjusted to exclude amounts properly allocated to education  
33 expenses.

34 (4) "Reference year" means the second fiscal year preceding the beginning of the fiscal

1 year in which the distribution of state aid to cities and towns is made.

2 (b) Aid to cities and towns shall be apportioned as follows: For each county, city or town,  
3 let R be the tax effort divided by the square of per capita income, i.e.,  $R = (\text{tax effort})/(\text{income} \times$   
4  $\text{income})$ .

5 The amount to be allocated to the counties shall be apportioned in the ratio of the value of  
6 R for each county divided by the sum of the values of R for all five (5) counties.

7 The amount to be allocated for all cities and for all towns within a county shall be the  
8 allocation for that county apportioned proportionally to the total tax effort of the towns and cities  
9 in that county.

10 The amount to be allocated to any city or town is the amount allocated to all cities or all  
11 towns within the county apportioned in the ratio of the value of R for that city (or town) divided  
12 by the sum of the values of R for all cities (or all towns) in that county; provided, further, that no  
13 city or town shall receive an entitlement in excess of one hundred forty-five percent (145%) of  
14 that city or town's population multiplied by the average per capita statewide amount of the annual  
15 appropriation for state aid to cities and towns. Any excess entitlement shall be allocated to the  
16 remainder of the cities and towns in the respective county in accordance with the provisions of  
17 this section. For fiscal year 2004, notwithstanding the provisions of subsection (a), aid  
18 calculations shall be based on a blended rate of ninety percent (90%) of the data from the 1990  
19 census and ten percent (10%) of the data from the 2000 census. In each of the succeeding nine  
20 (9) fiscal years, the calculations shall be based on a blended rate that increases the percentage of  
21 data utilized from the 2000 census by ten percent (10%) from the previous year and decreases the  
22 percentage of the data utilized from the 1990 census by ten percent (10%) from the previous year.

23 (c) The total amount of aid to be apportioned pursuant to subsection (b) above shall be  
24 specified in the annual appropriation act of the state and shall be equal to the following:

25 (i) For fiscal years ending June 30, 1994 through June 30, 1998, the total amount of aid  
26 shall be based upon one percent (1%) of total state tax revenues in the reference year.

27 (ii) For the fiscal year ending June 30, 1999, the total amount of aid shall be based upon  
28 one and three-tenths percent (1.3%) of total state tax revenues in the reference year.

29 (iii) For the fiscal year ending June 30, 2000, the total amount of aid shall be based upon  
30 one and seven-tenths percent (1.7%) of total state tax revenues in the reference year.

31 (iv) For the fiscal year ending June 30, 2001, the total amount of aid shall be based upon  
32 two percent (2.0%) of total state tax revenues in the reference year.

33 (v) For the fiscal year ending June 30, 2002, the total amount of aid shall be based upon  
34 two and four-tenths percent (2.4%) of total state tax revenues in the reference year.

1 (vi) For the fiscal year ending June 30, 2003, the total amount of aid shall be based upon  
2 two and four-tenths percent (2.4%) of total state tax revenues in the reference year.

3 (vii) For the fiscal year ending June 30, 2004, the total amount of aid shall be based upon  
4 two and seven-tenths percent (2.7%) of total state tax revenues in the reference year.

5 (viii) For the fiscal year ending June 30, 2005, the total amount of aid shall fifty-two  
6 million four hundred thirty-eight thousand five hundred thirty-two dollars (\$52,438,532).

7 (ix) For the fiscal year ending June 30, 2006, the total amount of aid shall be based upon  
8 three percent (3.0%) of total state tax revenues in the reference year.

9 (x) For the fiscal year ending June 30, 2007 the total amount of aid shall be ~~based upon~~  
10 ~~three and four tenths percent (3.4%) of total state tax revenues in the reference year~~ Sixty-four  
11 million six hundred sixty nine thousand three dollars (\$64,699,003).

12 (xi) ~~For the fiscal year ending June 30, 2008, the total amount of aid shall be based upon~~  
13 ~~three and seven tenths percent (3.7 %) of total state tax revenues in the reference year.~~ For the  
14 fiscal year ending June 30, 2008 and each year thereafter the amount of aid shall be based upon  
15 three percent (3.0%) of total state tax revenues in the reference year.

16 (xii) ~~For the fiscal year ending June 30, 2009, the total amount of aid shall be based upon~~  
17 ~~four and one tenths percent (4.1%) of total state tax revenues in the reference year.~~

18 (xiii) ~~For the fiscal year ending June 30, 2010, the total amount of aid shall be based upon~~  
19 ~~four and four tenths percent (4.4%) of total state tax revenues in the reference year.~~

20 (xiv) ~~For the fiscal year ending June 30, 2011, the total amount of aid shall be based upon~~  
21 ~~four and seven tenths percent (4.7%) of total state tax revenues in the reference year.~~

22 (d) The assent of two-thirds (2/3) of the members elected to each house of the general  
23 assembly shall be required to repeal or amend this section .

24 SECTION 3. This article shall take effect upon passage.

## 25 ARTICLE 18

### 26 RELATING TO LICENSING OF HOSPITAL FACILITIES

27 SECTION 1. Section 23-17-38.1 of the General Laws in Chapter 23-17 entitled  
28 “Licensing of Health Care Facilities” is hereby amended as follows:

29 **§ 23-17-38.1. Hospitals – Licens ing Fee.** – (a) There is imposed a hospital licensing fee  
30 at the rate of three and fifty-six hundredths percent (3.56%) upon the net patient services revenue  
31 of every hospital for the hospital's first fiscal year ending on or after January 1, 2004. This  
32 licensing fee shall be administered and collected by the tax administrator, division of taxation  
33 within the department of administration, and all the administration, collection and other  
34 provisions of chapter 50 and 51 of title 44 shall apply. Every hospital shall pay the licensing fee

1 to the tax administrator on or before ~~December 15, 2005~~ July 16, 2007 and payments shall be  
2 made by electronic transfer of monies to the general treasurer and deposited to the general fund in  
3 accordance with § 44-50-11. Every hospital shall, on or before ~~November 30, 2005~~ June 15,  
4 2007 make a return to the tax administrator containing the correct computation of net patient  
5 services revenue for the hospital fiscal year ending ~~September 30, 2003~~ September 30, 2004, and  
6 the licensing fee due upon that amount. All returns shall be signed by the hospital's authorized  
7 representative, subject to the pains and penalties of perjury.

8 (b) For purposes of this section the following words and phrases have the following  
9 meanings:

10 (1) "Hospital" means a person or governmental unit duly licensed in accordance with this  
11 chapter to establish, maintain, and operate a hospital, except a hospital whose primary service and  
12 primary bed inventory are psychiatric.

13 (2) "Gross patient services revenue" means the gross revenue related to patient care  
14 services.

15 (3) "Net patient services revenue" means the charges related to patient care services less  
16 (i) charges attributable to charity care, (ii) bad debt expenses, and (iii) contractual allowances.

17 (c) The tax administrator shall make and promulgate any rules, regulations, and  
18 procedures not inconsistent with state law and fiscal procedures that he or she deems necessary  
19 for the proper administration of this section and to carry out the provisions, policy and purposes  
20 of this section.

21 (d) The licensing fee imposed by this section shall be in addition to the inspection fee  
22 imposed by § 23-17-38 and to any licensing fees previously imposed in accordance with § 23-17-  
23 38.1.

24 SECTION 2. This article shall take effect on July 1, 2006 and shall apply to hospitals, as  
25 defined in Section 1, which are duly licensed on July 1, 2006. The licensing fee imposed by  
26 Section 1 shall be in addition to the inspection fee imposed by § 23-17-38 and to any licensing  
27 fees previously imposed in accordance with § 23-17-38.1.

## 28 ARTICLE 19

### 29 RELATING TO EDUCATION AID

30 SECTION 1. Section 16-7-23 of the General Laws in Chapter 16-7 entitled "Foundation  
31 Level School Support" is hereby amended to read as follows:

32 **§ 16-7-23. Community requirements – Adequate minimum budget provision.** – (a)

33 The school committee's budget provisions of each community for current expenditures in each  
34 budget year shall provide for an amount from all sources sufficient to support the basic program

1 and all other approved programs shared by the state. Each community shall contribute local funds  
2 to its school committee in an amount not less than its local contribution for schools in the  
3 previous fiscal year; ~~provided, however, that for FY 2005, that amount shall not be less than~~  
4 ~~provided for FY 2003, or an amount equal to a minimum of two percent of the total school~~  
5 budget, whichever is greater. Calculation of the annual local contribution shall not include  
6 Medicaid revenues received by the municipality or district pursuant to chapter 8 of title 40, or  
7 contributions for capital expenditures in support of school facilities. A community which has a  
8 decrease in enrollment may compute maintenance of effort on a per pupil rather than on an  
9 aggregate basis when determining its local contribution; furthermore, a community which  
10 experiences a nonrecurring expenditure for its schools may deduct the nonrecurring expenditure  
11 in computing its maintenance of effort. The deduction of nonrecurring expenditures shall be with  
12 the approval of the commissioner. The courts of this state shall enforce this section by writ of  
13 mandamus.

14 (b) Whenever any state funds are appropriated for educational purposes, the funds shall  
15 be used for educational purposes only and all state funds appropriated for educational purposes  
16 must be used to supplement any and all money allocated by a city or town for educational  
17 purposes and, in no event, shall state funds be used to supplant, directly or indirectly, any money  
18 allocated by a city or town for educational purposes. All state funds shall be appropriated by the  
19 municipality to the school committee for educational purposes in the same fiscal year in which  
20 they are appropriated at the state level even if the municipality has already adopted a school  
21 budget. All state and local funds unexpended by the end of the fiscal year of appropriation shall  
22 remain a surplus of the school committee and shall not revert to the municipality. Any surplus of  
23 state or local funds appropriated for educational purposes shall not in any respect affect the  
24 requirement that each community contribute local funds in an amount not less than its local  
25 contribution for schools in the previous fiscal year, subject to subsection (a) of this section, and  
26 shall not in any event be deducted from the amount of the local appropriation required to meet the  
27 maintenance of effort provision in any given year.

28 SECTION 2. Section 16-7.1-15 of the General Laws in Chapter 16-7.1 entitled "The  
29 Rhode Island Student Investment Initiative" is hereby amended to read as follows:

30 **§ 16-7.1-15. The Rhode Island student investment initiative.** – (a) Each locally or  
31 regionally operated school district shall receive as a base the same amount of school aid as each  
32 district received in fiscal year 1997-1998, adjusted to reflect the increases or decreases in aid  
33 enacted to meet the minimum and maximum funding levels established for FY 2000 through ~~FY~~  
34 ~~2005~~ FY 2006. Each school district shall also receive school aid through each investment fund for



1 which that district qualifies pursuant to §§ 16-7.1-8, 16-7.1-9, 16-7.1-10, 16-7.1-11, 16-7.1-12,  
 2 16-7.1-16 and 16-7.1-19. These sums shall be in addition to the base amount described in this  
 3 section. For FY 2007, the reference year for the data used in the calculation of aid pursuant to  
 4 §§16-7.1-8, 16-7.1-9, 16-7.1-10, 16-7.1-11, 16-7.1-12, and 16-7.1-16 shall be FY 2004.  
 5 Calculation and distribution of education aid under §§ 16-5-31, 16-5-32, 16-7-20, 16-7-20.5, 16-  
 6 7-34.2, 16-7-34.3, 16-24-6, 16-54-4, and 16-67-4 is hereby suspended. The funding of the  
 7 purposes and activities of chapter 67 of this title, the Rhode Island Literacy and Dropout  
 8 Prevention Act of 1967, shall be the same amount of the base amount of each district funded for  
 9 that purpose in fiscal year 1997-1998. In addition each district shall expend three percent (3%) of  
 10 its student equity and early childhood funds under the provisions of chapter 67 of this title.

11 (b) Funding for full day kindergarten programs in accordance with § 16-7.1-11.1 shall be  
 12 in addition to funding received under this section.

13 (c) Funding distributed under §§ 16-77.1-2(b) and 16-64-1.1 shall be in addition to  
 14 funding distributed under this section.

15 (d) There shall be an appropriation to ensure that total aid distributed to communities in  
 16 ~~FY 2006~~ FY 2007 under this section and §§ 16-7.1-11.1, 16-64-1.1 and 16-77.1-2(b) shall be as  
 17 follows:

18	Barrington	<del>-2,479,907</del>	<u>2,906,626</u>
19	Burrillville	<del>13,145,661</del>	<u>13,540,919</u>
20	Charlestown	<del>1,910,676</del>	<u>1,909,676</u>
21	Coventry	<del>19,151,316</del>	<u>19,903,170</u>
22	Cranston	<del>33,943,638</del>	<u>35,253,290</u>
23	Cumberland	<del>12,646,981</del>	<u>13,206,064</u>
24	East Greenwich	<del>1,860,042</del>	<u>2,178,616</u>
25	East Providence	<del>25,530,776</del>	<u>26,284,707</u>
26	Foster	<del>-1,351,283</del>	<u>1,378,500</u>
27	Glocester	<del>3,065,960</del>	<u>3,159,848</u>
28	Hopkinton	<del>-5,954,153</del>	<u>5,957,653</u>
29	Jamestown	<del>507,432</del>	<u>587,030</u>
30	Johnston	<del>10,413,088</del>	<u>10,903,894</u>
31	Lincoln	<del>7,062,603</del>	<u>7,545,267</u>
32	Little Compton	<del>351,839</del>	<u>396,888</u>
33	Middletown	<del>10,014,086</del>	<u>10,423,773</u>
34	Narragansett	<del>1,809,860</del>	<u>2,091,859</u>

1	Newport	<del>11,253,278</del>	<u>11,581,802</u>
2	New Shoreham	<del>101,451</del>	<u>135,660</u>
3	North Kingstown	<del>11,434,463</del>	<u>12,008,646</u>
4	North Providence	<del>12,623,955</del>	<u>13,091,637</u>
5	North Smithfield	<del>4,611,787</del>	<u>4,806,225</u>
6	Pawtucket	<del>63,782,029</del>	<u>64,874,304</u>
7	Portsmouth	<del>5,962,443</del>	<u>6,574,703</u>
8	Providence	<del>185,048,912</del>	<u>188,940,591</u>
9	Richmond	<del>5,903,843</del>	<u>5,912,343</u>
10	Scituate	<del>3,250,400</del>	<u>3,474,634</u>
11	Smithfield	<del>5,407,726</del>	<u>5,802,003</u>
12	South Kingstown	<del>9,948,816</del>	<u>10,516,526</u>
13	Tiverton	<del>5,659,091</del>	<u>5,896,220</u>
14	Warwick	<del>35,894,621</del>	<u>37,365,858</u>
15	Westerly	<del>6,528,189</del>	<u>7,060,711</u>
16	West Warwick	<del>19,499,965</del>	<u>19,972,977</u>
17	Woonsocket	<del>45,425,511</del>	<u>45,937,020</u>
18	Bristol-Warren	<del>19,554,956</del>	<u>20,024,144</u>
19	Exeter-West Greenwich	<del>7,308,493</del>	<u>7,511,299</u>
20	Charlton	<del>380,004</del>	<u>888,008</u>
21	Foster-Glocester	<del>5,466,199</del>	<u>5,641,416</u>
22	Central Falls	<del>41,319,965</del>	<u>41,335,813</u>

23 This special provision shall not limit entitlements as determined by application of other  
24 formula provisions in this section.

25 (e) *Children with disabilities.* (1) Based on its review of special education within the  
26 context of Rhode Island school reform, the general assembly recommends addressing the needs of  
27 all children and preventing disability through scientific research based, as described in the No  
28 Child Left Behind Act of 2001, Title 1, Part B, Section 1208 [20 U.S.C. § 6368], reading  
29 instruction and the development of Personal Literacy Programs for students in the early grades  
30 performing below grade level in reading and implement a system of student accountability that  
31 will enable the state to track individual students over time. Additionally, the department of  
32 elementary and secondary education must provide districts with rigorous criteria and procedures  
33 for identifying students with learning disabilities and speech/language impairments. Additional  
34 study is required of factors that influence programming for students with low incidence

1 disabilities; those with disabilities that severely compromise life functions; and programming for  
2 students with disabilities through urban special education. Alternatives for funding special  
3 education require examination.

4 (2) All departments and agencies of the state shall furnish any advice and information,  
5 documentary and otherwise, to the general assembly and its agents that is deemed necessary or  
6 desirable by the study to facilitate the purposes of this section.

7 SECTION 3. Section 16-64-1.1 of the General Laws in Chapter 16-64 entitled  
8 “Residence for Children for School Purposes” is hereby amended to read as follows:

9 **§ 16-64-1.1. Payment and reimbursement for educational costs of children placed in**  
10 **foster care, group homes, or other residential facility by a Rhode Island state agency.—**

11 (a) Children placed in foster care by a Rhode Island licensed child placing agency or a  
12 Rhode Island governmental agency shall be entitled to the same free appropriate public education  
13 provided to all other residents of the city or town where the child is placed. The city or town shall  
14 pay the cost of the education of the child during the time the child is in foster care in the city or  
15 town.

16 (b) Children placed by DCYF in a group home or other residential facility that does not  
17 include the delivery of educational services are to be educated by the community in which the  
18 group home or other residential facility is located, and those children shall be entitled to the same  
19 free appropriate public education provided to all other residents of the city or town where the  
20 child is placed. For purposes of payment and reimbursement for educational costs under this  
21 chapter, the term "group home or other residential facility" shall not include independent living  
22 programs. Each city and town that contains one or more group homes or other residential  
23 facilities that do not include delivery of educational services will receive funds as part of state aid  
24 to education in accordance with the following provisions:

25 (1) On June 30 of each year the DCYF shall provide the department of elementary and  
26 secondary education with a precise count of how many group home or other residential facility  
27 "beds" exist in each Rhode Island city or town, counting only those "beds" in facilities that do not  
28 include the delivery of educational services. The number of "beds" in each group home or other  
29 residential facility shall be equal to the maximum number of children that may be placed in that  
30 group home or other residential facility on any given night according to the applicable licensure  
31 standards of the DCYF. This notification shall also include an estimate of the number of group  
32 home beds by city or town that are projected to be licensed by DCYF between July 1 and  
33 December 31 of each year.

34 (2) On June 30 of each year the DCYF shall provide the department of elementary and

1 secondary education with a precise count of the total number of students aged three (3) to twenty-  
2 one (21) in DCYF care on that date who reside in group homes in the state of Rhode Island, as  
3 well as an accurate accounting of the percentage of those children that are eligible for special  
4 education and related services pursuant to the Individuals with Disabilities Education Act [20  
5 U.S.C. § 1400 et seq.] as of that date;

6 (3) Each city or town shall receive state education aid in an amount equal to the number  
7 of group home or other residential facility "beds" in that community multiplied by a per pupil  
8 rate, subject to appropriation, intended to reflect the average cost per pupil based on the blend of  
9 regular education and special education students in group homes as derived from figures supplied  
10 on June 30 of the reference year as defined in § 16-7-16(11). Each city or town shall receive an  
11 additional per pupil rate for beds certified by DCYF as licensed between July 1 and December 31  
12 of each year. Any city or town may petition the commissioner of elementary and secondary  
13 education for additional state education aid pursuant to this section in any year in which the total  
14 number of group home or other residential facility "beds" is increased by more than five (5) in  
15 any annual cycle.

16 (4) The general assembly shall annually appropriate a sum sufficient to distribute to  
17 each city or town the aid required by this subsection based upon the DCYF count provided on  
18 June 30 of the reference year as defined in § 16-7-16(11) and that aid shall be distributed by the  
19 department of elementary and secondary education. For an appropriation to be made for payments  
20 to be made for the 2001-2002 school year the DCYF shall establish a count as required in this  
21 subsection upon passage of this legislation [July 5, 2001]. This count shall be determined based  
22 on the group home and other residential facility "beds" in existence in each community as of  
23 December 31 of the preceding year.

24 (c) Children placed by DCYF in a residential treatment program, group home, or other  
25 residential facility, whether or not located in the state of Rhode Island, which includes the  
26 delivery of educational services, provided by that facility (excluding facilities where students are  
27 taught on grounds for periods of time by teaching staff provided by the school district in which  
28 the facility is located), shall have the cost of their education paid for as provided for in subsection  
29 (d) of this section and § 16-64-1.2. The city or town determined to be responsible to DYCF for a  
30 per-pupil special education cost pursuant to § 16-64-1.2 shall pay its share of the cost of  
31 educational services to DCYF or to the facility providing educational services.

32 (d) Children placed by DCYF in group homes, child caring facilities, community  
33 residences, or other residential facilities shall have the entire cost of their education paid for by  
34 DCYF if:

- 1 (1) The facility is operated by the state of Rhode Island or the facility has a contract  
2 with DCYF to fund a pre-determined number of placements or part of the facility's program;
- 3 (2) The facility is state-licensed; and
- 4 (3) The facility operates an approved on-grounds educational program, whether or not the  
5 child attends the on-grounds program.

6 SECTION 4. Chapter 16-22 of the General Laws entitled "Mathematics and English-  
7 language arts" is hereby amended as follows:

8 **§ 16-22-23. ~~Mathematics and English language arts.~~ Mathematics,**  
9 **English/Language Arts, and Science.** – (a) The board of regents for elementary and secondary  
10 education shall select and/or develop a statewide curriculum (i) in Mathematics and  
11 English/Language Arts for students in grades kindergarten (k) through twelve (12) by August 31,  
12 2006 and (ii) in Science for students in grades kindergarten (k) through twelve (12) by August 31,  
13 2008.

14 (b) The curriculum selected and/or developed by the board of regents shall:

15 (1) Be aligned with state standards and assessments utilized by the state department of  
16 elementary and secondary education;

17 (2) Contain sufficient detail to guide teachers in planning lessons aligned with state  
18 standards and assessments.

19 (c) By November 1, 20046, the commissioner of elementary and secondary education  
20 shall prepare an outline for development and implementation of the science curriculum utilizing  
21 appropriate groups and then shall convene a ~~Mathematics curriculum advisory committee and an~~  
22 ~~English/Language Arts~~ science curriculum advisory committee for the purpose of developing  
23 recommended curriculum to the board of regents for elementary and secondary education. ~~Each~~  
24 The science advisory committee shall include teachers, representatives of teacher unions,  
25 administrators, curriculum directors, school committee members, and experts designated by the  
26 commissioner.

27 SECTION 5. This article shall take effect upon passage.

## 28 ARTICLE 20

### 29 RELATING TO INDEPENDENT LIVING

30 SECTION 1. Section 42-72-5 of the General Laws in Chapter 42-72 entitled  
31 "Children, Youth and Families Department" is hereby amended to read as follows:

32 **§ 42-72-5. Powers and scope of activities.** – (a) The department is the principal agency  
33 of the state to mobilize the human, physical and financial resources available to plan, develop,  
34 and evaluate a comprehensive and integrated statewide program of services designed to ensure

1 the opportunity for children to reach their full potential. The services include prevention, early  
2 intervention, out-reach, placement, care and treatment, and after-care programs; provided,  
3 however, that the department notifies the state police and cooperates with local police  
4 departments when it receives and/or investigates a complaint of sexual assault on a minor and  
5 concludes that probable cause exists to support the allegations(s). The department also serves as  
6 an advocate for the needs of children.

7 (b) To accomplish the purposes and duties, as set forth in this chapter, the director is  
8 authorized and empowered:

9 (1) To establish those administrative and operational divisions of the department that the  
10 director determines is in the best interests of fulfilling the purposes and duties of this chapter;

11 (2) To assign different tasks to staff members that the director determines best suit the  
12 purposes of this chapter;

13 (3) To establish plans and facilities for emergency treatment, relocation and physical  
14 custody of abused or neglected children which may include, but are not limited to,  
15 homemaker/educator child case aides, specialized foster family programs, day care facilities,  
16 crisis teams, emergency parents, group homes for teenage parents, family centers within existing  
17 community agencies, and counselling services;

18 (4) To establish, monitor, and evaluate protective services for children including, but not  
19 limited to, purchase of services from private agencies and establishment of a policy and  
20 procedure manual to standardize protective services;

21 (5) To plan and initiate primary and secondary treatment programs for abused and  
22 neglected children;

23 (6) To evaluate the services of the department and to conduct periodic comprehensive  
24 needs assessment;

25 (7) To license, approve, monitor, and evaluate all residential and non-residential child  
26 care institutions, group homes, foster homes, and programs;

27 (8) To recruit and coordinate community resources, public and private;

28 (9) To promulgate rules and regulations concerning the confidentiality, disclosure and  
29 expungement of case records pertaining to matters under the jurisdiction of the department;

30 (10) To establish a minimum mandatory level of twenty (20) hours of training per year  
31 and provide ongoing staff development for all staff; provided, however, all social workers hired  
32 after June 15, 1991, within the department shall have a minimum of a bachelor's degree in social  
33 work or a closely related field, and must be appointed from a valid civil service list;

34 (11) To establish procedures for reporting suspected child abuse and neglect pursuant to

1 chapter 11 of title 40;

2 (12) To promulgate all rules and regulations necessary for the execution of departmental  
3 powers pursuant to the Administrative Procedures Act, chapter 35 of title 42;

4 (13) To provide and act as a clearinghouse for information, data and other materials  
5 relative to children;

6 (14) To initiate and carry out studies and analysis which will aid in solving local, regional  
7 and statewide problems concerning children;

8 (15) To represent and act on behalf of the state in connection with federal grant programs  
9 applicable to programs for children in the functional areas described in this chapter;

10 (16) To seek, accept, and otherwise take advantage of all federal aid available to the  
11 department, and to assist other agencies of the state, local agencies, and community groups in  
12 taking advantage of all federal grants and subventions available for children;

13 (17) To review and coordinate those activities of agencies of the state and of any  
14 political subdivision of the state which affect the full and fair utilization of community resources  
15 for programs for children, and initiate programs that will help assure utilization;

16 (18) To administer the pilot juvenile restitution program, including the overseeing and  
17 coordinating of all local community based restitution programs, and the establishment of  
18 procedures for the processing of payments to children performing community service; and

19 (19) To adopt rules and regulations which:

20 (i) For the twelve (12) month period beginning on October 1, 1983, and for each  
21 subsequent twelve (12) month period, establish specific goals as to the maximum number of  
22 children who will remain in foster care for a period in excess of two (2) years; and

23 (ii) Are reasonably necessary to implement the child welfare services and foster care  
24 programs;

25 (20) May establish and conduct seminars for the purpose of educating children regarding  
26 sexual abuse;

27 (21) To establish fee schedules by regulations for the processing of requests from  
28 adoption placement agencies for adoption studies, adoption study updates, and supervision related  
29 to interstate and international adoptions. The fee shall equal the actual cost of the service(s)  
30 rendered, but in no event shall the fee exceed two thousand dollars (\$2,000);

31 (22) To be responsible for the education of all children who are placed, assigned, or  
32 otherwise accommodated for residence by the department in a state operated or supported  
33 community residence licensed by a Rhode Island state agency. In fulfilling this responsibility the  
34 department is authorized to enroll and pay for the education of students in the public schools or,

1 when necessary and appropriate, to itself provide education in accordance with the regulations of  
2 the board of regents for elementary and secondary education either directly or through contract;

3 (23) To develop multidisciplinary service plans, in conjunction with the department of  
4 health, at hospitals prior to the discharge of any drug-exposed babies. The plan requires the  
5 development of a plan using all health care professionals.

6 (24) To be responsible for the delivery of appropriate mental health services to seriously  
7 emotionally disturbed children. Appropriate mental health services may include hospitalization,  
8 placement in a residential treatment facility, or treatment in a community based setting. The  
9 department is charged with the responsibility for developing the public policy and programs  
10 related to the needs of seriously emotionally disturbed children.

11 In fulfilling its responsibilities the department shall:

12 (i) Plan a diversified and comprehensive network of programs and services to meet the  
13 needs of seriously emotionally disturbed children;

14 (ii) Provide the overall management and supervision of the state program for seriously  
15 emotionally disturbed children;

16 (iii) Promote the development of programs for preventing and controlling emotional or  
17 behavioral disorders in children;

18 (iv) Coordinate the efforts of several state departments and agencies to meet the needs  
19 of seriously emotionally disturbed children and to work with private agencies serving those  
20 children;

21 (v) Promote the development of new resources for program implementation in providing  
22 services to seriously emotionally disturbed children.

23 The department shall adopt rules and regulations which are reasonably necessary to  
24 implement a program of mental health services for seriously emotionally disturbed children.

25 Each community, as defined in chapter 7 of title 16, shall contribute to the department, ~~#~~  
26 ~~least~~ in accordance with rules and regulations to be adopted by the department, at least its average  
27 per pupil cost for special education for the year in which placement commences, as its share of  
28 the cost of educational services furnished to a seriously emotionally disturbed child pursuant to  
29 this section in a residential treatment program which includes the delivery of educational services.  
30 "Seriously emotionally disturbed child" means any person under the age of eighteen (18) years or  
31 any person under the age of twenty-one (21) years who began to receive services from the  
32 department prior to attaining eighteen (18) years of age and has continuously received those  
33 services thereafter who has been diagnosed as having an emotional, behavioral or mental disorder  
34 under the current edition of the Diagnostic and Statistical Manual and that disability has been on-



1 going for one year or more or has the potential of being ongoing for one year or more, and the  
2 child is in need of multi-agency intervention, and the child is in an out-of-home placement or is at  
3 risk of placement because of the disability.

4 (25) To develop and maintain, in collaboration with other state and private agencies, a  
5 comprehensive continuum of care in this state for children in the care and custody of the  
6 department or at risk of being in state care. This continuum of care should be family-centered and  
7 community-based with the focus of maintaining children safely within their families or, when a  
8 child cannot live at home, within as close proximity to home as possible based on the needs of the  
9 child and resource availability. The continuum should include community-based prevention,  
10 family support and crisis intervention services as well as a full array of foster care and residential  
11 services, including residential services designed to meet the needs of children who are seriously  
12 emotionally disturbed and youth who have juvenile justice issues. The director shall make  
13 reasonable efforts to provide a comprehensive continuum of care for children in the care and  
14 custody of the DCYF, taking into account the availability of public and private resources and  
15 financial appropriations and the director shall submit an annual report to the general assembly as  
16 to the status of his or her efforts in accordance with the provisions of subsection 42-72-4(b)(13).

17 (26) To establish, in collaboration with community-based provider agencies, a program  
18 of services for older youth who are involved in independent living services with the intent of  
19 successfully transitioning youth from the care and custody of the department upon reaching the  
20 age of nineteen (19).

21 (c) In order to assist in the discharge of his or her duties, the director may request from  
22 any agency of the state information pertinent to the affairs and problems of children.

23 SECTION 2. This article shall take effect upon passage.

## 24 ARTICLE 21

### 25 RELATING TO STATE BUDGET

26 SECTION 1. Chapter 35-3 on the General Laws entitled “State Budget” is hereby  
27 amended by adding thereto the following section:

28 **§ 35-3-13.1. Tax expenditures must be included in expected revenue receipts or**  
29 **additional revenue.** – (a) For the purposes of this section and notwithstanding any other sections  
30 of the Rhode Island General Laws to the contrary, the terms “expected revenue receipts” or  
31 “additional revenue” shall include all legislation that creates a new tax expenditure or changes an  
32 existing tax expenditure as defined in § 44-48-1.1(b) and that is passed by the general assembly  
33 during the same legislative session in which the governor’s budget was submitted.

34 (b) No new tax expenditure provision or change to an existing tax expenditure provision

1 shall take effect unless:

2 (1) the new tax expenditure provision or change to an existing tax expenditure provision  
3 has been included in and is part of expected revenue receipts or additional revenue in an  
4 appropriations bill and has been approved by the general assembly; and

5 (2) a fiscal note has been prepared and submitted for any new tax expenditure bill or  
6 change to an existing tax expenditure provision in accordance with Chapter 22-12.

7 SECTION 2. This article shall take effect upon passage.

8 **ARTICLE 22**

9 **RELATING TO PUBLIC UTILITIES COMMISSION**

10 SECTION 1. Sections 39-1-4 and 39-1-8 of the General Laws in Chapter 39-1 entitled  
11 “Public Utilities Commission” are hereby amended to read as follows:

12 **§ 39-1-4. Composition of commission -- Terms -- Vacancies.** -- (a) The public utilities  
13 commission shall consist of ~~five (5)~~ three (3) electors selected with regard to their qualifications  
14 and experience in law and government, energy matters, economics and finance, engineering and  
15 accounting, and appointed by the governor with the advice and consent of the senate. ~~At least~~  
16 ~~three (3) of the five (5) commissioners shall not be, nor shall have been within the previous five~~  
17 ~~(5) years, an employee, officer or director of any business whose activities are subject to~~  
18 ~~regulation by the commission, or any affiliate of it.~~ The term of each commissioner shall be six  
19 (6) years. The director of administration, with the approval of the governor, shall allocate the  
20 position of each commissioner to one of the grades established by the pay plan for unclassified  
21 employees.

22 (b) ~~Within thirty (30) days after January 1, 2004, the governor, with the advice and~~  
23 ~~consent of the senate, shall appoint one commissioner to serve until the first day of March, 2010,~~  
24 ~~and until his or her successor is appointed and qualified, and one commissioner to serve until the~~  
25 ~~first day of March, 2008, and until his or her successor is appointed and qualified.~~ During the  
26 month prior to the expiration of the term of a commissioner the governor, with the advice and  
27 consent of the senate shall appoint a commissioner to succeed the commissioner whose term will  
28 then next expire, to serve for a term of six (6) years commencing on the first day of March then  
29 next following, and until his or her successor is appointed and qualified. A commissioner shall be  
30 eligible to succeed him or herself. Upon the expiration of the term of the chairperson, the  
31 governor may designate any commissioner as chairperson.

32 (c) A vacancy in the office of a commissioner, other than by expiration, shall be filled in  
33 like manner as an original appointment, but only for the unexpired portion of the term. If a  
34 vacancy occurs when the senate is not in session, the governor shall appoint a person to fill the

1 vacancy, but only until the senate shall next convene and give its advice and consent to a new  
2 appointment.

3 **§ 39-1-8. Quorum -- Meetings.** -- ~~A majority of the~~ Two (2) commissioners shall  
4 constitute a quorum for the transaction of any business, except as provided in § 39-1-11.  
5 Meetings of the commission may be held at any time or place upon the call of any member, after  
6 a reasonable notice by mail or ~~telegraph~~ telephone to the other members, and shall be held at such  
7 times and places as in the judgment of the commission will best serve the convenience of all  
8 parties in interest.

9 SECTION 2. This article shall take effect upon passage.

## 10 ARTICLE 23

### 11 RELATING TO REGISTRATION OF VEHICLES

12 SECTION 1. Section 31-3-6.2 of the General Laws in Chapter 31-3 entitled  
13 “Registration of Vehicles” is hereby amended to read as follows:

#### 14 **§ 31-3-6.2. List of vehicles and licenses on which court costs owed delinquent –**

15 **Denial of renewal of registration and licenses.** – (a) The administrator/division of motor  
16 vehicles shall furnish to the State Court Administrator a listing showing the names, addresses and  
17 social security numbers of persons whose operator's license and/or motor vehicle registration is  
18 subject to renewal within ninety (90) days. If within ninety (90) days prior to the renewal date the  
19 state court administrator determines that any person seeking to renew his/her operator's license  
20 and/or registration has neglected or refused to pay any ~~court costs owed, as defined in § 44-30.1-~~  
21 ~~1(b),~~ cash assistance benefit overpayments, court costs owed, fines owed, obligations owed or  
22 restitution owed, as such terms are defined in § 44-30.1-1, the state court administrator shall send  
23 a written notice to such person informing him/her of the state court administrator's intention to  
24 inform the division of motor vehicles not to renew the person's operator license and/or motor  
25 vehicle registration and of the procedures available to the person to contest the determination.  
26 For the purposes of this section, the terms cash assistance benefit overpayments, court costs  
27 owed, fines owed, obligations owed or restitution owed by a debtor as defined in § 44-30.1-1, are  
28 referred to as “costs owed”.

29 (b) Within twenty-one (21) days from the date of such notice, the licensee or registrant  
30 may request, in writing, a conference with the state court administrator or his/her designee, in  
31 order to show proof of payment of all ~~court costs owed, as defined in § 44-30.1-1(b),~~ or for the  
32 purpose of entering into a time payment agreement for the delinquent ~~court~~ costs owed  
33 satisfactory to the state court administrator.

34 (c) If upon the expiration of twenty-one (21) days from the date of the notice to the

1 licensee or registrant or, if a conference has been requested, after a conference has been held, the  
2 licensee or registrant has not demonstrated to the satisfaction of the state court administrator that  
3 he/she has paid all required ~~court~~ costs owed, ~~as defined in § 44-30.1-1(b)~~, or that the licensee or  
4 registrant has not entered into time payment arrangement satisfactory to the state court  
5 administrator, the state court administrator shall notify the administrator/division of motor  
6 vehicles that the licensee or registrant is delinquent in paying ~~court~~ costs owed, ~~as defined in §~~  
7 ~~44-30.1-1(b)~~. The state court administrator shall send a copy of the notification to the licensee or  
8 registrant.

9 (d) The administrator/division of motor vehicles shall not renew any operator's license or  
10 registration upon expiration thereof until all ~~state court~~ costs owed, ~~as defined in § 44-30.1-1(b)~~,  
11 have been paid in full or the licensee or registrant has entered into a time payment agreement  
12 satisfactory to the state court administrator.

13 (e) If the licensee thereafter files an overdue return and/or remits past taxes due or enters  
14 into a satisfactory time payment agreement with respect to any and all returns due and  
15 taxes payable, the tax administrator shall, within five (5) business days of a licensee's request,  
16 provide the appropriate agency or authority the certificate of good standing specified in § 5-76-5.  
17 Within five (5) business days of receiving such a certificate, the agency or authority shall  
18 reinstate, reissue, renew or otherwise extend the licensee's license.

19 SECTION 2. This article shall take effect upon passage.

## 20 ARTICLE 24

### 21 RELATING TO TUITION TAX CREDITS

22 SECTION 1. Title 44 of the General Laws entitled "Taxation" is hereby amended by  
23 adding thereto the following chapter:

#### 24 CHAPTER 44-62

#### 25 TAX CREDITS FOR CONTRIBUTIONS TO SCHOLARSHIP ORGANIZATIONS

##### 26 § 44-62-1. Tax credit for contributions to a scholarship organization. – General

27 In order to enhance the educational opportunities available to all students in this state, a  
28 business entity will be allowed a tax credit to be computed as provided in this chapter for  
29 voluntary cash contribution made by the business entity to a qualified scholarship.

30 § 44-62-2. Qualification of scholarship organization. – A scholarship organization  
31 must certify annually by December 31st to the division of taxation that the organization is eligible  
32 to participate in the program in accordance with criteria as defined below:

33 (a) "Scholarship organization" means a charitable organization in this state that is exempt  
34 from federal taxation under section 501 (c)(3) of the internal revenue code, and that allocates at

1 least ninety percent (90%) of its annual revenue through a scholarship program for tuition  
2 assistance grants to eligible students to allow them to attend any qualified school of their parents'  
3 choice represented by the scholarship organization.

4 (b) "Scholarship program" means a program to provide tuition assistance grants to  
5 eligible students to attend a nonpublic school located in this state. A scholarship program must  
6 include an application and review process for the purpose of making these grants only to eligible  
7 students. The award of scholarships to eligible students shall be made without limiting  
8 availability to only students of one school.

9 (c) "Eligible student" means a school-age student who is registered in a qualified school  
10 and is a member of a household with an annual household income of not more than two hundred  
11 fifty percent (250%) of the federal poverty guidelines as published in the federal register by the  
12 United States department of health and human services.

13 (d) "Household" means one or more persons occupying a dwelling unit and living as a  
14 single nonprofit housekeeping unit. Household does not mean bona fide lessees, tenants, or  
15 roomers and borders on contract.

16 (e) "Household income" means all income received by all persons of a household in a  
17 calendar year while members of the household.

18 (f) "Income" means the sum of federal adjusted gross income as defined in the internal  
19 revenue code of the United States, 26 U.S.C. section 1 et seq., and all nontaxable income  
20 including, but not limited to, the amount of capital gains excluded from adjusted gross income,  
21 alimony, support money, nontaxable strike benefits, cash public assistance and relief (not  
22 including relief granted under this chapter), the gross amount of any pension or annuity  
23 (including Railroad Retirement Act (see 45 U.S.C. section 231 et seq.) benefits, all payments  
24 received under the federal Social Security Act, 42 U.S.C. section 301 et seq., state unemployment  
25 insurance laws, and veterans' disability pensions (see 38 U.S.C. section 301 et seq.), nontaxable  
26 interest received from the federal government or any of its instrumentalities, workers'  
27 compensation, and the gross amount of "loss of time" insurance. It does not include gifts from  
28 nongovernmental sources, or surplus foods or other relief in kind supplied by a public or private  
29 agency.

30 (g) "Qualified school" means a nonpublic elementary or secondary school that is located  
31 in this state and that satisfies the requirements prescribed by law for nonpublic schools in this  
32 state.

33 (h) "School-age student" means a child at the earliest admission age to a qualified  
34 school's kindergarten program or, when no kindergarten program is provided, the school's earliest

1 admission age for beginners, until the end of the school year, the student attains twenty-one (21)  
2 years of age or graduation from high school whichever occurs first.

3 (i) Designation. A donation to a scholarship organization, for which the donor receives a  
4 tax credit under this provision, may not be designated to any specific school or student by the  
5 donor.

6 (j) Nontaxable income. A scholarship received by an eligible student shall not be  
7 considered to be taxable income.

8 **§ 44-62-3. Application for the tax credit program.** – (a) Prior to the contribution, a  
9 business entity shall apply in writing to the division of taxation. The application shall contain  
10 such information and certification as the tax administrator deems necessary for the proper  
11 administration of this chapter. A business entity shall be approved if it meets the criteria of this  
12 chapter; the dollar amount of the applied for tax credit is no greater than one hundred thousand  
13 dollars (\$100,000) in any tax year, and the scholarship organization which is to receive the  
14 contribution has qualified under section 44-62-2.

15 (b) Approvals for contributions under this section shall be made available by the division  
16 of taxation on a first-come-first-serve basis. The total aggregate amount of all tax credits  
17 approved shall not exceed one million dollars (\$1,000,000) in a fiscal year.

18 (c) The division of taxation shall notify the business entity in writing within thirty (30)  
19 days of the receipt of application of the division's approval or rejection of the application.

20 (d) Unless the contribution is part of a two-year plan, the actual cash contribution by the  
21 business entity to a qualified scholarship organization must be made no later than one hundred  
22 twenty (120) days following the approval of its application. If the contribution is part of a two-  
23 year plan, the first year's contribution follows the general rule and the second year's contribution  
24 must be made in the subsequent calendar year by the same date .

25 (e) The contributions must be those charitable contributions made in cash as set forth in  
26 the Internal Revenue Code.

27 **§ 44-62-4. Calculation of tax credit and issuance of tax credit certificate.** -- (a) When  
28 the contribution has been made as set forth in section 3 above, the business entity shall apply to  
29 the division of taxation for a tax credit certificate. The application will include such information,  
30 documentation, and certification as the tax administrator deems proper for the administration of  
31 this chapter including, but not limited to a certification by an independent Rhode Island certified  
32 public accountant that the cash contribution has actually been made to the qualified scholarship  
33 organization. For purposes of the proper administration of this section, an independent Rhode  
34 Island certified public accountant shall be licensed in accordance with RIGL 5-3.1 and means a

1 person, partnership, corporation, limited liability corporation that is not affiliated with or an  
2 employee of said business entity or its affiliates and is not affiliated in any manner whatsoever  
3 with a qualified scholarship organization or scholarship program as defined in § 42-62-2 (a)  
4 through(j).

5 (b) The division of taxation will review the documentation submitted; calculate the tax  
6 credit pertaining to the contribution, and prepare and mail a certificate for amount of credit to be  
7 granted.

8 (c) Unless a two year contribution plan is in place, the credit, is computed at seventy-five  
9 percent (75%) of the total voluntary cash contribution made by the business entity.

10 (d) The credit is available against taxes otherwise due under provisions of chapters 11,  
11 13, 14, 15 or 17 of this title.

12 (e) (1) A two year contribution plan is based on the written commitment of the business  
13 entity to provide the scholarship organization with the same amount of contribution for two (2)  
14 consecutive tax years. The business entity must provide in writing a commitment to this extended  
15 contribution to the schol arship organization and the division of taxation at the time of application.

16 (2) In the event that a two year contribution plan is in place, the calculation of credit for  
17 each year shall be ninety percent (90%) of the total voluntary contribution made by a business  
18 entity

19 (3) In the event that, in the second year of the plan, a business entity's contribution falls  
20 below the contribution amount made in the first year but the second year's contribution is eighty  
21 percent (80%) or greater than the first year's contribution, the business entity shall receive a credit  
22 for both the first and second year contributions equal to ninety percent (90%) of each year's  
23 contribution.

24 (4) If the amount of the second year contribution is less than eighty percent (80%) of the  
25 first year contribution, then the credit for both the first and second year contributions shall be  
26 equal to seventy-five percent (75%) of each year's contribution. In such case, the tax  
27 administrator shall prepare the tax credit certificate for the second year at seventy-five percent  
28 (75%). The difference in credit allowable for the first year [90% - 75% = 15% x first year  
29 contribution] shall be recaptured by adding it to the taxpayer's tax in that year.

30 **§ 44-62-6. Limitations.** -- (a) The credit shall not exceed one hundred thousand dollars  
31 (\$100,000) annually per business entity.

32 (b) The tax credit must be used in the tax year the contribution was made. Any amounts  
33 of unused tax credit may not be carried forward. The tax credit is not refundable, assignable or  
34 transferable. The tax credit may not reduce the tax below the state minimum tax.





1 ~~families~~ parents or relative caretakers whose income levels are below ~~one hundred eighty five~~  
2 ~~percent (185%)~~ one hundred thirty-three percent (133%) of the federal poverty level.

3 (c) *Resources.* ~~Resources shall be disregarded in determining eligibility under~~  
4 ~~this chapter.~~ Except as provided herein, no family or child shall be eligible for medical assistance  
5 coverage provided under this section if the combined value of the child's or the family's liquid  
6 resources exceed ten thousand dollars (\$10,000); provided however, that this subsection shall not  
7 apply to:

8 (1) children with disabilities who are otherwise eligible for medical assistance coverage  
9 as categorically needy under Section 134(a) of the Tax Equity and Fiscal Responsibility Act of  
10 1982 [federal P.L. 97-248], commonly known as Katie Beckett eligible, upon meeting the  
11 requirements established in Section 1902 (e)(3) of the federal Social Security Act; and

12 (2) pregnant women.

13 (d) *Waiver.* The department of human services is authorized and directed to apply for and  
14 obtain appropriate waivers from the Secretary of the U.S. Department of Health and Human  
15 Services, including, ~~but~~ not limited to, a waiver of the appropriate provisions of title XIX, to  
16 require that individuals with incomes equal to or greater than one hundred fifty percent (150%) of  
17 the federal poverty level pay a share of the costs of their medical assistance coverage provided  
18 through enrollment in either the RItE Care Program or under the premium assistance program  
19 under § 40-8.4-12, in a manner and at an amount consistent with comparable cost-sharing  
20 provisions under § 40-8.4-12, provided that such cost sharing shall not exceed five percent (5%)  
21 of annual income; and provided, further, that cost-sharing shall not be required for pregnant  
22 women or children under age one. The department of human services is further authorized and  
23 directed to require that individuals with incomes equal to or greater than one hundred and thirty  
24 three percent (133%) but less than one hundred fifty percent (150%) of the federal poverty level  
25 shall pay a share of the costs of their medical assistance coverage provided through enrollment in  
26 either the RItE Care Program or under the premium assistance program under § 40-8.4-12, in a  
27 manner and at an amount consistent with comparable cost-sharing provisions under § 40-8.4-12,  
28 provided that such cost sharing shall not exceed three percent (3%) of annual income and  
29 provided that cost-sharing shall not be required for pregnant women or children under the age of  
30 one.

31 **§ 40-8.4-12. RItE Share Health Insurance Premium Assistance Program.** – (a) *Basic*  
32 *RItE Share Health Insurance Premium Assistance Program.*

33 (1) The department of human services is authorized and directed to amend the medical  
34 assistance Title XIX state plan to implement the provisions of § 1906 of Title XIX of the Social

1 Security Act [42 U.S.C. § 1396e] and establish the Rhode Island health insurance premium  
2 assistance program for RItE Care eligible parents with incomes up to ~~one hundred eighty five~~  
3 ~~percent (185%)~~ one hundred thirty-three percent (133%) of the federal poverty level who have  
4 access to employer-based health insurance. The state plan amendment shall require eligible  
5 individuals with access to employer-based health insurance to enroll themselves and/or their  
6 family in the employer-based health insurance plan as a condition of participation in the RItE  
7 Share program under this chapter and as a condition of retaining eligibility for medical assistance  
8 under chapters 5.1 and 8.4 of this title and/or chapter 12.3 of title 42 and/or premium assistance  
9 under this chapter, provided that doing so meets the criteria established in § 1906 of Title XIX  
10 for obtaining federal matching funds and the department has determined that the individual's  
11 and/or the family's enrollment in the employer-based health insurance plan is cost-effective and  
12 the department has determined that the employer-based health insurance plan meets the criteria  
13 set forth in subsection (d). The department shall provide premium assistance by paying all or a  
14 portion of the employee's cost for covering the eligible individual or his or her family under the  
15 employer-based health insurance plan, subject to the cost sharing provisions in subsection (b),  
16 and provided that the premium assistance is cost-effective in accordance with Title XIX [42  
17 U.S.C. § 1396 et seq.].

18 (2) *Resources.* Except as provided herein, no family, individual, or child shall be eligible  
19 for medical assistance coverage provided under this section if the combined value of the child's  
20 or family's liquid resources exceeds ten thousand dollars (\$10,000); provided however, that this  
21 subsection shall not apply to:

22 (i) children with disabilities who are otherwise eligible for medical assistance coverage as  
23 categorically needy under Section 134(a) of the Tax Equity and Fiscal Responsibility Act of 1982  
24 [federal P.L. 97-248], commonly known as Katie Beckett eligible, upon meeting the requirements  
25 established in Section 1902 (e)(3) of the federal Social Security Act, and

26 (ii) pregnant women.

27 (b) *Individuals who can afford it shall share in the cost.* The department of human  
28 services is authorized and directed to apply for and obtain any necessary waivers from the  
29 secretary of the United States department of health and human services, including, but not limited  
30 to a waiver of the appropriate sections of Title XIX [42 U.S.C. § 1396 et seq.], to require that  
31 individuals eligible for RItE Care under this chapter or chapter 12.3 of title 42 with incomes equal  
32 to or greater than one hundred fifty percent (150%) of the federal poverty level pay a share of the  
33 costs of health insurance based on the individual's ability to pay, provided that the cost sharing  
34 shall not exceed five percent (5%) of the individual's annual income. The department of human

1 services shall implement the cost-sharing by regulation, and shall consider co-payments, premium  
2 shares or other reasonable means to do so. The department of human services is further  
3 authorized and directed to require that individuals with incomes equal to or greater than one  
4 hundred and thirty three percent (133%), but less than one hundred fifty percent (150%) of the  
5 federal poverty level pay a share of the costs of their medical assistance coverage provided  
6 through enrollment in either the RItE Care Program or under the premium assistance program  
7 under § 40-8.4-12, in a manner and at an amount consistent with comparable cost-sharing  
8 provisions under § 40-8.4-12, provided that such cost sharing shall not exceed three percent (3%)  
9 of annual income; and provided, further, that cost-sharing shall not be required for pregnant  
10 women or children under age one.

11 (c) *Current RItE Care enrollees with access to employer-based health insurance.* The  
12 department of human services shall require any individual who receives RItE Care or whose  
13 family receives RItE Care on the effective date of the applicable regulations adopted in  
14 accordance with subsection (f) to enroll in an employer-based health insurance plan at the  
15 individual's eligibility redetermination date or at an earlier date determined by the department,  
16 provided that doing so meets the criteria established in the applicable sections of Title XIX [42  
17 U.S.C. § 1396 et seq.] for obtaining federal matching funds and the department has determined  
18 that the individual's and/or the family's enrollment in the employer-based health insurance plan is  
19 cost-effective and has determined that the health insurance plan meets the criteria in subsection  
20 (d). The insurer shall accept the enrollment of the individual and/or the family in the employer-  
21 based health insurance plan without regard to any enrollment season restrictions.

22 (d) *Approval of health insurance plans for premium assistance.* The department of human  
23 services shall adopt regulations providing for the approval of employer-based health insurance  
24 plans for premium assistance and shall approve employer-based health insurance plans based on  
25 these regulations. In order for an employer-based health insurance plan to gain approval, the  
26 department must determine that the benefits offered by the employer-based health insurance plan  
27 are substantially similar in amount, scope, and duration to the benefits provided to RItE Care  
28 eligible persons by the RItE Care program, when the plan is evaluated in conjunction with  
29 available supplemental benefits provided by the department. The department shall obtain and  
30 make available to persons otherwise eligible for RItE Care as supplemental benefits those benefits  
31 not reasonably available under employer-based health insurance plans which are required for RItE  
32 Care eligible persons by state law or federal law or regulation.

33 (e) *Maximization of federal contribution.* The department of human services is authorized  
34 and directed to apply for and obtain federal approvals and waivers necessary to maximize the

1 federal contribution for provision of medical assistance coverage under this section.

2 (f) *Implementation by regulation.* The department of human services is authorized and  
3 directed to adopt regulations to ensure the establishment and implementation of the premium  
4 assistance program in accordance with the intent and purpose of this section, the requirements of  
5 Title XIX and any approved federal waivers.

6 SECTION 2. Section 42-12.3-4 of the General Laws in Chapter 42-12.3 entitled “Health  
7 Care for Children and Pregnant Women” is hereby amended to read as follows:

8 **§ 42-12.3-4. "Rite track" program.** - (a) There is hereby established a payor of last  
9 resort program for comprehensive health care for children until they reach nineteen (19) years of  
10 age, to be known as "Rite track". The department of human services is hereby authorized to  
11 amend its title XIX state plan pursuant to title XIX [42 U.S.C. § 1396 et seq.] of the Social  
12 Security Act to provide for expanded Medicaid coverage through expanded family income  
13 disregards for children, until they reach nineteen (19) years of age, whose family income levels  
14 are up to two hundred fifty percent (250%) of the federal poverty level; provided, however, that  
15 health care coverage under this section shall also be provided without regard to the availability of  
16 federal financial participation to a noncitizen child lawfully residing in the United States and to a  
17 noncitizen child residing in Rhode Island, provided that the child satisfies all other eligibility  
18 requirements. The department is further authorized to promulgate any regulations necessary, and  
19 in accord with title XIX [42 U.S.C. § 1396 et seq.] of the Social Security Act to implement the  
20 state plan amendment. For those children who lack health insurance, and whose family incomes  
21 are in excess of two hundred fifty percent (250%) of the federal poverty level, the department of  
22 human services shall promulgate necessary regulations to implement the program. The  
23 department of human services is further directed to ascertain and promulgate the scope of services  
24 that will be available to those children whose family income exceeds the maximum family  
25 income specified in the approved title XIX [42 U.S.C. section 1396 et seq.] state plan  
26 amendment.

27 *(b) Resources. Except as provided herein, no child shall be eligible for medical assistance*  
28 *coverage provided under this section if the combined value of the child’s or the family’s liquid*  
29 *resources exceeds ten thousand dollars (\$10,000); provided however, that this subsection shall not*  
30 *apply to children with disabilities who are otherwise eligible for medical assistance coverage as*  
31 *categorically needy under Section 134(a) of the Tax Equity and Fiscal Responsibility Act of 1982*  
32 *[federal P.L. 97-248], commonly known as Katie Beckett eligible, upon meeting the requirements*  
33 *established in Section 1902 (e)(3) of the federal Social Security Act.*

34 SECTION 3. This article shall take effect on July 1, 2006 and any rules or regulations

1 necessary or advisable to implement the provisions of this article shall be effective immediately  
2 as an emergency rule upon the department's filing thereof with the secretary of state as it is  
3 hereby found that the current fiscal crisis in this state has caused an imminent peril to public  
4 health, safety and welfare, and the department is hereby exempted from the requirements of  
5 sections 42-35-3(b) and 42-35-4(b)(2) relating to agency findings of imminent peril to public  
6 health, safety and welfare and the filing of statements of the agency's reasons thereof.

## 7 ARTICLE 26

### 8 RELATING TO HEATH CARE QUALITY PROGRAM

9 SECTION 1. Section 23-17.17-7 of the General Laws in Chapter 23-17.17 entitled  
10 "Health Care Quality Program" is hereby repealed.

11 ~~§ 23-17.17-7. Rhode Island hospital efficiency, leverage and profitability (RI HELP)~~  
12 ~~program. (a) There is established in the department of health a program to provide state~~  
13 ~~assistance to those Rhode Island hospitals that have the greatest need for assistance relative to all~~  
14 ~~hospitals.~~

15 ~~(b) Establishment of indices. Three (3) indices shall be established to determine~~  
16 ~~eligibility of the program. Using 2004 data as reported in "The Health of RI's Hospitals (2004)"~~  
17 ~~(Report), each hospital shall be ranked by each index and any hospital that meets the~~  
18 ~~requirements on at least two (2) of the three (3) indices shall be eligible to receive assistance. The~~  
19 ~~General Assembly may from time to time change the year from which data is used to determine~~  
20 ~~eligibility for the RI HELP program. The three (3) indices are established as follows:~~

21 ~~(1) Efficiency. This shall be computed by determining the Total Asset Turnover and~~  
22 ~~Fixed Asset Turnover of each hospital. Any hospital with a total rating above zero (0) as~~  
23 ~~displayed in the Report, Chart 9, shall meet the requirements for this index.~~

24 ~~(2) Leverage. This shall be computed by determining the Debt to capitalization ratio and~~  
25 ~~the Debt Service Coverage ratio for each hospital. Any hospital with a total rating less than zero~~  
26 ~~(0) as displayed in the Report, Chart 8, shall meet the requirements for this index.~~

27 ~~(3) Profitability. This shall be computed by determining the average Profit Margin for~~  
28 ~~each hospital for the previous three (3) fiscal years (2002, 2003, 2004). Any hospital with a three~~  
29 ~~(3) year average rating below negative three percent (-3.0%) as calculated from the data in the~~  
30 ~~Report, Table 1, shall meet the requirements for this index.~~

31 ~~(c) Distribution of funds. Funds shall be distributed to each eligible hospital on the basis~~  
32 ~~of the ratio of each eligible hospital's inpatient discharges in 2004 to the sum of all eligible~~  
33 ~~hospitals' inpatient discharges in 2004.~~

34 ~~(d) Appropriation of funds. Funds for this program are subject to appropriation by the~~

~~General Assembly, and may be ratably reduced at any time the General Assembly determines that insufficient funding is available to pay the full amount due to all hospitals that are determined to be eligible for assistance under this program. The budget appropriation for FY 2006 is set at three million three hundred thousand dollars (\$3,300,000).~~

~~(e) Payments. Payments shall be made to eligible hospitals on or before December 31 of each year that funds are appropriated for this program by the General Assembly.~~

SECTION 2. This article shall take effect as of July 1, 2006.

## ARTICLE 27

### RELATING TO UNDERGROUND STORAGE TANK FINANCIAL

#### RESPONSIBILITY FUND REVIEW BOARD

SECTION 1. Section 42-17.1-2 of the General Laws in Chapter 42-17.1 entitled "Department of Environmental Management" is hereby amended to read as follows:

**§ 42-17.1-2. Powers and duties.** – The director of environmental management shall have the following powers and duties:

(a) To supervise and control the protection, development, planning, and utilization of the natural resources of the state, such resources, including but not limited to, water, plants, trees, soil, clay, sand, gravel, rocks and other minerals, air, mammals, birds, reptiles, amphibians, fish, shellfish, and other forms of aquatic, insect, and animal life;

(b) To exercise all functions, powers, and duties heretofore vested in the department of agriculture and conservation, and in each of the divisions of the department, such as the promotion of agriculture and animal husbandry in their several branches, including the inspection and suppression of contagious diseases among animals, the regulation of the marketing of farm products, the inspection of orchards and nurseries, the protection of trees and shrubs from injurious insects and diseases, protection from forest fires, the inspection of apiaries and the suppression of contagious diseases among bees, prevention of the sale of adulterated or misbranded agricultural seeds, promotion and encouragement of the work of farm bureaus in cooperation with the University of Rhode Island, farmers' institutes and the various organizations established for the purpose of developing an interest in agriculture, together with such other agencies and activities as the governor and the general assembly may from time to time place under the control of the department, and as heretofore vested by such of the following chapters and sections of the general laws as are presently applicable to the department of environmental management and which were previously applicable to the department of natural resources and the department of agriculture and conservation or to any of its divisions: chapters 1 through 22, inclusive, as amended, in title 2 entitled "Agriculture and Forestry;" chapters 1 through 17,

1 inclusive, as amended, in title 4 entitled "Animals and Animal Husbandry;" chapters 1 through  
2 19, inclusive, as amended, in title 20 entitled "Fish and Wildlife;" chapters 1 through 32,  
3 inclusive, as amended, in title 21 entitled "Food and Drugs;" chapter 7 of title 23 as amended,  
4 entitled "Mosquito Abatement;" and by any other general or public law relating to the department  
5 of agriculture and conservation or to any of its divisions or bureaus;

6 (c) To exercise all the functions, powers, and duties heretofore vested in the division of  
7 parks and recreation of the department of public works by chapters 1, 2, and 5 in title 32 entitled  
8 "Parks and Recreational Areas;" by chapter 22.5 of title 23, as amended, entitled "Drowning  
9 Prevention and Lifesaving;" and by any other general or public law relating to the division of  
10 parks and recreation;

11 (d) To exercise all the functions, powers, and duties heretofore vested in the division of  
12 harbors and rivers of the department of public works, or in the department itself by such as were  
13 previously applicable to the division or the department, of chapters 1 through 22 and sections  
14 thereof, as amended, in title 46 entitled "Waters and Navigation"; and by any other general or  
15 public law relating to the division of harbors and rivers;

16 (e) To exercise all the functions, powers and duties heretofore vested in the department of  
17 health by chapters 25, 18.9, and 19.5 of title 23, as amended, entitled "Health and Safety;" and by  
18 chapters 12 and 16 of title 46, as amended, entitled "Waters and Navigation"; by chapters 3, 4, 5,  
19 6, 7, 9, 11, 13, 18, and 19 of title 4, as amended, entitled "Animals and Animal Husbandry;" and  
20 those functions, powers, and duties specifically vested in the director of environmental  
21 management by the provisions of § 21-2-22, as amended, entitled "Inspection of Animals and  
22 Milk;" together with other powers and duties of the director of the department of health as are  
23 incidental to or necessary for the performance of the functions transferred by this section;

24 (f) To cooperate with the Rhode Island Economic Development Corporation in its  
25 planning and promotional functions, particularly in regard to those resources relating to  
26 agriculture, fisheries, and recreation;

27 (g) To cooperate with, advise, and guide conservation commissions of cities and towns  
28 created under chapter 35 of title 45 entitled "Conservation Commissions", as enacted by chapter  
29 203 of the Public Laws, 1960;

30 (h) To assign or reassign, with the approval of the governor, any functions, duties, or  
31 powers established by this chapter to any agency within the department, except as hereinafter  
32 limited;

33 (i) To cooperate with the water resources board and to provide to the board facilities,  
34 administrative support, staff services, and such other services as the board shall reasonably

1 require for its operation and, in cooperation with the board and the statewide planning program to  
2 formulate and maintain a long range guide plan and implementing program for development of  
3 major water sources transmissions systems needed to furnish water to regional and local  
4 distribution systems;

5 (j) To cooperate with the solid waste management corporation and to provide to the  
6 corporation such facilities, administrative support, staff services and such other services within  
7 the department as the corporation shall reasonably require for its operation;

8 (k) To provide for the maintenance of waterways and boating facilities, consistent with  
9 chapter 6.1 of title 46, by: (1) establishing minimum standards for upland beneficial use and  
10 disposal of dredged material; (2) promulgating and enforcing rules for water quality, ground  
11 water protection, and fish and wildlife protection pursuant to § 42-17.1-24; (3) planning for the  
12 upland beneficial use and/or disposal of dredged material in areas not under the jurisdiction of the  
13 council pursuant to § 46-23-6(2); and (4) cooperating with the coastal resources management  
14 council in the development and implementation of comprehensive programs for dredging as  
15 provided for in §§ 46-23-6(1)(ii)(H) and 46-23-18.3; and (5) monitoring dredge material  
16 management and disposal sites in accordance with the protocols established pursuant to § 46-6.1-  
17 5(3) and the comprehensive program provided for in § 46-23-6(1)(ii)(H); no powers or duties  
18 granted herein shall be construed to abrogate the powers or duties granted to the coastal resources  
19 management council under chapter 23 of title 46, as amended;

20 (l) To establish minimum standards, subject to the approval of the environmental  
21 standards board, relating to the location, design, construction and maintenance of all sewage  
22 disposal systems;

23 (m) To enforce, by such means as provided by law, the standards for the quality of air,  
24 and water, and the design, construction and operation of all sewage disposal systems; any order or  
25 notice issued by the director relating to the location, design, construction or maintenance of a  
26 sewage disposal system shall be eligible for recordation under chapter 13 of title 34. The director  
27 shall forward the order or notice to the city or town wherein the subject property is located and  
28 the order or notice shall be recorded in the general index by the appropriate municipal official in  
29 the land evidence records in the city or town wherein the subject property is located. Any  
30 subsequent transferee of that property shall be responsible for complying with the requirements of  
31 the order or notice. Upon satisfactory completion of the requirements of the order or notice, the  
32 director shall provide written notice of the same, which notice shall be similarly eligible for  
33 recordation. The original written notice shall be forwarded to the city or town wherein the subject  
34 property is located and the notice of satisfactory completion shall be recorded in the general index



1 by the appropriate municipal official in the land evidence records in the city or town wherein the  
2 subject property is located. A copy of the written notice shall be forwarded to the owner of the  
3 subject property within five (5) days of a request for it, and, in any event, shall be forwarded to  
4 the owner of the subject property within thirty (30) days after correction;

5 (n) To establish minimum standards for the establishment and maintenance of salutary  
6 environmental conditions;

7 (o) To establish and enforce minimum standards for permissible types of septage,  
8 industrial waste disposal sites and waste oil disposal sites;

9 (p) To establish minimum standards subject to the approval of the environmental  
10 standards board for permissible types of refuse disposal facilities, the design, construction,  
11 operation, and maintenance of disposal facilities; and the location of various types of facilities;

12 (q) To exercise all functions, powers, and duties necessary for the administration of  
13 chapter 19.1 of title 23 entitled "Rhode Island Hazardous Waste Management Act";

14 (r) To designate in writing any person in any department of the state government or any  
15 official of a district, county, city, town, or other governmental unit, with that official's consent, to  
16 enforce any rule, regulation, or order promulgated and adopted by the director under any  
17 provision of law, provided, however, that enforcement of powers of the coastal resources  
18 management council shall be assigned only to employees of the department of environmental  
19 management, except by mutual agreement or as otherwise provided in chapter 23 of title 46.

20 (s) To issue and enforce such rules, regulations, and orders as may be necessary to carry  
21 out the duties assigned to the director and the department by any provision of law; and to conduct  
22 such investigations and hearings and to issue, suspend, and revoke such licenses as may be  
23 necessary to enforce those rules, regulations, and orders;

24 (1) Notwithstanding the provisions of § 42-35-9 to the contrary, no informal disposition  
25 of a contested licensing matter shall occur where resolution substantially deviates from the  
26 original application unless all interested parties shall be notified of said proposed resolution and  
27 provided with opportunity to comment upon said resolution pursuant to applicable law and any  
28 rules and regulations established by the director.

29 (t) To enter, examine or survey at any reasonable time such places as the director deems  
30 necessary to carry out his or her responsibilities under any provision of law subject to the  
31 following provisions:

32 (1) For criminal investigations, the director shall, pursuant to chapter 5 of title 12, seek a  
33 search warrant from an official of a court authorized to issue warrants, unless a search without a  
34 warrant is otherwise allowed or provided by law;

1 (2) All administrative inspections shall be conducted pursuant to administrative  
2 guidelines promulgated by the department in accordance with chapter 35 of title 42.

3 (B) A warrant shall not be required for administrative inspections if conducted under the  
4 following circumstances, in accordance with the applicable constitutional standards:

5 (i) For closely regulated industries;

6 (ii) In situations involving open fields or conditions that are in plain view;

7 (iii) In emergency situations;

8 (iv) In situations presenting an imminent threat to the environment or public health,  
9 safety or welfare;

10 (v) If the owner, operator, or agent in charge of the facility, property, site or location  
11 consents; or

12 (vi) In other situations in which a warrant is not constitutionally required.

13 (C) Whenever it shall be constitutionally or otherwise required by law, or whenever the  
14 director in his or her discretion deems it advisable, an administrative search warrant, or its  
15 functional equivalent, may be obtained by the director from a neutral magistrate for the purpose  
16 of conducting an administrative inspection. The warrant shall be issued in accordance with the  
17 applicable constitutional standards for the issuance of administrative search warrants. The  
18 administrative standard of probable cause, not the criminal standard of probable cause, shall  
19 apply to applications for administrative search warrants.

20 (i) The need for, or reliance upon, an administrative warrant shall not be construed as  
21 requiring the department to forfeit the element of surprise in its inspection efforts.

22 (ii) An administrative warrant issued pursuant to this subsection must be executed and  
23 returned within ten (10) days of its issuance date unless, upon a showing of need for additional  
24 time, the court orders otherwise.

25 (iii) An administrative warrant may authorize the review and copying of documents that  
26 are relevant to the purpose of the inspection. If documents must be seized for the purpose of  
27 copying, and the warrant authorizes such seizure, the person executing the warrant shall prepare  
28 an inventory of the documents taken. The time, place and manner regarding the making of the  
29 inventory shall be set forth in the terms of the warrant itself, as dictated by the court. A copy of  
30 the inventory shall be delivered to the person from whose possession or facility the documents  
31 were taken. The seized documents shall be copied as soon as feasible under circumstances  
32 preserving their authenticity, then returned to the person from whose possession or facility the  
33 documents were taken.

34 (iv) An administrative warrant may authorize the taking of samples of air, water or soil or

1 of materials generated, stored or treated at the facility, property, site or location. Upon request,  
2 the department shall make split samples available to the person whose facility, property, site or  
3 location is being inspected.

4 (v) Service of an administrative warrant may be required only to the extent provided for  
5 in the terms of the warrant itself, by the issuing court.

6 (D) Penalties. Any willful and unjustified refusal of right of entry and inspection to  
7 department personnel pursuant to an administrative warrant shall constitute a contempt of court  
8 and shall subject the refusing party to sanctions, which in the courts discretion may result in up to  
9 six (6) months imprisonment and/or a monetary fine of up to ten thousand dollars (\$10,000) per  
10 refusal.

11 (u) To give notice of an alleged violation of law to the person responsible therefor  
12 whenever the director determines that there are reasonable grounds to believe that there is a  
13 violation of any provision of law within his or her jurisdiction or of any rule or regulation adopted  
14 pursuant to authority granted to him or her, unless other notice and hearing procedure is  
15 specifically provided by that law. Nothing in this chapter shall limit the authority of the attorney  
16 general to prosecute offenders as required by law.

17 (1) The notice shall provide for a time within which the alleged violation shall be  
18 remedied, and shall inform the person to whom it is directed that a written request for a hearing  
19 on the alleged violation may be filed with the director within ten (10) days after service of the  
20 notice. The notice will be deemed properly served upon a person if a copy thereof is served him  
21 or her personally, or sent by registered or certified mail to his or her last known address, or if he  
22 or she is served with notice by any other method of service now or hereafter authorized in a civil  
23 action under the laws of this state. If no written request for a hearing is made to the director  
24 within ten (10) days of the service of notice, the notice shall automatically become a compliance  
25 order.

26 (2) Whenever the director determines that there exists a violation of any law, rule, or  
27 regulation within his or her jurisdiction which requires immediate action to protect the  
28 environment, he or she may, without prior notice of violation or hearing, issue an immediate  
29 compliance order stating the existence of the violation and the action he or she deems necessary.  
30 The compliance order shall become effective immediately upon service or within such time as is  
31 specified by the director in such order. No request for a hearing on an immediate compliance  
32 order may be made.

33 (B) Any immediate compliance order issued under this section without notice and prior  
34 hearing shall be effective for no longer than forty-five (45) days, provided, however, that for good

1 cause shown the order may be extended one additional period not exceeding forty-five (45) days.

2 (3) If a person upon whom a notice of violation has been served under the provisions of  
3 this section or if a person aggrieved by any such notice of violation requests a hearing before the  
4 director within ten (10) days of the service of notice of violation, the director shall set a time and  
5 place for the hearing, and shall give the person requesting that hearing at least five (5) days  
6 written notice thereof. After the hearing, the director may make findings of fact and shall sustain,  
7 modify, or withdraw the notice of violation. If the director sustains or modifies the notice, that  
8 decision shall be deemed a compliance order and shall be served upon the person responsible in  
9 any manner provided for the service of the notice in this section.

10 (4) The compliance order shall state a time within which the violation shall be remedied,  
11 and the original time specified in the notice of violation shall be extended to the time set in the  
12 order.

13 (5) Whenever a compliance order has become effective, whether automatically where no  
14 hearing has been requested, where an immediate compliance order has been issued, or upon  
15 decision following a hearing, the director may institute injunction proceedings in the superior  
16 court of the state for enforcement of the compliance order and for appropriate temporary relief,  
17 and in that proceeding the correctness of a compliance order shall be presumed and the person  
18 attacking the order shall bear the burden of proving error in the compliance order, except that the  
19 director shall bear the burden of proving in the proceeding the correctness of an immediate  
20 compliance order. The remedy provided for in this section shall be cumulative and not exclusive  
21 and shall be in addition to remedies relating to the removal or abatement of nuisances or any  
22 other remedies provided by law.

23 (6) Any party aggrieved by a final judgment of the superior court may, within thirty (30)  
24 days from the date of entry of such judgment, petition the supreme court for a writ of certiorari to  
25 review any questions of law. The petition shall set forth the errors claimed. Upon the filing of the  
26 petition with the clerk of the supreme court, the supreme court may, if it sees fit, issue its writ of  
27 certiorari;

28 (v) To impose administrative penalties in accordance with the provisions of chapter 17.6  
29 of this title and to direct that such penalties be paid into the account established by subsection (z)  
30 of this section; and

31 (w) The following definitions shall apply in the interpretation of the provisions of this  
32 chapter:

33 (1) Director: The term director shall mean the director of environmental management of  
34 the state of Rhode Island or his or her duly authorized agent.

1           (2) Person: The term person shall include any individual, group of individuals, firm,  
2 corporation, association, partnership or private or public entity, including a district, county, city,  
3 town, or other governmental unit or agent thereof, and in the case of a corporation, any individual  
4 having active and general supervision of the properties of such corporation.

5           (3) Service: (a) Service upon a corporation under this section shall be deemed to include  
6 service upon both the corporation and upon the person having active and general supervision of  
7 the properties of such corporation.

8           (b) For purposes of calculating the time within which a claim for a hearing is made  
9 pursuant to subdivision (u)(1) of this section heretofore, service shall be deemed to be the date of  
10 receipt of such notice or three (3) days from the date of mailing of said notice, whichever shall  
11 first occur.

12           (x)(1) To conduct surveys of the present private and public camping and other  
13 recreational areas available and to determine the need for and location of such other camping and  
14 recreational areas as may be deemed necessary and in the public interest of the state of Rhode  
15 Island and to report back its findings on an annual basis to the general assembly on or before  
16 March 1 of every year;

17           (2) Additionally, the director of the department of environmental management shall take  
18 such additional steps, including but not limited to, matters related to funding as may be necessary  
19 to establish such other additional recreational facilities and areas as are deemed to be in the public  
20 interest.

21           (y)(1) To apply for and accept grants and bequests of funds with the approval of the  
22 director of administration from other states, interstate agencies and independent authorities, and  
23 private firms, individuals and foundations, for the purpose of carrying out his or her lawful  
24 responsibilities. The funds shall be deposited with the general treasurer in a restricted receipt  
25 account created in the Natural Resources Program for funds made available for that program's  
26 purposes or in a restricted receipt account created in the Environmental Protection Program for  
27 funds made available for that program's purposes. All expenditures from the accounts shall be  
28 subject to appropriation by the general assembly, and shall be expended in accordance with the  
29 provisions of the grant or bequest. In the event that a donation or bequest is unspecified or in the  
30 event that the trust account balance shows a surplus after the project as provided for in the grant  
31 or bequest has been completed, the director may utilize said appropriated unspecified or  
32 appropriated surplus funds for enhanced management of the department's forest and outdoor  
33 public recreation areas, or other projects or programs that promote the accessibility of recreational  
34 opportunities for Rhode Island residents and visitors.

1           (2) The director shall submit to the House Fiscal Advisor and the Senate Fiscal Advisor,  
2 by October 1 of each year, a detailed report on the amount of funds received and the uses made of  
3 such funds.

4           (z) To establish fee schedules by regulation with the approval of the governor for the  
5 processing of applications and the performing of related activities in connection with the  
6 department's responsibilities pursuant to subdivision (1) of this section, chapter 19.1 of title 23 as  
7 it relates to inspections performed by the department to determine compliance with chapter 19.1  
8 and rules and regulations promulgated in accordance therewith, chapter 18.9 of title 23 as it  
9 relates to inspections performed by the department to determine compliance with chapter 18.9  
10 and the rules and regulations promulgated in accordance therewith, chapters 19.5 and 23 of title  
11 23; chapter 12 of title 46 insofar as it relates to water quality certifications and related reviews  
12 performed pursuant to provisions of the federal Clean Water Act, the regulation and  
13 administration of underground storage tanks and all other programs administered under chapter  
14 12 of title 46 and § 2-1-18 et seq., and chapter 13.1 of title 46 and chapter 13.2 of title 46 insofar  
15 as they relate to any reviews and related activities performed under the provisions of the  
16 Groundwater Protection Act, chapter 23-24.9 as it relates to the regulation and administration of  
17 mercury-added products, and chapter 17.7 of this title insofar as it relates to administrative  
18 appeals of all enforcement, permitting and licensing matters to the administrative adjudication  
19 division for environmental matters. Two fee ranges shall be required: for "Appeal of enforcement  
20 actions", a range of fifty dollars (\$50) to one hundred dollars (\$100), and for "Appeal of  
21 application decisions", a range of five hundred dollars (\$500) to ten thousand dollars (\$10,000).  
22 The monies from the administrative adjudication fees will be deposited as general revenues and  
23 the amounts appropriated shall be used for the costs associated with operating the administrative  
24 adjudication division.

25           There is hereby established an account within the general fund to be called the water and  
26 air protection program. The account shall consist of sums appropriated for water and air pollution  
27 control and waste monitoring programs and the state controller is hereby authorized and directed  
28 to draw his or her orders upon the general treasurer for the payment of such sums or such portions  
29 thereof as may be required from time to time upon receipt by him or her of properly authenticated  
30 vouchers. All amounts collected under the authority of this subdivision for the sewage disposal  
31 system program and fresh waters wetlands program will be deposited as general revenues and the  
32 amounts appropriated shall be used for the purposes of administering and operating the programs.  
33 The director shall submit to the house fiscal advisor and the senate fiscal advisor by January 15 of  
34 each year a detailed report on the amount of funds obtained from fines and fees and the uses made

1 of such funds.

2 (aa) To establish and maintain a list or inventory of areas within the state worthy of  
3 special designation as "scenic" to include but not be limited to certain state roads or highways,  
4 scenic vistas and scenic areas, and to make the list available to the public.

5 (bb) To establish and maintain an inventory of all interests in land held by public and  
6 private land trust and to exercise all powers vested herein to insure the preservation of all  
7 identified lands.

8 (1) The director may promulgate and enforce rules and regulations to provide for the  
9 orderly and consistent protection, management, continuity of ownership and purpose, and  
10 centralized records-keeping for lands, water, and open spaces owned in fee or controlled in full or  
11 in part through other interests, rights, or devices such as conservation easements or restrictions,  
12 by private and public land trusts in Rhode Island. The director may charge a reasonable fee for  
13 filing of each document submitted by a land trust.

14 (2) The term "public land trust" means any public instrumentality created by a Rhode  
15 Island municipality for the purposes stated herein and financed by means of public funds  
16 collected and appropriated by the municipality. The term "private land trust" means any group of  
17 five (5) or more private citizens of Rhode Island who shall incorporate under the laws of Rhode  
18 Island as a nonbusiness corporation for the purposes stated herein, or a national organization such  
19 as the nature conservancy. The main purpose of either a public or a private land trust shall be the  
20 protection, acquisition, or control of land, water, wildlife, wildlife habitat, plants, and/or other  
21 natural features, areas, or open space for the purpose of managing or maintaining, or causing to  
22 be managed or maintained by others, the land, water, and other natural amenities in any  
23 undeveloped and relatively natural state in perpetuity. A private land trust must be granted  
24 exemption from federal income tax under Internal Revenue Code 501c(3) [26 U.S.C. § 501(c)(3)]  
25 within two (2) years of its incorporation in Rhode Island or it may not continue to function as a  
26 land trust in Rhode Island. A private land trust may not be incorporated for the exclusive purpose  
27 of acquiring or accepting property or rights in property from a single individual, family,  
28 corporation, business, partnership, or other entity. Membership in any private land trust must be  
29 open to any individual subscribing to the purposes of the land trust and agreeing to abide by its  
30 rules and regulations including payment of reasonable dues.

31 (3)(A) Private land trusts will, in their articles of association or their by-laws, as  
32 appropriate, provide for the transfer to an organization created for the same or similar purposes  
33 the assets, lands and land rights and interests held by the land trust in the event of termination or  
34 dissolution of the land trust.

1 (B) All land trusts, public and private, will record in the public records of the appropriate  
2 towns and cities in Rhode Island all deeds, conservation easements or restrictions or other  
3 interests and rights acquired in land and will also file copies of all such documents and current  
4 copies of their articles of association, their by-laws, and annual reports with the secretary of state,  
5 and with the director of the Rhode Island department of environmental management. The director  
6 is hereby directed to establish and maintain permanently a system for keeping records of all  
7 private and public land trust land holdings in Rhode Island.

8 (cc) The director will contact in writing, not less often than once every two (2) years,  
9 each public or private land trust to ascertain: that all lands held by the land trust are recorded with  
10 the director; the current status and condition of each land holding; that any funds or other assets  
11 of the land trust held as endowment for specific lands have been properly audited at least once  
12 within the two (2) year period; the name of the successor organization named in the public or  
13 private land trust's by-laws or articles of association; and any other information the director  
14 deems essential to the proper and continuous protection and management of land and interests or  
15 rights in land held by the land trust.

16 In the event that the director determines that a public or private land trust holding land or  
17 interest in land appears to have become inactive, he or she shall initiate proceedings to effect the  
18 termination of the land trust and the transfer of its lands, assets, land rights, and land interests to  
19 the successor organization named in the defaulting trust's by-laws or articles of association or to  
20 another organization created for the same or similar purposes. Should such a transfer not be  
21 possible, then the land trust, assets, and interest and rights in land will be held in trust by the state  
22 of Rhode Island and managed by the director for the purposes stated at the time of original  
23 acquisition by the trust. Any trust assets or interests other than land or rights in land accruing to  
24 the state under such circumstances will be held and managed as a separate fund for the benefit of  
25 the designated trust lands.

26 (dd) Consistent with federal standards, issue and enforce such rules, regulations and  
27 orders as may be necessary to establish requirements for maintaining evidence of financial  
28 responsibility for taking corrective action and compensating third parties for bodily injury and  
29 property damage caused by sudden and non-sudden accidental releases arising from operating  
30 underground storage tanks.

31 (ee) To enforce, by such means as provided by law, the standards for the quality of air,  
32 and water, and the location, design, construction and operation of all underground storage  
33 facilities used for storing petroleum products or hazardous materials; any order or notice issued  
34 by the director relating to the location, design construction, operation or maintenance of an



1 underground storage facility used for storing petroleum products or hazardous materials shall be  
2 eligible for recordation under chapter 13 of title 34. The director shall forward the order or notice  
3 to the city or town wherein the subject facility is located, and the order or notice shall be recorded  
4 in the general index by the appropriate municipal officer in the land evidence records in the city  
5 or town wherein the subject facility is located. Any subsequent transferee of that facility shall be  
6 responsible for complying with the requirements of the order or notice. Upon satisfactory  
7 completion of the requirements of the order or notice, the director shall provide written notice of  
8 the same, which notice shall be eligible for recordation. The original written notice shall be  
9 forwarded to the city or town wherein the subject facility is located, and the notice of satisfactory  
10 completion shall be recorded in the general index by the appropriate municipal official in the land  
11 evidence records in the city or town wherein the subject facility is located. A copy of the written  
12 notice shall be forwarded to the owner of the subject facility within five (5) days of a request for  
13 it, and, in any event, shall be forwarded to the owner of the subject facility within thirty (30) days  
14 after correction.

15 (ff) To manage and disburse any and all funds collected pursuant to 46-12.9-4, in  
16 accordance with 46-12.9-5, and other provisions of the Rhode Island Underground Storage Tank  
17 Financial Responsibility Act, as amended.

18 SECTION 2. Chapter 42-17.1 of the General Laws entitled “Department of  
19 Environmental Management” is hereby amended by adding thereto the following section:

20 **§ 42-17.1-23.1. Transfer of functions and resources – Underground storage tanks. –**

21 (a) Resources of the underground storage tank financial responsibility review board including but  
22 not limited to property, employees, and accounts are hereby transferred to the department of  
23 environmental management.

24 (b) As part of the above transfer, all employees of the underground storage tank financial  
25 responsibility review board shall be transferred to the classified service. The director of the  
26 department of environmental management, following consultation with the personnel  
27 administrator, shall be responsible for assigning final class specifications with salaries  
28 commensurate with the duties and responsibilities assigned. The personnel administrator shall  
29 take into consideration existing classifications currently within the classified service classification  
30 and pay plan.

31 SECTION 3. Sections 46-12.9-3, 46-12.9-4, 46-12.9-5, 46-12.9-6, 46-12.9-7, 46-12.9-8,  
32 and 46-12.9-11 of the General Laws in Chapter 46-12.9 entitled “Rhode Island Underground  
33 Storage Tank Financial Responsibility Act” are hereby amended to read as follows:

34 **§ 46-12.9-3. Definitions. –** When used in this chapter:

1 (1) "Department" means the Rhode Island department of environmental management.

2 (2) "Director" means the director of the department of environmental management or his  
3 or her designee.

4 (3) "Eligible costs" means costs, expenses and other obligations as incurred by a  
5 responsible party for site investigation, site remediation or other corrective action activities  
6 ordered or directed by the department or voluntarily performed by the responsible party and not  
7 specifically identified by the review board as ineligible.

8 (4) "Fund" means the Rhode Island underground storage tank financial responsibility  
9 fund established herein.

10 (5) "Operator" means any person in control of, or having the responsibility for, the daily  
11 operation of an underground storage tank system.

12 (6) "Owner" means any agency or political subdivision of the state, any municipality,  
13 public or private corporation or authority, individual, trust, firm, joint stock company,  
14 partnership, association or other entity, and any officer, employee or agent thereof.

15 (7) "Petroleum" means crude oil, crude oil fractions, and refined petroleum fractions,  
16 including gasoline, kerosene, heating oils, used/waste oil and diesel fuels.

17 (8) "Release" means any leaking, emitting, discharging, escaping or leaching of  
18 petroleum from any underground storage tank or underground storage tank system into the  
19 environment.

20 (9) "Responsible party" means the person or persons liable for release of petroleum or the  
21 remediation of a release.

22 (10) "Review board" means the Rhode Island underground storage tank financial  
23 responsibility review board established pursuant to the provisions of § 46-12.9-8.

24 (11)(i) "Site" means any location at which or from which there has been a release of  
25 petroleum associated with an underground storage tank or an underground storage tank<sup>er</sup> system  
26 or any location to which such petroleum has migrated.

27 (ii) For the purposes of this chapter, "government site" means any location owned or  
28 occupied, or previously owned or occupied, by any city or town, the state or any agency of the  
29 state of which or from which there has been a release of petroleum associated with an  
30 underground storage tanker and underground storage tank system.

31 (12) "Underground storage tank" means any one or combination of tanks, including  
32 underground pipes connected thereto, used to contain an accumulation of petroleum and the  
33 volume of which, including the volume of underground pipes connected thereto, is ten percent  
34 (10%) or more beneath the surface of the ground.

1 (13) "Underground storage tank system" means an underground storage tank and its  
2 associated ancillary equipment and containment system, if any.

3 **§ 46-12.9-4. Petroleum cleanup fund.** – (a) There is hereby established the Rhode Island  
4 underground storage tank financial responsibility fund.

5 (b) The fund shall consist of any funds which the state may from time to time  
6 appropriate, as well as money received as gifts, grants, bequests, donations or other funds from  
7 any public or private sources or annual tank registration fees as established herein which are  
8 intended to serve the purposes of the Rhode Island underground tank financial responsibility fund  
9 and all funds collected pursuant to § 46-12.9-11.

10 ~~(e) All funds received under the provisions of this chapter shall be paid to and received~~  
11 ~~by the review board, which shall keep such monies in a distinct interest-bearing restricted receipt~~  
12 account to the credit of and for the exclusive use of the fund.

13 (c) All funds collected pursuant to this section shall be deposited in the Underground  
14 Storage Tank Fees fund, and shall be disbursed according to the purposes expressed in section 46-  
15 12.9-5.

16 **§ 46-12.9-5. Purpose of fund.** – The purpose of the fund shall be to facilitate the clean-  
17 up of releases from leaking underground storage tanks, underground storage tank systems,  
18 including those located on sites or government sites in order to protect the environment including  
19 drinking water supplies and public health and to take necessary action to proactively prevent such  
20 releases. The fund shall provide reimbursement to responsible parties for the eligible costs  
21 incurred by them as a result of releases of certain petroleum from underground storage tanks or  
22 underground storage tank systems as provided herein. Monies in the fund shall be dispensed only  
23 upon the order of the review board or its designee for the following purposes.

24 ~~(1) Administrative expenses, personnel, expenses and miscellaneous costs directly related~~  
25 ~~to the fund management incurred by the review board in carrying out fund activities; provided,~~  
26 ~~however, that no more than five hundred and fifty thousand dollars (\$550,000) shall be dispensed~~  
27 ~~from the fund for administrative purposes during fiscal year 1998. For fiscal year 1999, no more~~  
28 ~~than three hundred and fifty thousand dollars (\$350,000) shall be dispensed from the fund for~~  
29 ~~administrative purposes;~~

30 ~~(2)~~ (1) The fund shall pay not more than one million dollars (\$1,000,000) per incident  
31 and up to two million dollars (\$2,000,000) in the aggregate for damages of eligible costs, as  
32 defined in regulations promulgated hereunder and, as further defined in § 46-12.9-3 excluding  
33 legal costs and expenses, incurred by a responsible party as a result of a release of petroleum from  
34 an underground storage tank or underground storage tank system; provided, however, that a

1 responsible party shall be responsible for the first twenty thousand dollars (\$20,000) of said  
2 eligible costs;

3 ~~(2)~~ (2) [Deleted by P.L. 2001, ch. 328, § 1.]

4 ~~(3)~~ (3) Reimbursement for any third party claim including, but not limited to, claims for  
5 bodily injury, property damage and damage to natural resources which are asserted against a  
6 responsible party and which have arisen as a result of a release of petroleum from an underground  
7 storage tank or underground storage tank system in an amount not to exceed one million dollars  
8 (\$1,000,000) for each release as set forth in subsection (2) of this section; provided, that such  
9 claims are found by the review board to be justified, reasonable, related to the release of  
10 petroleum and not excessive or spurious in nature; and

11 ~~(4)~~ (4) Eligible costs incurred by the department in carrying out the investigative,  
12 remedial and corrective action activities at sites of a petroleum release associated with an  
13 underground storage tank or underground storage tank system where the responsible party fails to  
14 comply with an order of the department to take such corrective action. In the event of such  
15 failure, the department may access the fund to perform the ordered work and shall proceed to  
16 recover from the responsible party on behalf of the fund any amount expended from the fund by  
17 the department.

18 ~~(5)~~ (5) Nothing contained in this chapter shall be construed to prevent subrogation by the  
19 state of Rhode Island against any responsible party other than the owner and/or operator for all  
20 sums of money which the fund shall be obligated to pay hereunder plus reasonable attorneys' fees  
21 and costs of litigation and such right of subrogation is hereby created.

22 ~~(6)~~ (6) [Deleted by P.L. 2001, ch. 328, § 1.]

23 (7) Eligible costs incurred by the department to support the fund, including but not  
24 limited to, all personnel support to process and review of claims in order to formulate  
25 recommendations for reimbursement for consideration by the review board, and providing  
26 meeting space for Board meetings provided, however, that no more than five hundred and fifty  
27 thousand dollars (\$550,000) shall be dispensed from the fund for administrative purposes during  
28 any fiscal year. The department shall directly access the fund, pursuant to the limits set forth in  
29 46-12.9-5(1) above, to pay for such expenses.

30 (8) Grants to any third party for purposes of removal of underground storage tanks and/or  
31 replacement of underground storage tanks with other fuel storage and distribution systems,  
32 including aboveground storage tanks, when such removal and/or replacement will minimize the  
33 potential future exposure of the fund to major expenses related to reimbursement of costs incurred  
34 in response or remediation should a future release occur. Grants under this section shall be limited

1 [to fifty thousand dollars \(\\$50,000\) per site and shall be in addition to any eligible reimbursement](#)  
2 [for clean up expenses at that site.](#)

3 **§ 46-12.9-6. Eligibility.** – (a) In order to be eligible for reimbursement from the fund for  
4 eligible costs a responsible party must be subject to financial responsibility as required by the  
5 EPA (40 CFR part 280 subpart H) and:

6 (1) Have [substantially](#) complied with all state technical requirements for underground  
7 storage tanks and underground storage tank systems as promulgated by the department of  
8 environmental management pursuant to chapter 12 of this title and chapter 17.1 of title 42,  
9 including but not limited to, requirements for registration, proper installation, spill containment,  
10 line leak detection, corrosion protection, leak detection, tank tightness testing, inventory control,  
11 closure and leak or spill reporting;

12 (2) Have incurred an eligible cost in excess of the deductible amount specified in § 46-  
13 12.9-5(2) whether for clean-up or related matters or for claims of third parties as set forth in § 46-  
14 12.9-3 resulting from a release of petroleum, subject to the motor and special fuels tax from an  
15 underground storage tank or underground storage tank system. In order to apply for  
16 reimbursement from the fund, it shall not be necessary that the third party and the responsible  
17 party complete adjudication of any claim before submission to the review board; provided,  
18 however, that all such claims shall be reasonably verified and must be demonstrated to the  
19 reasonable satisfaction of the review board in order to be considered eligible for reimbursement.

20 (b) [Deleted by P.L. 2001, ch. 328, § 1.]

21 (c) [Deleted by P.L. 2001, ch. 328, § 1.]

22 (d) Notwithstanding the financial responsibility requirement of this section, responsible  
23 parties may be eligible for reimbursement of eligible costs incurred for government sites provided  
24 that:

25 (1) A city, town, the state or a state agency is the responsible party for a release at the  
26 government site and was the owner of the site at the time of the release;

27 (2) A city, town, the state or a state agency is the responsible party and owner of the  
28 government site at the time of application on which a release occurred prior to the city, town or  
29 state agency's ownership, provided that the government entity purchased the property prior to  
30 March 1, 1998; or

31 (3) A city, town, the state or a state agency was the responsible party at the time of the  
32 release and the government site is owned by a successor in interest at the time of application.

33 (e) Notwithstanding the requirement that the released petroleum be subject to the motor  
34 and special fuels tax, underground storage tanks containing petroleum products for which the

1 motor and special fuels tax is inapplicable including, but not limited to, underground storage  
2 tanks used for the distribution of No. 2 heating oil, used/waste oil, kerosene or other materials as  
3 deemed appropriate by the review board may be eligible for reimbursement with the following  
4 exceptions:

5 (1) Underground storage tanks containing heating or fuel oils used solely for onsite  
6 consumption shall not be eligible.

7 (2) Underground storage tanks exempted from the department's "regulations for  
8 underground storage facilities used for petroleum products and hazardous materials" under  
9 Section 5.03 and Section 9.01 (A-D) shall not be eligible.

10 **§ 46-12.9-7. Rules and regulations.** – The ~~review board, after consultation with the~~  
11 department, is hereby authorized to promulgate, implement and amend regulations, in accordance  
12 with the provisions of chapter 35 of title 42, providing for the submission of claims to the fund  
13 and the timely disbursement of monies from the fund. Such regulations shall include, but not be  
14 limited to, the following:

15 (1) A means of notifying all eligible parties of the existence and functioning of the fund;

16 (2) The record keeping required of eligible parties for submission to and reimbursement  
17 from the fund;

18 (3) A set criteria which establishes the eligibility for reimbursement of specific costs,  
19 expenses and other obligations;

20 (4) [Deleted by P.L. 2001, ch. 328, § 1.]

21 (5) A method of providing periodic reimbursement for eligible costs incurred by an  
22 eligible party after July 8, 1994;

23 (6) A requirement that the review board render its decisions to an eligible party upon the  
24 receipt of a complete claim for reimbursement within ninety (90) days following its receipt of  
25 completed claim;

26 (7) Establishing procedures for verifying claims presented under this chapter;

27 (8) Establishing procedures for approving, modifying or denying claims;

28 ~~(9) Empowering the review board to levy and collect an annual tank registration fee not~~  
29 ~~to exceed two thousand five hundred dollars (\$2,500) per site on underground storage tanks~~  
30 ~~which require demonstration of financial responsibility under the department's regulations of~~  
31 ~~underground storage facilities used for petroleum products and hazardous materials. These tanks~~  
32 ~~which are exempted from the special motor fuels tax shall not be subject to the fee; and~~

33 (9) (9) The eligibility of claims shall be determined by the review board, provided  
34 however, that no claims shall be considered for costs incurred prior to January 1, 1994 by

1 responsible parties who are owners or operators of no more than one location containing  
2 underground storage tanks and July 8, 1994 by all other responsible parties.

3 ~~(11)~~ (10) Empowering the ~~review board~~ department to recognize and arrange for  
4 performance-based and other contracts with the responsible party and contractor for the  
5 remediation of a release.

6 ~~(12)~~ (11) Empowering the ~~review board~~ department to arrange for the establishment of  
7 alternate means of financial responsibility.

8 **§ 46-12.9-8. Review board.** – (a) There is hereby authorized, created and established ~~a~~  
9 ~~public corporation of the state having a distinct legal existence from the state and not constituting~~  
10 ~~a department of state government to be known as~~ the "underground storage tank review board,"  
11 ~~with such powers as are set forth in this chapter, to oversee administration and implementation of~~  
12 ~~the fund, to review submissions and claims received from eligible parties and to proceed~~ to  
13 approve, modify, or deny disbursements to eligible parties and to have such other powers as are  
14 provided herein.

15 (b) The review board shall consist of ten (10) members, as follows: the director of the  
16 department of environmental management or his or her designee who shall be a subordinate  
17 within the department of environmental management; the director of the department of business  
18 regulation or his or her designee who shall be a subordinate within the division of insurance and  
19 who shall be a nonvoting member. The governor, with the advice and consent of the senate, shall  
20 appoint eight (8) public members one of shall have expertise and experience in financial matters.  
21 In making these appointments the governor shall give due consideration to recommendations  
22 from the American Petroleum Institute, the Independent Oil Marketers Association, the Oil Heat  
23 Institute, the Environment Council, the Independent Oil Dealers Association and the Rhode  
24 Island Marine Trade Association. The newly appointed members will serve for a term of three (3)  
25 years commencing on the day they are qualified. Any vacancy which may occur on the board  
26 shall be filled by the governor with advice and consent of the senate, for the remainder of the  
27 unexpired term in the same manner as the member's predecessor as prescribed in this section. The  
28 members of the board shall be eligible to succeed themselves. Members shall serve until their  
29 successors are appointed and qualified. No one shall be eligible for appointment unless he or she  
30 is a resident of this state. The members of the board shall serve without compensation. Those  
31 members of the board as of the effective date of this act [July 15, 2005] who were appointed to  
32 the board by members of the general assembly shall cease to be members of the board on the  
33 effective date of this act, and the governor shall thereupon nominate three (3) members, each of  
34 whom shall serve the balance of the unexpired term of his or her predecessor. Those members of

1 the board as of the effective date of this act who were appointed to the board by the governor  
2 shall continue to serve the balance of their current terms. Thereafter, the appointments shall be  
3 made by the governor as prescribed in this section.

4 (c) When claims are pending, the review board shall meet at the call of the chair no less  
5 than four (4) times per year. All meetings shall be held consistently with chapter 46 of title 42.

6 ~~(d) It is the intent of the general assembly, by the passage of this chapter, to vest in the  
7 review board all powers, authority, rights, privileges, and titles which may be necessary to enable  
8 it to accomplish the purposes herein set forth, and this chapter and the powers herein granted shall  
9 be liberally construed in conformity with those purposes.~~

10 ~~(e)~~ (d) The review board and its corporate existence shall continue until terminated by  
11 law. Upon termination of the existence of the review board, all its rights and properties shall pass  
12 to and be vested in the state.

13 ~~(f)~~ (e) The review board shall have the following powers and duties, together with all  
14 powers incidental thereto or necessary for the performance of those stated in this chapter:

15 ~~(1) To sue and be sued, complain and defend, in its corporate name;~~

16 ~~(2) To have a seal which may be altered at pleasure and to use the seal by causing it, or a  
17 facsimile thereof, to be impressed or affixed or in any other manner reproduced;~~

18 ~~(3) To purchase, take, receive, lease, or otherwise acquire, own, hold, improve, use, and  
19 otherwise deal in and with, real or personal property, or any interest therein, wherever situated;~~

20 ~~(4) To make and execute agreements of lease and all other contracts and instruments  
21 necessary or convenient in the exercise of the powers and functions of the review board granted  
22 by this chapter;~~

23 ~~(5) To make guarantees and incur or assume liabilities as the review board may deem  
24 appropriate;~~

25 ~~(6) To invest and reinvest its funds;~~

26 ~~(7) To secure the cooperation and assistance of the United States, and any of its agencies  
27 and of agencies of this state and its municipalities in the work of the review board;~~

28 ~~(8) To accept grants, donations, drafts, loans of funds, and contributions in money,  
29 services, materials, or otherwise, from the United States or any of its agencies, from this state and  
30 its agencies, or from any other source, and to use or expend those moneys, services, materials, or  
31 other contributions in carrying out the purposes of this chapter;~~

32 ~~(9) To acquire or contract to acquire, from any person, the federal government or the  
33 state, or any agency of either the federal government or state, by grant, purchase, lease, gift, or  
34 otherwise, or to obtain options for the acquisition of any property, real or personal, improved or~~



1 ~~unimproved, and interests in land less than the fee thereof; and to own, hold, clear, improve,~~  
2 ~~develop, and rehabilitate, and to sell, assign, exchange, transfer, convey, lease, mortgage, or~~  
3 ~~otherwise dispose of or encumber the property for the purposes of carrying out the provisions and~~  
4 ~~intent of this chapter for such consideration as the review board shall determine;~~

5 (10) (1) To elect or appoint officers and agents of the review board, and to define their  
6 duties: ~~and fix their compensation, including authority to employ attorneys, accountants, and~~  
7 ~~engineering consultants, and such other employees or agents as the review board shall deem~~  
8 ~~necessary in its judgment;~~

9 (11) (2) To make and alter bylaws, not inconsistent with this chapter, for the  
10 administration ~~and regulation~~ of the affairs of the review board, ~~and the~~ Such bylaws may  
11 contain provisions indemnifying any person who is or was a director or a member of the review  
12 board, in the manner and to the extent provided in § 76-6 of the Rhode Island nonprofit  
13 corporation act;

14 (12) ~~To have and exercise all powers necessary or convenient to effect its purposes;~~

15 (13) ~~To enter into agreements, contracts, and other arrangements with the state and any of~~  
16 ~~its departments, agencies, board or commissions relating to the execution or performance of any~~  
17 ~~function or purpose of the review board, including, but not limited to, investments, employee~~  
18 ~~compensation and employee benefits, and the state and its departments, agencies, boards and~~  
19 ~~commissions are hereby authorized to enter into such agreements, contracts and other~~  
20 ~~arrangements with the review board, and upon the request of the review board shall enter into~~  
21 ~~such agreements, contracts and other arrangements with the review board.~~

22 (14) (3) To approve and submit an annual report within ninety (90) days after the end of  
23 each fiscal year to the governor, the speaker of the house of representatives, the president of the  
24 senate, and the secretary of state, of its activities during that fiscal year. The report shall provide:  
25 an operating statement summarizing meetings or hearings held, including meeting minutes,  
26 subjects addressed, and decisions rendered; a summary of the review board's actions ~~including a~~  
27 ~~listing of regulations promulgated, implemented and amended as prescribed in § 46-12.9-7, fees~~  
28 ~~levied, collected or received as prescribed in §§ 46-12.9-7 and 46-12.9-11, claims submitted,~~  
29 ~~verified, approved, modified, and denied as prescribed in § 46-12.9-7, contracts entered into as~~  
30 ~~prescribed in § 46-12.9-7 and this section, properties acquired as prescribed in this section,~~  
31 ~~liabilities incurred or assumed as prescribed in this section~~ and reconsideration hearings held as  
32 prescribed in § 46-12.9-9; a synopsis of any law suits or other legal matters related to the  
33 authority of the review board; ~~a consolidated financial statement of all funds received, expended,~~  
34 ~~disbursed, and invested by the review board including the source of the funds, a listing of the staff~~

1 ~~and/or consultants employed by the review board;~~ and a summary of performance during the  
2 previous fiscal year including accomplishments, shortcomings and remedies; a briefing on  
3 anticipated activities in the upcoming fiscal year; and findings and recommendations for  
4 improvements; and a summary of any training courses held pursuant to subdivision (f)(15) of this  
5 section. The report shall be posted electronically as prescribed in § 42-20-8.2.

6 ~~(15)~~ (4) To conduct a training course for newly appointed and qualified members and  
7 new designees of ex-officio members within six (6) months of their qualification or designation.  
8 The course shall be developed by the executive director, approved by the board, and conducted  
9 by the executive director. The board may approve the use of any board or staff members or other  
10 individuals to assist with training. The training course shall include instruction in the following  
11 areas: the provisions of chapters 46-12.9, 42-46, 36-14, and 38-2; and the boards rules and  
12 regulations. The director of the department of administration shall, within ninety (90) days of the  
13 effective date of this act [July 15, 2005], prepare and disseminate training materials relating to the  
14 provisions of chapters 36-14, 38-2, and 42-46.

15 (g) Upon the passage of this act and the appointment and qualification of the three (3)  
16 new members prescribed in subsection (b) of this section, the board shall elect from among its  
17 members a chair. Thereafter, the board shall elect annually in February a chair from among the  
18 members. The board may elect from among its members such other officers as it deems  
19 necessary.

20 (h) Six (6) members of the board shall constitute a quorum and the vote of the majority of  
21 the members present shall be necessary and shall suffice for any action taken by the board. No  
22 vacancy in the membership of the board shall impair the right of a quorum to exercise all of the  
23 rights and perform all of the duties of the board.

24 (i) Members of the board shall be removable by the governor pursuant to section 36-17  
25 and removal solely for partisan or personal reasons unrelated to capacity or fitness for the office  
26 shall be unlawful.

27 **§ 46-12.9-11. Funding.** – (a) There is hereby imposed an environmental protection  
28 regulatory fee of at the rate of one cent (\$0.01) per gallon payable of motor fuel, to be collected  
29 by distributors of motor fuel when the product is sold to owners and/or operators of underground  
30 storage tanks. Each distributor shall be responsible to the tax administrator for the collection of  
31 the regulatory fee, and if the distributor is unable to recover the fee from the person who ordered  
32 the product, the distribution shall nonetheless remit to the tax administrator the regulatory fee  
33 associated with the delivery. In accordance with the regulations to be promulgated hereunder, the  
34 fee shall be collected, reported, and paid to the Rhode Island division of taxation as a separate

1 line item entry, on a quarterly tax report by those persons charged with the collection, reporting,  
2 and payment of motor fuels taxes. This fee shall be administered and collected by the division of  
3 taxation. Notwithstanding the provisions of this section, the fee shall not be applicable to  
4 purchases by the United States government.

5 ~~(b) All fees derived under the provisions of this chapter, including tank registration fees~~  
6 ~~assessed pursuant to § 46-12.9-7(9), shall be paid to and received by the review board, which~~  
7 ~~shall keep such money in a distinct interest bearing restricted receipt account to the credit of and~~  
8 ~~for the exclusive use of the fund. All fees collected may be invested as provided by law and all~~  
9 ~~interest received on such investment shall be credited to the fund.~~

10 ~~(e)~~ (b) When the fund reaches the sum of eight million dollars (\$8,000,000), the  
11 imposition of the fee set forth in this chapter shall be suspended, and the division of taxation shall  
12 notify all persons responsible for the collection, reporting and payments of the fee of the  
13 suspension. In the event that the account balance of the fund subsequently is reduced to a sum  
14 less than five million dollars (\$5,000,000) as a result of fund activity, the fee shall be reinstated  
15 by the division of taxation, following proper notice thereof, and once reinstated, the collection,  
16 reporting, and payment of the fee shall continue until the account balance again reaches the sum  
17 of eight million dollars (\$8,000,000).

18 ~~(d)~~ (c) Upon the determination by the review board and the department that the fund has  
19 reached a balance sufficient to satisfy all pending or future claims, the review board shall  
20 recommend to the general assembly the discontinuation of the imposition of the fee created in this  
21 section.

22 SECTION 4. This article shall take effect as of July 1, 2006.

23 **ARTICLE 28**  
24 RELATING TO PAY DIFFERENTIAL FOR  
25 STATE EMPLOYEES ON ACTIVE DUTY

26 SECTION 1. Chapter 30-6 of the General Laws entitled "Pay and Allowances" is hereby  
27 amended by adding thereto the following section:

28 **§ 30-6-5. Pay differential for state employees on active duty.** – (a) Employees of a  
29 state agency who are eligible as defined within may qualify for a military pay differential,  
30 hereafter also referred to as a "differential". Such differential shall consist of the difference  
31 between the base pay for state employment that the state employee would have received if not on  
32 active military duty and the military pay that the employee on active military duty did receive, for  
33 the same time period. The differential does not include the payment of overtime in state  
34 employment.



1 estimated excise tax, the lessor shall annually rebate to the lessee the difference between the  
2 actual excise tax and the estimated excise tax.

3 (b) Pursuant to the provisions of this section, all motor vehicles shall be assessed a value  
4 by the vehicle value commission. That value shall be assessed according to the provisions of §  
5 44-34-11(c)(1) and in accordance with the terms as defined in subsection (d) of this section;  
6 provided, however, that the maximum taxable value percentage applicable to model year values  
7 as of December 31, 1997, shall continue to be applicable in future year valuations aged by one  
8 year in each succeeding year.

9 (c)(1) The motor vehicle excise tax phase-out shall commence with the excise tax bills  
10 mailed to taxpayers for the fiscal year 2000. The phase-out, beyond fiscal year 2003, shall be  
11 subject to annual review and appropriation by the general assembly. The tax assessors of the  
12 various cities and towns and fire districts shall reduce the average retail value of each vehicle  
13 assessed by using the prorated exemptions from the following table:

14	Local Fiscal Year		State fiscal year
15	Exempt from value	Local Exemption	Reimbursement
16	fiscal year 1999	0	\$1,500
17	fiscal year 2000	\$1,500	\$2,500
18	fiscal year 2001	\$2,500	\$3,500
19	fiscal year 2002	\$3,500	\$4,500
20	fiscal years 2003, 2004		
21	and 2005	\$4,500	\$4,500
22	for fiscal year 2006 <del>and</del>		
23	<del>each year thereafter</del>	\$5,000	\$5,000
24	<u>for fiscal year 2007 and</u>		
25	<u>each year thereafter</u>	<u>\$5,500</u>	<u>\$5,500</u>

26 No city or town shall, in preparation of its annual budget, plan or otherwise rely on the  
27 continuation of said phase-out beyond fiscal year 2003, unless it is specifically approved by the  
28 general assembly.

29 (2) The excise tax phase-out shall provide levels of assessed value reductions until the tax  
30 is eliminated or reduced as provided in this chapter.

31 (3) Current exemptions shall remain in effect as provided in this chapter.

32 (4) The excise tax rates and ratios of assessment shall not be greater than fiscal year 1998  
33 levels for each city, town, and fire district; provided, in the town of Johnston the excise tax rate  
34 and ratios of assessment shall not be greater than fiscal year 1999 levels and in no event shall the

1 final taxable value of a vehicle be higher than assessed in the prior fiscal year, and the levy of a  
2 city, town, or fire district shall be limited to the lesser of the maximum taxable value or net  
3 assessed value for purposes of collecting the tax in any given year.

4 (d) Definitions. (1) "Maximum taxable value" means the value of vehicles as prescribed  
5 by § 44-34-11 reduced by the percentage of assessed value applicable to model year values as  
6 determined by the Rhode Island vehicle value commission as of December 31, 1997, for the  
7 vehicles valued by the commission as of December 31, 1997. For all vehicle value types not  
8 valued by the Rhode Island vehicle value commission as of December 31, 1997, the maximum  
9 taxable value shall be the latest value determined by a local assessor from an appropriate pricing  
10 guide, multiplied by the ratio of assessment used by that city, town, or fire district for a particular  
11 model year as of December 31, 1997.

12 (2) "Net assessed value" means the motor vehicle values as determined in accordance  
13 with § 44-34-11 less all personal exemptions allowed by cities, towns, fire districts, and the state  
14 of Rhode Island exemption value as provided for in § 44-34.1-1(c)(1).

15 SECTION 2. This article shall take effect as of June 15, 2006.

### 16 ARTICLE 30

#### 17 RELATING TO ESTABLISHMENT OF A SALES AND USE TAX HOLIDAY

18 SECTION 1. Title 44 of the General Laws entitled "Taxation" is hereby amended by  
19 adding thereto the following chapter:

#### 20 CHAPTER 44-19.1

#### 21 SALES AND USE TAX HOLIDAY

22 **§ 44-19.1-1. Declaration of necessity.** -- In consideration of the fact that other states  
23 have had sales tax holidays which have been successful in stimulating their respective economies,  
24 and it is expected that a similar stimulation to the Rhode Island economy would occur as a result  
25 of a sales tax holiday in Rhode Island, such a sales tax holiday is afforded by this Chapter.

26 **§ 44-19.1-2. Applicability of Definitions.** -- Except where the context otherwise  
27 requires, the terms used in this chapter shall have the same meaning as in Chapters 44-18 and 44-  
28 19.

29 **§ 44-19.1-3. Sales Tax Holiday defined.** -- For the purposes of this chapter, the term  
30 "Sales Tax Holiday" means the two day period of Saturday, August 12, 2006 and Sunday August  
31 13, 2006 or any other period declared in accordance with § 44-19.1-8 below.

32 **§ 44-19.1-4. Tax Holiday Sales.** -- Notwithstanding any other provision of the Rhode  
33 Island General Laws to the contrary, during a Sales Tax Holiday, a sales and use tax shall not be  
34 imposed upon any non-business retail sale made by a retailer located in Rhode Island, except for

1 the following:

2 (a) the sale of telecommunication services;

3 (b) the sale of cigarettes or other tobacco products taxed under Chapter 44-20;

4 (c) the sale of meals and/or beverages as described in § 44-18-18.1;

5 (d) the sale of motor vehicles;

6 (e) the rental of living quarters;

7 (f) the furnishing of service for transmission of messages by telegraph, cable, or radio and  
8 the furnishing of community antenna television, subscription television, and cable television  
9 services; and

10 (g) the sale of a single item whose price is in excess of \$2,500.

11 **§ 44-19.1-5. Retailers collection requirements.** – Notwithstanding any other provision  
12 of the Rhode Island General Laws to the contrary, during a Sales Tax Holiday a retailer in Rhode  
13 Island shall not add to the sales price or collect from any non-business purchaser a sales or use tax  
14 upon any retail sale described in Section 44-19.1-4 above. Although the tax administrator shall  
15 not require any retailer in Rhode Island to collect and pay sales and use tax upon such retail sales  
16 made during the Sales Tax Holiday, any sales or use tax erroneously or improperly collected  
17 during a Sales Tax Holiday shall be remitted to the division of taxation.

18 **§ 44-19.1-6. Retailers reporting requirements.** – Reporting requirements imposed  
19 upon retailers, by law or by regulation, including but not limited to the requirements for filing  
20 returns required by Chapters 44-18 and 44-19, shall remain in effect for sales during the Sales  
21 Tax Holiday, unless changed by the tax administrator in instructions, forms, rules or regulations  
22 as provided for in section 44-19.1-7 below.

23 **§ 44-19.1-7. Rules and Regulations - Forms.** – The tax administrator may adopt rules  
24 and regulations to carry into effect the provisions of this Chapter. The tax administrator may  
25 prescribe and furnish any forms and instructions necessary or proper for the administration of this  
26 Chapter.

27 **§ 44-19.1-8. Future Sales Tax Holidays.** – Future Sales Tax Holidays will be held in  
28 August on the Saturday and Sunday prior to Victory Day and shall be in conformance with the  
29 Streamlined Sales and Use Tax Agreement as outlined in Article 39 of the FY 2007  
30 Appropriations Bill.

31 SECTION 2. This article shall take effect upon passage.

32 **ARTICLE 31**

33 **RELATING TO PANDEMIC INFLUENZA PREPARATION**

34 **SECTION 1.** Section 23-1-45 of the General Laws in Chapter in 23-1 entitled

1 "Department of Health" is hereby amended to read as follows:

2 **§ 23-1-45. Infant-child immunization account.** – There is created within the general  
3 fund a restricted receipt account to be known as the "infant-child immunization account". All  
4 money in the account shall be utilized by the department of health to effectuate the provisions of  
5 § 23-1-44. All money received pursuant to §§ 23-1-46 and 23-1-47 shall be deposited in the  
6 infant-child immunization account. There shall be an expenditure in FY 2007 not to exceed one  
7 million dollars (\$1,000,000) for pandemic influenza medications and equipment as directed by  
8 the director of health. The general treasurer is authorized and directed to draw his or her orders on  
9 the account upon receipt of properly authenticated vouchers from the department of health.

10 SECTION 2. This article shall take effect as of July 1, 2006.

## 11 **ARTICLE 32**

### 12 **RELATING TO HUMAN SERVICES -- FAMILY INDEPENDENCE ACT**

13 SECTION 1. Sections 40-5.1-8, 40-5.1-9, 40-5.1-17 and 40-5.1-18 of the General Laws  
14 in Chapter 40-5.1 entitled "Family Independence Act" are hereby amended to read as follows:

15 **§ 40-5.1-8. Eligibility for cash assistance.** – (a)(1) Except as otherwise provided for in  
16 this section, no person shall be included in any family for purposes of determining eligibility for  
17 or the amount of cash to which a family is entitled under this chapter, unless the person is a  
18 resident of the state and is: (A) either a citizen; or (B) lawfully admitted for permanent residence  
19 before August 22, 1996, or (C) otherwise lawfully entitled to reside in the United States before  
20 August 22, 1996 and is determined to have a status within the meaning of the term "qualified  
21 alien", or an exception thereto, under § 402(b) of the Personal Responsibility and Work  
22 Opportunity Reconciliation Act of 1996 (Public Laws No. 104-193), and as that section may  
23 hereafter be amended; or (D) an alien who on or after August 22, 1996 is determined to have a  
24 status within the meaning of the term "qualified alien", or an exception thereto, under § 402(b) of  
25 the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Laws No.  
26 104-193), and as that section may hereafter be amended.

27 (2) An alien who does not meet the citizenship or alienage criteria in subsection (a)(1)  
28 above, who was lawfully residing in the United States before August 22, 1996 and who is a  
29 resident of this state prior to July 1, 1997, shall be eligible for cash assistance under this chapter  
30 without regard to the availability of federal funding; provided, however, that the person meets all  
31 other eligibility requirements under this chapter.

32 (3) No person shall be ineligible for assistance payments under this chapter due solely to  
33 the restricted eligibility rules otherwise imposed by section 115(a)(2) of the Personal  
34 Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Laws No. 104-193) and



1 as that section may hereafter be amended.

2 (b) No family shall be eligible for assistance payments if the combined value of its  
3 available resources (reduced by any obligations or debts with respect to such resources) exceed  
4 one thousand dollars (\$1,000). For purposes of this subsection, the following shall not be counted  
5 as resources of the family:

6 (1) The home owned and occupied by a child, parent, relative or other individual;

7 (2) Real property owned by a husband and wife as tenants by the entirety, if the property  
8 is not the home of the family and if the spouse of the applicant refuses to sell his or her interest in  
9 the property;

10 (3) Real property which the family is making a good faith effort to dispose of, but any  
11 aid payable to the family for any such period shall be conditioned upon such disposal and any  
12 payments of aid for that period shall (at the time of disposal) be considered overpayments to the  
13 extent that they would not have occurred at the beginning of the period for which the payments  
14 were made. Any overpayments that may have occurred are debts subject to recovery in  
15 accordance with the provisions of § 40-5.1-28;

16 (4) Income producing property other than real estate including but not limited to  
17 equipment such as farm tools, carpenter's tools and vehicles used in the production of goods or  
18 services which the department determines are necessary for the family to earn a living;

19 (5) One (1) vehicle for each adult household member but not to exceed two (2) vehicles  
20 per household, and in addition, a vehicle used primarily for income producing purposes such as  
21 but not limited to a taxi, truck or fishing boat; a vehicle used as a family's home; a vehicle which  
22 annually produces income consistent with its fair market value, even if only used on a seasonal  
23 basis; a vehicle necessary to transport a family member with a disability where the vehicle is  
24 specially equipped to meet the specific needs of the person with a disability or if the vehicle is a  
25 special type of vehicle that makes it possible to transport the person with a disability;

26 (6) Household furnishings and appliances, clothing, personal effects and keepsakes of  
27 limited value;

28 (7) Burial plots (one for each child, relative, and other individual), and funeral  
29 arrangements;

30 (8) For the month of receipt and the following month, any refund of federal income taxes  
31 made to the family by reason of § 32 of the Internal Revenue Code of 1986, 26 U.S.C. § 32,  
32 (relating to earned income tax credit), and any payment made to the family by an employer under  
33 § 3507 of the Internal Revenue Code of 1986, 26 U.S.C. § 3507 (relating to advance payment of  
34 such earned income credit);

1 (9) The resources of any family member receiving supplementary security income  
2 assistance under the Social Security Act, 42 U.S.C. § 301 et seq.

3 (c) [Deleted by P.L. 2003, ch. 376, art. 12, § 1.]

4 (d) (1) Except as otherwise provided for in this section, no person shall be included in  
5 any family for purposes of determining eligibility for or the amount of cash to which a family is  
6 entitled under this chapter, if that person after attaining eighteen (18) years of age, has received  
7 cash assistance under this chapter for a total of sixty (60) months (whether or not consecutive) to  
8 include any time receiving family cash assistance in any other state or territory of the United  
9 States of America as defined herein. ~~The limitation in the preceding sentence only shall apply~~  
10 ~~only if required by federal statute or regulation.~~ Family cash assistance in any other state or  
11 territory of the United States of America shall be determined by the Department of Human  
12 Services and shall include family cash assistance funded in whole or in part by Temporary  
13 Assistance for Needy Families (TANF) funds [Title IV-A of the federal Social Security Act, 42  
14 U.S.C. § 601 et seq.] and/or family cash assistance provided under a program similar to the  
15 Family Independence Act or the federal TANF program.

16 (2) For applicants who apply on or after July 1, 2007, except as otherwise provided for in  
17 this section, no person shall be included in any family for purposes of determining eligibility for  
18 or the amount of cash to which a family is entitled under this chapter, if that person after attaining  
19 eighteen (18) years of age, has received cash assistance under this chapter for a total of thirty (30)  
20 months (whether or not consecutive) to include any time receiving family cash assistance in any  
21 other state or territory of the United States of America as defined herein. Family cash assistance  
22 in any other state or territory of the United States of America shall be determined by the  
23 Department of Human Services and shall include family cash assistance funded in whole or in  
24 part by TANF funds [Title IV-A of the federal Social Security Act, 42 U.S.C. § 601 et seq.]  
25 and/or family cash assistance provided under a program similar to the Family Independence Act  
26 or the federal TANF program.

27 ~~(3)~~ (3) In calculating the sixty (60) month limit imposed in subsection (d)(1) or the thirty  
28 (30) month limit imposed in subsection (d)(2), the department shall disregard any month for  
29 which assistance was provided with respect to a minor parent or minor pregnant woman during  
30 those months when the individual was a minor child, or a parent employed an average of thirty  
31 (30) or more hours per week during a month in a single parent family, or an average of thirty-five  
32 (35) hours per week during a month for a two parent family.

33 ~~(3)~~ (4) The department may exempt a family from the application of subsection (d)(1) or  
34 (d)(2) by reason of hardship; provided, however, that the number of such families to be exempted

1 by the department under this subsection shall not exceed twenty percent (20%) of the average  
2 monthly number of families to which assistance is provided for under this chapter in a fiscal year;  
3 provided, however, that to the extent now or hereafter permitted by federal law any waiver  
4 granted under § 40-5.1-46(a) shall not be counted in determining the twenty percent (20%)  
5 maximum under this section.

6 (e) Notwithstanding any other provision of this chapter, the amount of cash to which a  
7 family is entitled under the chapter shall be reduced by thirty percent (30%) until the family has  
8 been a resident of the state for twelve (12) consecutive months; provided, however, that no  
9 member of the family who has been a resident of the state for twelve (12) consecutive months or  
10 longer shall have his or her benefit reduced under this subsection.

11 (f) A family:

12 (i) Consisting of a parent who is under the age of eighteen (18) (minor parent); and

13 (ii) Who has never been married; and

14 (iii) Who has a child, or a family which consists of a woman under the age of eighteen  
15 (18) who is at least six months pregnant (pregnant minor), shall be eligible for cash assistance  
16 only if such family resides in the home of a parent, legal guardian or other adult relative. Such  
17 assistance shall be provided to the parent, legal guardian, or other adult relative on behalf of the  
18 individual and child unless otherwise authorized by the department.

19 (2) Subdivision (1) shall not apply if:

20 (i) The minor parent or pregnant minor has no parent, legal guardian or other adult  
21 relative who is living and or whose whereabouts are known;

22 (B) The department determines that the physical or emotional health or safety of the  
23 minor parent, or his or her child, or the pregnant minor, would be jeopardized if he or she was  
24 required to live in the same residence as his or her parent, legal guardian or other adult relative  
25 (refusal of a parent, legal guardian or other adult relative to allow the minor parent or his or her  
26 child, or a pregnant minor, to live in his or her home shall constitute a rebuttable presumption that  
27 the health or safety would be so jeopardized);

28 (C) The minor parent or pregnant minor has lived apart from his or her own parent or  
29 legal guardian for a period of at least one year before either the birth of any child to a minor  
30 parent or the onset of the pregnant minor's pregnancy; or

31 (D) There is good cause, under departmental regulations, for waiving the subsection; and

32 (ii) The individual resides in supervised supportive living arrangement to the extent  
33 available. For purposes of this section "supervised supportive living arrangement" means an  
34 arrangement which:

1 (A) Requires teen parents to enroll and make satisfactory progress in a program leading  
2 to a high school diploma or a general education development certificate;

3 (B) Requires teen parents to participate in the adolescent parenting program established  
4 in chapter 19 of this title to the extent the program is available; and

5 (C) Provides rules and regulations which insure regular adult supervision.

6 (g) As a condition of eligibility for cash and medical assistance under this chapter, each  
7 adult member of the family has:

8 (1) Assigned to the state any rights to support for children within the family from any  
9 person which the family member has at the time the assignment is executed or may have while  
10 receiving assistance under this chapter;

11 (2) Consented to and is cooperating with the state in establishing the paternity of a child  
12 born out of wedlock with respect to whom assistance is claimed, and in obtaining support  
13 payments for the family member with respect to whom the aid is claimed, or in obtaining any  
14 other payments or property due any family member, unless the applicant is found to have good  
15 cause for refusing to comply with the requirements of this subsection.

16 Absent good cause for refusing to comply with the requirements of this subsection, the  
17 amount of cash a family is otherwise entitled shall be reduced by twenty-five percent (25%) until  
18 the adult member of the family who has refused to comply with the requirements of this  
19 subsection consents to and cooperates with the state in accordance with the requirements of this  
20 subsection.

21 (3) Consented to and is cooperating with the state in identifying, and providing  
22 information to assist the state in pursuing any third party who may be liable to pay for care and  
23 services under Title XIX of the Social Security Act, 42 U.S.C. § 1396 et seq.

24 (h) As a condition of eligibility for cash assistance to a family under this chapter, the  
25 parent(s), unless otherwise exempt under this chapter, must enter into an individual employment  
26 plan in accordance with section 40-5.1-9(c). This condition of eligibility shall apply to  
27 applications for assistance filed on or after May 1, 2006 and to current recipients at the time of  
28 their next redetermination of eligibility occurring on or after May 1, 2006.

29 **§ 40-5.1-9. Cash assistance.** – (a) *Entitlement to cash assistance.* A family found by the  
30 department to meet the eligibility criteria set forth in this chapter shall be entitled to receive cash  
31 assistance from the date of submitting a signed application. The family members shall be eligible  
32 for cash assistance for so long as they continue to meet the eligibility criteria and parents shall be  
33 eligible so long as they meet the terms and conditions of the work requirements of subsection (c).  
34 The monthly amount of cash assistance shall be equal to the payment standard for the family

1 minus the countable income of the family in that month. The department is authorized to reduce  
2 the amount of assistance in the month of application to reflect the number of the days between the  
3 first (1st) day of the month and the effective date of the application.

4 (b) (1) Payment standard. The payment standard is equal to the sum of the following:  
5 three hundred twenty-seven dollars (\$327) (two hundred seventy-seven dollars (\$277) for a  
6 family residing in subsidized housing) for the first person, one hundred twenty-two dollars (\$122)  
7 for the second person, one hundred five dollars (\$105) for the third person and eighty dollars  
8 (\$80) for each additional person.

9 (2) Notwithstanding any other provisions of this section, effective July 1, 2006 the  
10 amount of payment otherwise made to a family under this chapter shall be reduced by the  
11 following:

12 \$25 per month for families receiving cash assistance under this chapter for more than 24  
13 months but less than 37 months cumulatively since May 1, 1997; \$50 per month for families  
14 receiving cash assistance under this chapter for more than 36 months but less than 49 months  
15 cumulatively since May 1, 1997; \$75 per month for families receiving cash assistance under his  
16 chapter for more than 48 months but less than 61 months cumulatively since May 1, 1997; and  
17 \$80 per month for families receiving cash assistance for more than 60 months cumulatively;  
18 provided however, that no reduction in cash assistance made under this chapter to a family shall  
19 be made if a member of the household meets one of the following exemptions:

20 (A) Unable to comply with the employment plan because of an illness which, on the basis  
21 of medical evidence, is serious enough to temporarily prevent work;

22 (B) Unable to comply with the employment plan because of a physical or mental  
23 impairment which, on the basis of medical evidence, either by itself or in conjunction with age,  
24 prevents work;

25 (C) Unable to comply with the employment plan because of the illness or incapacity of a  
26 minor child or spouse who requires full-time in-home care, and for whom the person is providing  
27 care;

28 (D) Sixty (60) years of age or older;

29 (E) With respect to parent with a child under the age of one, during the first two (2)  
30 months of post partum.

31 ~~(c) Work requirements . (1) No more than forty five (45) days following the date on~~  
32 ~~which a family has been notified by the department in writing that it is eligible for cash assistance~~  
33 ~~under the act.~~ Effective for applications filed on or after May 1, 2006 and to current recipients at  
34 the time of their next redetermination of eligibility on or after May 1, 2006, the department shall

1 develop a family financial plan pursuant to § 40-5.1-5 and, unless the parent is exempt from work  
2 pursuant to paragraph (iv), the department shall assess the parent's educational and vocational  
3 abilities, and the department and the parent shall jointly develop and enter into an individual  
4 employment plan pursuant to § 40-5.1-5 within thirty (30) days of the filing of an application for  
5 assistance. In the case of a family including two (2) parents, the department may develop an  
6 employment plan for ~~each~~ any parent not otherwise required under this chapter to enter into an  
7 employment plan if the parents so requests.

8 (2) The employment plan shall specify the parent's work activity and the supportive  
9 services which will be provided by the department to enable the parent to engage in the work  
10 activity.

11 (i) During the first twenty-four (24) months of the employment plan, and for all  
12 applicants effective July 1, 2007 during the first twelve (12) months of the employment plan, the  
13 parent shall participate, for a minimum of twenty (20) hours per week for parents whose youngest  
14 child in the home is under the age of six (6), and for a minimum of thirty (30) hours per week for  
15 parents whose youngest child in the home is six (6) years of age or older, in one or more of the  
16 following work activities, as appropriate, in order to help the parent obtain stable full-time paid  
17 employment:

18 (A) Paid employment, (including on-the-job training);

19 (B) A community work experience in a program which satisfies the requirements of § 40-  
20 5.1-23;

21 (C) A training or work readiness program approved by the department and conducted at a  
22 job site if the program involves supervised participation in work at the site;

23 (D) During the first six (6) months of eligibility (or for a longer period if the department  
24 determines it necessary to prepare the parent to obtain stable full-time employment), successful  
25 participation in an approved work readiness program as defined in § 40-5.1-22;

26 (E) During the first three (3) months of eligibility (or for a longer period if the department  
27 determines it necessary to prepare the parent to obtain stable full-time employment), participation  
28 in an approved rapid job placement program as defined in § 40-5.1-20;

29 (F) A supervised individual job search, which meets the conditions set forth in § 40-5.1-  
30 21;

31 (G) For a parent under the age of twenty (20) without a high school diploma or the  
32 equivalent, successful participation on a full-time basis in a program to secure such diploma or  
33 the equivalent;

34 (H) For a parent age twenty (20) or older, without basic literacy or English literacy skills,

1 successful participation on a full time basis in a program to secure such skills; and

2 (I) For a parent age twenty (20) or older (and a parent under the age of twenty (20) who  
3 has a high school degree or the equivalent or a parent under the age of twenty (20) for whom  
4 attendance at a high school is determined to be inappropriate) successful participation in a  
5 vocational education, skills or job training program, including without limitation, a program of  
6 postsecondary education, which the department determines is likely to result in regular full-time  
7 employment at wages sufficient to eliminate eligibility for cash assistance under the act.

8 (ii) Beginning with the twenty-fifth (25th) month of the employment plan, and for all  
9 applicants effective July 1, 2007 beginning with the thirteenth (13th) month of the employment  
10 plan, the parent shall participate in one or more of the following work activities for at least twenty  
11 (20) hours per week for parents whose youngest child in the home is under the age of six (6) and  
12 thirty (30) hours per week for parents whose youngest child in the home is six (6) years of age or  
13 older:

14 (A) Paid employment (including on-the-job training);

15 (B) A community work experience program which satisfies the requirements of § 40-5.1-  
16 23;

17 (C) A training program approved by the department and conducted at a job site if the  
18 program involves supervised participation in work at the site.

19 (D) A supervised individual or group job search not to exceed four weeks, which meets  
20 the conditions set forth in § 40-5.1-21; or participation in an approved rapid job placement  
21 program as defined in § 40-5.1-20.

22 (iii) The following parents shall be deferred from the participation requirement in  
23 paragraph (ii):

24 (A) A parent under the age of twenty (20) without a high school diploma or the  
25 equivalent who is successfully participating, on a full-time basis, in a program to secure such  
26 diploma or the equivalent;

27 (B) A single parent age twenty (20) or older, without basic literacy or English language  
28 skills, who: (I) is participating in a full-time program but is unable to complete a literacy or  
29 language skills program during the first twenty-four (24) months of his or her employment plan,  
30 and for all applicants effective July 1, 2007 during the first twelve (12) months of his or her  
31 employment plan, or (II) who the department has determined is unable to secure paid  
32 employment without additional language or literacy skills, and who is successfully participating  
33 in a program to secure such skills;

34 (C) A parent age twenty (20) years or older, who is successfully participating in a

1 vocational education, skills or job training program, including without limitation, a program of  
2 postsecondary education, which the department determines is likely to result in regular full-time  
3 employment at wages sufficient to eliminate eligibility for cash assistance under the act;  
4 provided, however, that the parent began the program prior to the twenty-fifth (25th) month of his  
5 or her employment plan, and the thirteenth (13th) month for all applicants effective July 1, 2007  
6 of his or her employment plan; provided, further, however, that participation shall not be deemed  
7 a work activity after the thirty-sixth (36th) month of the employment plan; and provided further  
8 that effective July 1, 2007 , participation shall not be deemed a work activity after the twenty-  
9 forty (24th) month of the employment plan.

10 (D) Upon completion of any activity in subparagraphs (A)–(C), the parent shall be  
11 subject to the work activity requirements of paragraph (ii).

12 (iv) Paragraphs (i) and (ii) shall not apply to a single parent if (and for so long as) the  
13 department finds that he or she is:

14 (A) Unable to comply with the employment plan because of an illness which, on the  
15 basis of medical evidence, is serious enough to temporarily prevent work;

16 (B) Unable to comply with the employment plan because of a physical or mental  
17 impairment which, on the basis of medical evidence, either by itself or in conjunction with age,  
18 prevents work;

19 (C) Unable to comply with the employment plan because of the illness or incapacity of a  
20 minor child or spouse who requires full-time in-home care, and for whom the person is providing  
21 care;

22 (D) Caring for a child below the age of one; provided, however, that a minor parent  
23 without a high school diploma or the equivalent, and who is not married, shall not be exempt  
24 from subparagraph (i)(G) for more than twelve (12) weeks from the birth of the child;

25 (E) Sixty (60) years of age or older;

26 (F) A pregnant woman in her third trimester;

27 (G) Otherwise exempt by the department.

28 (v) (A) The amount of cash assistance to which an otherwise eligible family is entitled  
29 under the act, shall be reduced by the portion of the family's benefit attributable to any parent  
30 who, without good cause, has failed to enter into an individual employment plan or has failed to  
31 comply with his or her individual employment plan, as required under this chapter; provided that  
32 the reduction shall be applied during the first ~~eighteen (18)~~ three (3) months, whether or not  
33 consecutive, of such failure or non-compliance by the parent.

34 (B) The department shall terminate cash assistance to a family if any parent in the family



1 has failed, without good cause, to enter into an individual employment plan or to comply with his  
2 or her individual employment plan, for ~~eighteen (18)~~ three (3) months, whether or not  
3 consecutive.

4 (C) For purposes of paragraph (v) the benefit reduction for a family size of two (2) shall  
5 be computed utilizing a family size of three (3).

6 (vi) (A) If the family's benefit has been reduced in accordance with paragraph (v)(A) for  
7 less than ~~eighteen (18)~~ three (3) months, whether or not consecutive, due to the parent's failure to  
8 enter into an individual employment plan or failure to comply with the terms of his or her  
9 individual employment plan, benefits shall be restored to the full amount beginning with the  
10 initial payment made on the first of the month following the month in which the parent (1) enters  
11 into an individual employment plan and demonstrates compliance with the terms thereof, or (2)  
12 demonstrates compliance with the terms of his or her existing individual employment plan, as  
13 such plan may be amended by agreement of the parent and the department.

14 (B) If the family's benefit has been terminated in accordance with paragraph (v)(B) due  
15 to the failure by one or more parents to enter into an individual employment plan or failure to  
16 comply with the terms of his or her individual employment plan, the family may re-apply for  
17 benefits and benefits shall be restored to the family in the full amount the family is otherwise  
18 entitled to under this chapter beginning on the first of the month following the month in which all  
19 parents in the family who are subject to the employment plan requirements under this chapter (1)  
20 enter into an individual employment plan and demonstrate compliance with the terms thereof, or  
21 (2) demonstrate compliance with the terms of the parent's individual employment plan in effect at  
22 the time of termination of benefits, as such plan may be amended by agreement of the parent and  
23 the department.

24 (vii) Notwithstanding paragraphs (i) and (ii) of this subsection, in the case of a family  
25 consisting of two (2) parents, ~~(except as provided in paragraph (xi) below)~~, beginning seven (7)  
26 days following completion of ~~the family financial plan and~~ the individual employment plan(s), or  
27 as soon as practical thereafter, one parent shall be engaged in work activities for at least thirty-  
28 five (35) hours per week during the month, not fewer than thirty (30) hours per week of which are  
29 attributable to one or more of the following activities:

30 (A) Unsubsidized employment;

31 (B) Subsidized private sector employment;

32 (C) Subsidized public sector employment;

33 (D) Work experience if sufficient private sector employment is not available;

34 (E) On-the-job training;

1 (F) ~~Job search and job readiness assistance~~ A supervised individual or group job search  
2 not to exceed four weeks, which meets the conditions set forth in § 40-5.1-21; or participation in  
3 an approved rapid job placement program as defined in § 40-5.1-20;

4 (G) Community service program;

5 (H) Vocational educational training (not to exceed twelve (12) months with respect to  
6 any individual); or

7 (I) The provision of child care services to an individual who is participating in a  
8 community service program.

9 Moreover, in the case of a two (2) parent family wherein one parent is engaged for at  
10 least thirty-five (35) hours per week in the work activities specified immediately above, and if the  
11 family requests child care assistance under this chapter, and an adult in the family is not disabled  
12 or caring for a severely disabled child, the second parent must be engaged in work activities  
13 during the month for not fewer than twenty (20) hours per week in one or more of the following  
14 activities:

15 (A) Unsubsidized employment;

16 (B) Subsidized private sector employment;

17 (C) Subsidized public sector employment;

18 (D) Work experience if sufficient private sector employment is not available;

19 (E) On-the-job training; or

20 (F) Community service programs;

21 (viii) Paragraph (vii) shall not apply:

22 (A) To a parent who is ill and the department determines on the basis of medical  
23 evidence that the illness is serious enough to temporarily prevent entry into employment or  
24 engaging in the activities listed in paragraph (vii) or to provide care for his or her children; or

25 (B) To a parent who is incapacitated by a physical or mental impairment which the  
26 department has determined on the basis of medical evidence either by itself or in conjunction with  
27 age, prevents the individual from engaging in employment or training or providing care for his or  
28 her children; or

29 (C) To a parent who is providing full-time in-home care to a minor child or parent who,  
30 due to illness or incapacity, requires full-time in-home care; or

31 (D) If otherwise authorized by the department for cause.

32 ~~(ix)-(E) If, during any month, a parents required to comply with paragraph (vii) fails,~~  
33 ~~without good cause to do so, the family shall be deemed for all purposes under this section to~~  
34 ~~include only one parent. The parent included in the family shall be the parent which the~~

1 ~~department determines has accepted primary responsibility for child care.~~ The second parent  
2 included in the family, unless exempt pursuant to paragraph (iv), shall be required to comply with  
3 paragraphs ~~(i) and (ii)~~ (vii) of this subsection and shall be subject to the penalties in paragraphs  
4 (v) and (vi), as applicable, if the parent fails to do so. Notwithstanding the foregoing, in  
5 determining the amount of cash assistance to which a family is entitled under this chapter, the  
6 earnings of any parent living in the same household as a family eligible for cash assistance, shall  
7 be deemed to be earned income of the family for purposes of § 40-5.1-10(b).

8 (ix) A parent's failure, without good cause, to accept a bona fide offer of work, including  
9 full-time, part-time and/or temporary employment, or unpaid community service, to the extent the  
10 offer of work is not inconsistent with the employment plan shall be deemed a failure to comply  
11 with this section, provided that:

12 (A) The parent is able to perform the work offered; and

13 (B) Appropriate child care (as defined in subsection (e) hereof) is made available to the  
14 parent.

15 ~~(xi) A two (2) parent family that includes a disabled parent shall be considered to be a~~  
16 ~~single parent family for purposes of applying the work requirements of paragraphs (i) and (ii).~~

17 (d) *Child care.* Notwithstanding any other provision of this section, no single parent, or  
18 both parents meeting the requirements of paragraph (vii), shall be required to work to the extent  
19 that appropriate child care is necessary for the parent to do so and the department determines that  
20 such appropriate child care is unavailable for fiscal or other reasons. For purposes of this section  
21 "appropriate child care" means child care which is provided by a person or organization qualified  
22 and authorized to provide such care by the department of children, youth, and families or such  
23 other lawful providers as determined by the department of children, youth, and families. Child  
24 care shall be considered "necessary" under this section for any child below the age of thirteen  
25 (13), or any children age thirteen (13) years or older who are under supervision of the family  
26 court or who require care because of a physical or mental impairment.

27 (e) *Work expenses.* The department shall provide an allowance for transportation costs  
28 necessary to comply with the employment plan, provided, however, that the amount of such  
29 reimbursement shall not exceed the sum of three dollars (\$3.00) per day.

30 **§ 40-5.1-17. Families eligible for child care assistance.** – (a) (1) The department shall  
31 provide appropriate child care to every parent who requires child care in order to meet the work  
32 requirements in § 40-5.1-9 and to all other families with incomes at or below one hundred eighty-  
33 five percent (185%) of the federal poverty line, if and to the extent such other families require  
34 child care in order to work at paid employment; provided, however, that effective January 1,

1 1999, the department shall provide appropriate child care to such other families whose incomes  
2 are at or below two hundred percent (200%) of the federal poverty line; effective July 1, 1999, the  
3 department shall provide appropriate child care to such other families whose incomes are at or  
4 below two hundred twenty-five percent (225%) of the federal poverty line.

5 (2) No family shall be eligible for child care assistance under this chapter if the combined  
6 value of its liquid resources exceeds ten thousand dollars (\$10,000).

7 (3) As a condition of eligibility for child care assistance under this chapter, the parent or  
8 caretaker relative of the family must consent to and must cooperate with the department in  
9 establishing paternity, and in establishing and/or enforcing child support and medical support  
10 orders for all children in the family in accordance with title 15 of the general laws, as amended,  
11 unless the parent or caretaker relative is found to have good cause for refusing to comply with the  
12 requirements of this subsection.

13 (b) For purposes of this section "appropriate child care" means child care, including  
14 infant/toddler, pre-school, nursery school, school-age, and youth care, which is provided by a  
15 person or organization qualified, approved, and authorized to provide such care by the department  
16 of children, youth, and families, or by the department of elementary and secondary education, or  
17 such other lawful providers as determined by the department of human services, in cooperation  
18 with the department of children, youth and families and the department of elementary and  
19 secondary education, ~~subject to the following age limitations:~~

20 ~~(1) Through December 31, 1998, for a child below the age of thirteen (13), or children~~  
21 ~~age thirteen (13) years or older who are under supervision of the family court or who require care~~  
22 ~~because of a physical or mental impairment;~~

23 ~~(2) Effective January 1, 1999, for a child below the age of fifteen (15);~~

24 ~~(3) Effective July 1, 1999, for a child below the age of sixteen (16).~~

25 (c) The department of human services shall determine rates of reimbursement for child  
26 care services for children over the age of twelve (12) in accordance with the provisions of § 40-  
27 6.2-1.1(d).

28 For purposes of this section "appropriate child care" is defined in § 40-5.1-9(d).

29 (d) Families with incomes below one hundred percent (100%) of the applicable federal  
30 poverty guidelines shall be provided with free child care. Families with incomes equal to or  
31 greater than one hundred percent (100%) of the applicable federal poverty guideline shall be  
32 required to pay for some portion of the child care they receive, according to a sliding fee scale  
33 adopted by the department.

34 (e) In determining the type of child care to be provided to a family, the department shall

1 take into account the cost of available child care options and the suitability of the type of care  
2 available for the child and the parent's preference as to the type of child care.

3 (f) For purposes of this section "income" for families receiving cash assistance under §  
4 40-5.1-9 means gross earned income and unearned income, subject to the income exclusions in §  
5 40-5.1-10(b) and § 40-5.1-10(c); and income for other families shall mean gross earned and  
6 unearned income as determined by departmental regulations.

7 (g) The entitlement provided for in subsection (a) shall be an entitlement to payment of a  
8 subsidy for child care to an appropriate child care provider as defined in subsection (b). The  
9 caseload estimating conference established by chapter 17 of title 35 shall forecast the  
10 expenditures for child care in accordance with the provisions of § 35-17-1.

11 **§ 40-5.1-19. Eligibility for medical benefits.** – (a) Every member of any family eligible  
12 for cash assistance under this chapter shall be categorically eligible for medical assistance  
13 through the RItE Care or RItE Share programs, as determined by the department.

14 (b) If a family becomes ineligible for cash assistance payments under this act on account  
15 of excess earnings from employment, the family shall continue to be eligible for medical  
16 assistance through the RItE Care or RItE Share program for a period of ~~eighteen (18)~~ twelve (12)  
17 months or until employer paid family health care coverage begins.

18 (c) A parent who becomes ineligible for RItE Care under this section and who is not  
19 eligible for employer paid medical coverage due to a prior existing condition, or is otherwise  
20 uninsurable as determined by the department, shall be entitled to purchase RItE Care coverage in  
21 accordance with contribution rates to be established by the department.

22 SECTION 2. This article shall take effect July 1, 2006. Any rules or regulations  
23 necessary or advisable to implement the provisions of this article shall be effective immediately  
24 as an emergency rule upon the department's filing thereof with the secretary of state as it is  
25 hereby found that the current fiscal crisis in this state has caused an imminent peril to public  
26 health, safety and welfare, and the department is hereby exempted from the requirements of  
27 sections 42-35-3(b) and 42-35-4(b)(2) relating to agency findings of imminent peril to public  
28 health, safety and welfare and the filing of statements of the agency's reasons thereof.

### 29 ARTICLE 33

#### 30 RELATING TO MEDICAL ASSISTANCE- PRESCRIPTION DRUGS

31 SECTION 1. The department of human services is hereby authorized and directed to  
32 amend its practices, procedures, regulations and the Rhode Island state plan for medical  
33 assistance (Medicaid) pursuant to title XIX of the federal Social Security Act [42 U.S.C. § 1396  
34 et seq.] to modify the prescription drug program:

- 1 (1) to establish a preferred drug list (PDL);  
2 (2) to enter into supplemental rebate, discount or other agreements with pharmaceutical  
3 companies; and  
4 (3) to negotiate either state-specific supplemental rebates or to participate in a multi-state  
5 pooling supplemental rebate program.

6 SECTION 2. This article shall take effect upon passage. Any rules or regulations  
7 necessary or advisable to implement the provisions of this article shall be effective immediately  
8 as an emergency rule upon the department's filing thereof with the secretary of state as it is  
9 hereby found that the current fiscal crisis in this state has caused an imminent peril to public  
10 health, safety and welfare, and the department is hereby exempted from the requirements of  
11 sections 42-35-3 (b) and 42-35-4 (b) (2) relating to agency findings of imminent peril to public  
12 health, safety and welfare and the filing of statements of the agency's reasons thereof.

### 13 ARTICLE 34

#### 14 RELATING TO INSURANCE – MANDATED BENEFITS

15 SECTION 1. Section 27-18-30 of the General Laws in Chapter 27-18 entitled "Accident  
16 and Sickness Insurance Policies" is hereby amended to read as follows:

17 **§ 27-18-30. Health insurance contracts – Infertility.** – (a) Any health insurance  
18 contract, plan, or policy delivered or issued for delivery or renewed in this state, [on or after July](#)  
19 [1, 2006](#), except contracts providing supplemental coverage to Medicare or other governmental  
20 programs, which includes pregnancy related benefits, shall provide coverage for medically  
21 necessary expenses of diagnosis and treatment of infertility. To the extent that a health insurance  
22 contract provides reimbursement for a test or procedure used in the diagnosis or treatment of  
23 conditions other than infertility, the tests and procedures shall not be excluded from  
24 reimbursement when provided attendant to the diagnosis and treatment of infertility; provided,  
25 that a subscriber co-payment not to exceed twenty percent (20%) may be required for those  
26 programs and/or procedures the sole purpose of which is the treatment of infertility.

27 (b) For the purpose of this section, "infertility" means the condition of an otherwise  
28 presumably healthy married individual [thirty \(30\) years of age or older](#) who is unable to conceive  
29 or produce conception during a period of one year.

30 (c) Notwithstanding the provisions of § 27-18-19 or any other provision to the  
31 contrary, this section shall apply to blanket or group policies of insurance.

32 SECTION 2. Chapter 27-18 of the General Laws entitled "Accident and Sickness  
33 Insurance Policies" is hereby amended by adding thereto the following sections:

34 **§ 27-18-65. Coverage for home health services.** – (a) [Every individual or group hospital](#)

1 or medical expense insurance policy or contract providing coverage for dependent children,  
2 delivered or renewed in this state on or after the July 1, 2006, shall include coverage of home  
3 health services, which coverage shall take effect no later than January 1, 2007. Such coverage  
4 shall be limited to a benefit of five thousand dollars (\$5,000) per covered dependent child up to  
5 age twenty-one (21) per policy year or calendar year and shall not be subject to deductibles and  
6 coinsurance factors. Any amount paid by an insurer under this section for a covered individual  
7 shall not be applied to any annual or lifetime maximum benefit contained in the policy or  
8 contract. For the purpose of this section, "home health services" means, but is not limited to,  
9 private duty or other skilled nursing and homemaking/personal care services when medically  
10 necessary. Personal care/ homemaking services include such tasks as assisting a child with  
11 personal hygiene, dressing, feeding, transfer, ambulatory needs, and household tasks incidental to  
12 the child's health needs. These homemaking tasks include making a child's bed, cleaning the  
13 client's living areas such as bedroom and bathroom, and doing a child's laundry and shopping.  
14 These services may be provided for children when the parent or caretaker is unable, because of  
15 illness or disability, to provide caretaking functions for herself/himself and her/his child(ren).

16 (b) Subject to the annual limits provided in this section, insurers shall

17 (1) reimburse certified home health providers for non- Medicaid eligible dependent  
18 children at rates for reimbursement equal to or greater than the prevailing integrated state/  
19 Medicaid rate;

20 (2) reimburse the Department of Human Services directly for home health services as  
21 defined in this section at rates of reimbursement for home health services as established by the  
22 Department of Human Services for children eligible for Medicaid in accord with title XIX of the  
23 Social Security Act.

24 (c) This section shall not apply to insurance coverage providing benefits for (1) hospital  
25 confinement indemnity, (2) disability income, (3) accident only, (4) long-term care, (5) Medicare  
26 supplement, (6) limited benefit health, (7) specified disease indemnity, (8) sickness or bodily  
27 injury or death by accident or both, and (9) other limited benefit policies.

28 **§ 27-18-66. Coverage for CEDARR Family Center and CEDARR Direct Services. -**

29 (a) Every individual or group hospital or medical expense insurance policy or contract providing  
30 coverage for dependent children, delivered or renewed in this state on or after July 1, 2006, shall  
31 include coverage of CEDARR Family Center and CEDARR Direct Services, which coverage  
32 shall take effect no later than January 1, 2007. Such coverage shall be limited to a benefit of five  
33 thousand dollars (\$5,000) per dependent child up to the age of twenty-one (21), per policy year or  
34 calendar year and shall not be subject to deductibles and coinsurance factors. Any amount paid by

1 an insurer under this section for a dependent child shall not be applied to any annual or lifetime  
2 maximum benefit contained in the policy or contract.

3 (b) For the purpose of this section, "Comprehensive Evaluation, Diagnosis, Assessment,  
4 Referral and Re-evaluation (CEDARR)" means medically necessary services for children with  
5 special health care needs up to the age of twenty-one (21), and their families and includes the  
6 following Family Center Services:

7 (1) Initial Family Contact

8 (2) Initial Family Assessment and Basic Services and Supports including:

9 (i) basic services and supports provided by the CEDARR Family Center include the  
10 provision of special needs resource information, system mapping and navigation, resource  
11 identification, eligibility assessment and application assistance, and peer family support and  
12 guidance; and

13 (ii) Initial Family Assessment

14 (3) Specialty Clinical Evaluation

15 (4) Treatment Consultation

16 (5) Family Care Plan (FCP) Development

17 (6) Family Care Coordination Assistance

18 (7) Family Care Plan Review and Revision

19 (8) Crisis Intervention Services

20 (c) CEDARR Direct Services include:

21 (1) Home-Based Therapeutic Services (HBTS) provides intense, individualized services  
22 to children with severe behavioral health and/or developmental disorders. Services are  
23 individualized and are provided in the child's home by trained health care paraprofessionals  
24 under the direction and supervision of licensed health care professionals. The services include:

25 (i) Specialized Treatment

26 (ii) Treatment Support

27 (iii) Child Specific Orientation

28 (iv) Clinical Supervision

29 (v) Treatment Consultation

30 (vi) Social Skills Group

31 (vii) Treatment Coordination

32 (2) KIDS CONNECT is a set of specialized health services delivered in licensed child  
33 care centers for children and youth with behavioral, developmental or physical needs. These are  
34 medically necessary services with measurable goals and objectives delivered in child and youth



1 care settings by health care paraprofessionals working under the direct supervision of licensed  
2 clinicians. These services include the following:

3 (i) Therapeutic Integration Assessment and Plan Development

4 (ii) Therapeutic Integration Direct Services

5 (iii) Nursing Service

6 (3) Personal Assistance Services and Supports (PASS) are consumer-directed services for  
7 children with special health care needs and their families. The PASS assistance provided by a  
8 personal attendant includes assistance in both the form of hands-on assistance (performing a  
9 personal care task for a child), or cueing, so that the child performs the task by him/herself.

10 Personal assistance services are related to the performance of traditional activities of daily living,  
11 as well as other activities related to living in the home and participating in the community. PASS  
12 is designed as a consumer-directed model of delivery of personal assistance services that allows  
13 the consumer (the families of children with special health care needs) to have greater choice and  
14 control over all aspects of service provision. PASS services include the following:

15 (i) Therapeutic Assessment and Plan Development

16 (ii) Service Plan Implementation

17 (iii) Direct Services

18 (iv) Clinical Consultation

19 (d) Subject to the annual limits provided in this section, insurers shall:

20 (1) reimburse certified CEDARR Family Center and CEDARR Direct services providers  
21 for commercially insured children up to twenty-one (21) years of age at rates of reimbursement  
22 equal to or greater than the prevailing integrated state/Medicaid rate;

23 (2) reimburse the Department of Human Services directly for CEDARR Family Center  
24 and CEDARR Direct services as defined in this section at rates of reimbursement as established  
25 by the Department of Human Services for children eligible for Medicaid in accord with title XIX  
26 of the Social Security Act.

27 (e) This section shall not apply to insurance coverage providing benefits for (1) hospital  
28 confinement indemnity, (2) disability income, (3) accident only, (4) long-term care, (5) Medicare  
29 supplement, (6) limited benefit health, (7) specified disease indemnity, (8) sickness or bodily  
30 injury or death by accident or both, and (9) other limited benefit policies.

31 SECTION 3. Section 27-19-23 of the General Laws in Chapter 27-19 entitled “Nonprofit  
32 Hospital Service Corporations” is hereby amended to read as follows:

33 **§ 27-19-23. Coverage for infertility.** – (a) Any nonprofit hospital service contract,  
34 plan, or insurance policies delivered, issued for delivery, or renewed in this state, except contracts

1 providing supplemental coverage to Medicare or other governmental programs, which includes  
2 pregnancy related benefits shall provide coverage for medically necessary expenses of diagnosis  
3 and treatment of infertility. To the extent that a nonprofit hospital service corporation provides  
4 reimbursement for a test or procedure used in the diagnosis or treatment of conditions other than  
5 infertility, those tests and procedures shall not be excluded from reimbursement when provided  
6 attendant to the diagnosis and treatment of infertility; provided, that a subscriber copayment, not  
7 to exceed twenty percent (20%), may be required for those programs and/or procedures the sole  
8 purpose of which is the treatment of infertility.

9 (b) For the purposes of this section, "infertility" means the condition of an  
10 otherwise presumably healthy married individual thirty (30) years of age or older who is unable  
11 to conceive or produce conception during a period of one year.

12 SECTION 4. Chapter 27-19 of the General Laws entitled "Nonprofit Hospital Service  
13 Corporations" is hereby amended by adding thereto the following sections:

14 **§ 27-19-56. Coverage for home health services.** – (a) Every individual or group  
15 hospital or medical expense insurance policy or contract providing coverage for dependent  
16 children, delivered or renewed in this state on or after July 1, 2006, shall include coverage of  
17 home health services, which coverage shall take effect no later than January 1, 2007. Such  
18 coverage shall be limited to a benefit of five thousand dollars (\$5,000) per covered dependent  
19 child up to the age of twenty-one (21) per policy year or calendar year and shall not be subject to  
20 deductibles and coinsurance factors. Any amount paid by an insurer under this section for a  
21 covered individual shall not be applied to any annual or lifetime maximum benefit contained in  
22 the policy or contract. For the purpose of this section, "home health services" mean, but are not  
23 limited to, private duty or other skilled nursing and homemaking/personal care services when  
24 medically necessary. Personal care/ homemaking services include such tasks as assisting the  
25 client with personal hygiene, dressing, feeding, transfer, ambulatory needs, and household tasks  
26 incidental to the client's health needs. These homemaking tasks include making the child's bed,  
27 cleaning the child's living areas such as bedroom and bathroom, and doing the child's laundry  
28 and shopping. These services may be provided for children if the parent or caretaker is unable,  
29 because of illness or disability, to provide caretaking functions for herself/himself and her/his  
30 child(ren).

31 (b) Subject to the annual limits provided in this section, insurers shall:

32 (1) reimburse certified home health providers for non-Medicaid eligible dependent  
33 children at rates of reimbursement equal to or greater than the prevailing integrated  
34 state/Medicaid rate;

1 (2) reimburse the Department of Human Services directly for home health services as  
2 defined in this sections at rates of reimbursement for home health services as established by the  
3 Department of Human Services for children eligible for Medicaid in accord with Title XIX of the  
4 Social Security Act.

5 (c) This section shall not apply to insurance coverage providing benefits for (1) hospital  
6 confinement indemnity, (2) disability income, (3) accident only, (4) long-term care, (5) Medicare  
7 supplement, (6) limited benefit health, (7) specified disease indemnity, (8) sickness or bodily  
8 injury or death by accident or both, and (9) other limited benefit policies.

9 **§ 27-19-57. Coverage for CEDARR Family Center and CEDARR Direct Services. --**

10 (a) Every individual or group hospital or medical expense insurance policy or contract providing  
11 coverage for dependent children, delivered or renewed in this state on or after July 1, 2006, shall  
12 include coverage of CEDARR Family Center and CEDARR Direct Services which coverage  
13 shall take effect no later than January 1, 2007. Such coverage shall be limited to a benefit of five  
14 thousand dollars (\$5,000) per dependent child up to the age of twenty-one (21) per policy year or  
15 calendar year and shall not be subject to deductibles and coinsurance factors. Any amount paid by  
16 an insurer under this section for a dependent child shall not be applied to any annual or lifetime  
17 maximum benefit contained in the policy or contract.

18 (b) For the purpose of this section, "Comprehensive Evaluation, Diagnosis, Assessment,  
19 Referral and Re- evaluation (CEDARR)" means medically necessary services for children with  
20 special health care needs up to the age of twenty-one (21) and their families and includes the  
21 following CEDARR Family Center services:

22 (1)Initial Family Contact

23 (2) Initial Family Assessment and Basic Services and Supports including (i) basic  
24 services and supports provided by the CEDARR Family Center include the provision of special  
25 needs resource information, system mapping and navigation, resource identification, eligibility  
26 assessment and application assistance, and peer family support and guidance and (ii) Initial  
27 Family Assessment

28 (3) Specialty Clinical Evaluation

29 (4) Treatment Consultation

30 (5) Family Care Plan (FCP) Development

31 (6) Family Care Coordination Assistance

32 (7) Family Care Plan Review and Revision

33 (8) Crisis Intervention Services

34 (c) CEDARR Direct Services include:

1           (1) Home-Based Therapeutic Services (HBTS) provides intense, individualized services  
2 to children with severe behavioral health and/or developmental disorders. Services are  
3 individualized and are provided in the child’s home by trained health care paraprofessionals  
4 under the direction and supervision of licensed health care professionals. The services include:

- 5           (i) Specialized Treatment
- 6           (ii) Treatment Support
- 7           (iii) Child Specific Orientation
- 8           (iv) Clinical Supervision
- 9           (v) Treatment Consultation
- 10          (vi) Social Skills Group
- 11          (vii) Treatment Coordination

12           (2) KIDS CONNECT is a set of specialized health services delivered in licensed child  
13 care centers for children and youth with behavioral, developmental or physical needs. These are  
14 medically necessary services with measurable goals and objectives delivered in child and youth  
15 care settings by health care paraprofessionals working under the direct supervision of licensed  
16 clinicians. These services include the following:

- 17           (i) Therapeutic Integration Assessment and Plan Development
- 18           (ii) Therapeutic Integration Direct Services
- 19           (iii) Nursing Services

20           (3) Personal Assistance Services and Supports (PASS) are consumer-directed services for  
21 children with special health care needs and their families. The PASS assistance provided by a  
22 personal attendant includes assistance in both the form of hands-on assistance (actually  
23 performing a personal care task for a child), or cueing so that the child performs the task by  
24 him/herself. Personal assistance services are related to the performance of traditional activities of  
25 daily living, as well as other activities related to living in the home and participating in the  
26 community. PASS is designed as a consumer-directed model of delivery of personal assistance  
27 services and allows the consumer (the families of children with special health care needs) to have  
28 greater choice and control over all aspects of service provision. These services include the  
29 following:

- 30           (i) Therapeutic Assessment and Plan Development
- 31           (ii) Service Plan Implementation
- 32           (iii) Direct Services
- 33           (iv) Clinical Consultation
- 34           (d) Subject to the annual limits provided in this section, insurers shall;

1           (1) reimburse certified CEDARR Family Center and CEDARR Direct services providers  
2 for non-Medicaid eligible dependent children at rates of reimbursement equal to or greater than  
3 the prevailing integrated state/Medicaid rate;

4           (2) reimburse the Department of Human Services directly for certified CEDARR Family  
5 Center and CEDARR Direct services as defined in this section at rates of reimbursement as  
6 established by the Department of Human Services for children eligible for Medicaid in accord  
7 with title XIX of the Social Security Act.

8           (e) This section shall not apply to insurance coverage providing benefits for (1) hospital  
9 confinement indemnity, (2) disability income, (3) accident only, (4) long-term care, (5) Medicare  
10 supplement, (6) limited benefit health, (7) specified disease indemnity, (8) sickness or bodily  
11 injury or death by accident or both, and (9) other limited benefit policies.

12           SECTION 5. Section 27-20-30 of the General Laws in Chapter 27-20 entitled “Nonprofit  
13 Medical Service Corporations” is hereby amended to read as follows:

14           **§ 27-20-20. Coverage for infertility.** – (a) Any nonprofit medical service contract, plan,  
15 or insurance policies delivered, issued for delivery, or renewed in this state, except contracts  
16 providing supplemental coverage to Medicare or other governmental programs, which includes  
17 pregnancy related benefits shall provide coverage for the medically necessary expenses of  
18 diagnosis and treatment of infertility. To the extent that a nonprofit medical service corporation  
19 provides reimbursement for a test or procedure used in the diagnosis or treatment of conditions  
20 other than infertility, those tests and procedures shall not be excluded from reimbursement when  
21 provided attendant to the diagnosis and treatment of infertility. Provided, that subscriber  
22 copayment, not to exceed twenty percent (20%), may be required for those programs and/or  
23 procedures the sole purpose of which is the treatment of infertility.

24           (b) For the purposes of this section, "infertility" means the condition of an  
25 otherwise presumably healthy married individual thirty (30) years of age or older who is unable  
26 to conceive or produce conception during a period of one year.

27           SECTION 6. Chapter 27-20 of the General Laws entitled “Nonprofit Medical  
28 Service Corporations” is hereby amended by adding thereto the following sections:

29           **§ 27-20-51. Coverage for home health services.** – (a) Every individual or group  
30 hospital or medical expense insurance policy or contract providing coverage for dependent  
31 children, delivered or renewed in this state on or after July 1, 2006, shall include coverage of  
32 home health services which coverage shall take effect no later than January 1, 2007. Such  
33 coverage shall be limited to a benefit of five thousand dollars (\$5,000) per covered dependent  
34 child up to age twenty-one (21) per policy year or calendar year and shall not be subject to

1 deductibles and coinsurance factors. Any amount paid by an insurer under this section for a  
2 covered individual shall not be applied to any annual or lifetime maximum benefit contained in  
3 the policy or contract. For the purpose of this section, "home health services" means, but is not  
4 limited to, private duty or other skilled nursing and homemaking/personal care services when  
5 medically necessary. Personal care/ homemaking services include such tasks as assisting the  
6 client with personal hygiene, dressing, feeding, transfer, ambulatory needs, and household tasks  
7 incidental to the client's health needs. These homemaking tasks include making a child's bed,  
8 cleaning a child's living areas such as bedroom and bathroom, and doing a child's laundry and  
9 shopping. These services may be provided for children if the parent or caretaker is unable,  
10 because of illness or disability, to provide caretaking functions for herself/himself and her/his  
11 child(ren).

12 (b) Subject to the annual limits provided in this section, insurers shall:

13 (1) reimburse certified home health providers for non-Medicaid eligible dependent  
14 children at rates of reimbursement equal to or greater than the prevailing integrated  
15 state/Medicaid rate;

16 (2) reimburse the Department of Human Services directly for home health services as  
17 defined in this section at rates of reimbursement for home health services as established by the  
18 Department of Human Services for children eligible for Medicaid in accord with title XIX of the  
19 Social Security Act.

20 (c) This section shall not apply to insurance coverage providing benefits for (1) hospital  
21 confinement indemnity, (2) disability income, (3) accident only, (4) long-term care, (5) Medicare  
22 supplement, (6) limited benefit health, (7) specified disease indemnity, (8) sickness or bodily  
23 injury or death by accident or both, and (9) other limited benefit policies.

24 **§ 27-20-52. Coverage for CEDARR Family Center and CEDARR Direct Services. --**

25 (a) Every individual or group hospital or medical expense insurance policy or contract providing  
26 coverage for dependent children, delivered or renewed in this state on or after July 1, 2006, shall  
27 include coverage of CEDARR Family Center and CEDARR Direct Services which coverage  
28 shall take effect no later than January 1, 2007. Such coverage shall be limited to a benefit of five  
29 thousand dollars (\$5,000) per dependent child up to the age of twenty-one (21) per policy year or  
30 calendar year and shall not be subject to deductibles and coinsurance factors. Any amount paid by  
31 an insurer under this section for a dependent child shall not be applied to any annual or lifetime  
32 maximum benefit contained in the policy or contract.

33 (b) For the purpose of this section, "Comprehensive Evaluation, Diagnosis, Assessment,  
34 Referral and Re- evaluation (CEDARR)" means medically necessary services for children with

1 special health care needs up to the age of twenty-one (21) and their families and includes the  
2 following CEDARR Family Center services:

3 (1) Initial Family Contact  
4 (2) Initial Family Assessment and Basic Services and Supports including  
5 (i) basic services and supports provided by the CEDARR Family Center include  
6 the provision of special needs resource information, system mapping and navigation, resource  
7 Identification, eligibility assessment and application assistance, and peer family support and  
8 guidance and

9 (ii) Initial Family Assessment  
10 (3) Specialty Clinical Evaluation  
11 (4) Treatment Consultation  
12 (5) Family Care Plan (FCP) Development  
13 (6) Family Care Coordination Assistance  
14 (7) Family Care Plan Review and Revision  
15 (8) Crisis Intervention Services

16 (c) CEDARR Direct Services include:  
17 (1) Home-Based Therapeutic Services (HBTS) provides intense, individualized services  
18 to children with severe behavioral health and/or developmental disorders. Services are  
19 individualized and are provided in the child's home by trained health care paraprofessionals  
20 under the direction and supervision of licensed health care professionals. The services include

21 (i) Specialized Treatment  
22 (ii) Treatment Support  
23 (iii) Child Specific Orientation  
24 (iv) Clinical Supervision  
25 (v) Treatment Consultation  
26 (vi) Social Skills Group  
27 (vii) Treatment Coordination

28 (2) KIDS CONNECT is a set of specialized health services delivered in licensed child  
29 care centers for children and youth with behavioral, developmental or physical needs. These are  
30 medically necessary services with measurable goals and objectives delivered in child and youth  
31 care settings by health care paraprofessionals working under the direct supervision of licensed  
32 clinicians. These services include the following:

33 (i) Therapeutic Integration Assessment and Plan Development  
34 (ii) Therapeutic Integration Direct Services

1           (iii) Nursing Services

2           (3) Personal Assistance Services and Supports (PASS) are consumer-directed services for  
3 children with special health care needs and their families. The PASS assistance provided by a  
4 personal attendant includes assistance in both the form of hands-on assistance (actually  
5 performing a personal care task for a child), or cueing so that the child performs the task by  
6 him/herself. Personal assistance services are related to the performance of traditional activities of  
7 daily living, as well as other activities related to living in the home and participating in the  
8 community. PASS is designed as a consumer-directed model of delivery of personal assistance  
9 services and allows the consumer (the families of children with special health care needs) to have  
10 greater choice and control over all aspects of service provision. These services include the  
11 following:

12           (i) Therapeutic Assessment and Plan Development

13           (ii) Service Plan Implementation

14           (iii) Direct Services

15           (iv) Clinical Consultation

16           (d) Subject to the annual limits provided in this section, insurers shall:

17           (1) reimburse certified CEDARR Family Center and CEDARR Direct services providers  
18 for non-Medicaid eligible dependent children at rates of reimbursement equal to or greater than  
19 the prevailing integrated state/Medicaid rate;

20           (2) reimburse the Department of Human Services directly for certified CEDARR Family  
21 Center and CEDARR Direct services as defined in this section at rates of reimbursement as  
22 established by the Department of Human Services for children eligible for Medicaid in accord  
23 with title XIX of the Social Security Act.

24           (e) This section shall not apply to insurance coverage providing benefits for (1) hospital  
25 confinement indemnity, (2) disability income, (3) accident only, (4) long-term care, (5) Medicare  
26 supplement, (6) limited benefit health, (7) specified disease indemnity, (8) sickness or bodily  
27 injury or death by accident or both, and (9) other limited benefit policies.

28           SECTION 7. Sections 27-38.2-2 and 27-38.2-4 of the General Laws in Chapter 27-38.2  
29 entitled "Insurance Coverage for Mental Illness and Substance Abuse" are hereby amended to  
30 read as follows:

31           **§ 27-38.2-2. Definitions.** – For the purposes of this chapter, the following words and  
32 terms have the following meanings:

33           (1) "Health insurers" means all persons, firms, corporations, or other organizations  
34 offering and assuring health services on a prepaid or primarily expense-incurred basis, including



1 but not limited to policies of accident or sickness insurance, as defined by chapter 18 of this title,  
2 nonprofit hospital or medical service plans, whether organized under chapter 19 or 20 of this title  
3 or under any public law or by special act of the general assembly, health maintenance  
4 organizations, or any other entity which insures or reimburses for diagnostic, therapeutic, or  
5 preventive services to a determined population on the basis of a periodic premium. Provided, this  
6 chapter does not apply to insurance coverage providing benefits for:

- 7 (i) Hospital confinement indemnity;
- 8 (ii) Disability income;
- 9 (iii) Accident only;
- 10 (iv) Long-term care;
- 11 (v) Medicare supplement;
- 12 (vi) Limited benefit health;
- 13 (vii) Specific disease indemnity;
- 14 (viii) Sickness or bodily injury or death by accident or both; and
- 15 (ix) Other limited benefit policies.

16 (2) "Mental illness" means any mental disorder and substance abuse disorder that is listed  
17 in the most recent revised publication or the most updated volume of either the Diagnostic and  
18 Statistical Manual of Mental Disorders (DSM) published by the American Psychiatric  
19 Association or the International Classification of Disease Manual (ICO) published by the World  
20 Health Organization and that substantially limits the life activities of the person with the illness;  
21 provided, that tobacco and caffeine are excluded from the definition of "substance" for the  
22 purposes of this chapter. "Mental illness" shall not include: (i) mental retardation, (ii) learning  
23 disorders, (iii) motor skills disorders, (iv) communication disorders, and (v) mental disorders  
24 classified as "V" codes. Nothing shall preclude persons with these conditions from receiving  
25 benefits provided under this chapter for any other diagnoses covered by this chapter.

26 (3) "Mental illness coverage" means inpatient hospitalization, partial hospitalization  
27 provided in a hospital or any other licensed facility, children's intensive services, intensive out  
28 patient services, outpatient services and community residential care services for substance abuse  
29 treatment. It shall not include methadone maintenance services or community residential care  
30 services for mental illnesses other than substance abuse disorders.

31 (4) "Outpatient services" means office visits that provide for the treatment of mental  
32 illness and substance abuse.

33 (5) "Community residential care services" mean those facilities as defined and licensed in  
34 accordance with chapter 24 of title 40.1.

1           (6) “Children’s intensive services (CIS)” means a program that is designed to provide the  
2 necessary support and treatment to a child or adolescent and family, substitute or natural, in order  
3 to allow the family to remain intact, thus preventing the need for long-term residential or hospital  
4 psychiatric care on the part of the young person. Services covered under this program include,  
5 but are not limited to, the following:

- 6           (i) Assessment and evaluation
- 7           (ii) Family therapy
- 8           (iii) Medical treatment and pharmacotherapy
- 9           (iv) Intervention with schools
- 10          (v) Recreational activities
- 11          (vi) Individual counseling and psychotherapy
- 12          (vii) Group therapy
- 13          (viii) Intervention with child welfare
- 14          (ix) Juvenile justice/local police
- 15          (x) Other systems affecting the youth

16          **§ 27-38.2-4. Limitations of coverage.** – (a) The health care benefits outlined in this  
17 chapter apply only to services delivered within the state of Rhode Island; provided, that all health  
18 insurers shall be required to provide coverage for those benefits mandated by this chapter outside  
19 of the state of Rhode Island where it can be established through a pre-authorization process that  
20 the required services are not available in the state of Rhode Island from a provider in the health  
21 insurer's network.

22           (b) For the purposes of this chapter, outpatient services, with the exception of outpatient  
23 medication visits, shall be provided for up to thirty (30) visits in any calendar year; outpatient  
24 services for substance abuse treatment shall be provided for up to thirty (30) hours in any  
25 calendar year; community residential care services for substance abuse treatment shall be  
26 provided for up to thirty (30) days in any calendar year; and detoxification benefits shall be  
27 provided for up to five (5) detoxification occurrences or thirty (30) days in any calendar year,  
28 whichever comes first.

29           (c) Every individual or group hospital or medical expense insurance policy or contract  
30 providing coverage for dependent children up to the age of twenty-one (21), delivered or renewed  
31 in this state on or after July 1, 2006, shall include coverage of children’s intensive services  
32 which coverage shall take effect no later than January 1, 2007. Such coverage shall be limited to a  
33 benefit of five thousand dollars (\$5,000) per dependent child per policy or calendar year and shall  
34 not be subject to deductibles and coinsurance factors. Any amount paid by an insurer under this

1 section for a dependent child shall not be applied to any annual or lifetime maximum benefit  
2 contained in the policy or contract.

3 (d) Subject to the annual limits provided in this section, insurers shall:

4 (1) reimburse certified CIS providers for non-Medicaid eligible dependent at rates of  
5 reimbursement equal to or greater than the prevailing integrated state/Medicaid rate;

6 (2) reimburse the Department of Human Services directly for CIS services as defined in  
7 this section for certified CIC services at rates of reimbursement as established by the Department  
8 of Human Services for children eligible for Medicaid in accord with title XIX of the Social  
9 Security Act.

10 SECTION 8. Section 27-41-33 of the General Laws in Chapter 27-41 entitled “Health  
11 Maintenance Organizations” is hereby amended to read as follows:

12 **§ 27-41-33. Coverage for infertility.** – (a) Any health maintenance organization service  
13 contract plan or policy delivered, issued for delivery, or renewed in this state, except a contract  
14 providing supplemental coverage to Medicare or other governmental programs, which includes  
15 pregnancy related benefits, shall provide coverage for medically necessary expenses of diagnosis  
16 and treatment of infertility. To the extent that a health maintenance organization provides  
17 reimbursement for a test or procedure used in the diagnosis or treatment of conditions other than  
18 infertility, those tests and procedures shall not be excluded from reimbursement when provided  
19 attendant to the diagnosis and treatment of infertility; provided, that subscriber copayment, not to  
20 exceed twenty percent (20%), may be required for those programs and/or procedures the sole  
21 purpose of which is the treatment of infertility.

22 (b) For the purpose of this section, "infertility" means the condition of an otherwise  
23 healthy married individual thirty (30) years of age or older who is unable to conceive or produce  
24 conception during a period of one year.

25 SECTION 9. Chapter 27-41 of the General laws Title entitled “Health Maintenance  
26 Organizations” is hereby amended by adding thereto the following sections:

27 **§ 27-41-69. Coverage for home health services.** – (a) Every individual or group  
28 hospital or medical expense insurance policy or contract providing coverage for dependent  
29 children, delivered or renewed in this state on or after July 1, 2006, shall include coverage of  
30 home health services which coverage shall take effect no later than January 1, 2007. Such  
31 coverage shall be limited to a benefit of five thousand dollars (\$5,000) per covered dependent  
32 child up to the age of twenty-one (21) per policy year or calendar year and shall not be subject to  
33 deductibles and coinsurance factors. Any amount paid by an insurer under this section for a  
34 covered individual shall not be applied to any annual or lifetime maximum benefit contained in

1 the policy or contract. For the purpose of this section, "home health services" means, but is not  
2 limited to, private duty or other skilled nursing and homemaking/personal care services when  
3 medically necessary. Personal care/ homemaking services include such tasks as assisting the  
4 client with personal hygiene, dressing, feeding, transfer, ambulatory needs, and household tasks  
5 incidental to the client's health needs. These homemaking tasks include making the child's bed,  
6 cleaning the child's living areas such as bedroom and bathroom, and doing the child's laundry  
7 and shopping. These services may be provided for children if the parent or caretaker is unable,  
8 because of illness or disability, to provide caretaking functions for herself/himself and her/his  
9 child(ren).

10 (b) Subject to the annual limits provided in this section, insurers shall:

11 (1) reimburse certified home health providers for non-Medicaid eligible dependent at  
12 rates of reimbursement equal to or greater than the prevailing integrated state/Medicaid rate;

13 (2) reimburse the Department of Human Services directly for home health services as  
14 defined in this section at rates of reimbursement for home health services at rates established by  
15 the Department of Human Services for children eligible for Medicaid in accord with title XIX of  
16 the Social Security Act.

17 (c) This section shall not apply to insurance coverage providing benefits for (1) hospital  
18 confinement indemnity, (2) disability income, (3) accident only, (4) long-term care, (5) Medicare  
19 supplement, (6) limited benefit health, (7) specified disease indemnity, (8) sickness or bodily  
20 injury or death by accident or both, and (9) other limited benefit policies.

21 **§ 27-41-70. Coverage for CEDARR Family Center and CEDARR Direct Services. --**

22 (a) Every individual or group hospital or medical expense insurance policy or contract providing  
23 coverage for dependent children, delivered or renewed in this state on or after July 1, 2006, shall  
24 include coverage of CEDARR Family Center and CEDARR Direct Services which coverage  
25 shall take effect no later than January 1, 2007. Such coverage shall be limited to a benefit of five  
26 thousand dollars (\$5,000) per covered dependent child up to the age of twenty-one (21) per policy  
27 year or calendar year and shall not be subject to deductibles and coinsurance factors. Any amount  
28 paid by an insurer under this section for a dependent child shall not be applied to any annual or  
29 lifetime maximum benefit contained in the policy or contract.

30 (b) For the purpose of this section, "Comprehensive Evaluation, Diagnosis, Assessment,  
31 Referral and Re- evaluation (CEDARR)" means medically necessary services for children with  
32 special health care needs up to the age of 21 and their families and includes the following  
33 CEDARR Family Center services:

34 (1) Intitial Family Contact

1 (2) Initial Family Assessment and Basic Services and Supports including  
2 (i) basic services and supports provided by the CEDARR Family Center include the  
3 provision of special needs resource information, system mapping and navigation,  
4 resource Identification, eligibility assessment and application assistance, and peer family support  
5 and guidance and

- 6 (ii) Initial Family Assessment
- 7 (3) Specialty Clinical Evaluation
- 8 (4) Treatment Consultation
- 9 (5) Family Care Plan (FCP) Development
- 10 (6) Family Care Coordination Assistance
- 11 (7) Family Care Plan Review and Revision
- 12 (8) Crisis Intervention Service

13 (c) CEDARR Direct Services include:

14 (1) Home-Based Therapeutic Services (HBTS) provides intense, individualized services  
15 to children with severe behavioral health and/or developmental disorders. Services are  
16 individualized and are provided in the child's home by trained health care paraprofessionals  
17 under the direction and supervision of licensed health care professionals. The services include:

- 18 (i) Specialized Treatment
- 19 (ii) Treatment Support
- 20 (iii) Child Specific Orientation
- 21 (iv) Clinical Supervision
- 22 (v) Treatment Consultation
- 23 (vi) Social Skills Group
- 24 (vii) Treatment Coordination

25 (2) KIDS CONNECT is a set of specialized health services delivered in licensed child  
26 care centers for children and youth with behavioral, developmental or physical needs. These are  
27 medically necessary services with measurable goals and objectives delivered in child and youth  
28 care settings by health care paraprofessionals working under the direct supervision of licensed  
29 clinicians. These services include the following:

- 30 (i) Therapeutic Integration Assessment and Plan Development
- 31 (ii) Therapeutic Integration Direct Services
- 32 (iii) Nursing Service

33 (3) Personal Assistance Services and Supports (PASS) are consumer-directed services for  
34 children with special health care needs and their families. The PASS assistance provided by a

1 personal attendant includes assistance in both the form of hands-on assistance (actually  
2 performing a personal care task for a child), or cueing so that the child performs the task by  
3 him/herself. Personal assistance services are related to the performance of traditional activities of  
4 daily living, as well as other activities related to living in the home and participating in the  
5 community. PASS is designed as a consumer-directed model of delivery of personal assistance  
6 services and allows the consumer (the families of children with special health care needs) to have  
7 greater choice and control over all aspects of service provision. These services include the  
8 following:

9 (i) Therapeutic Assessment and Plan Development

10 (ii) Service Plan Implementation

11 (iii) Direct Services

12 (iv) Clinical Consultation

13 (d) Subject to the annual limits provided in this section, insurers shall:

14 (1) reimburse certified CEDARR Family Center and CEDARR Direct services providers  
15 for non-Medicaid eligible dependent children at rates of reimbursement equal to or greater than  
16 the prevailing integrated state/Medicaid rate;

17 (2) reimburse the Department of Human Services directly for CEDARR Family Center  
18 and CEDARR Direct services as defined in this section at rates of reimbursement as established  
19 by the Department of Human Services for children eligible for Medicaid in accord with title XIX  
20 of the Social Security Act.

21 (e) This section shall not apply to insurance coverage providing benefits for: (1) hospital  
22 confinement indemnity; (2) disability income; (3) accident only; (4) long-term care; (5) Medicare  
23 supplement; (6) limited benefit health; (7) specified disease indemnity; (8) sickness or bodily  
24 injury or death by accident or both; and (9) other limited benefit policies.

25 SECTION 10. This article shall take effect upon passage.

## 26 ARTICLE 35

### 27 RELATING TO MEDICAL ASSISTANCE - COMMUNITY HEALTH CENTERS

28 SECTION 1. Section 40-16-1 of the General Laws in Chapter 40-16 entitled  
29 "Community Health Centers" is hereby repealed.

30 ~~§ 40-16-1. Funding of community health center. —(a)(1) For the fiscal year ending~~  
31 ~~June 30, 1989, and for each year thereafter the state shall contribute a share of the costs~~  
32 ~~associated with community health centers as provided in this chapter. Subject to the provisions of~~  
33 ~~subsection (i), the state's share shall be calculated by multiplying the total number of medical~~  
34 ~~patients treated at the health centers listed below by the sum of thirteen dollars and thirty four~~

1 cents (\$13.34) for each patient; provided, that multiple visits or treatment shall be counted only  
2 once, by the state department of human services for grants to the following health centers:

3       (2) ~~Providence Community Health Centers, Inc., Thundermist health associates, inc.,  
4 Blackstone Valley community health care inc., Wood River health services, Family health  
5 services, East Bay Family Health Care, new visions for Newport County, tri town health center,  
6 Dr. John A. Ferris health center, Chad Brown health center, health center of South County,  
7 Bayside family healthcare, Northwest health center and Block Island health services inc.;~~ that  
8 sum shall be allocated by the department of human services as follows:

9       (i) ~~One half (1/2) of the state share in each fiscal year to be divided equally among the  
10 fourteen (14) health centers listed in subsection (a)(2); and~~

11       (ii) ~~One half (1/2) of the state share to be allocated among the health centers listed in  
12 subsection (a)(2) based on a per capita rate multiplied by the number of medical patients each  
13 center treated in the previous fiscal year; that per capita rate to be computed by dividing this half  
14 of the state share by the total number of medical patients treated by all aforesaid health centers in  
15 the previous fiscal year; each patient notwithstanding multiple visits or treatment, shall be  
16 counted once only.~~

17       (b) ~~If the sum appropriated by the state for any fiscal year for making payments to the  
18 health centers listed in subsection (a)(2) under this program is not sufficient to pay in full the total  
19 amount which all the health centers listed in subsection (a)(2) are entitled to receive for that fiscal  
20 year, the maximum entitlement which all the health centers listed in subsection (a)(2) shall  
21 receive for such fiscal year shall be ratably reduced.~~

22       (c) ~~The appropriation of six hundred seventy three thousand five hundred dollars  
23 (\$673,500) for the fiscal year ending June 30, 1988, for the state department of human services  
24 for distribution to the health centers listed above shall be allocated as follows: three hundred  
25 thirty six thousand seven hundred fifty dollars (\$336,750) to be divided, equally, among the  
26 fourteen (14) health centers cited and three hundred thirty six thousand seven hundred fifty  
27 dollars (\$336,750) to be allocated among the health centers on a per capita rate of ten dollars  
28 (\$10.00) for each patient.~~

29       (d) ~~If the sum appropriated by the state for any fiscal year exceeds the amount to be  
30 distributed based upon the provisions of this section, the excess shall be distributed equally  
31 among the fourteen (14) designated health centers.~~

32       (e) ~~In December of each year, the department of human services shall forward to the  
33 chairperson of the house finance committee and to the chairperson of the senate finance  
34 committee the proposed unduplicated per patient rate for the next fiscal year.~~

1           ~~(f) In the event that a designated grantee shall cease to operate, then its share shall revert~~  
2 ~~to the general fund.~~

3           ~~(g) For purposes of this section, "reference year" shall mean the second fiscal year~~  
4 ~~immediately proceeding the fiscal year of appropriation.~~

5           ~~(h) For purposes of this section "unduplicated medical patient" shall mean an individual~~  
6 ~~who receives service at a community health center. An individual can be counted only once and~~  
7 ~~multiple visits by and/or multiple treatments of the individual shall not be counted.~~

8           ~~(i) For as long as the United States department of health and human services, health care~~  
9 ~~financing administration project No. 11-W-00004/1-01 entitled "RIte Care" remains in effect and~~  
10 ~~the state is paying health maintenance organizations to care for RIte Care enrollees, the state's~~  
11 ~~annual share of costs associated with community health centers to be paid under this chapter shall~~  
12 ~~be an amount no less than \$718,015, which amount shall be appropriated to the Rhode Island~~  
13 ~~department of human services. The department of human services shall obtain federal matching~~  
14 ~~funds for the state's annual share to the fullest extent permitted under Title XIX of the Social~~  
15 ~~Security Act, 42 U.S.C. § 1396 et seq.~~

16           ~~(2) In order to encourage federally qualified health centers and rural health centers to~~  
17 ~~participate in RIte Care, for as long as RIte Care remains in effect, all funds appropriated under~~  
18 ~~this chapter and all federal funds matched thereto, shall be paid by the department of human~~  
19 ~~services, without deduction for administrative or other expenses, to Rhode Island health center~~  
20 ~~association, inc., provided that a majority of the health centers referred to in subsection (a)~~  
21 ~~constitute a majority of the members of Rhode Island health center association, inc., and continue~~  
22 ~~to participate as primary care providers in the RIte Care program of the health centers referred to~~  
23 ~~in subsection (a). Such amounts shall be paid monthly to Rhode Island health center association,~~  
24 ~~inc. by the department of human services at the rate of fifteen dollars (\$15.00) per member per~~  
25 ~~month for each RIte Care member (regardless of health plan) selecting a federally qualified health~~  
26 ~~center or rural health center, as those terms are defined in 42 U.S.C. § 1395x (or any successor~~  
27 ~~statute), as the member's primary care provider.~~

28           ~~(3) In no event shall the amounts payable under this subsection exceed five million five~~  
29 ~~hundred thousand dollars (\$5,500,000) per fiscal year. In any fiscal year, if any portion of the~~  
30 ~~state share appropriated in this subsection is not used to obtain federal matching funds and pay~~  
31 ~~the amounts due under subsection (i)(2), the unused portion of the appropriation shall be~~  
32 ~~distributed by the department of human services equally among the fourteen (14) health centers~~  
33 ~~named in subsection (a). This subsection shall be inapplicable and the remaining provisions of~~  
34 ~~this chapter shall apply if at any time a majority of the health centers referred to in subsection (a)~~



1 ~~do not constitute a majority of the members of Rhode Island health center association, inc. and do~~  
2 ~~not participate as primary care providers in the RIte Care program.~~

3 ~~(4) Rhode Island health center association, inc., shall be entitled to disburse the funds~~  
4 ~~paid under this subsection to federally qualified health centers, rural health centers, other health~~  
5 ~~centers or other entities in the manner it considers necessary or appropriate to encourage maximal~~  
6 ~~participation of federally qualified health centers and rural health centers in RIte Care.~~

7 ~~(5) The department of human services shall require each qualifying center or entity~~  
8 ~~receiving funds under this chapter to: (a) file uniform cost and utilization reports with the~~  
9 ~~department beginning January 1, 2000; and (b) to certify to the department that it will provide,~~  
10 ~~beginning July 1, 2000, a proportional share of the operating expenses of the management service~~  
11 ~~organization, CHC Enterprise, Inc., formed by qualifying centers or entities.~~

12 ~~(j) To support the ability of federally qualified health centers and rural health centers to~~  
13 ~~provide high quality medical care to patients, reimbursement under the medical assistance~~  
14 ~~program for medically necessary services which are paid on a fee for service basis shall continue~~  
15 ~~to be paid at one hundred percent (100%) of the reasonable cost.~~

16 SECTION 2. Chapter 40-8 of the General Laws entitled "Medical Assistance" is hereby  
17 amended by adding thereto the following section:

18 § 40-8-26. Community Health Centers.-- (a) For the purposes of this section the term  
19 Community Health Centers refers to Federally Qualified Health Centers (FQHCs) and Rural  
20 Health Centers (RHCs).

21 (b) To support the ability of community health centers to provide high quality medical  
22 care to patients, the Department of Human Services shall adopt and implement a methodology for  
23 determining a Medicaid per visit reimbursement for community health centers which is compliant  
24 with the prospective payment system (PPS) provided for in the Medicare, Medicaid and SCHIP  
25 Benefits Improvement and Protection Act of 2001(BIPA). The following principles are to assure  
26 that the prospective payment rate determination methodology is part of the department of human  
27 services' overall value purchasing approach:

28 (c) The rate determination methodology will (i) fairly recognize the reasonable costs of  
29 providing services. Recognized reasonable costs will be those appropriate for the organization,  
30 management and direct provision of services and (ii) provide assurances to the department of  
31 human services that services are provided in an effective and efficient manner, consistent with  
32 industry standards. Except for demonstrated cause and at the discretion of the department of  
33 human services, the maximum reimbursement rate for a service (e.g. medical, dental) provided by  
34 an individual community health center shall not exceed 125% of the median rate for all

1 community health centers within Rhode Island.

2 (d) Community health centers will cooperate fully and timely with reporting requirements  
3 established by the Department.

4 (e) Reimbursement rates established through this methodology shall be incorporated into  
5 the PPS reconciliation for services provided to Medicaid eligible persons who are enrolled in a  
6 health plan on the date of service. Monthly payments by DHS related to PPS for persons enrolled  
7 in a health plan shall be made directly to the community health centers.

8 (f) The Caseload Estimating Conference shall adopt estimates of the medical assistance  
9 expenditures under the PPS methodology in accordance with Title 35, Chapter 17 of the General  
10 Laws.

11 SECTION 3. This article shall take effect upon passage.

12 ARTICLE 36

13 RELATING TO ZONING ORDINANCES

14 SECTION 1. Section 45-24-31 of the General Laws in Chapter 45-24 entitled “Zoning  
15 Ordinances” is hereby amended to read as follows:

16 **§ 45-24-31. Definitions.** – Where words or terms used in this chapter are defined in § 45-  
17 22.2-4, they have the meanings stated in that section. In addition, the following words have the  
18 following meanings. Additional words and phrases may be used in developing local ordinances  
19 under this chapter; however, the words and phrases defined in this section are controlling in all  
20 local ordinances created under this chapter:

21 (1) Abutter. One whose property abuts, that is, adjoins at a border, boundary, or point  
22 with no intervening land.

23 (2) Accessory Dwelling Unit. A dwelling unit: (i) rented to and occupied either by one or  
24 more members of the family of the occupant or occupants of the principal residence; or (ii)  
25 reserved for rental occupancy by a person or a family where the principal residence is owner  
26 occupied, and which meets the following provisions:

27 (a) In zoning districts that allow residential uses, no more than one accessory dwelling  
28 unit may be an accessory to a single-family dwelling.

29 (b) An accessory dwelling unit shall include separate cooking and sanitary facilities, with  
30 its own legal means of ingress and egress and is a complete, separate dwelling unit. The accessory  
31 dwelling unit shall be within or attached to the principal dwelling unit structure or within an  
32 existing structure, such as a garage or barn, and designed so that the appearance of the principal  
33 structure remains that of a one-family residence.

34 (3) Accessory Use. A use of land or of a building, or portion thereof, customarily

1 incidental and subordinate to the principal use of the land or building. An accessory use may be  
2 restricted to the same lot as the principal use. An accessory use shall not be permitted without the  
3 principal use to which it is related.

4 (4) Aggrieved Party. An aggrieved party, for purposes of this chapter, shall be:

5 (i) Any person or persons or entity or entities who can demonstrate that their property  
6 will be injured by a decision of any officer or agency responsible for administering the zoning  
7 ordinance of a city or town; or

8 (ii) Anyone requiring notice pursuant to this chapter.

9 (5) Agricultural Land. "Agricultural land", as defined in § 45-22.2-4.

10 (6) Airport Hazard Area. "Airport hazard area", as defined in § 1-3-2.

11 (7) Applicant. An owner or authorized agent of the owner submitting an application or  
12 appealing an action of any official, board, or agency.

13 (8) Application. The completed form or forms and all accompanying documents, exhibits,  
14 and fees required of an applicant by an approving authority for development review, approval, or  
15 permitting purposes.

16 (9) Buffer. Land which is maintained in either a natural or landscaped state, and is used to  
17 screen and/or mitigate the impacts of development on surrounding areas, properties, or rights-of-  
18 way.

19 (10) Building. Any structure used or intended for supporting or sheltering any use or  
20 occupancy.

21 (11) Building Envelope. The three-dimensional space within which a structure is  
22 permitted to be built on a lot and which is defined by regulations governing building setbacks,  
23 maximum height, and bulk; by other regulations; and/or by any combination thereof.

24 (12) Building Height. The vertical distance from grade, as determined by the  
25 municipality, to the top of the highest point of the roof or structure. The distance may exclude  
26 spires, chimneys, flag poles, and the like.

27 (13) Cluster. A site planning technique that concentrates buildings in specific areas on the  
28 site to allow the remaining land to be used for recreation, common open space, and/or  
29 preservation of environmentally, historically, culturally, or other sensitive features and/or  
30 structures. The techniques used to concentrate buildings shall be specified in the ordinance and  
31 may include, but are not limited to, reduction in lot areas, setback requirements, and/or bulk  
32 requirements, with the resultant open land being devoted by deed restrictions for one or more  
33 uses. Under cluster development there is no increase in the number of lots that would be  
34 permitted under conventional development except where ordinance provisions include incentive

1 bonuses for certain types or conditions of development.

2 (14) Common Ownership. Either:

3 (i) Ownership by one or more individuals or entities in any form of ownership of two (2)  
4 or more contiguous lots; or

5 (ii) Ownership by any association (ownership may also include a municipality) of one or  
6 more lots under specific development techniques.

7 (15) Community Residence. A home or residential facility where children and/or adults  
8 reside in a family setting and may or may not receive supervised care. This does not include  
9 halfway houses or substance abuse treatment facilities in subsection (i) through (iv). This does  
10 include, but is not limited, to the following:

11 (i) Whenever six (6) or fewer children or adults with retardation reside in any type of  
12 residence in the community, as licensed by the state pursuant to chapter 24 of title 40.1. All  
13 requirements pertaining to local zoning are waived for these community residences;

14 (ii) A group home providing care or supervision, or both, to not more than eight (8)  
15 persons with disabilities, and licensed by the state pursuant to chapter 24 of title 40.1;

16 (iii) A residence for children providing care or supervision, or both, to not more than  
17 eight (8) children including those of the care giver and licensed by the state pursuant to chapter  
18 72.1 of title 42;

19 (iv) A community transitional residence providing care or assistance, or both, to no more  
20 than six (6) unrelated persons or no more than three (3) families, not to exceed a total of eight (8)  
21 persons, requiring temporary financial assistance, and/or to persons who are victims of crimes,  
22 abuse, or neglect, and who are expected to reside in that residence not less than sixty (60) days  
23 nor more than two (2) years. Residents will have access to and use of all common areas, including  
24 eating areas and living rooms, and will receive appropriate social services for the purpose of  
25 fostering independence, self-sufficiency, and eventual transition to a permanent living situation.

26 (v) Community transition homes, licensed and/or operated by or under the control of the  
27 department of children, youth, and families, offer treatment services for a maximum bed capacity  
28 in each home of fifteen (15) juveniles committed to the Rhode Island Training School by order  
29 of the Family Court. At a community transition home, there shall be round-the-clock, residential,  
30 supervised care. To the extent practicable, the residents of a community transition home shall be  
31 housed in or near their community of origin.

32 (16) Comprehensive Plan. The comprehensive plan adopted and approved pursuant to  
33 chapter 22.2 of this title and to which any zoning adopted pursuant to this chapter shall be in  
34 compliance.

1 (17) Day Care – Day Care Center. Any other day care center which is not a family day  
2 care home.

3 (18) Day Care – Family Day Care Home. Any home other than the individual's home in  
4 which day care in lieu of parental care or supervision is offered at the same time to six (6) or less  
5 individuals who are not relatives of the care giver, but may not contain more than a total of eight  
6 (8) individuals receiving day care.

7 (19) Density, Residential. The number of dwelling units per unit of land.

8 (20) Development. The construction, reconstruction, conversion, structural alteration,  
9 relocation, or enlargement of any structure; any mining, excavation, landfill or land disturbance;  
10 or any change in use, or alteration or extension of the use, of land.

11 (21) Development Plan Review. The process whereby authorized local officials review  
12 the site plans, maps, and other documentation of a development to determine the compliance with  
13 the stated purposes and standards of the ordinance.

14 (22) District. See "zoning use district".

15 (23) Drainage System. A system for the removal of water from land by drains, grading, or  
16 other appropriate means. These techniques may include runoff controls to minimize erosion and  
17 sedimentation during and after construction or development, the means for preserving surface and  
18 groundwaters, and the prevention and/or alleviation of flooding.

19 (24) Dwelling Unit. A structure or portion of a structure providing complete, independent  
20 living facilities for one or more persons, including permanent provisions for living, sleeping,  
21 eating, cooking, and sanitation, and containing a separate means of ingress and egress.

22 (25) Extractive Industry. The extraction of minerals, including: solids, such as coal and  
23 ores; liquids, such as crude petroleum; and gases, such as natural gases. The term also includes  
24 quarrying; well operation; milling, such as crushing, screening, washing, and flotation; and other  
25 preparation customarily done at the extraction site or as a part of the extractive activity.

26 (26) Family. A person or persons related by blood, marriage, or other legal means. See  
27 also "Household".

28 (27) Floating Zone. An unmapped zoning district adopted within the ordinance which is  
29 established on the zoning map only when an application for development, meeting the zone  
30 requirements, is approved.

31 (28) Floodplains, or Flood Hazard Area. As defined in § 45-22.2-4.

32 (29) Groundwater. "Groundwater" and associated terms, as defined in § 46-13.1-3.

33 (30) Halfway House. A residential facility for adults or children who have been  
34 institutionalized for criminal conduct and who require a group setting to facilitate the transition to

1 a functional member of society.

2 (31) Hardship. See § 45-24-41.

3 (32) Historic District, or Historic Site. As defined in § 45-22.2-4.

4 (33) Home Occupation. Any activity customarily carried out for gain by a resident,  
5 conducted as an accessory use in the resident's dwelling unit.

6 (34) Household. One or more persons living together in a single dwelling unit, with  
7 common access to, and common use of, all living and eating areas and all areas and facilities for  
8 the preparation and storage of food within the dwelling unit. The term "household unit" is  
9 synonymous with the term "dwelling unit" for determining the number of units allowed within  
10 any structure on any lot in a zoning district. An individual household shall consist of any one of  
11 the following:

12 (i) A family, which may also include servants and employees living with the family; or

13 (ii) A person or group of unrelated persons living together. The maximum number may  
14 be set by local ordinance, but this maximum shall not be less than three (3).

15 (35) Incentive Zoning. The process whereby the local authority may grant additional  
16 development capacity in exchange for the developer's provision of a public benefit or amenity as  
17 specified in local ordinances.

18 (36) Infrastructure. Facilities and services needed to sustain residential, commercial,  
19 industrial, institutional, and other activities.

20 (37) Land Development Project. A project in which one or more lots, tracts, or parcels of  
21 land are to be developed or redeveloped as a coordinated site for a complex of uses, units, or  
22 structures, including, but not limited to, planned development and/or cluster development for  
23 residential, commercial, institutional, recreational, open space, and/or mixed uses as may be  
24 provided for in the zoning ordinance.

25 (38) Lot. Either:

26 (i) The basic development unit for determination of lot area, depth, and other dimensional  
27 regulations; or

28 (ii) A parcel of land whose boundaries have been established by some legal instrument  
29 such as a recorded deed or recorded map and which is recognized as a separate legal entity for  
30 purposes of transfer of title.

31 (39) Lot Area. The total area within the boundaries of a lot, excluding any street right-of-  
32 way, usually reported in acres or square feet.

33 (40) Lot Building Coverage. That portion of the lot that is or may be covered by  
34 buildings and accessory buildings.

1 (41) Lot Depth. The distance measured from the front lot line to the rear lot line. For lots  
2 where the front and rear lot lines are not parallel, the lot depth is an average of the depth.

3 (42) Lot Frontage. That portion of a lot abutting a street. A zoning ordinance shall specify  
4 how noncontiguous frontage will be considered with regard to minimum frontage requirements.

5 (43) Lot Line. A line of record, bounding a lot, which divides one lot from another lot or  
6 from a public or private street or any other public or private space and shall include:

7 (i) Front: the lot line separating a lot from a street right-of-way. A zoning ordinance shall  
8 specify the method to be used to determine the front lot line on lots fronting on more than one  
9 street, for example, corner and through lots;

10 (ii) Rear: the lot line opposite and most distant from the front lot line, or in the case of  
11 triangular or otherwise irregularly shaped lots, an assumed line at least ten feet (10') in length  
12 entirely within the lot, parallel to and at a maximum distance from the front lot line; and

13 (iii) Side: any lot line other than a front or rear lot line. On a corner lot, a side lot line  
14 may be a street lot line, depending on requirements of the local zoning ordinance.

15 (44) Lot, Through. A lot which fronts upon two (2) parallel streets, or which fronts upon  
16 two (2) streets which do not intersect at the boundaries of the lot.

17 (45) Lot Width. The horizontal distance between the side lines of a lot measured at right  
18 angles to its depth along a straight line parallel to the front lot line at the minimum front setback  
19 line.

20 (46) Mere Inconvenience. See § 45-24-41.

21 (47) Mixed Use. A mixture of land uses within a single development, building, or tract.

22 (48) Modification. Permission granted and administered by the zoning enforcement  
23 officer of the city or town, and pursuant to the provisions of this chapter to grant a dimensional  
24 variance other than lot area requirements from the zoning ordinance to a limited degree as  
25 determined by the zoning ordinance of the city or town, but not to exceed twenty-five percent  
26 (25%) of each of the applicable dimensional requirements.

27 (49) Nonconformance. A building, structure, or parcel of land, or use thereof, lawfully  
28 existing at the time of the adoption or amendment of a zoning ordinance and not in conformity  
29 with the provisions of that ordinance or amendment. Nonconformance is of only two (2) types:

30 (i) Nonconforming by use: a lawfully established use of land, building, or structure which  
31 is not a permitted use in that zoning district. A building or structure containing more dwelling  
32 units than are permitted by the use regulations of a zoning ordinance is nonconformity by use; or

33 (ii) Nonconforming by dimension: a building, structure, or parcel of land not in  
34 compliance with the dimensional regulations of the zoning ordinance. Dimensional regulations

1 include all regulations of the zoning ordinance, other than those pertaining to the permitted uses.  
2 A building or structure containing more dwelling units than are permitted by the use regulations  
3 of a zoning ordinance is nonconforming by use; a building or structure containing a permitted  
4 number of dwelling units by the use regulations of the zoning ordinance, but not meeting the lot  
5 area per dwelling unit regulations, is nonconforming by dimension.

6 (50) Overlay District. A district established in a zoning ordinance that is superimposed on  
7 one or more districts or parts of districts and that imposes specified requirements in addition to,  
8 but not less, than those otherwise applicable for the underlying zone.

9 (51) Performance Standards. A set of criteria or limits relating to elements which a  
10 particular use or process must either meet or may not exceed.

11 (52) Permitted Use. A use by right which is specifically authorized in a particular zoning  
12 district.

13 (53) Planned Development. A "land development project", as defined in § 45-24-31(37),  
14 and developed according to plan as a single entity and containing one or more structures and/or  
15 uses with appurtenant common areas.

16 (54) Preapplication Conference. A review meeting of a proposed development held  
17 between applicants and reviewing agencies as permitted by law and municipal ordinance, before  
18 formal submission of an application for a permit or for development approval.

19 (55) Setback Line or Lines. A line or lines parallel to a lot line at the minimum distance  
20 of the required setback for the zoning district in which the lot is located that establishes the area  
21 within which the principal structure must be erected or placed.

22 (56) Site Plan. The development plan for one or more lots on which is shown the existing  
23 and/or the proposed conditions of the lot.

24 (57) Special Use. A regulated use which is permitted pursuant to the special-use permit  
25 issued by the authorized governmental entity, pursuant to § 45-24-42. Formerly referred to as a  
26 special exception.

27 (58) Structure. A combination of materials to form a construction for use, occupancy, or  
28 ornamentation, whether installed on, above, or below, the surface of land or water.

29 (59) Substandard Lot of Record. Any lot lawfully existing at the time of adoption or  
30 amendment of a zoning ordinance and not in conformance with the dimensional and/or area  
31 provisions of that ordinance.

32 (60) Use. The purpose or activity for which land or buildings are designed, arranged, or  
33 intended, or for which land or buildings are occupied or maintained.

34 (61) Variance. Permission to depart from the literal requirements of a zoning ordinance.



1 An authorization for the construction or maintenance of a building or structure, or for the  
2 establishment or maintenance of a use of land, which is prohibited by a zoning ordinance. There  
3 are only two (2) categories of variance, a use variance or a dimensional variance.

4 (i) Use Variance. Permission to depart from the use requirements of a zoning ordinance  
5 where the applicant for the requested variance has shown by evidence upon the record that the  
6 subject land or structure cannot yield any beneficial use if it is to conform to the provisions of the  
7 zoning ordinance.

8 (ii) Dimensional Variance. Permission to depart from the dimensional requirements of a  
9 zoning ordinance, where the applicant for the requested relief has shown, by evidence upon the  
10 record, that there is no other reasonable alternative way to enjoy a legally permitted beneficial use  
11 of the subject property unless granted the requested relief from the dimensional regulations.  
12 However, the fact that a use may be more profitable or that a structure may be more valuable after  
13 the relief is granted are not grounds for relief.

14 (62) Waters. As defined in § 46-12-1(23).

15 (63) Wetland, Coastal. As defined in § 45-22.2-4.

16 (64) Wetland, Freshwater. As defined in § 2-1-20.

17 (65) Zoning Certificate. A document signed by the zoning enforcement officer, as  
18 required in the zoning ordinance, which acknowledges that a use, structure, building, or lot either  
19 complies with or is legally nonconforming to the provisions of the municipal zoning ordinance or  
20 is an authorized variance or modification therefrom.

21 (66) Zoning Map. The map or maps which are a part of the zoning ordinance and which  
22 delineate the boundaries of all mapped zoning districts within the physical boundary of the city or  
23 town.

24 (67) Zoning Ordinance. An ordinance enacted by the legislative body of the city or town  
25 pursuant to this chapter and in the manner providing for the adoption of ordinances in the city or  
26 town's legislative or home rule charter, if any, which establish regulations and standards relating  
27 to the nature and extent of uses of land and structures, which is consistent with the comprehensive  
28 plan of the city or town as defined in chapter 22.2 of this title, which includes a zoning map, and  
29 which complies with the provisions of this chapter.

30 (68) Zoning Use District. The basic unit in zoning, either mapped or unmapped, to which  
31 a uniform set of regulations applies, or a uniform set of regulations for a specified use. Zoning  
32 use districts include, but are not limited to: agricultural, commercial, industrial, institutional, open  
33 space, and residential. Each district may include sub-districts. Districts may be combined.

34 SECTION 2. This article shall take effect upon passage.

1 **ARTICLE 37**

2 **RELATING TO EMPLOYER TEACHER RETIREMENT CONTRIBUTIONS**

3 SECTION 1. Section 16-16-22 of the General Laws in Chapter 16-16 entitled "Teachers'  
4 Retirement" is hereby amended as follows:

5 **§ 16-16-22. Contributions to state system.** – (a) Each member shall contribute into the  
6 system nine and one-half percent (9.5%) of compensation as his or her share of the cost of  
7 annuities, benefits, and allowances. The employer contribution on behalf of teacher members of  
8 the system shall be in an amount that will pay a rate percent of the compensation paid to the  
9 members, according to the method of financing prescribed in the State Retirement Act in chapters  
10 8 – 10 of title 36. This amount shall be paid by the state, and ~~sixty percent (60%)~~ fifty percent  
11 (50%) by the city, town, local educational agency, or any formalized commissioner approved  
12 cooperative service arrangement by whom the teacher members are employed, with the exception  
13 of teachers who work in federally funded projects. Provided, however, that the rate percent paid  
14 shall be rounded to the nearest hundredth of one percent (.01%).

15 (b) The employer contribution on behalf of teacher members of the system who work in  
16 fully or partially federally funded programs shall be prorated in accordance with the share of the  
17 contribution paid from the funds of the federal, city, town, or local educational agency, or any  
18 formalized commissioner approved cooperative service arrangement by whom the teacher  
19 members are approved.

20 (c) In case of the failure of any city, town, or local educational agency, or any formalized  
21 commissioner approved cooperative service arrangement to pay to the state retirement system the  
22 amounts due from it under this section within the time prescribed, the general treasurer is  
23 authorized to deduct the amount from any money due the city, town, or local educational agency  
24 from the state.

25 (d) The employer's contribution shared by the state shall be paid in the amounts  
26 prescribed in this section for the city, town, or local educational agency and under the same  
27 payment schedule. Notwithstanding any other provisions of this chapter, the city, town, or local  
28 educational agency or any formalized commissioner approved cooperative service arrangement  
29 shall remit to the general treasurer of the state the local employer's share of the teacher's  
30 retirement payments on a monthly basis, payable by the fifteenth (15th) of the following month.  
31 The general treasurer, upon receipt of the local employer's share, shall effect transfer of a  
32 matching amount of money from the state funds appropriated for this purpose by the general  
33 assembly into the retirement fund.

34 (e) This section is not subject to §§ 45-13-7 through 45-13-10.

1 SECTION 2. This article shall take effect as of July 1, 2007.

2 **ARTICLE 38**

3 **RELATING TO HEALTH INSURANCE AND EMPLOYEE**

4 **RETIREE HEALTH BENEFITS FUNDING**

5 SECTION 1. Statement of Purpose. The purpose of this article is to address necessary  
6 funding for two important, long term state objectives: (1) funding the State’s unfunded liability  
7 for retiree health care benefits revealed as a result of recently adopted accounting standards and  
8 prudent resource management, and (2) providing financial support for the availability of cost-  
9 efficient and affordable health care insurance for employees of small businesses and other  
10 targeted market segments. This Article authorizes the creation of two trust funds to be utilized  
11 for these purposes. The Tobacco Settlement Financing Corporation shall be authorized to raise  
12 additional money pursuant to the Tobacco Settlement Financing Act in order to fund said trust  
13 funds.

14 SECTION 2. Background. (a) The State currently faces a significant unfunded liability  
15 associated with its retiree health care benefits programs. The State has been funding retiree  
16 health care benefits on a pay as you go basis. Recent changes in the accounting rules applicable  
17 to the State require that the State report such unfunded liabilities on its financial statements. The  
18 most recent actuarial study showed that the State faces an unfunded future liability of \$629  
19 million. The creation and eventual funding of a dedicated trust fund for the purpose of funding  
20 this liability is fiscally prudent and will produce significant benefits to the State.

21 (b) There has been substantial erosion in employer-sponsored health insurance coverage  
22 for working Rhode Islanders, particularly those employed by small businesses. The erosion in  
23 coverage is especially pronounced for low-wage workers, as small business employers with lower  
24 than average wages are significantly less likely to offer health insurance. The escalating costs of  
25 employer sponsored health coverage have made it difficult for small businesses to offer and  
26 contribute to the health insurance coverage of workers and their dependents and remain  
27 profitable. The erosion in employer sponsored health insurance has created significant local  
28 market disruption at the same time as the rate of uninsured Rhode Islanders has increased  
29 precipitously, the number of individuals and families purchasing health coverage on their own,  
30 outside of their employer, has substantially increased..

31 (c) Current market rules and practices do not provide for affordable, cost efficient plan  
32 designs that create appropriate incentives for consumers, providers and health plans to address the  
33 underlying cost of healthcare in Rhode Island, and the rise in individual coverage outside the  
34 employer-sponsored system currently places an inequitable and unsustainable financial burden on

1 not-for-profit insurers in the individual market. In response to the escalating costs of private  
2 health insurance, many employers are switching to high deductible, high cost sharing plans as a  
3 cost containment strategy. These plans place significant responsibility for cost effective decision-  
4 making into the hands of the end consumer. However, today’s consumers are ill-prepared for  
5 such decision-making – they lack the necessary tools and information to support cost effective  
6 choices.

7 (d) The State’s resources should be used in a fair, efficient and economical manner to in  
8 order to assist Rhode Islanders, wherever possible, to continue to utilize available, affordable  
9 private employer-sponsored and individual health insurance coverage, to stabilize the insurance  
10 market for such coverage and ensure the availability of cost-efficient and affordable products, to  
11 increase small business purchasing power. to stabilize the market for individual health insurance,  
12 and to promote transparency of information to allow for cost-effective decision-making.

13 SECTION 3. Implementation. To implement and effectuate the purposes of this Act, the  
14 Governor, acting by and through state departments, agencies and the Tobacco Settlement  
15 Financing Corporation (“Corporation”) established pursuant to Chapter 42-133 of the general  
16 laws (“Tobacco Settlement Financing Act”) is hereby authorized and empowered to:

17 (a) cause the creation of two trusts for the purposes described above, hereafter referred to  
18 as the Retiree Health Care Benefits Trust and the Trust for Rhode Island Health Insurance ,  
19 together with such other special purpose trusts or entities as may be incidental or necessary  
20 thereto;

21 (b) assign to, or otherwise convey, any and all of the State’s residual interests, including  
22 residual certificates (“Residuals”), arising out of the previous securitization of the State’s tobacco  
23 receipts as defined in the Tobacco Settlement Financing Act to the Corporation or its designee for  
24 the purposes described herein;

25 (c) effectuate one or more additional securitization transactions to monetize the Residuals  
26 and create additional cash proceeds to be used for the purposes described herein;

27 (d) distribute, equally, the proceeds of the additional securitization transaction or  
28 transactions to the Retiree Health Care Benefits Trust and the Trust for Rhode Island Health  
29 Insurance to be used by those trusts in accordance with the purposes of this Act, provided that the  
30 investment and management of funds held by the trusts or for the benefit of the trusts shall be the  
31 responsibility of the State Investment Commission;

32 (e) take such additional action, or enter into such additional agreements, as may be  
33 necessary or desirable to effect the purposes of this Article.

34 SECTION 4. Section 36-10-2 of the General Laws in Chapter 36-10 entitled “Retirement

1 System” is hereby amended to read as follows:

2 **§ 36-10-2. State contributions.** – (a) The State of Rhode Island shall make its  
3 contribution for the maintenance of the system, including the proper and timely payment of  
4 benefits in accordance with the provisions of this chapter and chapters 8, 16, 28, 31 and 42 of this  
5 title, by annually appropriating an amount equal to a percentage of the total compensation paid to  
6 the active membership. The percentage shall be computed by the actuary employed by the  
7 retirement system and shall be certified by the retirement board to the director of administration  
8 on or before the fifteenth day of October in each year. In arriving at the yearly employer  
9 contribution the actuary shall determine the value of:

10 (1) The contributions made by the members;

11 (2) Income on investments; and

12 (3) Other income of the system.

13 (b) The Actuary shall thereupon compute the yearly employer contribution that will:

14 (1) Pay the actuarial estimate of the normal cost for the next succeeding fiscal year;

15 (2) Amortize the unfunded liability of the system as of June 30, 1999 utilizing a time  
16 period not to exceed thirty (30) years.

17 (c) The State of Rhode Island shall remit to the general treasurer the employer's share of  
18 the contribution for state employees, state police, and judges on a payroll frequency basis, and for  
19 teachers in a manner pursuant to § 16-16-22.

20 (d) From the rate percent computed pursuant to subsection (b), the state shall contribute a  
21 sum equal to one eighth of one percent (0.125%) of each member's rate of compensation and an  
22 additional sum equal to one eighth of one percent (0.125%) of each member's rate of  
23 compensation effective July 1, 1990, as the state's share of the cost of providing retiree health  
24 benefits in accordance with the provisions of § 36-10-4. Contributions shall be actuarially  
25 adjusted to reflect refunds made to employees. The contribution shall be placed in a restricted  
26 fund and shall be used solely for providing health benefits to retirees as provided in § 36-12-4.  
27 The adequacy of the fund will be actuarially reevaluated during the fiscal year prior to July 1,  
28 1993, to determine the required amount to maintain this benefit in effect. If at any time during the  
29 aforementioned period the cost for health coverage exceeds the contributions in the restricted  
30 fund account, the state shall assume the liability for that cost by making advances to the restricted  
31 fund which advances shall be repaid from any subsequent excess funds in the restricted fund.

32 (e) In accordance with the intent of § 36-8-20 that the retirement system satisfy the  
33 requirements of ~~§ 401(a) of~~ the Internal Revenue Code of 1986 as amended ~~[26 U.S.C. § 401(a)]~~,  
34 the restricted fund for providing health benefits to retirees described in subsection (d) shall

1 constitute a separate retiree medical benefits account ~~within the meaning of § 401(h) of the code~~  
2 ~~[26 U.S.C. § 401(h)]~~ and the account shall be administered in accordance with the applicable  
3 requirements. Prior to the satisfaction of all retiree health liabilities no part of the corpus or  
4 income of the account shall be used for, or diverted to, any purpose other than the payment of  
5 retiree medical benefits in accordance with the provisions of § 36-12-4. However, this  
6 requirement shall not restrict the collective investment of funds of that account with funds of the  
7 retirement account. Following the satisfaction of all retiree health liabilities, any funds remaining  
8 in the retiree medical benefits account shall be paid to the state. The State may establish a trust to  
9 accomplish this purpose.

10 (f)(1) In accordance with the intent of § 36-8-20 that the retirement system satisfy the  
11 requirements of § 401(a) of the Internal Revenue Code of 1986, the state shall pay to the  
12 retirement system:

13 (i) By June 30, 1995, an amount equal to the sum of the benefits paid to state legislators  
14 pursuant to § 36-10-10.1 in excess of ten thousand dollars (\$10,000) per member (plus accrued  
15 interest on such amount at eight percent (8%)) for all fiscal years beginning July 1, 1991, and  
16 ending June 30, 1995, but this amount shall be paid only if § 36-10-10.1(e) becomes effective  
17 January 1, 1995; and

18 (ii) By December 31, 1994, twenty million seven hundred eighty eight thousand eight  
19 hundred twelve dollars and nineteen cents (\$20,788,812.19) plus accrued interest on that amount  
20 at eight percent (8%) compounded monthly beginning March 1, 1991, and ending on the date this  
21 payment is completed (reduced by amortized amounts already repaid to the retirement system  
22 with respect to the amounts withdrawn by the state during the fiscal year July 1, 1990 – June 30,  
23 1991); and

24 (iii) By June 30, 1995, the sum of the amounts paid by the retirement system for retiree  
25 health benefits described in § 36-12-4 for all fiscal years beginning July 1, 1989, and ending June  
26 30, 1994, to the extent that the amounts were not paid from the restricted fund described in  
27 subsection (c).

28 (2) Any and all amounts paid to the retirement system under this subsection shall not  
29 increase the amount otherwise payable to the system by the state of Rhode Island under  
30 subsection (a) for the applicable fiscal year. The actuary shall make such adjustments in the  
31 amortization bases and other accounts of the retirement system as he or she deems appropriate to  
32 carry out the provisions and intent of this subsection.

33 (g) In addition to the contributions provided for in subsection (a) through (c) and in order  
34 to provide supplemental employer contributions to the retirement system, commencing in fiscal

1 year 2006, and each year thereafter:

2 (1) For each fiscal year in which the actuarially determined state contribution rate for  
3 state employees is lower than that for the prior fiscal year, the governor shall include an  
4 appropriation to that system equivalent to twenty percent (20%) of the rate reduction for the  
5 state's contribution rate for state employees to be applied to the actuarial accrued liability of the  
6 state employees' retirement system for state employees for each fiscal year;

7 (2) For each fiscal year in which the actuarially determined state contribution rate for  
8 teachers is lower than that for the prior fiscal year, the governor shall include an appropriation to  
9 that system equivalent to twenty percent (20%) of the rate reduction for the state's share of the  
10 contribution rate for teachers to be applied to the actuarial accrued liability of the state employees'  
11 retirement system for teachers for each fiscal year;

12 (3) The amounts to be appropriated shall be included in the annual appropriation bill and  
13 shall be paid by the general treasurer into the retirement system.

14 (h) While the retirement system's actuary shall not adjust the computation of the annual  
15 required contribution for the year in which supplemental contributions are received, such  
16 contributions once made may be treated as reducing the actuarial liability remaining for  
17 amortization in the next following actuarial valuation to be performed.

18 SECTION 5. This article shall take effect upon passage.

## 19 ARTICLE 39

### 20 RELATING TO THE IMPLEMENTATION OF THE STREAMLINED

#### 21 SALES AND USE TAX AGREEMENT

22 SECTION 1. Sections 44-18-6, 44-18-7, 44-18-8, 44-18-12, 44-18-13, 44-18-16, 44-18-  
23 17, 44-18-18.1, 44-18-25 and 44-18-30 of the General Laws in Chapter 44-18 entitled "Sales and  
24 Use Taxes—Liability and Computation" are hereby amended to read as follows:

25 **§ 44-18-6. Person defined.--** "Person" includes any individual, ~~firm, eo~~-partnership,  
26 ~~joint venture~~, association, ~~social club, fraternal organization~~, corporation, estate, trust, ~~business~~  
27 ~~trust, receiver, trustee, assignee, referee, syndicate, the United States, this state, any city, town~~  
28 ~~district or other political subdivision of this state, any individual or group acting in a fiduciary~~  
29 ~~capacity, or any other group or combination acting as a unit~~. fiduciary, limited liability company,  
30 limited liability partnership, or any other legal entity.

31 **§ 44-18-7. Sales Defined -- Additional definitions.--** ~~(a) "Hotel" means every building~~  
32 ~~or other structure kept, used, maintained, advertised as or held out to the public to be a place~~  
33 ~~where living quarters are supplied for pay to transient or permanent guests and tenants and~~  
34 ~~includes a motel.~~

1 ~~(b) "Living quarters" means sleeping rooms, sleeping or housekeeping~~  
2 ~~accommodations, or any other room or accommodation in any part of the hotel, rooming house or~~  
3 ~~tourist camp which is available for or rented out for hire in the lodging of guests.~~

4 ~~(c) "Rooming house" means every house, boat, vehicle, motor court or other~~  
5 ~~structure kept, used, maintained, advertised or held out to the public to be a place where living~~  
6 ~~quarters are supplied for pay to transient or permanent guests or tenants, whether in one or~~  
7 ~~adjoining buildings.~~

8 ~~(d)~~ "Sales" means and includes:

9 (1) Any transfer of title or possession, exchange, barter, lease, or rental, conditional or  
10 otherwise, in any manner or by any means of tangible personal property for a consideration.  
11 "Transfer of possession," "lease," or "rental" includes transactions found by the tax administrator  
12 to be in lieu of a transfer of title, exchange, or barter.

13 (2) The producing, fabricating, processing, printing, or imprinting of tangible personal  
14 property for a consideration for consumers who furnish either directly or indirectly the materials  
15 used in the producing, fabricating, processing, printing, or imprinting.

16 (3) The furnishing and distributing of tangible personal property for a consideration by  
17 social, athletic, and similar clubs and fraternal organizations to their members or others.

18 (4) The furnishing, preparing, or serving for a consideration of food, meals, or drinks,  
19 including any cover, minimum, entertainment, or other charge in connection therewith.

20 (5) A transaction whereby the possession of tangible personal property is transferred but  
21 the seller retains the title as security for the payment of the price.

22 (6) Any withdrawal, except a withdrawal pursuant to a transaction in foreign or interstate  
23 commerce, of tangible personal property from the place where it is located for delivery to a point  
24 in this state for the purpose of the transfer of title or possession, exchange, barter, lease, or rental,  
25 conditional or otherwise, in any manner or by any means whatsoever, of the property for a  
26 consideration.

27 (7) A transfer for a consideration of the title or possession of tangible personal property  
28 which has been produced, fabricated, or printed to the special order of the customer, or any  
29 publication.

30 (8) The furnishing and distributing of electricity, natural gas, artificial gas, steam,  
31 refrigeration, and water.

32 (9)(i) The furnishing for consideration of telecommunications service which includes  
33 local exchange service, intrastate toll service, interstate and international toll service, including  
34 cellular mobile telephone or telecommunications service, specialized mobile radio and pagers and



1 paging service including any form of mobile two-way communication, all ancillary services, any  
2 maintenance services other than as provided for in §44-18-12(ii)(B) and including the furnishing,  
3 rental or leasing of all equipment ~~or services~~ pertaining or incidental thereto, provided such  
4 service is: rendered in its entirety within this state, originated in this state and terminated in  
5 another state or a foreign country and with respect to which such service is charged to a telephone  
6 number, customer or account located in this state or to the account of any transmission instrument  
7 in this state, originated in another state or a foreign country and terminated in this state and is  
8 charged to a telephone number, customer or account located in this state at which such service is  
9 terminated, or to the account of any transmission instrument in this state at which such service is  
10 terminated, provided, however, that such service shall not include receipts except as otherwise  
11 provided in sections 44-18-8 and 44-18-12.1. Telecommunications service shall not include  
12 service rendered using a prepaid telephone calling arrangement.

13 (ii) Notwithstanding the provisions of subsection (a), in accordance with the Mobile  
14 Telecommunications Sourcing Act (4 USC 116-126), subject to the specific exemptions described  
15 in 4 USC 116(c), and the exemptions provided in R.I. General Laws sections 44-18-8 and 44-18-  
16 12.1, mobile telecommunications services that are deemed to be provided by the customer's home  
17 service provider are subject to tax under this chapter if the customer's place of primary use is in  
18 this state regardless of where the mobile telecommunications services originate, terminate or pass  
19 through. Mobile telecommunications services provided to a customer, the charges for which are  
20 billed by or for the customer's home service provider, shall be deemed to be provided by the  
21 customer's home service provider. ~~For the purposes of this paragraph:~~

22 ~~(A) "Customer" means either (a) a person or entity that contracts with a home service~~  
23 ~~provider for mobile telecommunications service or (b) if the end user of mobile~~  
24 ~~telecommunications services is not the contracting party, the end user of the mobile~~  
25 ~~telecommunication service, but this clause applies only for the purpose of determining the place~~  
26 ~~of determining the place of primary use. Customer does not include a reseller of mobile~~  
27 ~~telecommunications services or a serving carrier that is under an arrangement to serve the~~  
28 ~~customer outside the home service provider's licensed service area.~~

29 ~~(B) "Home service provider" means a facilities based carrier or reseller with which the~~  
30 ~~customer contracts for the provision of mobile telecommunications services.~~

31 ~~(C) "Mobile telecommunications service" means commercial mobile radio service as~~  
32 ~~defined in section 20.3 of title 47 of the Code of Federal Regulations in effect on June 1, 1999.~~

33 ~~(D) "Place of primary use" means the street address representative of where the~~  
34 ~~customer's use of the mobile telecommunications service primarily occurs, which must be:~~

1 ~~(I) The residential street address or the primary business street address of the customer;~~  
2 ~~and~~  
3 ~~(II) Within the licensed service area of the home service provider.~~  
4 ~~(iii) All other definitions and provisions of the Mobile Telecommunications Act as~~  
5 ~~provided in 4 U.S.C. §§ 116-126 are adopted.~~

6 (10) The furnishing of service for transmission of messages by telegraph, cable or  
7 radio and the furnishing of community antenna television subscription television and cable  
8 television services.

9 (11) The rental of living quarters in any hotel, rooming house or tourist camp.

10 (12) The transfer for consideration of prepaid telephone calling arrangements and the  
11 recharge of prepaid telephone calling arrangements. If the transfer or recharge of a prepaid  
12 telephone calling arrangement does not take place at a vendor's place of business, the transfer or  
13 recharge is conclusively determined to take place at the customer's shipping address, or if there is  
14 no item shipped, at the customer's billing address or the location associated with the customer's  
15 mobile telephone number. "Prepaid telephone calling arrangement" means and includes a prepaid  
16 telephone calling card and/or the right to exclusively purchase telecommunications services, that  
17 must be paid for in advance, that enables the origination of calls using an access number and/or  
18 authorization code, whether manually or electronically dialed.

19 (13) The digital or electronic transfer for consideration of property that would be subject  
20 to this chapter if transferred on tangible media. This includes, but is not limited to, music,  
21 movies, books, magazines and computer software.

22 ~~(e) "Tourist camp" means a place where tents or tent houses, or camp cottages, or cabins~~  
23 ~~or other structures are located and offered to the public or any segment of the public for human~~  
24 ~~habitation.~~

25 **§ 44-18-8. Retail sale or sale at retail defined.--** (a) A "retail sale" or "sale at retail"  
26 means a any sale, ~~including~~ lease or rentals of tangible personal property, for any purpose other  
27 than resale, sublease or subrent in the regular course of business, ~~and also means the rental of~~  
28 ~~living quarters in any hotel, rooming house or tourist camp.~~ The sale of tangible personal  
29 property to be used for purposes of rental in the regular course of business is considered to be a  
30 sale for resale. ~~"Rental" means the agreeing by the owner to give exclusive use of property to~~  
31 ~~another for a consideration and for any period of time under any one (1) agreement.~~ In regards to  
32 telecommunications service as defined in §44-18-7(d)(9), retail sale does not include the purchase  
33 of telecommunications service by a telecommunications provider from another  
34 telecommunications provider for resale to the ultimate consumer, provided the purchaser submits

1 to the seller a certificate attesting to the applicability of this exclusion, upon receipt of which the  
2 seller is relieved of any tax liability for the sale ~~so long as the certificate is taken in good faith by~~  
3 ~~the seller.~~ A sale at retail includes sales defined in §44-18-7(13).

4 (b) The delivery in this state of tangible personal property by an owner or former  
5 owner or by a factor, if the delivery is to a consumer pursuant to a retail sale made by a retailer  
6 not engaged in business in this state, is a retail sale in this state by the person making the delivery  
7 and he or she shall include the retail selling price of the property in his or her gross receipts.

8 **§ 44-18-12. "Sale price" defined.--** ~~(a) "Sale price" means the total amount for which~~  
9 ~~tangible personal property is sold or leased or rented, and the total amount charged for the~~  
10 ~~furnishing or distributing of electricity, natural gas, artificial gas, steam, refrigeration, water,~~  
11 ~~telecommunications, telegraph, cable, and radio message service, community antenna television,~~  
12 ~~subscription television and cable television service. "Sale price" means in regard to~~  
13 ~~telecommunications service the total consideration received for such service as defined in §44-18-~~  
14 ~~7(d)(9). In order to prevent multistate taxation of all telecommunications service, any taxpayer is~~  
15 ~~allowed a credit or refund of sales tax upon presenting proof that a tax has been paid to another~~  
16 ~~state to which the tax is properly due, for the identical service taxed under this chapter. "Sale~~  
17 ~~price" means the total amount charged for the rental of living quarters in any hotel, rooming~~  
18 ~~house or tourist camp, valued in money, whether paid in money or otherwise, including all of the~~  
19 ~~following:~~

20 ~~—(I) Any services that are a part of the sale, valued in money, whether paid in money or~~  
21 ~~otherwise.~~

22 ~~—(II) All receipts, cash, credits, and property of any kind.~~

23 ~~—(III) Any amount for which credit is given to the purchaser by the seller.~~

24 ~~—(b) "Sale price" does not include any of the following:~~

25 ~~—(I) Cash discounts allowed and taken on sales.~~

26 ~~—(II) The amount charged for property returned by customers upon rescission of the~~  
27 ~~contract of sale when the entire amount exclusive of handling charges paid for property is~~  
28 ~~refunded either in cash or credit, and where the property is returned within one hundred twenty~~  
29 ~~(120) days from the date of delivery.~~

30 ~~—(III) The amount charged for labor or services rendered in installing or applying the~~  
31 ~~property sold or for making alterations to wearing apparel in connection with the sale when the~~  
32 ~~charge is separately stated by the retailer to the purchaser; provided, that in transactions subject to~~  
33 ~~the provisions of this chapter the retailer separately states the charge when requested by the~~  
34 ~~purchaser and any conduct that maybe restrained in the same manner prescribed in chapter 13.1~~

1 ~~of title 6.~~

2 ~~—(IV) The amount of any tax, not including any manufacturers' or importers' excise tax,~~  
3 ~~imposed by the United States upon or with respect to retail sales whether imposed upon the~~  
4 ~~retailer or the consumer.~~

5 ~~(V) Transportation charges separately stated, if the transportation occurs after the~~  
6 ~~purchase of the property is made.~~

7 (a) "Sales price" applies to the measure subject to sales tax and means the total amount of  
8 consideration, including cash, credit, property, and services, for which personal property or  
9 services are sold, leased, or rented, valued in money, whether received in money or otherwise,  
10 without any deduction for the following:

11 (i) The seller's cost of the property sold;

12 (ii) The cost of materials used, labor or service cost, interest, losses, all costs of  
13 transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;

14 (iii) Charges by the seller for any services necessary to complete the sale, other than  
15 delivery and installation charges;

16 (iv) Delivery charges, as defined in 44-18-7.1(i); or

17 (v) Credit for any trade-in, as determined by state law.

18 (b) "Sales price" shall not include:

19 (i) Discounts, including cash, term, or coupons that are not reimbursed by a third party  
20 that are allowed by a seller and taken by a purchaser on a sale;

21 (ii) The amount charged for labor or services rendered in installing or applying the  
22 property sold when the charge is separately stated by the retailer to the purchaser; provided that in  
23 transactions subject to the provisions of this chapter the retailer shall separately state such charge  
24 when requested by the purchaser and, further, the failure to separately state such charge when  
25 requested may be restrained in the same manner as other unlawful acts or practices prescribed in  
26 chapter 13.1 of title 6.

27 (iii) Interest, financing, and carrying charges from credit extended on the sale of personal  
28 property or services, if the amount is separately stated on the invoice, bill of sale or similar  
29 document given to the purchaser; and

30 (iv) Any taxes legally imposed directly on the consumer that are separately stated on the  
31 invoice, bill of sale or similar document given to the purchaser.

32 (v) Manufacturer rebates allowed on the sale of motor vehicles.

33 (c) "Sales price" shall include consideration received by the seller from third parties if:

34 (i) The seller actually receives consideration from a party other than the purchaser and the

1 consideration is directly related to a price reduction or discount on the sale;

2 (ii) The seller has an obligation to pass the price reduction or discount through to the  
3 purchaser;

4 (iii) The amount of the consideration attributable to the sale is fixed and determinable by  
5 the seller at the time of the sale of the item to the purchaser; and

6 (iv) One of the following criteria is met:

7 (A) The purchaser presents a coupon, certificate or other documentation to the seller to  
8 claim a price reduction or discount where the coupon, certificate or documentation is authorized,  
9 distributed or granted by a third party with the understanding that the third party will reimburse  
10 any seller to whom the coupon, certificate or documentation is presented;

11 (B) The purchaser identifies himself or herself to the seller as a member of a group or  
12 organization entitled to a price reduction or discount (a “preferred customer” card that is available  
13 to any patron does not constitute membership in such a group), or

14 (C) The price reduction or discount is identified as a third party price reduction or  
15 discount on the invoice received by the purchaser or on a coupon, certificate or other  
16 documentation presented by the purchaser.

17 **§ 44-18-13. Gross receipts defined.--**"Gross receipts" means the total amount of the  
18 sale price, as defined in §44-18-12 or the measure subject to tax as defined in §44-18-12.1, of the  
19 retail sales of retailers.

20 **§ 44-18-16. Tangible property defined.--** "Tangible personal property" means personal  
21 property which may be seen, weighed, measured, felt, or touched, or which is in any other  
22 manner perceptible to the senses. “Tangible personal property” includes electricity, water, gas,  
23 steam, and prewritten computer software.

24 **§ 44-18-17. In this State defined. --** "In this state" or "in the state" means within the  
25 exterior limits of the state of Rhode Island and includes all territory within these limits owned by  
26 or ceded to the United States of America.

27 **§ 44-18-18.1. Local meals and beverage tax.—**(a) There is hereby levied and imposed,  
28 upon every purchaser of a meal and/or beverage, in addition to all other taxes and fees now  
29 imposed by law, a local ~~sales or use~~ meals and beverage tax upon each and every meal and/or  
30 beverage sold within the state of Rhode Island in or from an eating and/or drinking establishment,  
31 whether prepared in the eating and/or drinking establishment or not and whether consumed at the  
32 premises or not, at a rate of one percent (1%) of the gross receipts. The tax shall be paid to the  
33 tax administrator by the retailer at the time and in the manner provided.

34 (b) All sums received by the division of taxation under this section as taxes, penalties or

1 forfeitures, interest, costs of suit and fines shall be distributed at least quarterly, credited and paid  
2 by the state treasurer to the city or town where the meals and beverages are delivered.

3 (c) When used in this section, the following words have the following meanings:

4 (1) "Beverage" means all nonalcoholic beverages, as well as alcoholic beverages, beer,  
5 lager beer, ale, porter, wine, similar fermented malt or vinous liquor.

6 (2) "Eating and/or drinking establishments" mean and include restaurants, bars, taverns,  
7 lounges, cafeterias, lunch counters, drive-ins, roadside ice cream and refreshment stands, fish and  
8 chip places, fried chicken places, pizzerias, food and drink concessions, or similar facilities in  
9 amusement parks, bowling alleys, clubs, caterers, drive-in theatres, industrial plants, race tracks,  
10 shore resorts or other locations, lunch carts, mobile canteens and other similar vehicles, and other  
11 like places or business which furnish or provide facilities for immediate consumption of food at  
12 tables, chairs or counters or from trays, plates, cups or other tableware or in parking facilities  
13 provided primarily for the use of patrons in consuming products purchased at the location.  
14 Ordinarily, eating establishments do not mean and include food stores and supermarkets. Eating  
15 establishments do not mean "vending machines," a self-contained automatic device that dispenses  
16 for sale foods, beverages, or confection products. Retailers selling prepared foods in bulk either  
17 in customer-furnished containers or in the seller's containers, for example "Soup and Sauce"  
18 establishments, are deemed to be selling prepared foods ordinarily for immediate consumption  
19 and as such are considered eating establishments.

20 (3) "Meal" means any prepared food or beverage offered or held out for sale by an eating  
21 and/or drinking establishment for the purpose of being consumed by any person to satisfy the  
22 appetite and which is ready for immediate consumption. All such food and beverage, unless  
23 otherwise specifically exempted or excluded herein shall be included, whether intended to be  
24 consumed on the seller's premises or elsewhere, whether designated as breakfast, lunch, snack,  
25 dinner, supper or by some other name, and without regard to the manner, time or place of service.

26 (d) This local ~~sales or use~~ meals and beverage tax shall be administered and collected by  
27 the division of taxation and unless provided to the contrary in this chapter, all of the  
28 administration, collection, and other provisions of chapters 18 and 19 of this article apply.

29 **§ 44-18-25. Presumption that sale is for storage, use, or consumption -- Resale**  
30 **certificate.** -- It is presumed that all gross receipts are subject to the sales tax, and that the use of  
31 all tangible personal property is subject to the use tax, and that all tangible personal property sold  
32 or in processing or intended for delivery or delivered in this state is sold or delivered for storage,  
33 use, or other consumption in this state, until the contrary is established to the satisfaction of the  
34 tax administrator. The burden of proving the contrary is upon the person who makes the sale and

1 the purchaser, unless the person who makes the sale takes from the purchaser a certificate to the  
2 effect that the purchase was for resale. ~~The certificate relieves the person making the sale from  
3 the burden of proof only if taken in good faith from a person who is engaged in the business of  
4 making sales at retail and who holds a permit as provided in section § 44-19-2 or 44-19-3 and  
5 who, at the time of making the purchase, intends to sell what is so purchased in the regular course  
6 of business or is unable to ascertain at the time of purchase whether what is purchased will be  
7 sold or will be used for some other purpose.~~ The certificate shall contain any information and be  
8 in the form that the tax administrator may require.

9 **§ 44-18-30. Gross receipts exempt from sales and use taxes.** -- There are exempted  
10 from the taxes imposed by this chapter the following gross receipts:

11 (1) Sales and uses beyond constitutional power of state. From the sale and from the  
12 storage, use, or other consumption in this state of tangible personal property the gross receipts  
13 from the sale of which, or the storage, use, or other consumption of which, this state is prohibited  
14 from taxing under the Constitution of the United States or under the constitution of this state.

15 (2) Newspapers.

16 (i) From the sale and from the storage, use, or other consumption in this state of any  
17 newspaper.

18 (ii) "Newspaper" means an unbound publication printed on newsprint, which contains  
19 news, editorial comment, opinions, features, advertising matter, and other matters of public  
20 interest.

21 (iii) "Newspaper" does not include a magazine, handbill, circular, flyer, sales catalog, or  
22 similar item unless the item is printed for and distributed as a part of a newspaper.

23 (3) School meals. From the sale and from the storage, use, or other consumption in this  
24 state of meals served by public, private, or parochial schools, school districts, colleges,  
25 universities, student organizations, and parent teacher associations to the students or teachers of a  
26 school, college, or university whether the meals are served by the educational institutions or by a  
27 food service or management entity under contract to the educational institutions.

28 (4) Containers

29 (i) From the sale and from the storage, use, or other consumption in this state of:

30 (A) Non-returnable containers, including boxes, paper bags, and wrapping materials  
31 which are biodegradable and all bags and wrapping materials utilized in the medical and healing  
32 arts, when sold without the contents to persons who place the contents in the container and sell  
33 the contents with the container.

34 (B) Containers when sold with the contents if the sale price of the contents is not required

1 to be included in the measure of the taxes imposed by this chapter.

2 (C) Returnable containers when sold with the contents in connection with a retail sale of  
3 the contents or when resold for refilling.

4 (ii) As used in this subdivision, the term "returnable containers" means containers of a  
5 kind customarily returned by the buyer of the contents for reuse. All other containers are "non-  
6 returnable containers."

7 (5) Charitable, educational, and religious organizations. (i) From the sale to as in defined  
8 in this section, and from the storage, use, and other consumption in this state or any other state of  
9 the United States of America of tangible personal property by hospitals not operated for a profit,  
10 "educational institutions" as defined in subdivision (18) not operated for a profit, churches,  
11 orphanages, and other institutions or organizations operated exclusively for religious or charitable  
12 purposes, interest free loan associations not operated for profit, nonprofit organized sporting  
13 leagues and associations and bands for boys and girls under the age of nineteen (19) years, the  
14 following vocational student organizations that are state chapters of national vocational students  
15 organizations: Distributive Education Clubs of America, (DECA); Future Business Leaders of  
16 America, phi beta lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers  
17 of America/Home Economics Related Occupations (FHA/HERD); and Vocational Industrial  
18 Clubs of America (VICA), organized nonprofit golden age and senior citizens clubs for men and  
19 women, and parent teacher associations.

20 (ii) In the case of contracts entered into with the federal government, its agencies or  
21 instrumentalities, this state or any other state of the United States of America, its agencies, any  
22 city, town, district, or other political subdivision of the states, hospitals not operated for profit,  
23 educational institutions not operated for profit, churches, orphanages, and other institutions or  
24 organizations operated exclusively for religious or charitable purposes, the contractor may  
25 purchase such materials and supplies (materials and/or supplies are defined as those which are  
26 essential to the project) that are to be utilized in the construction of the projects being performed  
27 under the contracts without payment of the tax.

28 (iii) The contractor shall not charge any sales or use tax to any exempt agency,  
29 institution, or organization but shall in that instance provide his or her suppliers with certificates  
30 in the form as determined by the division of taxation showing the reason for exemption; and the  
31 contractor's records must substantiate the claim for exemption by showing the disposition of all  
32 property so purchased. If any property is then used for a nonexempt purpose, the contractor must  
33 pay the tax on the property used.

34 (6) Gasoline. From the sale and from the storage, use, or other consumption in this state



1 of: (i) gasoline and other products taxed under chapter 36 of title 31, and (ii) fuels used for the  
2 propulsion of airplanes.

3 (7) Purchase for manufacturing purposes.

4 (i) From the sale and from the storage, use, or other consumption in this state of computer  
5 software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration,  
6 and water, when the property or service is purchased for the purpose of being manufactured into a  
7 finished product for resale, and becomes an ingredient, component, or integral part of the  
8 manufactured, compounded, processed, assembled, or prepared product, or if the property or  
9 service is consumed in the process of manufacturing for resale computer software, tangible  
10 personal property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

11 (ii) "Consumed" means destroyed, used up, or worn out to the degree or extent that the  
12 property cannot be repaired, reconditioned, or rendered fit for further manufacturing use.

13 (iii) "Consumed" includes mere obsolescence.

14 (iv) "Manufacturing" means and includes manufacturing, compounding, processing,  
15 assembling, preparing, or producing.

16 (v) "Process of manufacturing" means and includes all production operations performed  
17 in the producing or processing room, shop, or plant, insofar as the operations are a part of and  
18 connected with the manufacturing for resale of tangible personal property, electricity, natural gas,  
19 artificial gas, steam, refrigeration, or water and all production operations performed insofar as the  
20 operations are a part of and connected with the manufacturing for resale of computer software.

21 (vi) "Process of manufacturing" does not mean or include administration operations such  
22 as general office operations, accounting, collection, sales promotion, nor does it mean or include  
23 distribution operations which occur subsequent to production operations, such as handling,  
24 storing, selling, and transporting the manufactured products, even though the administration and  
25 distribution operations are performed by or in connection with a manufacturing business.

26 (8) State and political subdivisions. From the sale to, and from the storage, use, or other  
27 consumption by, this state, any city, town, district, or other political subdivision of this state.  
28 Every redevelopment agency created pursuant to chapter 31 of title 45 is deemed to be a  
29 subdivision of the municipality where it is located.

30 ~~(9) Food products.~~

31 ~~(i) From the sale and the storage, use, or other consumption in this state, subsequent to~~  
32 ~~March 31, 1948, of food products for human consumption.~~

33 ~~(ii) "Food products" includes except as otherwise provided in this subdivision, cereals~~  
34 ~~and cereal products; milk and milk products, other than candy and confectionary, but including~~

1 ~~ice cream; oleomargarine; meat and meat products; fish and fish products; eggs and egg products;~~  
2 ~~vegetables and vegetable products; fruit and fruit products, including pure fruit juices; spices,~~  
3 ~~condiments, and salt; sugar and sugar products other than candy and confectionery; coffee and~~  
4 ~~coffee substitutes; tea, cocoa and cocoa products, other than candy and confectionery; non-~~  
5 ~~carbonated and non-effervescent bottled waters sold for human consumption.~~

6 (iii) ~~"Food products" shall not include spirituous, malt, or vinous liquors; soft drinks,~~  
7 ~~sodas, or beverages that are ordinarily dispensed at bars or soda fountains or in connection~~  
8 ~~therewith; medicines, tonics, vitamins and preparations in liquid, powdered, granular, tablet,~~  
9 ~~capsule, lozenge, or pill form, sold as dietary supplements or adjuncts, except when sold on the~~  
10 ~~prescription of a physician; or mineral and carbonated bottled waters and ice.~~

11 (iv) ~~"Food products" also does not include meals served on or off the premises of the~~  
12 ~~retailer; or drinks or food furnished, prepared, or served for consumption at tables, chairs, or~~  
13 ~~counters, or from trays, glasses, dishes, or other tableware provided by the retailer.~~

14 (v) ~~"The sale of meals and other food products ordinarily sold for immediate~~  
15 ~~consumption on or off the premises of the retailer is a taxable sale even though such products are~~  
16 ~~sold on a "take-out" or "to go" order, and are actually packaged or wrapped and taken from the~~  
17 ~~premises.~~

18 (9) Food and food ingredients.—From the sale and storage, use, or other consumption in  
19 this state of food and food ingredients as defined in section 44-18-7.1(l).

20 For the purposes of this exemption "food and food ingredients" shall not include candy,  
21 soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending  
22 machines or prepared food (as those terms are defined in § 44-18-7.1 unless the prepared food is:

23 (i) Sold by a seller whose primary NAICS classification is manufacturing in sector 311,  
24 except sub-sector 3118 (bakeries);

25 (ii) Sold in an unheated state by weight or volume as a single item;

26 (iii) Bakery items, including bread, rolls, buns, biscuits, bagels, croissants, pastries,  
27 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas; and

28 is not sold with utensils provided by the seller, including plates, knives, forks, spoons,  
29 glasses, cups, napkins, or straws.

30 (10) Medicines, ~~and~~ drugs and durable medical equipment. From the sale and from the  
31 storage, use, or other consumption in this state, ~~subsequent to March 31, 1948,~~ of;

32 (i) ~~"medicines" and "drugs" as defined in § 5-19-1 [repealed]~~ 44-18-7.1(h)(i), sold on  
33 prescriptions, ~~and proprietary medicines, popularly called patent medicines, including, but not~~  
34 ~~limited to, disposable or reusable devices such as syringe infusers, ambulatory drug delivery~~

1 ~~pumps and supplies used with these items which are sold on prescription to individuals to be used~~  
2 ~~by them to dispense or administer prescription drugs, and related ancillary dressings and supplies~~  
3 ~~used to dispense or administer prescription drugs~~ blood, medical oxygen, and insulin whether or  
4 not sold on prescription, and over-the-counter drugs as defined in section 44-18-7.1(h)(ii). For  
5 purposes of this exemption over-the-counter drugs shall not include grooming and hygiene  
6 products as defined in section 44-18-7.1(h)(iii).

7 (ii) Durable medical equipment as defined in section 44-18-7.1(k) for home use only,  
8 including but not limited to syringe infusers, ambulatory drug delivery pumps, hospital beds,  
9 convalescent chairs, and chair lifts. Supplies used in connection with syringe infusers and  
10 ambulatory drug delivery pumps which are sold on prescription to individuals to be used by them  
11 to dispense or administer prescription drugs, and related ancillary dressings and supplies used to  
12 dispense or administer prescription drugs shall also be exempt from tax.

13 (11) Prosthetic ~~and orthopedic appliances~~ devices and mobility enhancing equipment.  
14 From the sale and from the storage, use, or other consumption in this state, ~~subsequent to March~~  
15 ~~31, 1948,~~ of prosthetic devices as defined in section 44-18-7.1(t), sold on prescription, including  
16 but not limited to, crutches, artificial limbs, dentures, spectacles and eyeglasses, and artificial  
17 eyes; artificial hearing devices ~~and other prostheses or orthopedic appliances designed and~~  
18 ~~purchased to be worn on the person of the owner or user~~ and hearing aids, whether or not sold on  
19 prescription and mobility enhancing equipment as defined in 44-18-7.1(p) including wheelchairs,  
20 crutches and canes.

21 (12) Coffins, caskets, and burial garments. From the sale and from the storage, use, or  
22 other consumption in this state of coffins or caskets, and shrouds or other burial garments which  
23 are ordinarily sold by a funeral director as part of the business of funeral directing.

24 (13) Motor vehicles sold to nonresidents.

25 (i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide  
26 nonresident of this state who does not register the motor vehicle in this state, whether the sale or  
27 delivery of the motor vehicle is made in this state or at the place of residence of the nonresident.  
28 A motor vehicle sold to a bona fide nonresident whose state of residence does not allow a like  
29 exemption to its nonresidents is not exempt from the tax imposed under § 44-18-20. In that event  
30 the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate that  
31 would be imposed in his or her state of residence not to exceed the rate that would have been  
32 imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed motor  
33 vehicle dealer shall add and collect the tax required under this subdivision and remit the tax to the  
34 tax administrator under the provisions of chapters 18 and 19 of this title. When a Rhode Island

1 licensed motor vehicle dealer is required to add and collect the sales and use tax on the sale of a  
2 motor vehicle to a bona fide nonresident as provided in this section, the dealer in computing the  
3 tax takes into consideration the law of the state of the nonresident as it relates to the trade-in of  
4 motor vehicles.

5 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may  
6 require any licensed motor vehicle dealer to keep records of sales to bona fide nonresidents as the  
7 tax administrator deems reasonably necessary to substantiate the exemption provided in this  
8 subdivision, including the affidavit of a licensed motor vehicle dealer that the purchaser of the  
9 motor vehicle was the holder of, and had in his or her possession a valid out of state motor  
10 vehicle registration or a valid out of state driver's license.

11 (iii) Any nonresident who registers a motor vehicle in this state within ninety (90) days of  
12 the date of its sale to him or her is deemed to have purchased the motor vehicle for use, storage,  
13 or other consumption in this state, and is subject to, and liable for the use tax imposed under the  
14 provisions of § 44-18-20.

15 (14) Sales in public buildings by blind people. From the sale and from the storage, use, or  
16 other consumption in all public buildings in this state of all products or wares by any person  
17 licensed under § 40-9-11.1.

18 (15) Air and water pollution control facilities. From the sale, storage, use, or other  
19 consumption in this state of tangible personal property or supplies acquired for incorporation into  
20 or used and consumed in the operation of a facility, the primary purpose of which is to aid in the  
21 control of the pollution or contamination of the waters or air of the state, as defined in chapter 12  
22 of title 46 and chapter 25 of title 23, respectively, and which has been certified as approved for  
23 that purpose by the director of environmental management. The director of environmental  
24 management may certify to a portion of the tangible personal property or supplies acquired for  
25 incorporation into those facilities or used and consumed in the operation of those facilities to the  
26 extent that that portion has as its primary purpose the control of the pollution or contamination of  
27 the waters or air of this state. As used in this subdivision, "facility" means any land, facility,  
28 device, building, machinery, or equipment.

29 (16) Camps. From the rental charged for living quarters, or sleeping or housekeeping  
30 accommodations at camps or retreat houses operated by religious, charitable, educational, or  
31 other organizations and associations mentioned in subdivision (5), or by privately owned and  
32 operated summer camps for children.

33 (17) Certain institutions. From the rental charged for living or sleeping quarters in an  
34 institution licensed by the state for the hospitalization, custodial, or nursing care of human beings.

1           (18) Educational institutions. From the rental charged by any educational institution for  
2 living quarters, or sleeping or housekeeping accommodations or other rooms or accommodations  
3 to any student or teacher necessitated by attendance at an educational institution. "Educational  
4 institution" as used in this section means an institution of learning not operated for profit which is  
5 empowered to confer diplomas, educational, literary, or academic degrees, which has a regular  
6 faculty, curriculum, and organized body of pupils or students in attendance throughout the usual  
7 school year, which keeps and furnishes to students and others records required and accepted for  
8 entrance to schools of secondary, collegiate, or graduate rank, no part of the net earnings of which  
9 inures to the benefit of any individual.

10           (19) Motor vehicle and adaptive equipment for persons with disabilities.

11           (i) From the sale of: (A) special adaptations, (B) the component parts of the special  
12 adaptations, or (C) a specially adapted motor vehicle; provided, that the owner furnishes to the  
13 tax administrator an affidavit of a licensed physician to the effect that the specially adapted motor  
14 vehicle is necessary to transport a family member with a disability or where the vehicle has been  
15 specially adapted to meet the specific needs of the person with a disability. This exemption  
16 applies to not more than one motor vehicle owned and registered for personal, noncommercial  
17 use.

18           (ii) For the purpose of this subsection the term "special adaptations" includes, but is not  
19 limited to: wheelchair lifts; wheelchair carriers; wheelchair ramps; wheelchair securements; hand  
20 controls; steering devices; extensions, relocations, and crossovers of operator controls; power-  
21 assisted controls; raised tops or dropped floors; raised entry doors; or alternative signaling  
22 devices to auditory signals.

23           (iii) For the purpose of this subdivision the exemption for a "specially adapted motor  
24 vehicle" means a use tax credit not to exceed the amount of use tax that would otherwise be due  
25 on the motor vehicle, exclusive of any adaptations. The use tax credit is equal to the cost of the  
26 special adaptations, including installation.

27           (20) Heating fuels. From the sale and from the storage, use, or other consumption in this  
28 state of every type of fuel used in the heating of homes and residential premises.

29           (21) Electricity and gas. From the sale and from the storage, use, or other consumption in  
30 this state of electricity and gas furnished for domestic use by occupants of residential premises.

31           (22) Manufacturing machinery and equipment.

32           (i) From the sale and from the storage, use, or other consumption in this state of tools,  
33 dies, and molds, and machinery and equipment (including replacement parts), and related items to  
34 the extent used in an industrial plant in connection with the actual manufacture, conversion, or

1 processing of tangible personal property, or to the extent used in connection with the actual  
2 manufacture, conversion or processing of computer software as that term is utilized in industry  
3 numbers 7371, 7372, and 7373 in the standard industrial classification manual prepared by the  
4 technical committee on industrial classification, office of statistical standards, executive office of  
5 the president, United States bureau of the budget, as revised from time to time, to be sold, or that  
6 machinery and equipment used in the furnishing of power to an industrial manufacturing plant.  
7 For the purposes of this subdivision, "industrial plant" means a factory at a fixed location  
8 primarily engaged in the manufacture, conversion, or processing of tangible personal property to  
9 be sold in the regular course of business;

10 (ii) Machinery and equipment and related items are not deemed to be used in connection  
11 with the actual manufacture, conversion, or processing of tangible personal property, or in  
12 connection with the actual manufacture, conversion or processing of computer software as that  
13 term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification  
14 manual prepared by the technical committee on industrial classification, office of statistical  
15 standards, executive office of the president, United States bureau of the budget, as revised from  
16 time to time, to be sold to the extent the property is used in administration or distribution  
17 operations;

18 (iii) Machinery and equipment and related items used in connection with the actual  
19 manufacture, conversion, or processing of any computer software or any tangible personal  
20 property which is not to be sold and which would be exempt under subdivision (7) or this  
21 subdivision if purchased from a vendor or machinery and equipment and related items used  
22 during any manufacturing, converting or processing function is exempt under this subdivision  
23 even if that operation, function, or purpose is not an integral or essential part of a continuous  
24 production flow or manufacturing process;

25 (iv) Where a portion of a group of portable or mobile machinery is used in connection  
26 with the actual manufacture, conversion, or processing of computer software or tangible personal  
27 property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under  
28 this subdivision even though the machinery in that group is used interchangeably and not  
29 otherwise identifiable as to use.

30 (23) Trade-in value of motor vehicles. From the sale and from the storage, use, or other  
31 consumption in this state of so much of the purchase price paid for a new or used automobile as is  
32 allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller or of  
33 the proceeds applicable only to the motor vehicle as are received from an insurance claim as a  
34 result of a stolen or damaged motor vehicle, or of the proceeds applicable only to the automobile

1 as are received from the manufacturer of automobiles for the repurchase of the automobile  
2 whether the repurchase was voluntary or not towards the purchase of a new or used automobile  
3 by the buyer; provided, that the proceeds from an insurance claim or repurchase is in lieu of the  
4 benefit prescribed in § 44-18-21 for the total loss or destruction of the automobile; and provided,  
5 further, that the tax has not been reimbursed as part of the insurance claim or repurchase. For the  
6 purpose of this subdivision, the word "automobile" means a private passenger automobile not  
7 used for hire and does not refer to any other type of motor vehicle.

8 (24) Precious metal bullion.

9 (i) From the sale and from the storage, use, or other consumption in this state of precious  
10 metal bullion, substantially equivalent to a transaction in securities or commodities.

11 (ii) For purposes of this subdivision, "precious metal bullion" means any elementary  
12 precious metal which has been put through a process of smelting or refining, including, but not  
13 limited to, gold, silver, platinum, rhodium, and chromium, and which is in a state or condition  
14 that its value depends upon its content and not upon its form.

15 (iii) The term does not include fabricated precious metal which has been processed or  
16 manufactured for some one or more specific and customary industrial, professional, or artistic  
17 uses.

18 (25) Commercial vessels. From sales made to a commercial ship, barge, or other vessel of  
19 fifty (50) tons burden or over, primarily engaged in interstate or foreign commerce, and from the  
20 repair, alteration, or conversion of the vessels, and from the sale of property purchased for the use  
21 of the vessels including provisions, supplies, and material for the maintenance and/or repair of the  
22 vessels.

23 (26) Commercial fishing vessels. From the sale and from the storage, use, or other  
24 consumption in this state of vessels and other water craft which are in excess of five (5) net tons  
25 and which are used exclusively for "commercial fishing", as defined in this subdivision, and from  
26 the repair, alteration, or conversion of those vessels and other watercraft, and from the sale of  
27 property purchased for the use of those vessels and other watercraft including provisions,  
28 supplies, and material for the maintenance and/or repair of the vessels and other watercraft and  
29 the boats nets, cables, tackle, and other fishing equipment appurtenant to or used in connection  
30 with the commercial fishing of the vessels and other watercraft. "Commercial fishing" means the  
31 taking or the attempting to take any fish, shellfish, crustacea, or bait species with the intent of  
32 disposing of them for profit or by sale, barter, trade, or in commercial channels. The term does  
33 not include subsistence fishing, i.e., the taking for personal use and not for sale or barter; or sport  
34 fishing; but shall include vessels and other watercraft with a Rhode Island party and charter boat

1 license issued by the department of environmental management pursuant to § 20-2-27.1 which  
2 meet the following criteria: (i) the operator must have a current U.S.C.G. license to carry  
3 passengers for hire; (ii) U.S.C.G. vessel documentation in the coast wide fishery trade; (iii)  
4 U.S.C.G. vessel documentation as to proof of Rhode Island home port status or a Rhode Island  
5 boat registration to prove Rhode Island home port status; (iv) the vessel must be used as a  
6 commercial passenger carrying fishing vessel to carry passengers for fishing. The vessel must be  
7 able to demonstrate that at least fifty percent (50%) of its annual gross income derives from  
8 charters or provides documentation of a minimum of one hundred (100) charter trips annually; (v)  
9 the vessel must have a valid Rhode Island party and charter boat license. The tax administrator  
10 shall implement the provisions of this subdivision by promulgating rules and regulations relating  
11 thereto.

12 (27) Clothing and footwear. From the sales of articles of clothing, including footwear,  
13 intended to be worn or carried on or about the human body. For the purposes of this section  
14 “clothing or footwear” does not include clothing [accessories or equipment or](#) special clothing or  
15 footwear primarily designed for athletic activity or protective use [as these terms are defined in](#)  
16 [section 44-18-7.1\(f\)](#) ~~and which is not normally worn except when so used; and sales of wearing~~  
17 ~~materials or any cloth made of natural or synthetic fibers and used for clothing purposes.~~

18 (28) Water for residential use. From the sale and from the storage, use, or other  
19 consumption in this state of water furnished for domestic use by occupants of residential  
20 premises.

21 (29) Bibles. [Unconstitutional; see Ahlburn v. Clark, 728 A.2d 449 (R.I. 1999); see Notes  
22 to Decisions.] From the sale and from the storage, use, or other consumption in the state of any  
23 canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited  
24 to, the Old Testament and the New Testament versions.

25 (30) Boats.

26 (i) From the sale of a boat or vessel to a bona fide nonresident of this state who does not  
27 register the boat or vessel in this state, or document the boat or vessel with the United States  
28 government at a home port within the state, whether the sale or delivery of the boat or vessel is  
29 made in this state or elsewhere; provided, that the nonresident transports the boat within thirty  
30 (30) days after delivery by the seller outside the state for use thereafter solely outside the state.

31 (ii) The tax administrator, in addition to the provisions of §§ 44-19-17 and 44-19-28, may  
32 require the seller of the boat or vessel to keep records of the sales to bona fide nonresidents as the  
33 tax administrator deems reasonably necessary to substantiate the exemption provided in this  
34 subdivision, including the affidavit of the seller that the buyer represented himself or herself to be



1 a bona fide nonresident of this state and of the buyer that he or she is a nonresident of this state.

2 (31) Youth activities equipment. From the sale, storage, use, or other consumption in this  
3 state of items for not more than twenty dollars (\$20.00) each by nonprofit Rhode Island  
4 eleemosynary organizations, for the purposes of youth activities which the organization is formed  
5 to sponsor and support; and by accredited elementary and secondary schools for the purposes of  
6 the schools or of organized activities of the enrolled students.

7 (32) Farm equipment. From the sale and from the storage or use of machinery and  
8 equipment used directly for commercial farming and agricultural production; including, but not  
9 limited to, tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,  
10 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,  
11 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and  
12 other farming equipment, including replacement parts, appurtenant to or used in connection with  
13 commercial farming and tools and supplies used in the repair and maintenance of farming  
14 equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or  
15 the production within this state of agricultural products, including, but not limited to, field or  
16 orchard crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or  
17 production provides at least two thousand five hundred dollars (\$2,500) in annual gross sales to  
18 the operator, whether an individual, a group, a partnership, or a corporation for exemptions issued  
19 prior to July 1, 2002; for exemptions issued or renewed after July 1, 2002, there shall be two (2)  
20 levels. Level I shall be based on proof of annual gross sales from commercial farming of at least  
21 twenty-five hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption  
22 provided in this subdivision except for motor vehicles with an excise tax value of five thousand  
23 dollars (\$5,000) or greater; Level II shall be based on proof of annual gross sales from  
24 commercial farming of at least ten thousand dollars (\$10,000) or greater and shall be valid for  
25 purchases subject to the exemption provided in this subdivision including motor vehicles with an  
26 excise tax value of five thousand dollars (\$5,000) or greater. For the initial issuance of the  
27 exemptions, proof of the requisite amount of annual gross sales from commercial farming shall be  
28 required for the prior year; for any renewal of an exemption granted in accordance with this  
29 subdivision at either Level I or Level II, proof of gross annual sales from commercial farming at  
30 the requisite amount shall be required for each of the prior two (2) years. Certificates of  
31 exemption issued or renewed after July 1, 2002, shall clearly indicate the level of the exemption  
32 and be valid for four (4) years after the date of issue. This exemption applies even if the same  
33 equipment is used for ancillary uses, or is temporarily used for a non-farming or a non-  
34 agricultural purpose, but shall not apply to motor vehicles acquired after July 1, 2002, unless the

1 vehicle is a farm vehicle as defined pursuant to § 31-1-8 and is eligible for registration displaying  
2 farm plates as provided for in § 31-3-31.

3 (33) Compressed air. From the sale and from the storage, use, or other consumption in the  
4 state of compressed air.

5 (34) Flags. From the sale and from the storage, consumption, or other use in this state of  
6 United States, Rhode Island or POW-MIA flags.

7 (35) Motor vehicle and adaptive equipment to certain veterans. From the sale of a motor  
8 vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or  
9 the loss of use of a leg, foot, hand, or arm, or any veteran who is a double amputee, whether  
10 service connected or not. The motor vehicle must be purchased by and especially equipped for  
11 use by the qualifying veteran. Certificate of exemption or refunds of taxes paid is granted under  
12 rules or regulations that the tax administrator may prescribe.

13 (36) Textbooks. From the sale and from the storage, use, or other consumption in this  
14 state of textbooks by an "educational institution" as defined in subdivision (18) of this section and  
15 as well as any educational institution within the purview of § 16-63-9(4) and used textbooks by  
16 any purveyor.

17 (37) Tangible personal property and supplies used in on-site hazardous waste recycling,  
18 reuse, or treatment. From the sale, storage, use, or other consumption in this state of tangible  
19 personal property or supplies used or consumed in the operation of equipment, the exclusive  
20 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as  
21 defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes", as  
22 defined in § 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely by the  
23 same taxpayer and where the personal property is located at, in, or adjacent to a generating  
24 facility of the taxpayer in Rhode Island. The taxpayer shall procure an order from the director of  
25 the department of environmental management certifying that the equipment and/or supplies as  
26 used, or consumed, qualify for the exemption under this subdivision. If any information relating  
27 to secret processes or methods of manufacture, production, or treatment is disclosed to the  
28 department of environmental management only to procure an order, and is a "trade secret" as  
29 defined in § 28-21-10(b), it is not open to public inspection or publicly disclosed unless  
30 disclosure is required under chapter 21 of title 28 or chapter 24.4 of title 23.

31 (38) Promotional and product literature of boat manufacturers. From the sale and from  
32 the storage, use, or other consumption of promotional and product literature of boat  
33 manufacturers shipped to points outside of Rhode Island which either: (i) accompany the product  
34 which is sold, (ii) are shipped in bulk to out of state dealers for use in the sale of the product, or

1 (iii) are mailed to customers at no charge.

2 (39) Food items paid for by food stamps. From the sale and from the storage, use, or  
3 other consumption in this state of eligible food items payment for which is properly made to the  
4 retailer in the form of U.S. government food stamps issued in accordance with the Food Stamp  
5 Act of 1977, 7 U.S.C. § 2011 et seq.

6 (40) Transportation charges. From the sale or hiring of motor carriers as defined in § 39-  
7 12-2(l) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed  
8 with the Rhode Island public utilities commission on the number of miles driven or by the  
9 number of hours spent on the job.

10 (41) Trade-in value of boats. From the sale and from the storage, use, or other  
11 consumption in this state of so much of the purchase price paid for a new or used boat as is  
12 allocated for a trade-in allowance on the boat of the buyer given in trade to the seller or of the  
13 proceeds applicable only to the boat as are received from an insurance claim as a result of a stolen  
14 or damaged boat, towards the purchase of a new or used boat by the buyer.

15 (42) Equipment used for research and development. From the sale and from the storage,  
16 use, or other consumption of equipment to the extent used for research and development purposes  
17 by a qualifying firm. For the purposes of this subdivision, "qualifying firm" means a business for  
18 which the use of research and development equipment is an integral part of its operation, and  
19 "equipment" means scientific equipment, computers, software, and related items.

20 (43) Coins. From the sale and from the other consumption in this state of coins having  
21 numismatic or investment value.

22 (44) Farm structure construction materials. Lumber, hardware and other materials used in  
23 the new construction of farm structures, including production facilities such as, but not limited to,  
24 farrowing sheds, free stall and stanchion barns, milking parlors, silos, poultry barns, laying  
25 houses, fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing  
26 rooms, machinery storage, seasonal farm worker housing, certified farm markets, bunker and  
27 trench silos, feed storage sheds, and any other structures used in connection with commercial  
28 farming.

29 (45) Telecommunications carrier access service. Carrier access service or  
30 telecommunications service when purchased by a telecommunications company from another  
31 telecommunications company to facilitate the provision of telecommunications service.

32 (46) Boats or vessels brought into the state exclusively for winter storage, maintenance,  
33 repair or sale. Notwithstanding the provisions of §§ 44-18-10, 44-18-11, 44-18-20, the tax  
34 imposed by § 44-18-20 is not applicable for the period commencing on the first day of October in

1 any year to and including the 30th day of April next succeeding with respect to the use of any  
2 boat or vessel within this state exclusively for purposes of: (i) delivery of the vessel to a facility in  
3 this state for storage, including dry storage and storage in water by means of apparatus preventing  
4 ice damage to the hull, maintenance, or repair; (ii) the actual process of storage, maintenance, or  
5 repair of the boat or vessel; or (iii) storage for the purpose of selling the boat or vessel.

6 (47) Jewelry display product. From the sale and from the storage, use, or other  
7 consumption in this state of tangible personal property used to display any jewelry product;  
8 provided, that title to the jewelry display product is transferred by the jewelry manufacturer or  
9 seller and that the jewelry display product is shipped out of state for use solely outside the state  
10 and is not returned to the jewelry manufacturer or seller.

11 (48) Boats or vessels generally. Notwithstanding the provisions of this chapter, the tax  
12 imposed by §§ 44-18-20 and 44-18-18 shall not apply with respect to the sale and to the storage,  
13 use, or other consumption in this state of any new or used boat. The exemption provided for in  
14 this subdivision does not apply after October 1, 1993, unless prior to October 1, 1993, the federal  
15 ten percent (10%) surcharge on luxury boats is repealed.

16 (49) Banks and Regulated investment companies interstate toll-free calls.  
17 Notwithstanding the provisions of this chapter, the tax imposed by this chapter does not apply to  
18 the furnishing of interstate and international, toll-free terminating telecommunication service that  
19 is used directly and exclusively by or for the benefit of an eligible company as defined in this  
20 subdivision; provided, that an eligible company employs on average during the calendar year no  
21 less than five hundred (500) "full-time equivalent employees", as that term is defined in § 42-  
22 64.5-2. For purposes of this section, an "eligible company" means a "regulated investment  
23 company" as that term is defined in the Internal Revenue Code of 1986, 26 U.S.C. § 1 et seq., or a  
24 corporation to the extent the service is provided, directly or indirectly, to or on behalf of a  
25 regulated investment company, an employee benefit plan, a retirement plan or a pension plan or a  
26 state chartered bank.

27 (50) Mobile and manufactured homes generally. From the sale and from the storage, use,  
28 or other consumption in this state of mobile and/or manufactured homes as defined and subject to  
29 taxation pursuant to the provisions of chapter 44 of title 31.

30 (50) Manufacturing business reconstruction materials.

31 (i) From the sale and from the storage, use or other consumption in this state of lumber,  
32 hardware, and other building materials used in the reconstruction of a manufacturing business  
33 facility which suffers a disaster, as defined in this subdivision, in this state. "Disaster" means any  
34 occurrence, natural or otherwise, which results in the destruction of sixty percent (60%) or more

1 of an operating manufacturing business facility within this state. "Disaster" does not include any  
2 damage resulting from the willful act of the owner of the manufacturing business facility.

3 (ii) Manufacturing business facility includes, but is not limited to, the structures housing  
4 the production and administrative facilities.

5 (iii) In the event a manufacturer has more than one manufacturing site in this state, the  
6 sixty percent (60%) provision applies to the damages suffered at that one site.

7 (iv) To the extent that the costs of the reconstruction materials are reimbursed by  
8 insurance, this exemption does not apply.

9 (52) Tangible personal property and supplies used in the processing or preparation of  
10 floral products and floral arrangements. From the sale, storage, use, or other consumption in this  
11 state of tangible personal property or supplies purchased by florists, garden centers, or other like  
12 producers or vendors of flowers, plants, floral products, and natural and artificial floral  
13 arrangements which are ultimately sold with flowers, plants, floral products, and natural and  
14 artificial floral arrangements or are otherwise used in the decoration, fabrication, creation,  
15 processing, or preparation of flowers, plants, floral products, or natural and artificial floral  
16 arrangements, including descriptive labels, stickers, and cards affixed to the flower, plant, floral  
17 product or arrangement, artificial flowers, spray materials, floral paint and tint, plant shine, flower  
18 food, insecticide and fertilizers.

19 (53) Horse food products. From the sale and from the storage, use, or other consumption  
20 in this state of horse food products purchased by a person engaged in the business of the boarding  
21 of horses.

22 (53) Non-motorized recreational vehicles sold to nonresidents.

23 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to  
24 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle  
25 in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this  
26 state or at the place of residence of the nonresident; provided, that a non-motorized recreational  
27 vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption  
28 to its nonresidents is not exempt from the tax imposed under § 44-18-20; provided, further, that in  
29 that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the  
30 rate that would be imposed in his or her state of residence not to exceed the rate that would have  
31 been imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed non-  
32 motorized recreational vehicle dealer shall add and collect the tax required under this subdivision  
33 and remit the tax to the tax administrator under the provisions of chapters 18 and 19 of this title.  
34 Provided, that when a Rhode Island licensed non-motorized recreational vehicle dealer is required

1 to add and collect the sales and use tax on the sale of a non-motorized recreational vehicle to a  
2 bona fide nonresident as provided in this section, the dealer in computing the tax takes into  
3 consideration the law of the state of the nonresident as it relates to the trade-in of motor vehicles.

4 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may  
5 require any licensed non-motorized recreational vehicle dealer to keep records of sales to bona  
6 fide nonresidents as the tax administrator deems reasonably necessary to substantiate the  
7 exemption provided in this subdivision, including the affidavit of a licensed non-motorized  
8 recreational vehicle dealer that the purchaser of the non-motorized recreational vehicle was the  
9 holder of, and had in his or her possession a valid out-of-state non-motorized recreational vehicle  
10 registration or a valid out-of-state driver's license.

11 (iii) Any nonresident who registers a non-motorized recreational vehicle in this state  
12 within ninety (90) days of the date of its sale to him or her is deemed to have purchased the non-  
13 motorized recreational vehicle for use, storage, or other consumption in this state, and is subject  
14 to, and liable for the use tax imposed under the provisions of § 44-18-20.

15 (iv) "Non-motorized recreational vehicle" means any portable dwelling designed and  
16 constructed to be used as a temporary dwelling for travel, camping, recreational, and vacation use  
17 which is eligible to be registered for highway use, including, but not limited to, "pick-up coaches"  
18 or "pick-up campers," "travel trailers," and "tent trailers" as those terms are defined in chapter 1  
19 of title 31.

20 (55) Sprinkler and fire alarm systems in existing buildings. From the sale in this state of  
21 sprinkler and fire alarm systems, emergency lighting and alarm systems, and from the sale of the  
22 materials necessary and attendant to the installation of those systems, that are required in  
23 buildings and occupancies existing therein in July 2003, in order to comply with any additional  
24 requirements for such buildings arising directly from the enactment of the Comprehensive Fire  
25 Safety Act of 2003, and that are not required by any other provision of law or ordinance or  
26 regulation adopted pursuant to that Act. The exemption provided in this subdivision shall expire  
27 on December 31, 2008.

28 (56) Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-  
29 18-18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other  
30 consumption in this state of any new or used aircraft or aircraft parts.

31 (57) Renewable energy products. Notwithstanding any other provisions of Rhode Island  
32 general laws the following products shall also be exempt from sales tax: solar photovoltaic  
33 modules or panels, or any module or panel that generates electricity from light; solar thermal  
34 collectors, including, but not limited to, those manufactured with flat glass plates, extruded

1 plastic, sheet metal, and/or evacuated tubes; geothermal heat pumps, including both water-to-  
2 water and water-to-air type pumps; wind turbines; towers used to mount wind turbines if  
3 specified by or sold by a wind turbine manufacturer; DC to AC inverters that interconnect with  
4 utility power lines; manufactured mounting racks and ballast pans for solar collector, module or  
5 panel installation. Not to include materials that could be fabricated into such racks; monitoring  
6 and control equipment, if specified or supplied by a manufacturer of solar thermal, solar  
7 photovoltaic, geothermal, or wind energy systems or if required by law or regulation for such  
8 systems but not to include pumps, fans or plumbing or electrical fixtures unless shipped from the  
9 manufacturer affixed to, or an integral part of, another item specified on this list; and solar storage  
10 tanks that are part of a solar domestic hot water system or a solar space heating system. If the tank  
11 comes with an external heat exchanger it shall also be tax exempt, but a standard hot water tank is  
12 not exempt from state sales tax.

13 (58) Returned property. The amount charged for property returned by customers upon  
14 rescission of the contract of sale when the entire amount exclusive of handling charges paid for  
15 the property is refunded in either cash or credit, and where the property is returned within one  
16 hundred twenty (120) days from the date of delivery.

17 (59) Dietary Supplements. From the sale and from the storage, use or other consumption  
18 of dietary supplements as defined in 44-18-7.1(l)(v), sold on prescriptions.

19 SECTION 2. Chapter 44-18 of the General Laws entitled “Sales and Use Taxes –  
20 Liability and Computation” is thereby amended by adding thereto the following sections:

21 **§ 44-18-7.1. Additional Definitions.** -- (a) “Agreement” means the Streamlined Sales  
22 and Use Tax Agreement.

23 (b) “Alcoholic Beverages” means beverages that are suitable for human consumption and  
24 contain one-half of one percent or more of alcohol by volume.

25 (c) “Bundled Transaction” is the retail sale of two or more products, except real property  
26 and services to real property, where (1) the products are otherwise distinct and identifiable, and  
27 (2) the products are sold for one non-itemized price. A “bundled transaction” does not include  
28 the sale of any products in which the “sales price” varies, or is negotiable, based on the selection  
29 by the purchaser of the products included in the transaction.

30 (i) “Distinct and identifiable products” does not include:

31 (A) Packaging – such as containers, boxes, sacks, bags, and bottles – or other materials –  
32 such as wrapping, labels, tags, and instruction guides – that accompany the “retail sale” of the  
33 products and are incidental or immaterial to the “retail sale” thereof. Examples of packaging that  
34 are incidental or immaterial include grocery sacks, shoeboxes, dry cleaning garment bags and

1 express delivery envelopes and boxes.

2 (B) A product provided free of charge with the required purchase of another product. A  
3 product is “provided free of charge” if the “sales price” of the product purchased does not vary  
4 depending on the inclusion of the products “provided free of charge.”

5 (C) Items included in the member state’s definition of “sales price,” pursuant to  
6 Appendix C of the Agreement.

7 (ii) The term “one non-itemized price” does not include a price that is separately  
8 identified by product on binding sales or other supporting sales-related documentation made  
9 available to the customer in paper or electronic form including, but not limited to an invoice, bill  
10 of sale, receipt, contract, service agreement, lease agreement, periodic notice of rates and  
11 services, rate card, or price list.

12 (iii) A transaction that otherwise meets the definition of a “bundled transaction” as  
13 defined above, is not a “bundled transaction” if it is:

14 (A) The “retail sale” of tangible personal property and a service where the tangible  
15 personal property is essential to the use of the service, and is provided exclusively in connection  
16 with the service, and the true object of the transaction is the service; or

17 (B) The “retail sale” of services where one service is provided that is essential to the use  
18 or receipt of a second service and the first service is provided exclusively in connection with the  
19 second service and the true object of the transaction is the second service; or

20 (C) A transaction that includes taxable products and nontaxable products and the  
21 “purchase Price” or “sales price” of the taxable products is de minimis.

22 1. De minimis means the seller’s “purchase price” or “sales price” of the taxable  
23 products is ten percent (10%) or less of the total “purchase price” or “sales price” of the bundled  
24 products.

25 2. Sellers shall use either the “purchase price” or the “sales price” of the products to  
26 determine if the taxable products are de minimis. Sellers may not use a combination of the  
27 “purchase price” and “sales price” of the products to determine if the taxable products are de  
28 minimis.

29 3. Sellers shall use the full term of a service contract to determine if the taxable products  
30 are de minimis; or

31 (D) The “retail sale” of exempt tangible personal property and taxable tangible personal  
32 property where:

33 1. the transaction includes “food and food ingredients”, “drugs”, “durable medical  
34 equipment”, “mobility enhancing equipment”, “over-the-counter drugs”, “prosthetic devices” (all



1 as defined in Section 44-18-7.1) or medical supplies; and

2 2. where the seller’s “purchase price” or “sales price” of the taxable tangible personal  
3 property is fifty percent (50%) or less of the total “purchase price” or “sales price” of the bundled  
4 tangible personal property. Sellers may not use a combination of the “purchase price” and “sales  
5 price” of the tangible personal property when making the fifty percent (50%) determination for a  
6 transaction.

7 (d)“Certified Automated System (CAS)” means software certified under the Agreement  
8 to calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to  
9 remit to the appropriate state, and maintain a record of the transaction.

10 (e) “Certified Service Provider (CSP)” means an agent certified under the Agreement to  
11 perform all the seller’s sales and use tax functions, other than the seller’s obligation to remit tax  
12 on its own purchases.

13 (f) Clothing and Related Items

14 (i) “Clothing” means all human wearing apparel suitable for general use.

15 (ii) “Clothing accessories or equipment” means incidental items worn on the person or in  
16 conjunction with “clothing.” “Clothing accessories or equipment” does not include “clothing,”  
17 “sport or recreational equipment,” or “protective equipment.”

18 (iii) “Protective equipment” means items for human wear and designed as protection of  
19 the wearer against injury or disease or as protections against damage or injury of other persons or  
20 property but not suitable for general use. “Protective equipment” does not include “clothing,”  
21 “clothing accessories or equipment,” and “sport or recreational equipment.”

22 (iv) “Sport or recreational equipment” means items designed for human use and worn in  
23 conjunction with an athletic or recreational activity that are not suitable for general use. “Sport or  
24 recreational equipment” does not include “clothing,” “clothing accessories or equipment,” and  
25 “protective equipment.”

26 (g) Computer and Related Items

27 (i) “Computer” means an electronic device that accepts information in digital or similar  
28 form and manipulates it for a result based on a sequence of instructions.

29 (ii) “Computer software” means a set of coded instructions designed to cause a  
30 “computer” or automatic data processing equipment to perform a task.

31 (iii) “Delivered electronically” means delivered to the purchaser by means other than  
32 tangible storage media.

33 (iv) “Electronic” means relating to technology having electrical, digital, magnetic,  
34 wireless, optical, electromagnetic, or similar capabilities.

1 (v) “Load and leave” means delivery to the purchaser by use of a tangible storage media  
2 where the tangible storage media is not physically transferred to the purchaser.

3 (vi) “Prewritten computer software” means “computer software,” including prewritten  
4 upgrades, which is not designed and developed by the author or other creator to the specifications  
5 of a specific purchaser. The combining of two or more “prewritten computer software” programs  
6 or prewritten portions thereof does not cause the combination to be other than “prewritten  
7 computer software.” “Prewritten computer software” includes software designed and developed  
8 by the author or other creator to the specifications of a specific purchaser when it is sold to a  
9 person other than the specific purchaser. Where a person modifies or enhances “computer  
10 software” of which the person is not the author or creator, the person shall be deemed to be the  
11 author or creator only of such person’s modifications or enhancements. “Prewritten computer  
12 software” or a prewritten portion thereof that is modified or enhanced to any degree, where such  
13 modification or enhancement is designed and developed to the specifications of a specific  
14 purchaser, remains “prewritten computer software;” provided, however, that where there is a  
15 reasonable, separately stated charge or an invoice or other statement of the price given to the  
16 purchaser for such modification or enhancement, such modification or enhancement shall not  
17 constitute “prewritten computer software.”

18 (h) Drugs and Related Items

19 (i) “Drug” means a compound, substance or preparation, and any component of a  
20 compound, substance or preparation, other than “food and food ingredients,” “dietary  
21 supplements” or “alcoholic beverages:”

22 (A) Recognized in the official United States Pharmacopoeia, official Homeopathic  
23 Pharmacopoeia of the United States, or official National Formulary, and supplement to any of  
24 them; or

25 (B) Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of  
26 disease; or

27 (C) Intended to affect the structure of any function of the body.

28 “Drug” shall also include blood, insulin and medical oxygen whether or not sold on  
29 prescription.

30 (ii) “Over-the-counter-drug” means a drug that contains a label that identifies the product  
31 as a drug as required by 21 C.F.R. § 201.66. The “over-the-counter-drug” label includes:

32 (A) A “Drug Facts” panel; or

33 (B) A statement of the “active ingredient(s)” with a list of those ingredients contained in  
34 the compound, substance or preparation.

1 “Over-the-counter-drug” shall not include “grooming and hygiene products.”

2 (iii) “Grooming and hygiene products” are soaps and cleaning solutions, shampoo,  
3 toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the  
4 items meet the definition of “over-the-counter-drugs.”

5 (iv) “Prescription” means an order, formula or recipe issued in any form of oral, written,  
6 electronic, or other means of transmission by a duly licensed practitioner authorized by the laws  
7 of the member state.

8 (i) “Delivery charges” means charges by the seller of personal property or services for  
9 preparation and delivery to a location designated by the purchaser of personal property or services  
10 including, but not limited to, transportation, shipping, postage, handling, crating, and packing.

11 “Delivery charges” shall not include the charges for delivery of “direct mail” if the  
12 charges are separately stated on an invoice or similar billing document given to the purchaser.

13 (j) “Direct mail” means printed material delivered or distributed by United States mail or  
14 other delivery service to a mass audience or to addressees on a mailing list provided by the  
15 purchaser or at the direction of the purchaser when the cost of the items are not billed directly to  
16 the recipients. “Direct mail” includes tangible personal property supplied directly or indirectly by  
17 the purchaser to the direct mail seller for inclusion in the package containing the printed material.  
18 “Direct mail” does not include multiple items of printed material delivered to a single address.

19 (k) “Durable medical equipment” means equipment including repair and replacement  
20 parts for same which:

21 (i) Can withstand repeated use; and

22 (ii) Is primarily and customarily used to serve a medical purpose; and

23 (iii) Generally is not useful to a person in the absence of illness or injury; and

24 (iv) Is not worn in or on the body.

25 Durable medical equipment does not include mobility enhancing equipment.

26 (l) Food and Related Items

27 (i) “Food and food ingredients” means substances, whether in liquid, concentrated, solid,  
28 frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are  
29 consumed for their taste or nutritional value. “Food and food ingredients” does not include  
30 “alcoholic beverages,” “tobacco,” “candy,” “dietary supplements” and “soft drinks.”

31 (ii) “Prepared food” means:

32 (A) Food sold in a heated state or heated by the seller;

33 (B) Two or more food ingredients mixed or combined by the seller for sale as a single  
34 item; or

1 (C) Food sold with eating utensils provided by the seller, including plates, knives, forks,  
2 spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used  
3 to transport the food.

4 “Prepared food” in B does not include food that is only cut, repackaged, or pasteurized by  
5 the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring  
6 cooking by the consumer as recommended by the Food and Drug Administration in chapter 3,  
7 part 401.11 of its Food Code so as to prevent food borne illnesses.

8 (iii) “Candy” means a preparation of sugar, honey, or other natural or artificial  
9 sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the  
10 form of bars, drops, or pieces. “Candy” shall not include any preparation containing flour and  
11 shall require no refrigeration.

12 (iv) “Soft drinks” means non-alcoholic beverages that contain natural or artificial  
13 sweeteners. “Soft drinks” do not include beverages that contain milk or milk products, soy, rice  
14 or similar milk substitutes, or greater than fifty percent of vegetable or fruit juice by volume.

15 (v) “Dietary supplement” means any product, other than “tobacco,” intended to  
16 supplement the diet that:

17 (A) Contains one or more of the following dietary ingredients:

18 1. A vitamin;

19 2. A mineral;

20 3. An herb or other botanical;

21 4. An amino acid;

22 5. A dietary substance for use by humans to supplement the diet by increasing the total  
23 dietary intake; or

24 6. A concentrate, metabolite, constituent, extract, or combination of any ingredient  
25 described in above; and

26 (B) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or  
27 if not intended for ingestion in such a form, is not represented as conventional food and is not  
28 represented for use as a sole item of a meal or of the diet; and

29 (C) Is required to be labeled as a dietary supplement, identifiable by the “Supplemental  
30 Facts” box found on the label and as required pursuant to 21 C.F.R. § 101.36.

31 (m) “Food sold through vending machines” means food dispensed from a  
32 machine or other mechanical device that accepts payment.

33 (n) “Hotel” means every building or other structure kept, used, maintained, advertised as  
34 or held out to the public to be a place where living quarters are supplied for pay to transient or

1 permanent guests and tenants and includes a motel.

2 (i) “Living quarters” means sleeping rooms, sleeping or housekeeping accommodations,  
3 or any other room or accommodation in any part of the hotel, rooming house or tourist camp  
4 which is available for or rented out for hire in the lodging of guests.

5 (ii) “Rooming house” means every house, boat, vehicle, motor court or other structure  
6 kept, used, maintained, advertised or held out to the public to be a place where living quarters are  
7 supplied for pay to transient or permanent guests or tenants, whether in one or adjoining  
8 buildings.

9 (iii) “Tourist camp” means a place where tents or tent houses, or camp cottages, or cabins  
10 or other structures are located and offered to the public or any segment thereof for human  
11 habitation.

12 (o) “Lease or rental” means any transfer of possession or control of tangible personal  
13 property for a fixed or indeterminate term for consideration. A lease or rental may include future  
14 options to purchase or extend. Lease or rental does not include:

15 (i) A transfer of possession or control of property under a security agreement or deferred  
16 payment plan that requires the transfer of title upon completion of the required payments;

17 (ii) A transfer or possession or control of property under an agreement that requires the  
18 transfer of title upon completion of required payments and payment of an option price does not  
19 exceed the greater of one hundred dollars or one percent of the total required payments; or

20 (iii) Providing tangible personal property along with an operator for a fixed or  
21 indeterminate period of time. A condition of this exclusion is that the operator is necessary for  
22 the equipment to perform as designed. For the purpose of this subsection, an operator must do  
23 more than maintain, inspect, or set-up the tangible personal property.

24 (iv) Lease or rental does include agreements covering motor vehicles and trailers where  
25 the amount of consideration may be increased or decreased by reference to the amount realized  
26 upon sale or disposition of the property as defined in 26 USC 7701(h)(1).

27 (v) This definition shall be used for sales and use tax purposes regardless if a transaction  
28 is characterized as a lease or rental under generally accepted accounting principles, the Internal  
29 Revenue Code, the Uniform Commercial Code, or other provisions of federal, state or local law.

30 (vi) This definition will be applied only prospectively from the date of adoption and will  
31 have no retroactive impact on existing leases or rentals. This definition shall neither impact any  
32 existing sale-leaseback exemption or exclusions that a state may have, nor preclude a state from  
33 adopting a sale-leaseback exemption or exclusion after the effective date of the Agreement.

34 (p) “Mobility enhancing equipment” means equipment including repair and replacement

1 parts to same, which:

2 (i) Is primarily and customarily used to provide or increase the ability to move from one  
3 place to another and which is appropriate for use either in a home or a motor vehicle; and

4 (ii) Is not generally used by persons with normal mobility; and

5 (iii) Does not include any motor vehicle or equipment on a motor vehicle normally  
6 provided by a motor vehicle manufacturer.

7 Mobility enhancing equipment does not include durable medical equipment.

8 (q) “Model 1 Seller” means a seller that has selected a CSP as its agent to perform all the  
9 seller’s sales and use tax functions, other than the seller’s obligation to remit tax on its own  
10 purchases.

11 (r) “Model 2 Seller” means a seller that has selected a CAS to perform part of its sales  
12 and use tax functions, but retains responsibility for remitting the tax.

13 (s) “Model 3 Seller” means a seller that has sales in at least five member states, has total  
14 annual sales revenue of at least five hundred million dollars, has a proprietary system that  
15 calculates the amount of tax due each jurisdiction, and has entered into a performance agreement  
16 with the member states that establishes a tax performance standard for the seller. As used in this  
17 definition, a seller includes an affiliated group of sellers using the same proprietary system.

18 (t) “Prosthetic device” means a replacement, corrective, or supportive devices including  
19 repair and replacement parts for same worn on or in the body to:

20 (i) Artificially replace a missing portion of the body;

21 (ii) Prevent or correct physical deformity or malfunction; or

22 (iii) Support a weak or deformed portion of the body.

23 (u) “Purchaser” means a person to whom a sale of personal property is made or to whom  
24 a service is furnished.

25 (v) “Purchase price” applies to the measure subject to use tax and has the same meaning  
26 as sales price.

27 (w) “Seller” means a person making sales, leases, or rentals of personal property or  
28 services.

29 (x) “State” means any state of the United States and the District of Columbia.

30 (y) “Telecommunications” tax base/exemption terms

31 (i) Telecommunication terms shall be defined as follows:

32 (A) “Ancillary services” means services that are associated with or incidental to the  
33 provision of “telecommunications services”, including but not limited to “detailed  
34 telecommunications billing”, “directory assistance”, “vertical service”, and “voice mail services”.

1           (B) “Conference bridging service” means an “ancillary service” that links two or more  
2 participants of an audio or video conference call and may include the provision of a telephone  
3 number. “Conference bridging service” does not include the “telecommunications services” used  
4 to reach the conference bridge.

5           (C) “Detailed telecommunications billing service” means an “ancillary service” of  
6 separately stating information pertaining to individual calls on a customer’s billing statement.

7           (D) “Directory assistance” means an “ancillary service” of providing telephone number  
8 information, and/or address information.

9           (E) “Vertical service” means an “ancillary service” that is offered in connection with one  
10 or more “telecommunications services”, which offers advanced calling features that allow  
11 customers to identify callers and to manage multiple calls and call connections, including  
12 “conference bridging services”.

13           (F) “Voice mail service” means an “ancillary service” that enables the customer to store,  
14 send or receive recorded messages. “Voice mail service” does not include any “vertical services”  
15 that the customer may be required to have in order to utilize the “voice mail service”.

16           (G) “Telecommunications service” means the electronic transmission, conveyance, or  
17 routing of voice, data, audio, video, or any other information or signals to a point, or between or  
18 among points. The term “telecommunications service” includes such transmission, conveyance,  
19 or routing in which computer processing applications are used to act on the form, code or  
20 protocol of the content for purposes of transmission, conveyance or routing without regard to  
21 whether such service is referred to as voice over Internet protocol services or is classified by the  
22 Federal Communications Commission as enhanced or value added. “Telecommunications  
23 service” does not include:

24           (1) Data processing and information services that allow data to be generated, acquired,  
25 stored, processed, or retrieved and delivered by an electronic transmission to a purchaser where  
26 such purchaser’s primary purpose for the underlying transaction is the processed data or  
27 information;

28           (2) Installation or maintenance of wiring or equipment on a customer’s premises;

29           (3) Tangible personal property;

30           (4) Advertising, including but not limited to directory advertising.

31           (5) Billing and collection services provided to third parties;

32           (6) Internet access service;

33           (7) Radio and television audio and video programming services, regardless of the  
34 medium, including the furnishing of transmission, conveyance and routing of such services by the

1 programming service provider. Radio and television audio and video programming services  
2 shall include but not be limited to cable service as defined in 47 USC 522(6) and audio and video  
3 programming services delivered by commercial mobile radio service providers, as defined in 47  
4 CFR 20.3;

5 (8) “Ancillary services”; or

6 (9) Digital products “delivered electronically”, including but not limited to software,  
7 music, video, reading materials or ring tones.

8 (H) “800 service” means a “telecommunications service” that allows a caller to dial a  
9 toll-free number without incurring a charge for the call. The service is typically marketed under  
10 the name “800”, “855”, “866”, “877”, and “888” toll-free calling, and any subsequent numbers  
11 designated by the Federal Communications Commission.

12 (I) “900 service” means an inbound toll “telecommunications service” purchased by a  
13 subscriber that allows the subscriber’s customers to call in to the subscriber’s prerecorded  
14 announcement or live service. “900 service” does not include the charge for: collection services  
15 provided by the seller of the “telecommunications services” to the subscriber, or service or  
16 product sold by the subscriber to the subscriber’s customer. The service is typically marketed  
17 under the name “900” service, and any subsequent numbers designated by the Federal  
18 Communications Commission.

19 (J) “Fixed wireless service” means a “telecommunications service” that provides radio  
20 communication between fixed points.

21 (K) “Mobile wireless service” means a “telecommunications service” that is transmitted,  
22 conveyed or routed regardless of the technology used, whereby the origination and/or termination  
23 points of the transmission, conveyance or routing are not fixed, including, by way of example  
24 only, “telecommunications services” that are provided by a commercial mobile radio service  
25 provider.

26 (L) “Paging service” means a “telecommunications service” that provides transmission of  
27 coded radio signals for the purpose of activating specific pagers; such transmissions may include  
28 messages and/or sounds.

29 (M) “Prepaid calling service” means the right to access exclusively “telecommunications  
30 services”, which must be paid for in advance and which enables the origination of calls using an  
31 access number or authorization code, whether manually or electronically dialed, and that is sold  
32 in predetermined units or dollars of which the number declines with use in a known amount.

33 (N) “Prepaid wireless calling service” means a “telecommunications service” that  
34 provides the right to utilize “mobile wireless service” as well as other non-telecommunications



1 services including the download of digital products “delivered electronically”, content and  
2 “ancillary services”, which must be paid for in advance that is sold in predetermined units of  
3 dollars of which the number declines with use in a known amount.

4 (O) “Private communications service” means a telecommunications service” that entitles  
5 the customer to exclusive or priority use of a communications channel or group of channels  
6 between or among termination points, regardless of the manner in which such channel or  
7 channels are connected, and includes switching capacity, extension lines, stations, and any other  
8 associated services that are provided in connection with the use of such channel or channels.

9 (P) “Value-added non-voice data service” means a service that otherwise meets the  
10 definition of “telecommunications services” in which computer processing applications are used  
11 to act on the form, content, code, or protocol of the information or data primarily for a purpose  
12 other than transmission, conveyance or routing.

13 (ii) “Modifiers of Sales Tax Base/Exemption Terms” – the following terms can be used to  
14 further delineate the type of “telecommunications service” to be taxed or exempted. The terms  
15 would be used with the broader terms and subcategories delineated above.

16 (A) “Coin-operated telephone service” means a “telecommunications service” paid for by  
17 inserting money into a telephone accepting direct deposits of money to operate.

18 (B) “International” means a “telecommunications service” that originates or terminates in  
19 the United States and terminates or originates outside the United States, respectively. United  
20 States includes the District of Columbia or a U.S. territory or possession.

21 (C) “Interstate” means a “telecommunications service” that originates in one United  
22 States state, or a United States territory or possession, and terminates in a different United States  
23 state or a United States territory or possession.

24 (D) “Intrastate” means a “telecommunications service” that originates in one United  
25 States state or a United States territory or possession, and terminates in the same United States  
26 state or a United States territory or possession.

27 (E) “Pay telephone service” means a “telecommunications service” provided through any  
28 pay telephone.

29 (F) “Residential telecommunications service” means a “telecommunications service” or  
30 “ancillary services” provided to an individual for personal use at a residential address, including  
31 an individual dwelling unit such as an apartment. In the case of institutions where individuals  
32 reside, such as schools or nursing homes, “telecommunications service” is considered residential  
33 if it is provided to and paid for by an individual resident rather than the institution.

34 The terms “ancillary services” and “telecommunications service” are defined as a broad

1 range of services. The terms “ancillary services” and “telecommunications service” are broader  
2 than the sum of the subcategories. Definitions of subcategories of “ancillary services” and  
3 “telecommunications service” can be used by a member state alone or in combination with other  
4 subcategories to define a narrower tax base than the definitions of “ancillary services” and  
5 “telecommunications service” would imply. The subcategories can also be used by a member  
6 state to provide exemptions for certain subcategories of the more broadly defined terms.

7 A member state that specifically imposes tax on, or exempts from tax, local telephone or  
8 local telecommunications service may define “local service” in any manner in accordance with  
9 Section 44-18.1-28, except as limited by other sections of this Agreement.

10 (z) “Tobacco” means cigarettes, cigars, chewing or pipe tobacco, or any other item that  
11 contains tobacco.

12 § 44-18-7.2. Sales Tax Holiday Definitions. The definitions in this part are only  
13 applicable for the purpose of administration of a sales tax holiday, as defined in Section 44-18.1-  
14 23.

15 (a) “Eligible property” means an item of a type, such as clothing, that qualifies for a sales  
16 tax holiday exemption in a member state.

17 (b) “Layaway sale” means a transaction in which property is set aside for future delivery  
18 to a customer who makes a deposit, agrees to pay the balance of the purchase price over a period  
19 of time, and, at the end of the payment period, receives the property. An order is accepted for  
20 layaway by the seller, when the seller removes the property from normal inventory or clearly  
21 identifies the property as sold to the purchaser.

22 (c) “Rain check” means the seller allows a customer to purchase an item at a certain price  
23 at a later time because the particular item was out of stock.

24 (d) “School supply” is an item commonly used by a student in a course of study. The  
25 term is mutually exclusive of the terms “school art supply,” “school instructional material,” and  
26 “school computer supply,” and may be taxed differently. The following is an all-inclusive list:

27 (i) binders;

28 (ii) book bags;

29 (iii) calculators;

30 (iv) cellophane tape;

31 (v) blackboard chalk;

32 (vi) compasses;

33 (vii) composition books;

34 (viii) crayons;

- 1           (ix) erasers;
- 2           (x) folders; expandable, pocket, plastic and manila;
- 3           (xi) glue, paste and paste sticks;
- 4           (xii) highlighters;
- 5           (xiii) index cards;
- 6           (xiv) index card boxes;
- 7           (xv) legal pads;
- 8           (xvi) lunch boxes;
- 9           (xvii) markers;
- 10          (xviii) notebooks;
- 11          (xix) paper; loose leaf ruled notebook paper, copy paper, graph paper, tracing paper,
- 12 manila paper, colored paper, poster board and construction paper;
- 13          (xx) pencil boxes and other school supply boxes;
- 14          (xxi) pencil sharpeners;
- 15          (xxii) pencils;
- 16          (xxiii) pens;
- 17          (xxiv) protractors;
- 18          (xxv) rulers;
- 19          (xxvi) scissors; and
- 20          (xxvii) writing tablets.

21           (e) “School art supply” is an item commonly used by a student in a course of study for

22 artwork. The term is mutually exclusive of the terms “school supply,” “school instructional

23 material,” and “school computer supply,” and may be taxed differently. The following is an all-

24 inclusive list:

- 25           (i) clay and glazes;
- 26           (ii) paints; acrylic, tempora and oil;
- 27           (iii) paintbrushes for artwork;
- 28           (iv) sketch and drawing pads; and
- 29           (v) watercolors

30           (f) “School instructional material” is written material commonly used by a student in a

31 course of study as a reference and to learn the subject being taught. The term is mutually

32 exclusive of the terms “school supply,” “school art supply,” and “school computer supply,” and

33 may be taxed differently. The following is an all-inclusive list:

- 34           (i) reference books;

1 (ii) reference maps and globes;

2 (iii) textbooks; and

3 (iv) workbooks.

4 (g) "School computer supply" is an item commonly used by a student in a course of study  
5 in which a computer is used. The term is mutually exclusive of the terms "school supply,"  
6 "school art supply," and "school instructional material," and may be taxed differently. The  
7 following is an all-inclusive list:

8 (i) computer storage media; diskettes, compact disks;

9 (ii) handheld electronic schedulers, except devices that are cellular phones;

10 (iii) personal digital assistants, except devices that are cellular phones;

11 (iv) computer printers; and

12 (v) printer supplies for computers; printer paper, printer ink.

13 **§ 44-18-12.1. "Additional measure subject to tax."**— Also included in the measure  
14 subject to tax under this chapter is the total amount charged for the furnishing or distributing of  
15 electricity, natural gas, artificial gas, steam, refrigeration, water, telecommunications, telegraph,  
16 cable, and radio message service, community antenna television, subscription television, and  
17 cable television service; provided, that the measure of tax in regard to telecommunications service  
18 is the total consideration received for the service as defined in 44-18-7(9); provided, that in order  
19 to prevent multistate taxation of all telecommunications service, any taxpayer is allowed a credit  
20 or refund of sales tax upon presenting proof that a tax has been paid to another state to which the  
21 tax is properly due for the identical service taxed under this chapter. Furthermore, included in the  
22 measure of tax is the total amount charged for the rental of living quarters in any hotel, rooming  
23 house, or tourist camp.

24 **§ 44-18-19.1. Direct Pay Permit.** -- (a) A business that regularly purchases goods and  
25 services for use both within and outside this state may, at its option, apply to the tax administrator  
26 for a Direct Pay Permit. The holder of a Direct Pay Permit shall be authorized to make payment  
27 of sales and use tax on purchases of goods and services directly to the Division of Taxation in lieu  
28 of payment to the seller. Said Permit shall be valid for a twenty-four (24) month period subject to  
29 renewal.

30 (b) The issuance of a Direct Pay Permit is subject to the discretion of the Tax  
31 Administrator. Prior to issuance of said Permit the Tax Administrator must be satisfied that such  
32 an action shall not jeopardize the collection of tax.

33 (c) The Tax Administrator shall publish regulations regarding the conditions upon which  
34 a Direct Pay Permit shall issue.

1 SECTION 3. Section 44-19-10 of the general laws in chapter 44-19 entitled “Sales and  
2 Use Taxes – Enforcement and Collection” is hereby amended to read as follows:

3 **§ 44-19-10. Monthly returns and payments -- Monthly reports by show promoters.-**

4 —Except as provided in the Streamlined Sales and Use Tax Agreement contained in Chapter 44-

5 18.1 (a)(1)–The the taxes imposed by chapter 18 of this title are due and payable to the tax  
6 administrator monthly on or before the twentieth day of the month next succeeding the month for  
7 which return is required to be made. On or before the twentieth (20th) day of each month, a  
8 return for the previous month shall be filed with the tax administrator in a form that the tax  
9 administrator may prescribe. For purposes of the sales tax a return shall be filed by every person  
10 engaged in the business of making retail sales, the gross receipts from which are required to be  
11 included in the measure of the sales tax. The tax administrator may require the filing of a return  
12 by any person holding a permit as provided in § 44-19-2 or 44-19-3. For purposes of the use tax  
13 a return shall be filed by every retailer maintaining a place of business in the state and by every  
14 person purchasing tangible personal property, the storage, use, or other consumption of which is  
15 subject to the use tax, who has not paid the use tax due to a retailer required to collect the tax.

16 ~~(2)~~ The return shall be in a form, include information, and bear any signatures that the tax  
17 administrator may require. At the time of the filing of any return required under this chapter the  
18 taxpayer shall pay to the tax administrator the tax due for the month covered by that return. For  
19 the purposes of the sales tax, gross receipts from rentals or leases of tangible personal property  
20 are reported and the tax paid in the manner required by the tax administrator. The tax  
21 administrator for good cause may extend, for not to exceed one (1) month, the time for making  
22 any return or paying any amount required to be paid under this chapter. Any person to whom an  
23 extension is granted, shall pay, in addition to the tax, interest at the annual rate prescribed by §  
24 44-1-7, as amended, or fraction of it, from the date on which the tax would have been due without  
25 the extension until the date of payment.

26 ~~(3)~~ Where a taxpayer's sales and use tax liability for six (6) consecutive months has  
27 averaged less than two hundred dollars (\$200) per month, a quarterly return and remittances in  
28 lieu of a monthly return may be made on or before the last day of July, October, January and  
29 April of each year for the preceding three (3) months' period when specially authorized in writing  
30 by the tax administrator under those rules and regulations as may be prescribed by the  
31 administrator. In the event that a taxpayer filing his or her return on a quarterly basis, as provided  
32 in this section, becomes delinquent in either the filing of his or her return or the payment of the  
33 taxes due, or in the event that the liability of a taxpayer, who has been authorized to file his or her  
34 return and to make payments on a quarterly basis, exceeds six hundred dollars (\$600) in sales and

1 use taxes for any subsequent quarter, or in the event that the tax administrator determines that any  
2 quarterly filing of return and payment of tax due thereon would unduly jeopardize the proper  
3 administration of the provisions of this chapter or of chapter 18 of this title, the tax administrator  
4 may, at any time, revoke the authorization, in which case the taxpayer will then be required to file  
5 his or her return and to pay the tax due in the manner provided for in this section.

6 (b) Every promoter shall file a report monthly, within twenty (20) days after the end of  
7 the prior month, for each show which the promoter operates, listing the date and place of each  
8 show and the name, address and permit number, by show, of every person whom the promoter  
9 permitted to display or sell tangible personal property, services or food and drink. Every person  
10 shall furnish the promoter of any show at which the person displays or sells tangible personal  
11 property, services or food and drink, information for the promoter's use in filing the report  
12 required by this subsection.

13 SECTION 4. Title 44 of the General Laws entitled "Taxation" is hereby amended by  
14 adding thereto the following chapter:

15 CHAPTER 44-18.1

16 ADOPTION OF THE STREAMLINED SALES AND USE TAX AGREEMENT

17 **§ 44-18.1-1. Adoption of streamlined sales and use tax agreement—Regulations.** —  
18 Rhode Island adopts the Streamlined Sales And Use Tax Agreement as created on November 12,  
19 2002 and amended, by the member states of the Streamlined Sales Tax Project. The entire  
20 Agreement is adopted by reference with the exception of articles III, IV and VI which are adopted  
21 as set out in this chapter. The tax administrator shall promulgate rules and regulations necessary  
22 to be in compliance with the provisions of this Agreement.

23 **§ 44-18.1-1.1.** For the purposes of Section 44-18.1, the term "member state" shall  
24 include the State of Rhode Island.

25 **§ 44-18.1-2. State Level Administration.** -- Each member state shall provide state level  
26 administration of sales and use taxes. The state level administration may be performed by a  
27 member state's tax commission, department of revenue, or any other single entity designated by  
28 state law. Sellers are only required to register with, file returns with, and remit funds to the state  
29 level authority. Each member state shall provide for collection of any local taxes and distribution  
30 of them to the appropriate taxing jurisdictions. Each member state shall conduct, or authorize  
31 others to conduct on its behalf, all audits of the sellers registered under the Agreement for that  
32 state's tax and the tax of its local jurisdictions, and local jurisdictions shall not conduct  
33 independent sales or use tax audits of sellers registered under the Agreement.

34 **§ 44-18.1-3. State and Local Tax Bases.** — Through December 31, 2005, if a member

1 state has local jurisdictions that levy a sales or use tax, all local jurisdictions in the state shall  
2 have a common tax base. After December 31, 2005, the tax base for local jurisdictions shall be  
3 identical to the state tax base unless otherwise prohibited by federal law. This section does not  
4 apply to sales or use taxes levied on the retail sale or transfer of motor vehicles, aircraft,  
5 watercraft, modular homes, manufactured homes, or mobile homes.

6 **§ 44-18.1-4. Seller Registration.** — Each member state shall participate in an online  
7 sales and use tax registration system in cooperation with the other member states. Under this  
8 system:

9 (A) A seller registering under the Agreement is registered in each of the member states.

10 (B) The member states agree not to require the payment of any registration fees or other  
11 charge for a seller to register in a state in which the seller has no legal requirement to register.

12 (C) A written signature from the seller is not required.

13 (D) An agent may register a seller under uniform procedures adopted by the member  
14 states.

15 (E) A seller may cancel its registration under the system at any time under uniform  
16 procedures adopted by the governing board. Cancellation does not relieve the seller of its liability  
17 for remitting to the proper states any taxes collected.

18 **§ 44-18.1-5. Notice for State Tax Changes.** — (A) Each member state shall lessen the  
19 difficulties faced by sellers when there is a change in a state sales or use tax rate or base by  
20 making a reasonable effort to do all of the following:

21 (1) Provide sellers with as much advance notice as practicable of a rate change.

22 (2) Limit the effective date of a rate change to the first day of a calendar quarter.

23 (3) Notify sellers of legislative changes in the tax base and amendments to sales and use  
24 tax rules and regulations.

25 (B) Failure of a seller to receive notice or failure of a member state to provide notice or  
26 limit the effective date of a rate change shall not relieve the seller of its obligation to collect sales  
27 or use taxes for that member state.

28 **§ 44-18.1-6. Local Rate and Boundary Changes.** — Each member state that has local  
29 jurisdictions that levy a sales or use tax shall:

30 (A) Provide that local rate changes will be effective only on the first day of a calendar  
31 quarter after a minimum of sixty days' notice to sellers.

32 (B) Apply local sales tax rate changes to purchases from printed catalogs wherein the  
33 purchaser computed the tax based upon local tax rates published in the catalog only on the first  
34 day of a calendar quarter after a minimum of one hundred twenty days' notice to sellers.

1           (C) For sales and use tax purposes only, apply local jurisdiction boundary changes only  
2 on the first day of a calendar quarter after a minimum of sixty days' notice to sellers.

3           (D) Provide and maintain a database that describes boundary changes for all taxing  
4 jurisdictions. This database shall include a description of the changes and the effective date of  
5 the change for sales and use tax purposes.

6           (E) Provide and maintain a database of all sales and use tax rates for all of the  
7 jurisdictions levying taxes within the state. For the identification of states, counties, cities, and  
8 parishes, codes corresponding to the rates must be provided according to Federal Information  
9 Processing Standards (FIPS) as developed by the National Institute of Standards and Technology.  
10 For the identification of all other jurisdictions, codes corresponding to the rates must be in the  
11 format determined by the governing board.

12           (F) Provide and maintain a database that assigns each five digit and nine digit zip code  
13 within a member state to the proper tax rates and jurisdictions. The state must apply the lowest  
14 combined tax rate imposed in the zip code area if the area includes more than one tax rate in any  
15 level of taxing jurisdictions. If a nine digit zip code designation is not available for a street  
16 address or if a seller or CSP is unable to determine the nine digit zip code designation applicable  
17 to a purchase after exercising due diligence to determine the designation, the seller or CSP may  
18 apply the rate for the five digit zip code area. For the purposes of this section, there is a  
19 rebuttable presumption that a seller or CSP has exercised due diligence if the seller has attempted  
20 to determine the nine digit zip code designation by utilizing software approved by the governing  
21 board that makes this designation from the street address and the five digit zip code applicable to  
22 a purchase.

23           (G) Have the option of providing address-based boundary database records for assigning  
24 taxing jurisdictions and their associated rates which shall be in addition to the requirements of  
25 subsection (F) of this section. The database records must be in the same approved format as the  
26 database records pursuant to subsection (F) of this section and must meet the requirements  
27 developed pursuant to the federal Mobile Telecommunications Sourcing Act (4 U.S.C. Sec.  
28 119(a)). The governing board may allow a member state to require sellers that register under this  
29 Agreement to use an address-based database provided by that member state. If any member state  
30 develops address-based assignment database records pursuant to the Agreement, a seller or CSP  
31 may use those database records in place of the five and nine-digit zip code database records  
32 provided for in subsection (F) of this section. If a seller or CSP is unable to determine the  
33 applicable rate and jurisdiction using an address-based database record after exercising due  
34 diligence, the seller or CSP may apply the nine digit zip code designation applicable to a



1 purchase. If a nine-digit zip code designation is not available for a street address or if a seller or  
2 CSP is unable to determine the nine digit zip code designation applicable to a purchase after  
3 exercising due diligence to determine the designation, the seller or CSP may apply the rate for the  
4 five digit zip code area. For the purposes of this section, there is a rebuttable presumption that a  
5 seller or CSP has exercised due diligence if the seller or CSP has attempted to determine the tax  
6 rate and jurisdiction by utilizing software approved by the governing board that makes this  
7 assignment from the address and zip code information applicable to the purchase.

8 (H) States that have met the requirements of subsection (F) may also elect to certify  
9 vendor provided address-based databases for assigning tax rates and jurisdictions. The databases  
10 must be in the same approved format as the database records pursuant to (G) of this section and  
11 must meet the requirements developed pursuant to the federal Mobil Telecommunications  
12 Sourcing Act (4 U.S.C.A. Sec. 119(a)). If a state certifies a vendor address-based database, a  
13 seller or CSP may use that database in place of the database provided for in subsection (F) or (G)  
14 of this section. Vendors providing address-based databases may request certification of their  
15 databases from the governing board. Certification by the governing board does not replace the  
16 requirement that the databases be certified by the states individually.

17 **§ 44-18.1-7. Relief from Certain Liability.** -- Each member state shall relieve sellers  
18 and CSPs using databases pursuant to subsections (F), (G) and (H) of Section 44-18-1.6 from  
19 liability to the member state and local jurisdictions for having charged and collected the incorrect  
20 amount of sales or use tax resulting from the seller or CSP relying on erroneous data provided by  
21 a member state on tax rates, boundaries, or taxing jurisdiction assignments. After providing  
22 adequate notice as determined by the governing board, a member state that provides an  
23 address-based database for assigning taxing jurisdictions pursuant to Section 44-18.1-6,  
24 subsection (G) or (H) may cease providing liability relief for errors resulting from the reliance on  
25 the database provided by the member state under the provisions of Section 44-18.1-6, subsection  
26 (F). If a seller demonstrates that requiring the use of the address-based database would create an  
27 undue hardship, a member state and the governing board may extend the relief from liability to  
28 such seller for a designated period of time.

29 **§ 44-18.1-8. Database Requirements and Exceptions.** — (A) The electronic databases  
30 provided for in Section 44-18.1-6, subsections (D), (E), (F), and (G) shall be in a downloadable  
31 format approved by the governing board. The databases may be directly provided by the state or  
32 provided by a vendor as designated by the state. A database provided by a vendor as designated  
33 by a state shall be applicable to and subject to all provisions of Section 44-18.1-6 and 44-18.1-7  
34 and this section. These databases must be provided at no cost to the user of the database.

1           (B) The provisions of Section 44-18.1-6, subsections (F) and (G) do not apply when the  
2 purchased product is received by the purchaser at the business location of the seller.

3           (C) The databases provided by Section 44-18.1-6, subsections (D), (E), (F), and (G) are  
4 not a requirement of a state prior to entering into the Agreement. A seller that did not have a  
5 requirement to register in a state prior to registering pursuant to this Agreement or a CSP shall not  
6 be required to collect sales or use taxes for a state until the first day of the calendar quarter  
7 commencing more than sixty days after the state has provided the databases required by Section  
8 44-18.1-6, subsections (D), (E) and (F).

9           **§ 44-18.1-9. State and Local Tax Rates.** — (A) No member state shall have multiple  
10 state sales and use tax rates on items of personal property or services after December 31, 2005,  
11 except that a member state may impose a single additional rate, which may be zero, on food and  
12 food ingredients and drugs as defined by state law pursuant to the Agreement.

13           (B) A member state that has local jurisdictions that levy a sales or use tax shall not have  
14 more than one local sales tax rate or more than one local use tax rate per local jurisdiction. If the  
15 local jurisdiction levies both a sales tax and use tax, the local rates must be identical.

16           (C) The provisions of this section do not apply to sales or use taxes levied on electricity,  
17 pipled natural or artificial gas, or other heating fuels delivered by the seller, or the retail sale or  
18 transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile  
19 homes.

20           **§ 44-18.1-10. Application of General Sourcing Rules and Exclusions from the Rules.**  
21 — (A) Each member state shall agree to require sellers to source the retail sale of a product in  
22 accordance with Section 44-18.1-11. The provisions of Section 44-18.1-11 apply regardless of  
23 the characterization of a product as tangible personal property, a digital good, or a service. The  
24 provisions of Section 44-18.1-11 only apply to determine a seller’s obligation to pay or collect  
25 and remit a sales or use tax with respect to the seller’s retail sale of a product. These provisions  
26 do not affect the obligation of a purchaser or lessee to remit tax on the use of the product to the  
27 taxing jurisdictions of that use.

28           (B) Section 44-18.1-11 does not apply to sales or use taxes levied on the following:

29           (1) The retail sale or transfer of watercraft, modular homes, manufactured homes, or  
30 mobile homes. These items must be sourced according to the requirements of each member state.

31           (2) The retail sale, excluding lease or rental, of motor vehicles, trailers, semi-trailers, or  
32 aircraft that do not qualify as transportation equipment, as defined in Section 44-18.1-11,  
33 subsection (D). The retail sale of these items shall be sourced according to the requirements of  
34 each member state, and the lease or rental of these items must be sourced according to Section

1 44-18.1-11, subsection (C).

2 (3) Telecommunications services, as set out in Section 44-18.1-16, shall be sourced in  
3 accordance with Section 44-18.1-15.

4 (4) Until December 31, 2007, florist sales as defined by each member state. Prior to this  
5 date, these items must be sourced according to the requirements of each member state.

6 **§ 44-18.1-11. General Sourcing Rules.** — (A) The retail sale, excluding lease or rental,  
7 of a product shall be sourced as follows:

8 (1) When the product is received by the purchaser at a business location of the seller, the  
9 sale is sourced to that business location.

10 (2) When the product is not received by the purchaser at a business location of the seller,  
11 the sale is sourced to the location where receipt by the purchaser (or the purchaser's donee,  
12 designated as such by the purchaser) occurs, including the location indicated by instructions for  
13 delivery to the purchaser (or donee), known to the seller.

14 (3) When subsections (A)(1) and (A)(2) do not apply, the sale is sourced to the location  
15 indicated by an address for the purchaser that is available from the business records of the seller  
16 that are maintained in the ordinary course of the seller's business when use of this address does  
17 not constitute bad faith.

18 (4) When subsections (A)(1), (A)(2) and (A)(3) do not apply, the sale is sourced to the  
19 location indicated by an address for the purchaser obtained during the consummation of the sale,  
20 including the address of a purchaser's payment instrument, if no other address is available, when  
21 use of this address does not constitute bad faith.

22 (5) When none of the previous rules of subsections (A)(1), (A)(2), (A)(3), or (A)(4)  
23 apply, including the circumstance in which the seller is without sufficient information to apply  
24 the previous rules, then the location will be determined by the address from which tangible  
25 personal property was shipped, from which the digital good or the computer software delivered  
26 electronically was first available for transmission by the seller, or from which the service was  
27 provided (disregarding for these purposes any location that merely provided the digital transfer of  
28 the product sold).

29 (B) The lease or rental of tangible personal property, other than property identified in  
30 subsection (C) or subsection (D), shall be sourced as follows:

31 (1) For a lease or rental that requires recurring periodic payments, the first periodic  
32 payment is sourced the same as a retail sale in accordance with the provisions of subsection (A).  
33 Periodic payments made subsequent to the first payment are sourced to the primary property  
34 location for each period covered by the payment. The primary property location shall be as

1 indicated by an address for the property provided by the lessee that is available to the lessor from  
2 its records maintained in the ordinary course of business, when use of this address does not  
3 constitute bad faith. The property location shall not be altered by intermittent use at different  
4 locations, such as use of business property that accompanies employees on business trips and  
5 service calls.

6 (2) For a lease or rental that does not require recurring periodic payments, the payment is  
7 sourced the same as a retail sale in accordance with the provisions of subsection (A).

8 (3) This subsection does not affect the imposition or computation of sales or use tax on  
9 leases or rentals based on a lump sum or accelerated basis, or on the acquisition of property for  
10 lease.

11 (C) The lease or rental of motor vehicles, trailers, semi-trailers, or aircraft that do not  
12 qualify as transportation equipment, as defined in subsection (D), shall be sourced as follows:

13 (1) For a lease or rental that requires recurring periodic payments, each periodic payment  
14 is sourced to the primary property location. The property location shall be as indicated by an  
15 address for the property provided by the lessee that is available to the lessor from its records  
16 maintained in the ordinary course of business, when use of this address does not constitute bad  
17 faith. This location shall not be altered by intermittent use at different locations.

18 (2) For a lease or rental that does not require recurring periodic payments, the payment is  
19 sourced the same as a retail sale in accordance with the provisions of subsection (A).

20 (3) This subsection does not affect the imposition or computation of sales or use tax on  
21 leases or rentals based on a lump sum or accelerated basis, or on the acquisition of property for  
22 lease.

23 (D) The retail sale, including lease or rental, of transportation equipment shall be sourced  
24 the same as a retail sale in accordance with the provisions of subsection (A), notwithstanding the  
25 exclusion of lease or rental in subsection (A). "Transportation equipment" means any of the  
26 following:

27 (1) Locomotives and railcars that are utilized for the carriage of persons or property in  
28 interstate commerce.

29 (2) Trucks and truck-tractors with a Gross Vehicle Weight rating (GVWR) or 10,001  
30 pounds or greater, trailers, semi-trailers, or passenger buses that are:

31 (a) Registered through the International Registration Plan; and

32 (b) Operated under authority of a carrier authorized and certificated by the U.S.  
33 Department of Transportation or another federal authority to engage in the carriage of persons or  
34 property in interstate commerce.

1           (3) Aircraft that are operated by air carriers authorized and certificated by the U.S.  
2 Department of Transportation or another federal or a foreign authority to engage in the carriage of  
3 persons or property in interstate or foreign commerce.

4           (4) Containers designed for use on and component parts attached or secured on the items  
5 set forth in subsection (D)(1) through (D)(3).

6           **§ 44-18.1-12. General Sourcing Definitions.** — For the purposes of Section 44-18.1-  
7 11, subsection (A), the terms “receive” and “receipt” mean:

8           (A) Taking possession of tangible personal property,

9           (B) Making first use of services, or

10           (C) Taking possession or making first use of digital goods, whichever comes first. The  
11 terms “receive” and “receipt” do not include possession by a shipping company on behalf of the  
12 purchaser.

13           **§ 44-18.1-13. Multiple Points of Use.** — (A) Notwithstanding the provisions of Section  
14 44-18.1-11, a business purchaser that is not a holder of a direct pay permit that knows at the time  
15 of its purchase of a digital good, computer software, or a service that the digital good, computer  
16 software, or service will be concurrently available for use in more than one jurisdiction shall  
17 deliver to the seller in conjunction with its purchase an exemption certificate claiming multiple  
18 points of use or meet the requirements of Section 44-18.1-13, subsections (B) or (C). Computer  
19 software, for purposes of this section includes, but is not limited to computer software delivered  
20 electronically, by load and leave, or in tangible form. Computer software received in-person by a  
21 business purchaser at a business location of the seller is not included.

22           Upon receipt of an exemption certificate claiming multiple points of use, the seller is  
23 relieved of all obligation to collect, pay, or remit the applicable tax and the purchaser shall be  
24 obligated to collect, pay, or remit the applicable tax on a direct pay basis.

25           (2) A purchaser delivering an exemption certificate claiming multiple points of use may  
26 use any reasonable, but consistent and uniform, method of apportionment that is supported by the  
27 purchaser’s books and records as they exist at the time the transaction is reported for sales or use  
28 tax purposes.

29           (3) A purchaser delivering an exemption certificate claiming multiple points of use shall  
30 report and pay the appropriate tax to each jurisdiction where concurrent use occurs. The tax due  
31 will be calculated as if the apportioned amount of the digital good, computer software or service  
32 had been delivered to each jurisdiction to which the sale is apportioned pursuant to Section 44-  
33 18.1-13, subdivision (A)(2).

34           (4) The exemption certificate claiming multiple points of use will remain in effect for all

1 future sales by the seller to the purchaser (except as to the subsequent sale's specific  
2 apportionment that is governed by the principles of Section 44-18.1-13, subdivisions (A)(2) and  
3 (A)(3)) until it is revoked in writing.

4 (B) Notwithstanding Section 44-18.1-13, subsection (A), when the seller knows that the  
5 product will be concurrently available for use in more than one jurisdiction, but the purchaser  
6 does not provide an exemption certificate claiming multiple points of use as required in  
7 subsection (A), the seller may work with the purchaser to produce the correct apportionment.  
8 The purchaser and seller may use any reasonable, but consistent and uniform, method of  
9 apportionment that is supported by the seller's and purchaser's business records as they exist at  
10 the time the transaction is reported for sales or use tax purposes. If the purchaser certifies to the  
11 accuracy of the apportionment and the seller accepts the certification, the seller shall collect and  
12 remit the tax pursuant to Section 44-18.1-13, subdivision (A)(3). In the absence of bad faith, the  
13 seller is relieved of any further obligation to collect tax on any transaction where the seller has  
14 collected tax pursuant to the information certified by the purchaser.

15 (C) When the seller knows that the product will be concurrently available for use in more  
16 than one jurisdiction and the purchaser does not have a direct pay permit and does not provide the  
17 seller with an exemption certificate claiming multiple points of use exemption as required in  
18 Section 44-18.1-13, subsection (A), or certification pursuant to Section 44-18.1-13, subsection  
19 (B), the seller shall collect and remit the tax based on the provisions of Section 44-18.1-11.

20 (D) A holder of a direct pay permit shall not be required to deliver an exemption  
21 certificate claiming multiple points of use to the seller. A direct pay permit holder shall follow  
22 the provisions of Section 44-18.1-13, subdivisions (A)(2) and (A)(3) of this section in  
23 apportioning the tax due on a digital good, computer software, or a service that will be  
24 concurrently available for use in more than one jurisdiction.

25 (E) Nothing in this section shall limit a person's obligation for sales or use tax to any  
26 state in which the qualifying purchases are concurrently available for use, nor limit a person's  
27 ability under local, state, federal, or constitutional law, to claim a credit for sales or use taxes  
28 legally due and paid to other jurisdictions.

29 **§ 44-18.1-14. Direct Mail Sourcing.** — (A) Notwithstanding Section 44-18.1-11, a  
30 purchaser of direct mail that is not a holder of a direct pay permit shall provide to the seller in  
31 conjunction with the purchase a Direct Mail Form or information to show the jurisdictions to  
32 which the direct mail is delivered to recipients.

33 (1) Upon receipt of the Direct Mail Form, the seller is relieved of all obligations to  
34 collect, pay, or remit the applicable tax and the purchaser is obligated to pay or remit the

1 applicable tax on a direct pay basis. A Direct Mail Form shall remain in effect for all future sales  
2 of direct mail by the seller to the purchaser until it is revoked in writing.

3 (2) Upon receipt of information from the purchaser showing the jurisdictions to which  
4 the direct mail is delivered to recipients, the seller shall collect the tax according to the delivery  
5 information provided by the purchaser. In the absence of bad faith, the seller is relieved of any  
6 further obligation to collect tax on any transaction where the seller has collected tax pursuant to  
7 the delivery information provided by the purchaser.

8 (B) If the purchaser of direct mail does not have a direct pay permit and does not provide  
9 the seller with either a Direct Mail Form or delivery information, as required by subsection (A) of  
10 this section, the seller shall collect the tax according to Section 44-18.1-11, subsection (A)(5).  
11 Nothing in this paragraph shall limit a purchaser's obligation for sales or use tax to any state to  
12 which the direct mail is delivered.

13 (C) If a purchaser of direct mail provides the seller with documentation of direct pay  
14 authority, the purchaser shall not be required to provide a Direct Mail Form or delivery  
15 information to the seller.

16 **§ 44-18.1-15. Telecommunication Sourcing Rule.** — (A) Except for the defined  
17 telecommunication services in subsection (C), the sale of telecommunication service sold on a  
18 call-by-call basis shall be sourced to (i) each level of taxing jurisdiction where the call originates  
19 and terminates in that jurisdiction or (ii) each level of taxing jurisdiction where the call either  
20 originates or terminates and in which the service addressed is also located.

21 (B) Except for the defined telecommunication services in subsection (C), a sale of  
22 telecommunications services sold on a basis other than a call-by-call basis, is sourced to the  
23 customer's place of primary use.

24 (C) The sale of the following telecommunication services shall be sourced to each level  
25 of taxing jurisdiction as follows:

26 (1) A sale of mobile telecommunications services other than air-to-ground radiotelephone  
27 service and prepaid calling service, is sourced to the customer's place of primary use as required  
28 by the Mobile Telecommunications Sourcing Act.

29 (2) A sale of post-paid calling service is sourced to the origination point of the  
30 telecommunications signal as first identified by either (i) the seller's telecommunications system,  
31 or (ii) information received by the seller from its service provider, where the system used to  
32 transport such signals is not that of the seller.

33 (3) A sale of prepaid calling service or a sale of a prepaid wireless calling service is  
34 sourced in accordance with Section 44-18.1-11. Provided however, in the case of a sale of a

1 prepaid wireless calling service, the rule provided in Section 44-18.1-11, subsection (A)(5) shall  
2 include as an option the location associated with the mobile telephone number.

3 (4) A sale of a private communication service is sourced as follows:

4 (a) Service for a separate charge related to a customer channel termination point is  
5 sourced to each level of jurisdiction in which such customer channel termination point is located.

6 (b) Service where all customer termination points are located entirely within one  
7 jurisdiction or levels of jurisdiction is sourced in such jurisdiction in which the customer channel  
8 termination points are located.

9 (c) Service for segments of a channel between two customer channel termination points  
10 located in different jurisdictions and which segment of channel are separately charged is sourced  
11 fifty percent in each level of jurisdiction in which the customer channel termination points are  
12 located.

13 (d) Service for segments of a channel located in more than one jurisdiction or levels of  
14 jurisdiction and which segments are not separately billed is sourced in each jurisdiction based on  
15 the percentage determined by dividing the number of customer channel termination points in such  
16 jurisdiction by the total number of customer channel termination points.

17 **§ 44-18.1-16. Telecommunication Sourcing Definitions.** — For the purpose of Section  
18 44-18.1-15 and 44-18-7, the following definitions apply:

19 (A) “Air-to-Ground Radiotelephone service” means a radio service, as that term is  
20 defined in 47 CFR 22.99, in which common carriers are authorized to offer and provide radio  
21 telecommunications service for hire to subscribers in aircraft.

22 (B) “Call-by-call Basis” means any method of charging for telecommunications services  
23 where the price is measured by individual calls.

24 (C) “Communications Channel” means a physical or virtual path of communications over  
25 which signals are transmitted between or among customer channel termination points.

26 (D) “Customer” means the person or entity that contracts with the seller of  
27 telecommunications services. If the end user of telecommunications services is not the  
28 contracting party, the end user of the telecommunications service is the customer of the  
29 telecommunication service, but this sentence only applies for the purpose of sourcing sales of  
30 telecommunications services under Section 44-18.1-15. “Customer” does not include a reseller of  
31 telecommunications service or for mobile telecommunications service of a serving carrier under  
32 an agreement to serve the customer outside the home service provider’s licensed service area.

33 (E) “Customer Channel Termination Point” means the location where the customer either  
34 inputs or receives the communications.



1 (F) “End user” means the person who utilizes the telecommunication service. In the case  
2 of an entity, “end user” means the individual who utilizes the service on behalf of the entity.

3 (G) “Home service provider” means the same as that term is defined in Section 124(5) of  
4 Public Law 106-252 (Mobile Telecommunications Sourcing Act).

5 (H) “Mobile telecommunications service” means the same as that term is defined in  
6 Section 124(7) of Public Law 106-252 (Mobile Telecommunications Sourcing Act).

7 (I) “Place of primary use” means the street address representative of where the  
8 customer’s use of the telecommunications service primarily occurs, which must be the residential  
9 street address or the primary business street address of the customer. In the case of mobile  
10 telecommunications services, “place of primary use” must be within the licensed service area of  
11 the home service provider.

12 (J) “Post-paid calling service” means the telecommunications service obtained by making  
13 a payment on a call-by-call basis either through the use of a credit card or payment mechanism  
14 such as a bank card, travel card, credit card, or debit card, or by charge made to a telephone  
15 number which is not associated with the origination or termination of the telecommunications  
16 service. A post-paid calling service includes a telecommunications service, except a prepaid  
17 wireless calling service, that would be a prepaid calling service except it is not exclusively a  
18 telecommunication service.

19 (K) “Service address” means:

20 (1) The location of the telecommunications equipment to which a customer’s call is  
21 charged and from which the call originates or terminates, regardless of where the call is billed or  
22 paid.

23 (2) If the location in subsection (K)(1) is not known, service address means the  
24 origination point of the signal of the telecommunications services first identified by either the  
25 seller’s telecommunications system or in information received by the seller from its service  
26 provider, where the system used to transport such signals is not that of the seller.

27 (3) If the location in subsection (K)(1) and subsection (K)(2) are not known, the service  
28 address means the location of the customer’s place of primary use.

29 **§ 44-18.1-17. Enactment of Exemptions.** — (a) For the purpose of this section and  
30 section 44-18.1-18, the following definitions apply:

31 (1) Entity-Based Exemption. An exemption based on who purchases the product or who  
32 sells the product. An exemption that is available to all individuals shall not be considered an  
33 entity-based exemption.

34 (2) Product-Based Exemption. An exemption based on the description of the product and

1 not based on who purchases the product or how the purchaser intends to use the product.

2 (3) Use-Based Exemption. An exemption based on a specified use of the product by the  
3 purchaser.

4 (b) A member state shall enact entity-based, use-based and product-based exemptions in  
5 accordance with the provisions of this section and shall utilize common definitions in accordance  
6 with the provisions of this section and shall utilize common definitions in accordance with the  
7 provisions of Section 44-18.1-28 and Library of Definitions in Appendix C of the Streamlined  
8 Sales and Use Tax Agreement.

9 (c)(1) A member state may enact a product-based exemption without restriction if Part II  
10 of the Library of Definitions does not have a definition for such product.

11 (2) A member state may enact a product-based exemption for a product if Part II of the  
12 Library of Definitions has a definition for such product and the member state utilizes in the  
13 exemption the product definition in a manner consistent with Part II of the Library of Definitions  
14 and Section 44-18.1-28.

15 (3) A member state may enact a product-based exemption exempting all items included  
16 within a definition in Part II of the Library of Definitions but shall not exempt specific items  
17 included within the product definition unless the product definition sets out an exclusion for such  
18 item.

19 (d)(1) A member state may enact an entity-based or a use-based exemption for a product  
20 without restriction if Part II of the Library of Definitions does not have a definition for such  
21 product.

22 (2) A member state may enact an entity-based or a use-based exemption for a product if  
23 Part II of the Library of Definitions has a definition for such product and the member state  
24 utilizes in the exemption the product definition in a manner consistent with Part II of the Library  
25 of Definitions and Section 44-18.1-28 of this Agreement.

26 (3) A member state may enact an entity-based exemption for an item if Part II of the  
27 Library of Definitions does not have a definition for such item but has a definition for a product  
28 that includes such item.

29 (4) A member state may not enact a use-based exemption for an item which effectively  
30 constitutes a product-based exemption if Part II of the Library of Definitions has a definition for a  
31 product that includes such item.

32 (5) A member state may enact a use-based exemption for an item if Part II of the Library  
33 of Definitions has a definition for a product that includes such item, if not prohibited in  
34 Subsection (C)(4) of this section and if consistent with the definition in Part II of the Library of

1 Definitions.

2 (e) For purposes of complying with the requirements in this section, the inclusion of a  
3 product within the definition of tangible personal property is disregarded.

4 **§ 44-18.1-18. Administration of Exemptions.** — (A) Each member state shall observe  
5 the following provisions when a purchaser claims an exemption:

6 (1) The seller shall obtain identifying information of the purchaser and the reason for  
7 claiming a tax exemption at the time of the purchase as determined by the governing board.

8 (2) A purchaser is not required to provide a signature to claim an exemption from tax  
9 unless a paper exemption certificate is used.

10 (3) The seller shall use the standard form for claiming an exemption electronically as  
11 adopted by the governing board.

12 (4) The seller shall obtain the same information for proof of a claimed exemption  
13 regardless of the medium in which the transaction occurred.

14 (5) A member state may utilize a system wherein the purchaser exempt from the payment  
15 of the tax is issued an identification number that shall be presented to the seller at the time of the  
16 sale.

17 (6) The seller shall maintain proper records of exempt transactions and provide them to a  
18 member state when requested.

19 (7) A member state shall administer use-based and entity-based exemptions when  
20 practicable through a direct pay permit, an exemption certificate, or other means that does not  
21 burden sellers.

22 (8) After December 31, 2007, in the case of drop shipment sales, member states must  
23 allow a third party vendor (e.g., drop shipper) to claim a resale exemption based on an exemption  
24 certificate provided by its customer/re-seller or any other acceptable information available to the  
25 third party vendor evidencing qualification for a resale exemption, regardless of whether the  
26 customer/re-seller is registered to collect and remit sales and use tax in the state where the sale is  
27 sourced.

28 (B) Each member state shall relieve sellers that follow the requirements of this section  
29 from the tax otherwise applicable if it is determined that the purchaser improperly claimed an  
30 exemption and to hold the purchaser liable for the nonpayment of tax. This relief from liability  
31 does not apply to a seller who fraudulently fails to collect the tax; to a seller who solicits  
32 purchasers to participate in the unlawful claim of an exemption; to a seller who accepts an  
33 exemption certificate when the purchaser claims an entity-based exemption when (1) the subject  
34 of the transactions sought to be covered by the exemption certificate is actually received by the

1 purchaser at a location operated by the seller and (2) the state in which that location resides  
2 provides an exemption certificate that clearly and affirmatively indicates (graying out exemption  
3 reason types on the uniform form and posting it on a state's web site is an indicator) that the  
4 claimed exemption is not available in that state; or to a seller who accepts an exemption  
5 certificate claiming multiple points of use for tangible personal property other than computer  
6 software for which an exemption claiming multiple points of use is acceptable under Section 44-  
7 18.1-13.

8 (C) Each state shall relieve a seller of the tax otherwise applicable if the seller obtains a  
9 fully completed exemption certificate or captures the relevant data elements required under the  
10 Agreement within 90 days subsequent to the sale of sale.

11 (1) If the seller has not obtained an exemption certificate or all relevant data elements as  
12 provided in Section 44-18.1-18, subsection (C) the seller may, within 120 days subsequent to a  
13 request for substantiation by a member state, either prove that the transaction was not subject to  
14 tax by other means or obtain a fully completed exemption certificate from the purchaser, taken in  
15 good faith. For purposes of this section, member states may continue to apply their own  
16 standards of good faith until such time as a uniform standard for good faith is defined in the  
17 Agreement.

18 (2) Nothing in this section shall affect the ability of member states to require purchasers  
19 to update exemption certificate information or to reapply with the state to claim certain  
20 exemptions.

21 (3) Notwithstanding the aforementioned, each member state shall relieve a seller of the  
22 tax otherwise applicable if it obtains a blanket exemption certificate for a purchaser with which  
23 the seller has a recurring business relationship. States may not request from the seller renewal of  
24 blanket certificates or updates of exemption certificate information or data elements when there is  
25 a recurring business relationship between the buyer and seller. For purposes of this section a  
26 recurring business relationship exists when a period of no more than twelve months elapses  
27 between sales transactions.

28 **§ 44-18.1-19. Uniform Tax Returns.** — Each member state shall:

29 (A) Require that only one tax return for each taxing period for each seller be filed for the  
30 member state and all the taxing jurisdictions within the member state.

31 (B) Require that returns be due no sooner than the twentieth day of the month following  
32 the month in which the transaction occurred.

33 (C) Allow any Model 1, Model 2, or Model 3 seller to submit its sales and use tax returns  
34 in a simplified format that does not include more data fields than permitted by the governing

1 board. A member state may require additional informational returns to be submitted not more  
2 frequently than every six months under a staggered system developed by the governing board.

3 (D) Allow any seller that is registered under the Agreement, which does not have a legal  
4 requirement to register in the member state, and is not a Model 1, 2, or 3 seller, to submit its sales  
5 and use tax returns as follows:

6 (1) Upon registration, a member state shall provide to the seller the returns required by  
7 that state.

8 (2) A member state may require a seller to file a return anytime within one year of the  
9 month of initial registration, and future returns may be required on an annual basis in succeeding  
10 years.

11 (3) In addition to the returns required in subsection (D)(2), a member state may require  
12 sellers to submit returns in the month following any month in which they have accumulated state  
13 and local tax funds for the state in the amount of one thousand dollars or more.

14 (E) Participate with other member states in developing a more uniform sales and use tax  
15 return that, when completed, would be available to all sellers.

16 (F) Require, at each member state's discretion, all Model 1, 2, and 3 sellers to file returns  
17 electronically. It is the intent of the member states that all member states have the capability of  
18 receiving electronically filed returns.

19 **§ 44-18.1-20. Uniform Rules for Remittances of Funds.** — Each member state shall:

20 (A) Require only one remittance for each return except as provided in this subsection. If  
21 any additional remittance is required, it may only be required from sellers that collect more than  
22 thirty thousand dollars in sales and use taxes in the member state during the preceding calendar  
23 year as provided herein. The state shall allow the amount of any additional remittance to be  
24 determined through a calculation method rather than actual collections. Any additional  
25 remittances shall not require the filing of an additional return.

26 (B) Require, at each member state's discretion, all remittances from sellers under Models  
27 1, 2, and 3 to be remitted electronically.

28 (C) Allow for electronic payments by both ACH Credit and ACH Debit.

29 (D) Provide an alternative method for making "same day" payments if an electronic  
30 funds transfer fails.

31 (E) Provide that if a due date falls on a legal banking holiday in a member state, the taxes  
32 are due to that state on the next succeeding business day.

33 (F) Require that any data that accompanies a remittance be formatted using uniform tax  
34 type and payment type codes approved by the governing board.

1           **§ 44-18.1-21. Uniform Rules for Recovery of Bad Debts.** — Each member state shall  
2 use the following to provide a deduction for bad debts to a seller. To the extent a member state  
3 provides a bad debt deduction to any other party, the same procedures will apply. Each member  
4 state shall:

5           (A) Allow a deduction from taxable sales for bad debts. Any deduction taken that is  
6 attributed to bad debts shall not include interest.

7           (B) Utilize the federal definition of “bad debt” in 26 U.S.C. Sec. 166 as the basis for  
8 calculating bad debt recovery. However, the amount calculated pursuant to 26 U.S.C. Sec. 166  
9 shall be adjusted to exclude: financing charges or interest; sales or use taxes charged on the  
10 purchase price; uncollectable amounts on property that remain in the possession of the seller until  
11 the full purchase price is paid; expenses incurred in attempting to collect any debt, and  
12 repossessed property.

13           (C) Allow bad debts to be deducted on the return for the period during which the bad debt  
14 is written off as uncollectable in the claimant’s books and records and is eligible to be deducted  
15 for federal income tax purposes. For purposes of this subsection, a claimant who is not required  
16 to file federal income tax returns may deduct a bad debt on a return filed for the period in which  
17 the bad debt is written off as uncollectable in the claimant’s books and records and would be  
18 eligible for a bad debt deduction for federal income tax purposes if the claimant was required to  
19 file a federal income tax return.

20           (D) Require that, if a deduction is taken for a bad debt and the debt is subsequently  
21 collected in whole or in part, the tax on the amount so collected must be paid and reported on the  
22 return filed for the period in which the collection is made.

23           (E) Provide that, when the amount of bad debt exceeds the amount of taxable sales for the  
24 period during which the bad debt is written off, a refund claim may be filed within the member  
25 state’s otherwise applicable statute of limitations for refund claims; however, the statute of  
26 limitations shall be measured from the due date of the return on which the bad debt could first be  
27 claimed.

28           (F) Where filing responsibilities have been assumed by a CSP, allow the service provider  
29 to claim, on behalf of the seller, any bad debt allowance provided by this section. The CSP must  
30 credit or refund the full amount of any bad debt allowance or refund received to the seller.

31           (G) Provide that, for the purposes of reporting a payment received on a previously  
32 claimed bad debt, any payments made on a debt or account are applied first proportionally to the  
33 taxable price of the property or service and the sales tax thereon, and secondly to interest, service  
34 charges, and any other charges.

1 (H) In situations where the books and records of the party claiming the bad debt  
2 allowance support an allocation of the bad debts among the member states, permit the allocation.

3 **§ 44-18.1-22. Confidentiality and Privacy Protections Under Model 1.** — (A) The  
4 purpose of this section is to set forth the member states' policy for the protection of the  
5 confidentiality rights of all participants in the system and of the privacy interests of consumers  
6 who deal with Model 1 sellers.

7 (B) As used in this section, the term "confidential taxpayer information" means all  
8 information that is protected under a member state's laws, regulations, and privileges; the term  
9 "personally identifiable information" means information that identifies a person; and the term  
10 "anonymous data" means information that does not identify a person.

11 (C) The member states agree that a fundamental precept in Model 1 is to preserve the  
12 privacy of consumers by protecting their anonymity. With very limited exceptions, a CSP shall  
13 perform its tax calculation, remittance, and reporting functions without retaining the personally  
14 identifiable information of consumers.

15 (D) The governing board may certify a CSP only if that CSP certifies that:

16 (1) Its system has been designed and tested to ensure that the fundamental precept of  
17 anonymity is respected;

18 (2) That personally identifiable information is only used and retained to the extent  
19 necessary for the administration of Model 1 with respect to exempt purchasers;

20 (3) It provides consumers clear and conspicuous notice of its information practices,  
21 including what information is collects, how it collects the information, how it uses the  
22 information, how long, if at all, it retains the information and whether it discloses the information  
23 to member states. Such notice shall be satisfied by a written privacy policy statement accessible  
24 by the public on the official web site of the CSP;

25 (4) Its collection, use and retention of personally identifiable information will be limited  
26 to that required by the member states to ensure the validity of exemptions from taxation that are  
27 claimed by reason of a consumer's status or the intended use of the goods or services purchased;  
28 and

29 (5) It provides adequate technical, physical, and administrative safeguards so as to protect  
30 personally identifiable information from unauthorized access and disclosure.

31 (E) Each member state shall provide public notification to consumers, including their  
32 exempt purchasers, of the state's practices relating to the collection, use and retention of  
33 personally identifiable information.

34 (F) When any personally identifiable information that has been collected and retained is

1 no longer required for the purposes set forth in subsection (D)(4), such information shall no  
2 longer be retained by the member states.

3 (G) When personally identifiable information regarding an individual is retained by or on  
4 behalf of a member state, such state shall provide reasonable access by such individual to his or  
5 her own information in the state's possession and a right to correct any inaccurately recorded  
6 information.

7 (H) If anyone other than a member state, or a person authorized by that state's law or the  
8 Agreement, seeks to discover personally identifiable information, the state from whom the  
9 information is sought should make a reasonable and timely effort to notify the individual of such  
10 request.

11 (I) This privacy policy is subject to enforcement by member states' attorneys general or  
12 other appropriate state government authority.

13 (J) Each member states' laws and regulations regarding the collection, use, and  
14 maintenance of confidential taxpayer information remain fully applicable and binding. Without  
15 limitation, the Agreement does not enlarge or limit the member states' authority to:

16 (1) Conduct audits or other review as provided under the Agreement and state law.

17 (2) Provide records pursuant to a member state's Freedom of Information Act, disclosure  
18 laws with governmental agencies, or other regulations.

19 (3) Prevent, consistent with state law, disclosures of confidential taxpayer information.

20 (4) Prevent, consistent with federal law, disclosures or misuse of federal return  
21 information obtained under a disclosure agreement with the Internal Revenue Service.

22 (5) Collect, disclose, disseminate, or otherwise use anonymous data for governmental  
23 purposes.

24 (K) This privacy policy does not preclude the governing board from certifying a CSP  
25 whose privacy policy is more protective of confidential taxpayer information or personally  
26 identifiable information than is required by the Agreement.

27 **§ 44-18.1-23. Sales Tax Holidays.** — (A) If a member state allows for temporary  
28 exemption periods, commonly referred to as sales tax holidays, the member state shall:

29 (1) Not apply an exemption after December 31, 2003, unless the items to be exempted are  
30 specifically defined in the Agreement and the exemptions are uniformly applied to state and local  
31 sales and use taxes.

32 (2) Provide notice of the exemption period at least sixty days' prior to the first day of the  
33 calendar quarter in which the exemption period will begin.

34 (B) A member state may establish a sales tax holiday that utilizes price thresholds set by



1 such state and the provisions of the Agreement on the use of thresholds shall not apply to  
2 exemptions provided by a state during a sales tax holiday. In order to provide uniformity, a price  
3 threshold established by a member state for exempt items shall include only items priced below  
4 the threshold. A member state shall not exempt only a portion of the price of an individual item  
5 during a sales tax holiday.

6 (C) The following procedures are to be used by member states in administering a sales  
7 tax holiday exemption:

8 (1) Layaway sales – A sale of eligible property under a layaway sale qualifies for  
9 exemption if:

10 (a) final payment on a layaway order is made by, and the property is given to, the  
11 purchaser during the exemption period; or

12 (b) the purchaser selects the property and the retailer accepts the order for the item during  
13 the exemption period, for immediate delivery upon full payment, even if delivery is made after  
14 the exemption period.

15 (2) Bundled sales – Member states will follow the same procedure during the sales tax  
16 holiday as agreed upon for handling a bundled sale at other times.

17 (3) Coupons and discounts – A discount by the seller reduces the sales price of the  
18 property and the discounted sales price determines whether the sales price is within a sales tax  
19 holiday price threshold of a member state. A coupon that reduces the sales price is treated as a  
20 discount if the seller is not reimbursed for the coupon amount by a third-party. If a discount  
21 applies to the total amount paid by a purchaser rather than to the sales price of a particular item  
22 and the purchaser has purchased both eligible property and taxable property, the seller should  
23 allocate the discount based on the total sales price of the taxable property compared to the total  
24 sales prices of all property sold in that same transaction.

25 (4) Splitting of items normally sold together – Articles that are normally sold as a single  
26 unit must continue to be sold in that manner. Such articles cannot be priced separately and sold  
27 as individual items in order to obtain the exemption. For example, a pair of shoes cannot have  
28 each shoe sold separately so that the sales price of each shoe is within a sales tax holiday price  
29 threshold.

30 (5) Rain checks – A rain check allows a customer to purchase an item at a certain price at  
31 a later time because the particular item was out of stock. Eligible property that customers  
32 purchase during the exemption period with use of a rain check will qualify for the exemption  
33 regardless of when the rain check was issued. Issuance of a rain check during the exemption  
34 period will not qualify eligible property for the exemption if the property is actually purchased

1 after the exemption period.

2 (6) Exchanges – The procedure for an exchange in regards to a sales tax holiday is as  
3 follows:

4 (a) If a customer purchases an item of eligible property during the exemption period, but  
5 later exchanges the item for a similar eligible item, even if a different size, different color, or  
6 other feature, no additional tax is due even if the exchange is made after the exemption period.

7 (b) If a customer purchase an item of eligible property during the exemption period, but  
8 after the exemption period has ended, the customer returns the item and receives credit on the  
9 purchase of a different item, the appropriate sales tax is due on the sale of the newly purchased  
10 item.

11 (c) If a customer purchases an item of eligible property before the exemption period, but  
12 during the exemption period the customer returns the item and receives credit on the purchase of  
13 a different item of eligible property, no sales tax is due on the sale of the new item if the new item  
14 is purchased during the exemption period.

15 (7) Delivery charges – Delivery charges, including shipping, handling and service  
16 charges, are part of the sales price of eligible property unless a member state defines “sales price”  
17 to exclude such charges. For the purposes of determining a sales tax holiday price threshold, if  
18 all the property in a shipment qualifies as eligible property and the sales price for each item in the  
19 shipment is within the sales tax holiday price threshold, then the seller does not have to allocate  
20 the delivery, handling, or service charge to determine if the price threshold is exceeded. The  
21 shipment will be considered a sale of eligible products. If the shipment includes eligible property  
22 and taxable property (including an eligible item with a sales price in excess of the price  
23 threshold), the seller should allocate the delivery charge by using:

24 (a) a percentage based on the total sales prices of the taxable property compared to the  
25 total sales prices of all property in the shipment; or

26 (b) a percentage based on the total weight of the taxable property compared to the total  
27 weight of all property in the shipment.

28 The seller must tax the percentage of the delivery charge allocated to the taxable property  
29 but does not have to tax the percentage allocated to the eligible property.

30 (8) Order date and back orders – For the purpose of a sales tax holiday, eligible property  
31 qualifies for exemption if:

32 (a) the item is both delivered to and paid for by the customer during the exemption  
33 period; or

34 (b) the customer orders and pays for the item and the seller accepts the order during the

1 exemption period for immediate shipment, even if delivery is made after the exemption period.  
2 The seller accepts an order when the seller has taken action to fill the order for immediate  
3 shipment. Actions to fill an order include placement of an “in date” stamp on a mail order or  
4 assignment of an “order number” to a telephone order. An order is for immediate shipment when  
5 the customer does not request delayed shipment. An order is for immediate shipment  
6 notwithstanding that the shipment may be delayed because of a backlog of orders or because  
7 stock is currently unavailable to, or on back order by, the seller.

8 (9) Returns – For a 60-day period immediately after the sales tax holiday exemption  
9 period, when a customer returns an item that would qualify for the exemption, no credit for or  
10 refund of sales tax shall be given unless the customer provides a receipt or invoice that shows tax  
11 was paid, or the seller has sufficient documentation to show that tax was paid on the specific  
12 item. This 60-day period is set solely for the purpose of designating a time period during which  
13 the customer must provide documentation that shows that sales tax was paid on returned  
14 merchandise. The 60-day period is not intended to change a seller’s policy on the time period  
15 during which the seller will accept returns.

16 (10) Different time zones – The time zone of the seller’s location determines the  
17 authorized time period for a sales tax holiday when the purchaser is located in one time zone and  
18 a seller is located in another.

19 **§ 44-18.1-24. Caps and Thresholds.** — (A) Each member state shall:

20 (1) Not have caps or thresholds on the application of state sales or use tax rates or  
21 exemptions that are based on the value of the transaction or item after December 31, 2005. A  
22 member state may continue to have caps and thresholds until that date.

23 (2) Not have caps that are based on the application of the rates unless the member state  
24 assumes the administrative responsibility in a manner that places no additional burden on the  
25 retailer.

26 (B) Each member state that has local jurisdictions that levy a sales or use tax shall not  
27 place caps or thresholds on the application of local rates or use tax rates or exemptions that are  
28 based on the value of the transaction or item after December 31, 2005. A member state may  
29 continue to have caps and thresholds until that date.

30 (C) The provisions of this section do not apply to sales or use taxes levied on the retail  
31 sale or transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or  
32 mobile homes or to instances where the burden of administration has been shifted from the  
33 retailer.

34 **§ 44-18.1-25. Rounding Rule.** — (A) After December 31, 2005, each member state

1 shall adopt a rounding algorithm that meets the following criteria:

2 (1) Tax computation must be carried to the third decimal place, and

3 (2) The tax must be rounded to a whole cent using a method that rounds up to the next  
4 cent whenever the third decimal place is greater than four.

5 (B) Each state shall allow sellers to elect to compute the tax due on a transaction on an  
6 item or an invoice basis, and shall allow the rounding rule to be applied to the aggregated state  
7 and local taxes. No member state shall require a seller to collect tax based on a bracket system.

8 **§ 44-18.1-26. Customer Refund Procedures.** — (A) These customer refund procedures  
9 are provided to apply when a state allows a purchaser to seek a return of over-collected sales or  
10 use taxes from the seller.

11 (B) Nothing in this section shall either require a state to provide, or prevent a state from  
12 providing, a procedure by which a purchaser may seek a refund directly from the state arising out  
13 of sales or use taxes collected in error by a seller from the purchaser. Nothing in this section shall  
14 operate to extend any person’s time to seek a refund of sales or use taxes collected or remitted in  
15 error.

16 (C) These customer refund procedures provide the first course of remedy available to  
17 purchasers seeking a return of over-collected sales or use taxes from the seller. A cause of action  
18 against the seller for the over-collected sales or use taxes does not accrue until a purchaser has  
19 provided written notice to a seller and the seller has had sixty days to respond. Such notice to the  
20 seller must contain the information necessary to determine the validity of the request.

21 (D) In connection with a purchaser’s request from a seller of over-collected sales or use  
22 taxes, a seller shall be presumed to have a reasonable business practice, if in the collection of  
23 such sales or use taxes, the seller: (i) uses either a provider or a system, including a proprietary  
24 system, that is certified by the state; and (ii) has remitted to the state all taxes collected less any  
25 deductions, credits, or collection allowances.

26 **§ 44-18.1-27. Direct Pay Permits.** — Each member state shall provide for a direct pay  
27 authority that allows the holder of a direct pay permit to purchase otherwise taxable goods and  
28 services without payment of tax to the supplier at the time of purchase. The holder of the direct  
29 pay permit will make a determination of the taxability and then report and pay the applicable tax  
30 due directly to the tax jurisdiction. Each state can set its own limits and requirements for the  
31 direct pay permit. The governing board shall advise member states when setting state direct pay  
32 limits and requirements, and shall consider use of the Model Direct Payment Permit Regulation  
33 as developed by the Task Force on EDI Audit and Legal Issues for Tax Administration.

34 **§ 44-18.1-28. Library of Definitions.**— Each member state shall utilize common

1 definitions as provided in this section. The terms defined are set out in the Library of Definitions,  
2 in Appendix C of the Streamlined Sales and Use Tax Agreement. A member state shall adhere to  
3 the following principles:

4 (A) If a term defined in the Library of Definitions appears in a member state’s sales and  
5 use tax statutes or administrative rules or regulations, the member state shall enact or adopt the  
6 Library definition of the term in its statutes or administrative rules or regulations in substantially  
7 the same language as the Library definition.

8 (B) A member state shall not use a Library definition in its sales or use tax statutes or  
9 administrative rules or regulations that is contrary to the meaning of the Library definition.

10 (C) Except as specifically provided in Section 44-18.1-16 and the Library of Definitions,  
11 a member state shall impose a sales or use tax on all products or services included within each  
12 definition or exempt from sales or use tax all products or services within each definition.

13 **§ 44-18.1-29. Taxability Matrix.** — (A) To ensure uniform application of terms defined  
14 in the Library of Definitions each member state shall complete a taxability matrix adopted by the  
15 governing board. The member state’s entries in the matrix shall be provided and maintained in a  
16 database that is in a downloadable format approved by the governing board. A member state  
17 shall provide notice of changes in the taxability of the products or services listed in the taxability  
18 matrix as required by the governing board.

19 (B) A member state shall relieve sellers and CSPs from liability to the member state and  
20 its local jurisdictions for having charged and collected the incorrect amount of sales or use tax  
21 resulting from the seller or CSP relying on erroneous data provided by the member state in the  
22 taxability matrix.

23 **§ 44-18.1-30. Effective Date for Rate Changes.** — Each member state shall provide  
24 that the effective date of rate changes for services covering a period starting before and ending  
25 after the statutory effective date shall be as follows:

26 (A) For a rate increase, the new rate shall apply to the first billing period starting on or  
27 after the effective date.

28 (B) For a rate decrease, the new rate shall apply to bills rendered on or after the effective  
29 date.

30 **§ 44-18.1-31. Bundled Transactions.** — (A) A member state shall adopt and utilize to  
31 determine tax treatment, the core definition for a “bundled transaction”. See Section 44-18-  
32 7.1(c).

33 (B) Member states are not restricted in their tax treatment of bundled transactions except  
34 as otherwise provided in the Agreement. Member states are not restricted in their ability to treat

1 some bundled transactions differently from other bundled transactions.

2 (C) In the case of a bundled transaction that includes any of the following:  
3 telecommunication service, ancillary service, internet access, or audio or video programming  
4 service:

5 (1) If the price is attributable to products that are taxable and products that are  
6 nontaxable, the portion of the price attributable to the nontaxable products may be subject to tax  
7 unless the provider can identify by reasonable and verifiable standards such portion from its  
8 books and records that are kept in the regular course of business for other purposes, including, but  
9 not limited to, non-tax purposes.

10 (2) If the price is attributable to products that are subject to tax at different tax rates, the  
11 total price may be treated as attributable to the products subject to tax at the highest tax rate  
12 unless the provider can identify by reasonable and verifiable standards the portion of the price  
13 attributable to the products subject to tax at the lower rate from its books and records that are kept  
14 in the regular course of business for other purposes, including, but not limited to, non-tax  
15 purposes.

16 **§ 44-18.1-32. Seller Participation.** — (A) The member states shall provide an online  
17 registration system that will allow sellers to register in all the member states.

18 (B) By registering, the seller agrees to collect and remit sales and use taxes for all taxable  
19 sales into the member states, including member states joining after the seller's registration.  
20 Withdrawal or revocation of a member state shall not relieve a seller of its responsibility to remit  
21 taxes previously or subsequently collected on behalf of the state.

22 (C) In member states where the seller has a requirement to register prior to registering  
23 under the Agreement, the seller may be required to provide additional information to complete  
24 the registration process or the seller may choose to register directly with those states.

25 (D) A member state or a state that has withdrawn or been expelled shall not use  
26 registration with the central registration system and the collection of sales and use taxes in the  
27 member states as a factor in determining whether the seller has nexus with that state for any tax at  
28 any time.

29 **§ 44-18.1-33. Amnesty for Registration.** — (A) Subject to the limitations in this  
30 section.

31 (1) A member state shall provide amnesty for uncollected or unpaid sales or use tax to a  
32 seller who registers to pay or to collect and remit applicable sales or use tax on sales made to  
33 purchasers in the state in accordance with the terms of the Agreement, provided that the seller  
34 was not so registered in that state in the twelve-month period preceding the effective date of the

1 state's participation in the Agreement

2 (2) The amnesty will preclude assessment for uncollected or unpaid sales or use tax  
3 together with penalty or interest for sales made during the period the seller was not registered in  
4 the state, provided registration occurs within twelve months of the effective date of the state's  
5 participation in the Agreement.

6 (3) Amnesty similarly shall be provided by any additional state that joins the Agreement  
7 after the seller has registered.

8 (B) The amnesty is not available to a seller with respect to any matter or matters for  
9 which the seller received notice of the commencement of an audit and which audit is not yet  
10 finally resolved including any related administrative and judicial processes.

11 (C) The amnesty is not available for sales or use taxes already paid or remitted to the  
12 state or to taxes collected by the seller.

13 (D) The amnesty is fully effective, absent the seller's fraud or intentional  
14 misrepresentation of a material fact, as long as the seller continues registration and continues  
15 payment or collection and remittance of applicable sales or use taxes for a period of at least  
16 thirty-six months. Each member state shall toll its statute of limitations applicable to asserting a  
17 tax liability during this thirty-six month period.

18 (E) The amnesty is applicable only to sales or use taxes due from a seller in its capacity  
19 as a seller and not to sales or use taxes due from a seller in its capacity as a buyer.

20 (F) A member state may allow amnesty on terms and conditions more favorable to a  
21 seller than the terms required by this section.

22 **§ 44-18.1.34. Method of Remittance.** — When registering, the seller may select one of  
23 the following methods of remittances or other method allowed by state law to remit the taxes  
24 collected:

25 (A) MODEL 1, where a seller selects a CSP as an agent to perform all the seller's sales or  
26 use tax functions, other than the seller's obligation to remit tax on its own purchases.

27 (B) MODEL 2, wherein a seller selects a CAS to use which calculates the amount of tax  
28 due on a transaction.

29 (C) MODEL 3, wherein a seller utilizes its own proprietary automated sales tax system  
30 that has been certified as a CAS.

31 **§ 44-18.1-35. Registration by an Agent.** — A seller may be registered by an agent.  
32 Such appointment shall be in writing and submitted to a member state if requested by the member  
33 state.

34 **§ 44-18.1-36. Monetary Allowance Under Model 1.** — (A) Each member state shall

1 provide a monetary allowance to a CSP in Model 1 in accordance with the terms of the contract  
2 between the governing board and the CSP. The details of the monetary allowance will be  
3 provided through the contract process. The governing board shall require that such allowance be  
4 funded entirely from money collected in Model 1.

5 (B) The contract between the governing board and a CSP may base the monetary  
6 allowance to a CSP on one or more of the following:

7 (1) A base rate that applies to taxable transactions processed by the CSP.

8 (2) For a period not to exceed twenty-four months following a voluntary seller's  
9 registration through the Agreement's central registration process, a percentage of tax revenue  
10 generated for a member state by the voluntary seller for each member state for which the seller  
11 does not have a requirement to register to collect the tax.

12 **§ 44-18.1-37. Monetary Allowance for Model 2 Sellers.** — The member states initially  
13 anticipate that they will provide a monetary allowance to sellers under Model 2 based on the  
14 following:

15 (A) All sellers shall receive a base rate for a period not to exceed twenty-four months  
16 following the commencement of participation by a seller. The base rate will be set after the base  
17 rate has been established for Model 1. This allowance will be in addition to any discount  
18 afforded by each member state at the time.

19 (B) The member states anticipate a monetary allowance to a Model 2 Seller based on the  
20 following:

21 (1) For a period not to exceed twenty-four months following a voluntary seller's  
22 registration through the Agreement's central registration process, a percentage of tax revenue  
23 generated for a member state by the voluntary seller for each member state for which the seller  
24 does not have a requirement to register to collect the tax.

25 (2) Following the conclusion of the twenty-four month period, a seller will only be  
26 entitled to a vendor discount afforded under each member state's law at the time the base rate  
27 expires.

28 **§ 44-18.1-38. Monetary Allowance for Model 3 Sellers and All Other Sellers.** — The  
29 member states anticipate that they will provide a monetary allowance to sellers under Model 3  
30 and to all other sellers that are not under Models 1 or 2 based on the following:

31 (A) For a period not to exceed twenty-four months following a voluntary seller's  
32 registration through the Agreement's central registration process, a percentage of tax revenue  
33 generated for a member state by the voluntary seller for each member state for which the seller  
34 does not have a requirement to register to collect the tax.



1 [\(B\) Vendor discounts afforded under each member state's law.](#)

2 SECTION 5. This Act shall take effect January 1, 2007.

3 **ARTICLE 40**

4 RELATING TO MEDICAL ASSISTANCE—OPTIONAL ELIGIBILITY

5 SECTION 1. Section 40-8-1 of the General Laws in Chapter 40-8 entitled  
6 "Medical Assistance" is hereby amended to read as follows:

7 **§ 40-8-1. Declaration of policy.** -- (a) Whereas, in the state of Rhode Island there are  
8 many persons who do not have sufficient income and resources to meet the cost of medical care  
9 and who, except for income and resource requirements, would be eligible for aid or assistance  
10 under § 40-5.1-9 or 40-6-27; and

11 (b) Whereas, it is in the best interest of all the citizens of this state to promote the welfare  
12 of persons with the characteristics of persons eligible to receive public assistance and ensure that  
13 they will receive adequate medical care and treatment in time of need;

14 (c) Now, therefore, it is declared to be the policy of this state to provide medical  
15 assistance for those persons in this state who possess the characteristics of persons receiving  
16 public assistance under the provisions of § 40-5.1-9 or 40-6-27, and who do not have the income  
17 and resources to provide it for themselves or who can do so only at great financial sacrifice.  
18 Provided, further, that medical assistance, except as provided in subsection (d), must qualify for  
19 federal financial participation pursuant to the provisions of title XIX of the federal Social Security  
20 Act, 42 U.S.C. § 1396 et seq., as such provisions apply to medically needy only applicants and  
21 recipients.

22 (d) Medical assistance shall be provided under this chapter without regard to the  
23 availability of federal financial participation: (1) to a person who does not meet the citizenship or  
24 alienage criteria under title XIX of the Social Security Act [42 U.S.C. § 1396 et seq.] and who  
25 was lawfully residing in the United States before August 22, 1996 and who was a resident of this  
26 state prior to July 1, 1997; ~~and (2) to a non citizen child who was lawfully admitted for~~  
27 ~~permanent residence on or after August 22, 1996 or who first becomes otherwise entitled to reside~~  
28 ~~in the United States on or after August 22, 1996;~~ and provided, however, that such person meets  
29 all other eligibility requirements under this chapter or under title XIX of the Social Security Act.

30 SECTION 2. Sections 42-12.3-4 and 42-12.3-15 of the General Laws in Chapter 42-12.3  
31 entitled "Health Care for Children and Pregnant Women" are hereby amended to read as follows:

32 **§ 42-12.3-4. "RIte track" program.** -- There is hereby established a payor of last resort  
33 program for comprehensive health care for children until they reach nineteen (19) years of age, to  
34 be known as "RIte track". The department of human services is hereby authorized to amend its

1 title XIX state plan pursuant to title XIX [42 U.S.C. § 1396 et seq.] of the Social Security Act to  
2 provide for expanded medicaid coverage through expanded family income disregards for  
3 children, until they reach nineteen (19) years of age, whose family income levels are up to two  
4 hundred fifty percent (250%) of the federal poverty level, ~~provided, however, that health care~~  
5 ~~coverage under this section shall also be provided without regard to the availability of federal~~  
6 ~~financial participation to a noncitizen child lawfully residing in the United States and to a~~  
7 ~~noncitizen child residing in Rhode Island, provided that the child satisfies all other eligibility~~  
8 ~~requirements.~~ The department is further authorized to promulgate any regulations necessary, and  
9 in accord with title XIX [42 U.S.C. § 1396 et seq.] of the Social Security Act to implement the  
10 state plan amendment. For those children who lack health insurance, and whose family incomes  
11 are in excess of two hundred fifty percent (250%) of the federal poverty level, the department of  
12 human services shall promulgate necessary regulations to implement the program. The  
13 department of human services is further directed to ascertain and promulgate the scope of services  
14 that will be available to those children whose family income exceeds the maximum family  
15 income specified in the approved title XIX [42 U.S.C. section 1396 et seq.] state plan  
16 amendment.

17 **§ 42-12.3-15. Expansion of RIte track program.** -- The Department of Human  
18 Services is hereby authorized and directed to submit to the United States Department of Health  
19 and Human Services an amendment to the "RIte Care" waiver project number 11-W-0004/1-01 to  
20 provide for expanded medicaid coverage for children until they reach eight (8) years of age,  
21 whose family income levels are up to two hundred fifty percent (250%) of the federal poverty  
22 level. Expansion of the RIte track program from the age of six (6) until they reach eighteen (18)  
23 years of age in accordance with this chapter shall be subject to the approval of the amended  
24 waiver by the United States Department of Health and Human Services. ~~Health care coverage~~  
25 ~~under this section shall also be provided without regard to the availability of federal financial~~  
26 ~~participation: (1) to a non-citizen child lawfully residing in the United States provided such child~~  
27 ~~satisfies all other eligibility requirements.~~

28 SECTION 3. This article shall take effect on July 1, 2006 and any rules or regulations  
29 necessary or advisable to implement the provisions of this article shall be effective immediately  
30 as an emergency rule upon the department's filing thereof with the secretary of state as it is  
31 hereby found that the current fiscal crisis in this state has caused an imminent peril to public  
32 health, safety and welfare, and the department is hereby exempted from the requirements of  
33 sections 42-35-3(b) and 42-35-4(b)(2) relating to agency findings of imminent peril to public  
34 health, safety and welfare and the filing of statements of the agency's reasons thereof.



1 (o) To furnish the several departments and agencies of the state with other essential office  
2 services;

3 (p) To survey and examine the administration and operation of the state departments and  
4 agencies, submitting to the governor proposals to secure greater administrative efficiency and  
5 economy, to minimize the duplication of activities, and to effect a better organization and  
6 consolidation of functions among state agencies;

7 (q) To assess and collect all taxes levied by the state by virtue of the various laws of the  
8 state;

9 (r) To analyze, evaluate, and appraise the tax system of the state, and to make  
10 recommendations for its revision in accordance with the best interests of the economy of the  
11 state;

12 (s) To operate a merit system of personnel administration and personnel management as  
13 defined in § 36-3-3 in connection with the conditions of employment in all state departments and  
14 agencies within the classified service;

15 (t) To assign or reassign, with the approval of the governor, any functions, duties, or  
16 powers established by this chapter to any agency within the department;

17 (u) To establish, maintain, and operate a data processing center or centers, approve the  
18 acquisition and use of electronic data processing services by state agencies, furnish staff  
19 assistance in methods, systems and programming work to other state agencies, and arrange for  
20 and effect the centralization and consolidation of punch card and electronic data processing  
21 equipment and services in order to obtain maximum utilization and efficiency;

22 (v) To devise, formulate, promulgate, supervise, and control a comprehensive and  
23 coordinated statewide information system designed to improve the data base used in the  
24 management of public resources, to consult and advise with other state departments and agencies  
25 and municipalities to assure appropriate and full participation in this system, and to encourage the  
26 participation of the various municipalities of this state in this system by providing technical or  
27 other appropriate assistance toward establishing, within those municipalities, compatible  
28 information systems in order to obtain the maximum effectiveness in the management of public  
29 resources;

30 (1) The comprehensive and coordinated statewide information system may include a  
31 Rhode Island geographic information system of land-related economic, physical, cultural and  
32 natural resources.

33 (2) In order to ensure the continuity of the maintenance and functions of the geographic  
34 information system, the general assembly may annually appropriate such sum as it may deem

1 necessary to the department of administration for its support.

2 (w) To administer a statewide planning program including planning assistance to the state  
3 departments and agencies;

4 (x) To administer a statewide program of photography and photographic services;

5 (y) To negotiate with public or private educational institutions in the state, in cooperation  
6 with the department of health, for state support of medical education;

7 (z) To promote the expansion of markets for recovered material and to maximize their  
8 return to productive economic use through the purchase of materials and supplies with recycled  
9 content by the state of Rhode Island to the fullest extent practically feasible;

10 (aa) To approve costs as provided in § 23-19-32; and

11 (bb) To provide all necessary civil service tests for child protective investigators and  
12 social workers at least twice each year and to maintain an adequate hiring list for these positions  
13 at all times.

14 (cc) To prepare a report every three (3) months by all current property leases or rentals by  
15 any state or quasi-state agency to include the following information:

16 (1) Name of lessor;

17 (2) Description of the lease (purpose, physical characteristics, and location);

18 (3) Cost of the lease;

19 (4) Amount paid to date;

20 (5) Date initiated;

21 (6) Date covered by the lease.

22 (dd) To provide by December 31, 1995 the availability of automatic direct deposit to any  
23 recipient of a state benefit payment, provided that the agency responsible for making that  
24 payment generates one thousand (1,000) or more such payments each month.

25 (ee) To operate a division of motor vehicles. The division will be responsible for  
26 activities assigned to it by law, including but not limited to, motor vehicle registration, testing and  
27 licensing of motor vehicle operators, inspection of motor vehicles, and enforcement of laws  
28 relating to the issuance, suspension and revocation of motor vehicle registrations and drivers'  
29 licenses. The division shall administer the financial responsibility law. The chief of the division  
30 shall use the title and designation "administrator" on all licenses, registrations, orders of  
31 suspensions, financial responsibility notices or orders, or any other official documents issued or  
32 promulgated by the division.

33 (ff) To operate the Rhode Island division of sheriffs as provided in § 42-11-21.

34 (gg) To operate a statewide child support enforcement program in accordance with title

1 IV-D of the Social Security Act and under title 15 of the Rhode Island general laws.

2 (hh) To encourage municipalities, school districts, and quasi-public agencies to achieve  
3 cost savings in health insurance, purchasing, or energy usage by participating in state contracts, or  
4 by entering into collaborative agreements with other municipalities, districts, or agencies. To  
5 assist in determining whether the benefit levels including employee cost sharing and unit costs of  
6 such benefits and costs are excessive relative to other municipalities, districts, or quasi-public  
7 agencies as compared with state benefit levels and costs.

8 SECTION 2. Chapter 37-2 of the General Laws entitled “State Purchases” is hereby  
9 amended by adding thereto the following section:

10 **§ 37-2-59.1. Establishment of the Rhode Island Strategic Purchasing Advisory**  
11 **Commission. -- In order to provide a means of collaboration between the state, cities/towns and**  
12 **school committees a permanent advisory commission is established named the “Rhode Island**  
13 **Strategic Purchasing Advisory Commission.” This Advisory Commission will consist of nine (9)**  
14 **members including; (1) the State Purchasing Agent or his or her designee, who will serve as**  
15 **Chair, (2) a designee of the Board of Regents of the Rhode Island Department of Education, (3) a**  
16 **designee of the Board of Governors of Higher Education; (4) a designee of the Rhode Island**  
17 **School Committees Association; (5) a designee of the Rhode Island League of Cities and Towns;**  
18 **(6) a designee of the Association of School Business Officials; (7) a designee of the Rhode Island**  
19 **Municipal Purchasing Agents Association (8) a designee of the Rhode Island Economic**  
20 **Development Corporation and; (9) a designee of the State Budget Officer.**

21 SECTION 3. This article shall take effect upon passage.

22 ARTICLE 42

23 RELATING TO OFFICE OF HEALTH AND HUMAN SERVICES

24 SECTION 1. Title 42 of the General Laws entitled “State Affairs and Government” is  
25 hereby amended by adding thereto the following chapter:

26 CHAPTER 7.2

27 OFFICE OF HEALTH AND HUMAN SERVICES

28 **§ 42-7.2-1. Statement of Intent. -- The purpose of this Chapter is to develop a**  
29 **consumer-centered system of publicly-financed state administered health and human services that**  
30 **supports access to high quality services, protects the safety of the state’s most vulnerable citizens,**  
31 **and ensures the efficient use of all available resources by the five departments responsible for the**  
32 **health and human services programs serving all Rhode Islanders and providing direct assistance**  
33 **and support services to more than 250,000 individuals and families: the department of children,**  
34 **youth and families; the department of elderly affairs; the department of health; the department of**

1 human services; and the department of mental health, retardation and hospitals , collectively  
2 referred to within as “departments”. It is recognized that the executive office of health and  
3 human services and the departments have undertaken a variety of initiatives to further this goal  
4 and that they share a commitment to continue to work in concert to preserve and promote each  
5 other’s unique missions while striving to attain better outcomes for all the people and  
6 communities they serve. However, recent and expected changes in federal and state policies and  
7 funding priorities that affect the financing, organization, and delivery of health and human  
8 services programs pose new challenges and opportunities that have created an even greater need  
9 for structured and formal interdepartmental cooperation and collaboration. To meet this need  
10 while continuing to build on the achievements that have already been made, the interests of all  
11 Rhode Islanders will best be served by codifying in the state’s general laws the purposes and  
12 responsibilities of the executive office of health and human services and the position of secretary  
13 of health and human services.

14 **§ 42.7.2-2. Executive Office of Health and Human Services. --** There is hereby  
15 established within the executive branch of state government an executive office of health and  
16 human services. This office shall lead the state’s five health and human services departments in  
17 order to:

18 (a) Improve the economy, efficiency, coordination, and quality of health and human  
19 services policy and planning, budgeting and financing.

20 (b) Design strategies and implement best practices that foster service access, consumer  
21 safety and positive outcomes.

22 (c) Maximize and leverage funds from all available public and private sources, including  
23 federal financial participation, grants and awards.

24 (d) Increase public confidence by conducting independent reviews of health and human  
25 services issues in order to promote accountability and coordination across departments.

26 (e) Ensure that state health and human services policies and programs are responsive to  
27 changing consumer needs and to the network of community providers that deliver assistive  
28 services and supports on their behalf.

29 **§ 42-7.2-3. Secretary of health and human services -- Appointment. —** The executive  
30 office of health and human services shall be administered by a secretary of health and human  
31 services, hereafter referred to as “secretary”. The position of secretary is hereby created in the  
32 unclassified service. The secretary shall be appointed by the governor, and shall be subject to  
33 advice and consent of the senate. The secretary shall hold office at the pleasure of the governor  
34 and until a successor is appointed and qualified. Before entering upon the discharge of duties, the

1 secretary shall take an oath to faithfully execute the duties of the office.

2 **§ 42-7.2-4. Responsibilities of the secretary.** -- (a) The secretary shall be responsible to  
3 the governor for supervising the executive office of health and human services and for providing  
4 strategic leadership and direction to the five departments.

5 (b) Notwithstanding the provisions set forth in this chapter, the governor shall appoint the  
6 directors of the departments within the executive office of health and human services. Directors  
7 appointed to those departments shall continue to be subject to the advice and consent of the senate  
8 and shall continue to hold office as set forth in §§ 42-6-1 et seq. and 42-72-1(c).

9 **§ 42-7.2-5. Duties of the secretary.** -- The secretary shall be authorized to:

10 (a) Coordinate the administration and financing of health care benefits, human services  
11 and programs including those authorized by the Medicaid State Plan under Title XIX of the US  
12 Social Security Act. However, nothing in this section shall be construed as transferring to the  
13 secretary the powers, duties or functions conferred upon the departments by Rhode Island public  
14 and general laws for the administration of federal/state programs financed in whole or in part with  
15 Medicaid funds or the administrative responsibility for the preparation and submission of any  
16 state plans, state plan amendments, or authorized federal waiver applications.

17 (b) Serve as the governor's chief advisor and liaison to federal policymakers on Medicaid  
18 reform issues as well as the principal point of contact in the state on any such related matters.

19 (c) Review and ensure the coordination of any new departmental waiver requests and  
20 renewals as well as any initiatives and proposals requiring amendments to the Medicaid state plan  
21 with the potential to affect the scope, amount or duration of publicly-funded health care services,  
22 provider payments or reimbursements, or access to or the availability of benefits and services as  
23 provided by Rhode Island general and public laws. The secretary shall consider whether any such  
24 waivers or amendments are legally and fiscally sound and consistent with the state's policy and  
25 budget priorities. The secretary shall also assess whether a proposed waiver or amendment is  
26 capable of obtaining the necessary approvals from federal officials and achieving the expected  
27 positive consumer outcomes. Department directors shall, within the timelines specified, provide  
28 any information and resources the secretary deems necessary in order to perform the reviews  
29 authorized in this section;

30 (d) Beginning in 2006, prepare and submit to the governor and to the joint legislative  
31 committee for health care oversight, by no later than December 1 of each year, a comprehensive  
32 overview of all Medicaid expenditures included in the annual budgets developed by the  
33 departments. . The directors of the departments shall assist and cooperate with the secretary in  
34 fulfilling this responsibility by providing whatever resources, information and support shall be



1 necessary.

2 (e) Resolve administrative, jurisdictional, operational, program, or policy conflicts among  
3 departments and their executive staffs and make necessary recommendations to the governor.

4 (f) Assure continued progress toward improving the quality, the economy and efficiency  
5 of state-administered health and human services. In this capacity, the secretary shall:

6 (1) Oversee implementation of reforms in the human resources practices of the  
7 departments that streamline and upgrade services, achieve greater economies of scale and  
8 establish the coordinated system of the staff education, cross- training, and career development  
9 services necessary to recruit and retain a highly-skilled, responsive, and engaged health and  
10 human services workforce;

11 (2) Encourage the departments to utilize consumer-centered approaches to service design  
12 and delivery that expand their capacity to respond efficiently and responsibly to the diverse and  
13 changing needs of the people and communities they serve;

14 (3) Develop all opportunities to maximize resources by leveraging the state's purchasing  
15 power, centralizing and standardizing contractual services, pursuing alternative funding sources  
16 through grants, awards and partnerships and securing all available federal financial participation  
17 for programs and services provided through the departments;

18 (g) Ensure preparation of a coordinated comprehensive budget for the health and human  
19 services departments;

20 (h) Improve the ability of departments to utilize objective data to evaluate health and  
21 human services policy goals, resource use and outcome evaluation and to perform short and long-  
22 term policy planning and development.

23 (i) Foster the establishment of an integrated approach to interdepartmental information  
24 and data management that will facilitate the transition to consumer-centered system of state  
25 administered health and human services.

26 (j) At the direction of the governor or the general assembly, conduct independent reviews  
27 of state-administered health and human services programs, policies and related agency actions  
28 and activities and assist the department directors in identifying strategies to address any issues or  
29 areas of concern that may emerge thereof. The department directors shall provide any information  
30 and assistance deemed necessary by the secretary when undertaking such independent reviews.

31 (k) Provide regular and timely reports to the governor and make recommendations with  
32 respect to the state's health and human services agenda.

33 (l) Employ such personnel and contract for such consulting services as may be required  
34 to perform the powers and duties lawfully conferred upon the secretary.

1 (m) Implement the provisions of any general or public law or regulation related to the  
2 disclosure, confidentiality and privacy of any information or records, in the possession or under  
3 the control of the executive office or the departments assigned to the executive office, that may be  
4 developed or acquired for purposes directly connected with the secretary's duties set forth herein.

5 **§ 42-7.2-6. Departments assigned to the executive office -- Powers and duties. -- (a)**

6 The departments assigned to the secretary shall:

7 (1) Exercise their respective powers and duties in accordance with their statutory  
8 authority and the general policy established by the governor or by the secretary acting on behalf  
9 of the governor or in accordance with the powers and authorities conferred upon the secretary by  
10 this chapter;

11 (2) Provide such assistance or resources as may be requested or required by the governor  
12 and/or the secretary; and

13 (3) Provide such records and information as may be requested or required by the  
14 governor and/or the secretary to the extent allowed under the provisions of any applicable general  
15 or public law, regulation, or agreement relating to the confidentiality, privacy or disclosure of  
16 such records or information.

17 (b) Except as provided herein, no provision of this chapter or application thereof shall be  
18 construed to limit or otherwise restrict the department of children, youth and families, the  
19 department of elderly affairs, the department of health, the department of human services, and the  
20 department of mental health, retardation and hospitals from fulfilling any statutory requirement or  
21 complying with any valid rule or regulation.

22 **§ 42-7.2-7. Independent advisory council – Purposes. -- (a) The secretary shall**

23 establish an independent advisory council, hereafter referred to as “advisory council” composed  
24 of representatives of the network of health and human services providers, the communities the  
25 departments serve, state and local policy makers and any other stakeholders or consumers  
26 interested in improving access to high quality health and human services.

27 (b) The advisory council shall assist the secretary in identifying: issues of concern and  
28 priorities in the organization and/or delivery of services; areas where there is need for  
29 interdepartmental collaboration and cooperation; and opportunities for building sustainable and  
30 effective public-private partnerships that support the missions of the departments. The advisory  
31 council shall also provide guidance to the secretary in developing a plan to further the purposes of  
32 the executive office and assist the departments in meeting their unique missions and shared  
33 responsibilities.

34 (c) With the assistance of the department directors, the secretary shall hold health and

1 human services forums and open meetings that encourage community, consumer and stakeholder  
2 input on health and human services issues, proposals and activities and actions of the executive  
3 office that have been identified by the advisory council as areas of concern or important policy  
4 priorities or opportunities for the state.

5 **§ 42-7.2-8. Assignment and reassignment of advisory bodies.** -- The governor may,  
6 by executive order, reassign any advisory bodies, boards, or commissions associated or affiliated  
7 with the departments to the secretary of health and human services or assign any such entities that  
8 may be created.

9 **§ 42-7.2-9. Appointment of employees.** – The secretary, subject to the provisions of  
10 applicable state law, shall be the appointing authority for all employees of the executive office of  
11 health and human services. The secretary may assign this function to such subordinate officers  
12 and employees of the executive office as may to him or her seem feasible or desirable. The  
13 appointing authority of the secretary provided for herein shall not affect, interfere with, limit, or  
14 otherwise restrict the appointing authority vested in the directors for the employees of the  
15 departments under applicable general and public laws.

16 **§ 42-7.2-10. Appropriations and disbursements.** – The general assembly shall annually  
17 appropriate such sums as it may deem necessary for the purpose of carrying out the provisions of  
18 this chapter. The state controller is hereby authorized and directed to draw his orders upon the  
19 general treasurer for the payment of such sum or sums, or so much thereof as may from time to  
20 time be required, upon receipt by him or her of proper vouchers approved by the secretary of the  
21 executive office of health and human services, or his or her designee.

22 **§ 42-7.2-11. Rules and regulations.** -- The executive office of health and human services  
23 shall be deemed an agency for purposes of § 42-35-1, et seq. of the Rhode Island general laws.  
24 The secretary shall make and promulgate such rules and regulations, fee schedules not  
25 inconsistent with state law and fiscal policies and procedures as he or she deems necessary for the  
26 proper administration of this chapter and to carry out the policy and purposes thereof.

27 **§ 42-7.2-12. Severability.** – If any provision of this chapter or the application thereof to  
28 any person or circumstance is held invalid, such invalidity shall not effect other provisions or  
29 applications of the chapter, which can be given effect without the invalid provision or application,  
30 and to this end the provisions of this chapter are declared to be severable.

31 **§ 42-7.2-13. Cooperation of other state executive branch agencies.** – As may be  
32 appropriate from time to time, the departments and other agencies of the state of the executive  
33 branch that have not been assigned to the executive office of health and human services under this  
34 chapter shall assist and cooperate with the executive office as may be required by the governor

1 requested by the secretary.

2 § 42-7.2-14. Applicability. -- Nothing in this chapter shall change, transfer or interfere  
3 with, or limit or otherwise restrict the general assembly's sole authority to appropriate and re-  
4 appropriate fiscal resources to the departments; the statutory or regulatory duties of the directors  
5 of the departments, or the appointing authority for the employees of the departments vested in the  
6 directors under applicable general and public laws.

7 SECTION 2. Section 36-4-2 of the General Laws in Chapter 36-4 entitled "Merit  
8 System" is hereby amended to read as follows:

9 § 36-4-2. Positions in unclassified service. – The classified service shall comprise all  
10 positions in the state service now existing or hereinafter established, except the following specific  
11 positions which with other positions heretofore or hereinafter specifically exempted by legislative  
12 act shall constitute the unclassified service:

13 (1) Officers and legislators elected by popular vote and persons appointed to fill  
14 vacancies in elective offices.

15 (2) Employees of both houses of the general assembly.

16 (3) Officers, secretaries, and employees of the office of the governor, office of the  
17 lieutenant governor, department of state, department of the attorney general, and the treasury  
18 department.

19 (4) Members of boards and commissions appointed by the governor, members of the state  
20 board of elections and the appointees of the board, members of the commission for human rights  
21 and the employees of the commission, and directors of departments.

22 (5) The following specific offices:

23 (i) In the department of administration: director, chief information officer;

24 (ii) In the department of business regulation: director;

25 (iii) In the department of elementary and secondary education: commissioner of  
26 elementary and secondary education;

27 (iv) In the department of higher education: commissioner of higher education;

28 (v) In the department of health: director;

29 (vi) In the department of labor and training: director, administrative assistant,  
30 administrator of the labor board and legal counsel to the labor board;

31 (vii) In the department of environmental management: director;

32 (viii) In the department of transportation: director;

33 (ix) In the department of human services: director;

34 (x) In the state properties committee: secretary;

1           (xi) In the workers' compensation court: judges, administrator, deputy administrator,  
2 clerk, assistant clerk, clerk secretary;

3           (xii) In the department of elderly affairs: director;

4           (xiii) In the department of mental health, retardation, and hospitals: director;

5           (xiv) In the department of corrections: director, assistant director (institutions/operations),  
6 assistant director (rehabilitative services), assistant director (administration), and wardens;

7           (xv) In the department of children, youth and families: director, one assistant director,  
8 one associate director, and one executive director;

9           (xvi) In the public utilities commission: public utilities administrator;

10          (xvii) In the water resources board: general manager;

11          (xviii) In the human resources investment council: executive director.

12          (xix) In the office of health and human services: secretary of health and human services.

13          (6) Chief of the hoisting engineers, licensing division, and his or her employees;  
14 executive director of the veterans memorial building and his or her clerical employees.

15          (7) One confidential stenographic secretary for each director of a department and each  
16 board and commission appointed by the governor.

17          (8) Special counsel, special prosecutors, regular and special assistants appointed by the  
18 attorney general, the public defender and employees of his or her office, and members of the  
19 Rhode Island bar occupying a position in the state service as legal counsel to any appointing  
20 authority.

21          (9) The academic and/or commercial teaching staffs of all state institution schools, with  
22 the exception of those institutions under the jurisdiction of the board of regents for elementary  
23 and secondary education and the board of governors for higher education.

24          (10) Members of the military or naval forces, when entering or while engaged in the  
25 military or naval service.

26          (11) Judges, referees, receivers, clerks, assistant clerks, and clerical assistants of the  
27 supreme, superior, family, and district courts, the traffic tribunal, jurors and any persons  
28 appointed by any court.

29          (12) Election officials and employees.

30          (13) Administrator, executive high sheriff, sheriffs, chief deputy sheriffs, deputy sheriffs,  
31 and other employees of the sheriff's division within the department of administration and security  
32 officers of the traffic tribunal.

33          (14) Patient or inmate help in state charitable, penal, and correctional institutions and  
34 religious instructors of these institutions and student nurses in training, residents in psychiatry in

1 training, and clinical clerks in temporary training at the institute of mental health within the state  
2 of Rhode Island medical center.

3 (15) Persons employed to make or conduct a temporary and special inquiry, investigation,  
4 project or examination on behalf of the legislature or a committee therefor, or on behalf of any  
5 other agency of the state if the inclusion of these persons in the unclassified service is approved  
6 by the personnel administrator. The personnel administrator shall notify the house fiscal advisor  
7 and the senate fiscal advisor whenever he or she approves the inclusion of a person in the  
8 unclassified service.

9 (ii) The duration of the appointment of a person, other than the persons enumerated in  
10 this section, shall not exceed ninety (90) days or until presented to the department of  
11 administration. The department of administration may extend the appointment another ninety (90)  
12 days. In no event shall the appointment extend beyond one hundred eighty (180) days.

13 (16) Members of the division of state police.

14 (17) Executive secretary of the Blackstone Valley district commission.

15 (18) Artist and curator of state owned art objects.

16 (19) Mental health advocate.

17 (20) Child advocate.

18 (21) The position of aquaculture coordinator and dredge coordinator within the coastal  
19 resources management council.

20 (22) Employees of the office of the health insurance commissioner.

21 SECTION 3. This article shall take effect upon passage.

22 ARTICLE 43

23 RELATING TO EFFECTIVE DATE

24 This act shall take effect upon passage, except as otherwise provided herein.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
MAKING APPROPRIATIONS FOR THE SUPPORT OF THE STATE FOR THE FISCAL  
YEAR ENDING JUNE, 30, 2007

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ARTICLE 1

RELATING TO MAKING APPROPRIATION IN SUPPORT OF FY 2007

This article makes appropriations from general revenues and authorizes expenditure of federal funds, restricted receipts, and other funds for FY 2007. This article also appropriates internal service fund expenditures; identifies the FTE authorizations for each agency and department for fiscal year 2007; provides for multiyear appropriations for Rhode Island Capital Fund projects; and provides for the transfer of \$3.3 million from the Resource Recovery Corporation to the State of Rhode Island.

ARTICLE 2

RELATING TO BORROWING IN ANTICIPATION OF RECEIPTS FROM TAXES

This article authorizes the General Treasurer to borrow in FY 2007 up to \$250.0 million in anticipation of receipts from taxes for the purposes consistent with the State Constitution.

ARTICLE 3

RELATING TO THE JUDICIARY

This article creates within the Judiciary a Court Operations Account to be composed of all court imposed or court related fees, fines, costs, assessments, charges, and other monetary payments that are currently received as general revenues. These funds will be deposited in the Court Operations Account as restricted receipts and will be used exclusively for the operation of the Courts. This article also allows the Governor to recommend expenditure amounts for the Judiciary and Legislature that are consistent with the resources available for funding state government.

ARTICLE 4

RELATING TO PUBLIC SERVICE EMPLOYEE REFORM

This article makes several reforms to the state personnel system. The article creates a new Public Service Employee class of employees, and transfers Classified Service employees to the new class; eliminates statutory status for all employees; freezes longevity amounts paid to

1 employees as of June 30, 2006; eliminates employee bumping rights; mandates periodic  
2 evaluations of state employees; extends the probationary period for new employees from six  
3 months to one year; and allows state employees to take work-related courses at state colleges and  
4 universities on a space available basis during non-working hours. The article also establishes a  
5 program to award merit pay bonuses up to 3 percent of an employee's salary.

6 ARTICLE 5

7 RELATING TO CAPITAL DEVELOPMENT PROGRAM

8 This article submits six referenda totaling \$272,510,000 to the voters of Rhode Island at  
9 the November 2006 election. Question 1 would authorize \$140.0 million for the construction of  
10 several new buildings at the University of Rhode Island. Question 2 would authorize \$3.4 million  
11 for fire code and heating and cooling systems at the Community College of Rhode Island.  
12 Question 3 would authorize \$4.61 million for road and parking lot improvement at Rhode Island  
13 College. Question 4 would authorize \$25.0 million for Narragansett Bay and Watershed  
14 Restoration. Question 5 would authorize 91.765 million for transportation purposes. Question 6  
15 would authorize \$11.0 million for improvements to Roger Williams Zoo.

16 ARTICLE 6

17 RELATING TO BOND PREMIUMS

18 This article amends the public laws associated with all of Rhode Island's authorized, but  
19 unissued general obligation bonds to clarify that underwriting costs and the cost of bond  
20 insurance would be paid at the time of sale and that the net proceeds would be deposited into the  
21 bond capital fund.

22 ARTICLE 7

23 RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS

24 This article serves as joint resolutions required pursuant to RIGL 35-18-1 for the issuance  
25 of debt. Projects proposed include: Varley building renovations, Department of Administration  
26 vehicle lease purchase, information technology Improvements, School for the Deaf, Garrahy  
27 Courthouse parking, and energy service companies' energy service contracts.

28 ARTICLE 8

29 RELATING TO MOTOR VEHICLE EMISSIONS INSPECTION FEES

30 This article changes the distribution of the fee collected for motor vehicle emission  
31 inspections whereby the portion received by the state general fund would be increased by a  
32 minimum of three dollars (\$3.00) and the amount retained by the program manager decreased by  
33 a minimum of three dollars (\$3.00).

34 ARTICLE 9



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RELATING TO MUNICIPAL INCENTIVE PAY PROGRAMS

This article repeals section 42-28.1 entitled “Municipal Police – Incentive Pay” and section 42-28.4 entitled “Municipal Firefighters – Incentive Pay”.

ARTICLE 10

RELATING TO DIVISION OF MOTOR VEHICLES

This article eliminates the requirement that the Division of Motor Vehicles maintain a branch office in the town of Warren.

ARTICLE 11

RELATING TO RESTRICTED RECEIPT ACCOUNTS

This article amends the statute exempting indirect cost recoveries on certain restricted receipt accounts to include the Veteran’s Cemetery Memorial Fund, Children’s Trust Accounts-SSI, RI Military Relief Fund, the court operations account in Judiciary, and two Treasury department funds relating to the State Retirement System.

ARTICLE 12

RELATING TO GENERAL PUBLIC ASSISTANCE

HARDSHIP CONTINGENCY FUND

The article renews the annual authorization for benefits and the expenditure ceiling for the General Public Assistance Hardship program.

ARTICLE 13

RELATING TO HOSPITAL UNCOMPENSATED CARE

The article establishes an uncompensated care reimbursement plan for community hospitals for Fiscal Year 2007 only.

ARTICLE 14

RELATING TO CHILD CARE STATE SUBSIDIES

The article defers the next rate adjustment for child care providers from January 1, 2007 until January 1, 2008.

ARTICLE 15

RELATING TO NURSING FACILITIES

This article postpones a scheduled rate adjustment for nursing facilities from October 1, 2006 until January 1, 2007.

ARTICLE 16

RELATING TO RESOURCE RECOVERY CORPORATION

This article provides that the Resource Recovery Corporation shall annually make available: \$600,000 for recycling grants to municipalities that achieve less than a 20 percent

1 materials recycling rate from the previous fiscal year; and \$400,000 for recycling grants to  
2 municipalities that achieve a 20 percent or higher recycling rate from the previous fiscal year.  
3 The article also set the municipal tipping fee at \$32.00 per ton during FY 2007.

4 ARTICLE 17

5 RELATING TO STATE AID

6 This act would allow DCYF's seven juvenile community homes to qualify for tax  
7 incentives through the Payment in Lieu of Taxes Program. The article would also add the  
8 Warwick airport as a qualifier for such aid. Lastly, the article sets the general revenue sharing  
9 amount at the level of appropriation in FY 2007 and at 3% of general revenues thereafter.

10 ARTICLE 18

11 RELATING TO LICENSING HOSPITAL FACILITIES

12 This article establishes the hospital licensing fee at 3.56 percent of net patient revenues  
13 for FY 2007 only.

14 ARTICLE 19

15 RELATING TO EDUCATION AID

16 This article mandates that municipalities finance at least two percent of its local school  
17 district's total budget; provides for the disbursement of distributed education aid among the  
18 state's local and regional school districts; alters the calculation of group home education aid by  
19 expanding the time period covered by DCYF's total aid-eligible bed count; and initiates a new  
20 math and science initiative.

21 ARTICLE 20

22 RELATING TO INDEPENDENT LIVING

23 This act would allow DCYF to partner with agencies or other program in order to provide  
24 services that would make it easier for youth 19 and older to transition out of the department's  
25 independent living program.

26 ARTICLE 21

27 RELATING TO STATE BUDGET

28 This article would require that all newly created or changes to existing tax expenditures  
29 be included in expected revenue receipts or additional revenue in the budget. The article would  
30 invalidate any newly created or changed tax expenditures if they are not directly incorporated into  
31 the budget or have not had a fiscal note prepared and submitted.

32 ARTICLE 22

33 RELATING TO PUBLIC UTILITIES COMMISSION

34 This article rescinds the amendments contained in Chapter 144 of P.L. 2002 (2002-

1 H7786B amended) as it relates to §§ 39-1-4 and 39-1-8 by reinstating the number of  
2 commissioners at the Public Utilities Commission to a total of three, from five.

3 ARTICLE 23

4 RELATING TO REGISTRATION OF VEHICLES

5 This article increases the number of delinquent payments that could result in the  
6 delinquent payee not having their motor vehicle registration and/or operators permit renewed.  
7 Under the article delinquent payments would include cash assistance benefit overpayments, court  
8 costs owed, fines owed, obligations owed or restitution owed.

9 ARTICLE 24

10 RELATING TO TUITION TAX CREDITS

11 This article provides tax credits for businesses that make contributions to scholarship  
12 organizations that administer scholarship programs for qualified children that attend non-public  
13 K-12 schools in the state. The tax credit is capped at \$100,000 per consolidated business entity,  
14 with an aggregate maximum of \$1,000,000 statewide.

15 ARTICLE 25

16 RELATING TO MEDICAL ASSISTANCE- MANAGED CARE

17 The article makes several changes limiting eligibility, increasing co-payments and  
18 establishing resource limits for clients in Rite Care, Rite Share and Rite Trak managed care  
19 medical programs.

20 Income eligibility ceilings for adults would be reduced to 133% of the federal poverty  
21 limit (FPL). Co-payments for families and individuals between 133% and 150% FPL would be  
22 established. Resource ceilings of \$10,000 in liquid assets would be established for continued  
23 eligibility.

24 ARTICLE 26

25 RELATING TO HEALTH CARE QUALITY PROGRAM

26 This article repeals RIGL 23-17.17-7 entitled “Rhode Island Hospital Efficiency,  
27 Leverage and Profitability (RI HELP) program” and eliminates the related general revenue  
28 funding authorized. FY 2006 authorization was \$3.3 million.

29 ARTICLE 27

30 RELATING TO UNDERGROUND STORAGE TANK FINANCIAL

31 RESPONSIBILITY FUND REVIEW FUND

32 This article transfers the property, employees, and accounts of the Underground Storage  
33 Tank Responsibility Fund Review Fund Board to the Department of Environmental Management.  
34 The Board will maintain the authority of approving reimbursement payments to eligible tank

1 owners for petroleum releases.

2 ARTICLE 28

3 RELATING TO PAY DIFFERENTIAL FOR  
4 STATE EMPLOYEES ON ACTIVE DUTY

5 This article makes state employees on active military duty eligible to receive a pay  
6 differential based on the difference between the employee's base pay for employment at the time  
7 of call up and the employee's active duty military pay.

8 ARTICLE 29

9 RELATING TO MOTOR VEHICLE EXCISE TAX

10 This article would increase the amount of the motor vehicle exemption from the local  
11 excise tax from \$5,000 to \$5,500.

12 ARTICLE 30

13 RELATING TO THE ESTABLISHMENT OF A SALES AND USE TAX HOLIDAY

14 This article authorizes the creation of a sales and use tax holiday in Rhode Island on  
15 August 12 and August 13, 2006. It also provides for the creation of future sales and use tax  
16 holidays on the Saturday and Sunday before Victory Day provided that these sales and use tax  
17 holidays are in conformance with the Streamlined Sales Tax Act.

18 ARTICLE 31

19 RELATING TO PANDEMIC INFLUENZA PREPARATION

20 This article provides for a one-time funding in restricted receipts, not to exceed \$1.0  
21 million, for pandemic influenza preparation, including the procurement of equipment and  
22 vaccines. The transaction entails a withdrawal from the Infant-child Immunization Account---a  
23 restricted receipt account.

24 ARTICLE 32

25 RELATING TO HUMAN SERVICES

26 FAMILY INDEPENDENCE ACT

27 The article makes several changes to eligibility requirements and timetables for Family  
28 Independence Program cash assistance. Employment plans must be established and complied  
29 with to allow eligibility. Resource ceilings of \$10,000 liquid assets are established.

30 Transitional medical assistance periods are limited. Recognition of benefits periods in  
31 other states would be required, total eligibility period for new applicants is established, and a  
32 phasedown of adult benefits would begin after twenty-five months of benefits.

33 ARTICLE 33

34 RELATING TO MEDICAL ASSISTANCE

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PRESCRIPTION DRUGS

The article establishes a ceiling price for reimbursements to pharmacies for prescriptions in the Medical Assistance fee-for-service programs at Wholesale Average Cost.

ARTICLE 34

RELATING TO INSURANCE-

MANDATED BENEFITS

The article changes several statutes to require health insurers to provide reimbursements for childrens’ medical services in special categories of eligibility. The article also removes the current mandate requiring insurance coverage for infertility coverage for women below age 30.

ARTICLE 35

RELATING TO MEDICAL ASSISTANCE-

COMMUNITY HEALTH CENTERS

The article creates a rate determination methodology for reimbursements to federally qualified health centers.

ARTICLE 36

RELATING TO ZONING ORDINANCES

This act adds to the definition “community residence” the community transition homes that will house youth adjudicated and sentenced by the Family Court to care and custody of the Rhode Island Training School

ARTICLE 37

RELATING TO EMPLOYER TEACHER

RETIREMENT CONTRIBUTIONS

This article would increase the share of teacher retirement contributions paid by the State from 40 percent to 50 percent beginning in FY 2008.

ARTICLE 38

RELATING TO RETIREE HEALTH TRUST FUND

This article provides for the establishment of the State Employee Retiree Health Care Trust Fund. The Trust Fund will be structured to be compliant with the Government Accounting Standards Board’s Statement 43 and applicable state and federal law.

ARTICLE 39

RELATING TO THE IMPLEMENTATION

OF THE STREAMLINED SALES AND USE TAX AGREEMENT

This article makes the statutory changes required for the State’s participation in the Streamlined Sales and Use Tax Agreement (SSTA). The SSTA is an agreement among state

1 governments and industry that is designed to simplify the administration of the collection of sales  
2 and use taxes from remote sellers.

3 ARTICLE 40

4 RELATING TO MEDICAL ASSISTANCE – OPTIONAL ELIGIBILITY

5 The article removes entitlement status from non-citizen children for managed health care  
6 benefits.

7 ARTICLE 41

8 RELATING TO CITY, TOWN AND SCHOOL DISTRICT EFFICIENCY

9 This article creates a strategic purchasing advisory commission to coordinate and  
10 improve the efficiency of purchasing collaboration for school districts and municipalities.

11 ARTICLE 42

12 RELATING TO THE OFFICE OF HEALTH AND HUMAN SERVICES

13 This article creates a new Office of Health and Human Services within the executive  
14 branch of government. This office shall coordinate health and human service polices within the  
15 State's five health and human service departments.

16 ARTICLE 43

17 RELATING TO EFFECTIVE DATE

18 This article provides that the act shall take effect upon passage, except as otherwise  
19 provided herein.

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