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ARTICLE 4 AS AMENDED

RELATING TO GOVERNMENT ORGANIZATION

SECTION 1. Section 16-57-10 of the General Laws in Chapter 16-57 entitled "Higher Education Assistance Authority" is hereby amended to read as follows:

16-57-10. Reserve funds. -- To assure the continued operation and solvency of the authority for the carrying out of its corporate purposes, the authority may create and establish any reserve funds as may be necessary or desirable for its corporate purposes, and may pay into the funds any money appropriated and made available by the state, the commissioner, or any other source for the purpose of the funds, and any money collected by the authority as fees for the guaranty of eligible loans.

To assure continued solvency of the authority, the authority's operating fund shall be used solely for the ordinary operating expenses of the authority. Furthermore, it is the intent of the general assembly that these funds eventually be used to increase financial assistance to Rhode Island students in the form of scholarships and grants.

SECTION 2. Section 16-62-7 of the General Laws in Chapter 16-62 entitled "The Rhode Island Student Loan Authority" is hereby amended to read as follows:

16-62-7. Directors, officers, and employees. -- (a) The powers of the authority shall be vested in a board of directors consisting of six (6) members as follows: five (5) members appointed by the governor ~~to the Rhode Island higher education assistance authority~~ from among members of the general public, who are qualified by training or experience in education, finance, or personal investment consulting and made in accordance with subsection (b) of this section as provided in section 16-57-7, all appointments and are subject to the advice and consent of the senate; and the general treasurer, ex-officio. The general treasurer may designate a subordinate within his or her department or agency to represent him or her at all meetings of the board.

(b) All members appointed by the governor shall be appointed to terms of five (5) years, and the governor shall, during the month of January preceding the expiration of each term, appoint a member whose term will then next expire. In the event of a vacancy occurring in the office of a member by death, resignation, removal, or otherwise, the vacancy shall be filled in the same manner as an original appointment but only for the remainder of the term of the former member.

1 ~~(b)~~(c) The directors shall receive no compensation for the performance of their duties
2 under this chapter, but each director shall be reimbursed for his or her reasonable expenses
3 incurred in carrying out those duties. A director may engage in private employment, or in a
4 profession or business.

5 ~~(e)~~(d) The board of directors shall elect one of its members to serve as chairperson. Four
6 (4) directors shall constitute a quorum and any action to be taken by the authority under the
7 provisions of this chapter may be authorized by resolution approved by a majority of the directors
8 present and voting at any regular or special meeting at which a quorum is present. A vacancy in
9 the membership of the board of directors shall not impair the right of a quorum to exercise all the
10 rights and perform all the duties of the authority.

11 ~~(d)~~(e) In addition to electing a chairperson, the board of directors shall appoint a
12 secretary and any additional officers and staff members as they shall deem appropriate and shall
13 determine the amount of compensation, if any, each shall receive. The board of directors may
14 appoint a chief executive officer and vest in that person or his or her subordinates the authority to
15 appoint additional staff members and to determine the amount of compensation each individual
16 shall receive.

17 ~~(e)~~(f) No fulltime employee shall during the period of his or her employment by the
18 authority engage in any other private employment, profession, or business, including, but not
19 limited to, consulting.

20 ~~(f)~~(g) Notwithstanding any other law to the contrary, it shall not be or constitute a
21 conflict of interest for a director, officer, or employee of any financial institution, investment
22 banking firm, brokerage firm, commercial bank, trust company, savings and loan association,
23 credit union, insurance company, educational institution, or any other firm, person, or corporation
24 to serve as a director of the authority nor shall any contract or transaction between the authority
25 and any financial institution, investment banking firm, brokerage firm, commercial bank, trust
26 company, savings and loan association, credit union, insurance company, educational institution,
27 or any other firm, person, or corporation be void or voidable by reason of any service as director
28 of the authority. If any director, officer, or employee of the authority shall be interested either
29 directly or indirectly, or shall be a director, officer, or employee of or have an ownership interest
30 (other than as the owner of less than one percent (1%) of the shares of a publicly held
31 corporation) in any firm or corporation interested directly or indirectly in any contract with the
32 authority, that interest shall be disclosed to the authority and set forth in the minutes of the
33 authority, and the director, officer, or employee having that interest in it shall not participate on
34 behalf of the authority in the authorization of this contract. Interested directors may be counted in

1 determining the presence of a quorum at a meeting of the board of directors of the authority
2 which authorizes the contract or transaction.

3 ~~(g)~~(h) Any action taken by the authority under the provisions of this chapter may be
4 authorized by vote at any regular or special meeting, and each vote shall take effect immediately.

5 ~~(h)~~(i) The board of directors may designate from among its members an executive
6 committee and one or more other committees each of which, to the extent authorized by the board
7 of directors, shall have and may exercise all the authority of the board of directors, but no
8 committee shall have the authority of the board of directors in reference to the disposition of all
9 or substantially all the property and assets of the authority, or amending the bylaws of the
10 authority.

11 ~~(i)~~(j) Any action required by this chapter to be taken at a meeting of the board of
12 directors, or any action which may be taken at a meeting of the board of directors, or committee
13 of it, may be taken without a meeting if a consent in writing, setting forth the action to be taken,
14 shall be signed before or after that action by all of the directors, or all of the members of the
15 committee.

16 ~~(j)~~(k) The board shall conduct a training course for newly appointed and qualified
17 members and new designees of ex-officio members within six (6) months of their qualification or
18 designation. The course shall be developed by the chair of the board, approved by the board, and
19 conducted by the chair of the board. The board may approve the use of any board or staff
20 members or other individuals to assist with training. The training course shall include instruction
21 in the subject area of this chapter and chapters 46 of title 42, 14 of title 36, and 2 of title 38; and
22 the board's rules and regulations. The director of the department of administration shall, within
23 ninety (90) days of the effective date of this act, disseminate training materials relating to the
24 provisions of chapters 46 of title 42, 14 of title 36, and 2 of title 38.

25 SECTION 3. Title 16 of the General Laws entitled "EDUCATION" is hereby amended
26 by adding thereto the following chapter:

27 CHAPTER 97

28 THE RHODE ISLAND BOARD OF EDUCATION ACT

29 Whereas, the twenty-first century has changed the challenges of education in the State of
30 Rhode Island, it is incumbent upon this legislature to modernize the manner in which education
31 shall be governed for future generations;

32 Whereas, the skills gap in Rhode Island continues to deter economic opportunity for
33 many residents, it is incumbent upon this legislature to ensure that higher education institutions in
34 the State of Rhode Island coordinate their efforts with elementary and secondary programs and

1 increase their efforts towards eliminating the skills gap to ensure the State is competitive and the
2 workforce is a marketable asset;

3 Whereas, the separate higher education system in the State of Rhode Island has not
4 capitalized on opportunities and resources that have been made available due in part to a lack of
5 coordination and efficiencies with elementary and secondary education, establishing a seamless
6 singular board of education will promote coordination and increase efficiencies throughout the
7 entirety of the education system within the State of Rhode Island; and

8 Whereas, in an effort to ensure a world class education for all students, a single Board of
9 Education will serve to ensure that all students may achieve educational excellence; now
10 therefore be it

11 Resolved, that the Rhode Island Board of Education Act is hereby established.

12 **16-97-1. Rhode Island board of education established.** – (a) Effective January 1, 2013,
13 there is created a board of education which shall be and is constituted a public corporation,
14 empowered to sue and be sued in its own name, to have a corporate seal, and to be vested with all
15 the powers and duties currently vested in the board of governors for higher education established
16 in chapter 16-59 and the board of regents for elementary and secondary education established in
17 chapter 16-60.

18 (b) Upon its organization, the board of education shall be vested with the legal title (in
19 trust for the state) to all property, real and personal, now owned by and/or under the control or in
20 the custody of the board of governors for higher education and the board of regents for
21 elementary and secondary education, for the use of the board of education. The board of
22 education is hereby-designated successor to all powers, rights, duties, and privileges pertaining to
23 the board of regents for elementary and secondary education and the board of governors for
24 higher education.

25 (c) The board of education shall consist of eleven (11) public members appointed by the
26 governor with the advice and consent of the senate. Four (4) of the members initially appointed
27 pursuant to this section shall serve terms of three (3) years; four (4) members initially appointed
28 pursuant to this section shall serve terms of two (2) years; and, three (3) members initially
29 appointed pursuant to this section shall serve terms of one year. Thereafter, all members
30 appointed pursuant to this section shall serve terms of three (3) years. No board member shall be
31 appointed to serve more than two (2) three (3) year terms.

32 (d) The governor shall select from the appointed members a chairperson and vice
33 chairperson. A quorum shall consist of six (6) members of the board. A majority vote of those
34 present shall be required for action.

1 (e) The statutory responsibilities of the department of elementary and secondary
2 education, the commissioner of elementary and secondary education, and the commissioner of
3 higher education shall remain unchanged. No later than July 1, 2013, the board of education shall
4 submit to the governor and the general assembly its final plan for the permanent administrative
5 structure for higher education. As a requisite element of the administrative structure for higher
6 education, the board of education shall establish a plan for distributing the assets, responsibilities,
7 powers, authorities, and duties of the office of higher education to the three (3) higher education
8 institutions and appropriate state agencies. Said distribution shall be done in a manner designed to
9 maximize efficiency, provide greater articulation of the respective responsibilities of elementary
10 and secondary and higher education, and ensure that students are prepared to succeed in school,
11 college, careers, and life. The permanent governance structure for higher education shall, at a
12 minimum: (1) Provide clear guidance on statutory, legal, financial and contractual obligations; (2)
13 Establish a policy framework that furthers the goals of this chapter; and (3) Establish appropriate
14 administrative structures, support, policies and procedures. Effective July 1, 2014, the office of
15 higher education shall be abolished.

16 **16-97-2. Executive agents of the state board of education.** – (a) The state board of
17 education shall appoint a Commissioner of Elementary and Secondary Education who shall be the
18 board’s executive agent in matters pertaining to elementary and secondary education and who
19 shall have the duties established in R.I.G.L. 16-60-6 . The state board of education shall also
20 appoint a Commissioner of Higher Education who shall be the board’s executive agent in matters
21 pertaining to higher education and who shall have the duties established in R.I.G.L. 16-59-6. The
22 Commissioners shall be employees of the board in the unclassified service and shall not be
23 members of the board and shall serve at the pleasure of the board.

24 **16-97-3. Executive committee of education.** – (a) There is established an executive
25 committee of education that shall be composed of the president of the University of Rhode Island,
26 the president of Rhode Island College, the president of Community College of Rhode Island, the
27 commissioner of higher education, and the commissioner of elementary and secondary education.
28 The commissioner of higher education shall serve as the chairperson of the committee.

29 (b) The committee shall meet on a regular basis, provided, that they shall meet not less
30 than twelve (12) times per year, and the purpose of the committee shall include, but not be limited
31 to, developing coherent plans for the elimination of unnecessary duplication in public education
32 and addressing the future needs of public education within the state in the most efficient and
33 economical manner possible. All recommendations and information gathered at the meetings of
34 the committee shall be forwarded to the board of education by the chairperson of the executive

1 committee for final action of the board of education.

2 (c) Prior to the presentation of any proposal to the board of governors, the committee
3 shall fully examine its impact on public education, including, but not limited to, its impact on
4 educational budgetary requirements, quality of education and elimination of unnecessary
5 duplication. The chairperson of the committee may invite additional participation by faculty and
6 other employees when he or she deems it necessary.

7 **16-97-4. Change of former names.** – Effective January 1, 2013, the term “Rhode Island
8 Board of Education” shall be used in lieu of any then existing law reference made to the board of
9 regents for elementary and secondary education and/or the board of governors for higher
10 education.

11 **16-97-5. Abolishment of boards.** – The board of governors for higher education
12 established in chapter 16-59 and the board of regents for elementary and secondary education
13 established in chapter 16-60 shall cease to exist as of January 1, 2013.

14 **16-97-6. Reporting requirements.** – The board shall submit periodic reports to the
15 speaker of the house, senate president, chairs of the house and senate finance committees and
16 their respective fiscal advisors, the chair of the house health, education and welfare committee,
17 and chair of the senate education committee on its progress towards implementation of this
18 chapter. The first report shall be submitted no later than April 1, 2013 and quarterly thereafter
19 until January 1, 2014. It shall submit a report annually thereafter through 2018.

20 SECTION 4. Section 42-35-18 of the General Laws in Chapter 42-35 entitled
21 "Administrative Procedures" is hereby amended to read as follows:

22 **42-35-18. Effective date of chapter -- Scope of application and exemptions.** -- (a) This
23 chapter shall take effect upon January 1, 1964, and thereupon all acts and parts of acts
24 inconsistent herewith shall stand repealed; provided, however, that except as to proceedings
25 pending on June 30, 1963, this chapter shall apply to all agencies and agency proceedings not
26 expressly exempted.

27 (b) None of the provisions of this chapter shall apply to the following sections and
28 chapters:

- 29 (1) Section 16-32-10 (University of Rhode Island);
- 30 (2) Chapter 41 of title 16 (New England Higher Education Compact);
- 31 (3) Section 16-33-6 (Rhode Island College);
- 32 (4) Chapter 16 of title 23 (Health Facilities Construction Act);
- 33 (5) Chapter 8 of title 20 (Atlantic States Marine Fisheries Compact);
- 34 (6) Chapter 38 of title 28 (Dr. John E. Donley Rehabilitation Center);

- 1 (7) Chapter 7 of title 17 (State Board of Elections);
2 (8) Chapter 16 of title 8 (Judicial Tenure and Discipline);
3 (9) Chapter 61 of title 42 (State Lottery);
4 ~~(10) Chapter 59 of title 16 (Board of Governors for Higher Education);~~
5 ~~(11) Chapter 60 of title 16 (Board of Regents for Elementary and Secondary Education);~~
6 (10) Chapter 24.4 of title 45 (Special Development Districts);
7 (11) Chapter 12 of title 35 (The University of Rhode Island Research Corporation).

8 (c) The provisions of sections 42-35-9, 42-35-10, 42-35-11, 42-35-12 and 42-35-13 shall
9 not apply to:

10 (1) Any and all acts, decisions, findings, or determinations by the board of review of the
11 department of labor and training or the director of the department of labor and training or his, her,
12 its or their duly authorized agents and to any and all procedures or hearings before and by the
13 director or board of review of the department of labor and training or his or her agents under the
14 provisions of chapters 39 -- 44 of title 28.

15 (2) Section 28-5-17 (Conciliation of charges of unlawful practices).

16 (3) Chapter 8 of title 13 (Parole).

17 (4) Any and all acts, decisions, findings or determinations by the administrator of the
18 division of motor vehicles or his or her duly authorized agent and to any and all procedures or
19 hearings before and by said administrator or his or her said agent under the provisions of chapters
20 10, 11, 31 to 33, inclusive, of title 31.

21 (5) Procedures of the board of examiners of hoisting engineers under chapter 26 of title
22 28.

23 (6) Any and all acts, decisions, findings, or determinations made under authority from
24 the provisions of chapters 29 -- 38 of title 28, concerning workers' compensation administration,
25 procedure and benefits.

26 SECTION 5. Title 35 of the General Laws entitled "PUBLIC FINANCE" is hereby
27 amended by adding thereto the following chapter:

28 CHAPTER 35-1.1

29 OFFICE OF MANAGEMENT AND BUDGET

30 **35-1.1-1. Statement of intent.** -- The purpose of this chapter is to establish a
31 comprehensive public finance and management system for the State of Rhode Island that
32 manages a data-driven budget process, monitors state departments' and agencies' performance,
33 maximizes the application for and use of federal grants and ensures accountability and
34 transparency regarding the use of public funds.

1 **35-1.1-2. Establishment of the office of management and budget.** -- There is hereby
2 established within the department of administration an office of management and budget. This
3 office shall serve as the principal agency of the executive branch of state government for
4 managing budgetary functions, performance management, and federal grants management. In this
5 capacity, the office shall:

6 (1) Establish an in-depth form of data analysis within and between departments and
7 agencies, creating a more informed process for resource allocation to best meet the needs of
8 Rhode Island citizens;

9 (2) Identify federal grant funding opportunities to support the Governor’s and General
10 Assembly’s major policy initiatives and provide technical assistance with the application process
11 and post-award grants management;

12 (3) Analyze federal budgetary issues and report on potential impacts to the state;

13 (4) Coordinate the budget functions of the state with performance management
14 objectives,;

15 (5) Maximize efficiencies in departments, agencies, advisory councils and
16 instrumentalities of the State by improving processes and prioritizing programs;

17 (6) Upon the written request of the governor, the director of the department of
18 administration, or the director of the office of management and budget, the office shall conduct
19 audits, provide management advisory and consulting services, or conduct investigations relative
20 to the financial affairs or the efficiency of management, or both, of any state department or
21 agency. The office may from time to time make such investigations and additional reports to the
22 governor, the director of the department of administration or the director of the office of
23 management and budget shall deem necessary or advisable.

24 **35-1.1-3. Director of management and budget – Appointment and responsibilities.** –

25 (a) Within the department of administration there shall be a director of management and budget,
26 who shall be appointed by the director of administration with the approval of the governor. The
27 director shall be responsible to the governor and director of administration for supervising the
28 office of management and budget and for managing and providing strategic leadership and
29 direction to the budget officer, the performance management office, and the federal grants
30 management office.

31 (b) The director of management and budget shall be responsible to:

32 (1) Oversee, coordinate and manage the functions of the budget officer as set forth by
33 section 35-3, program performance management as set forth by section 35-3-24.1, approval of
34 agreements with federal agencies defined by section 35-3-25 and budgeting, appropriation and

1 receipt of federal monies as set forth by chapter 42-41;
2 (2)Manage federal fiscal proposals and guidelines, and serve as the State Clearinghouse
3 for the application of federal grants; and,
4 (3) Maximize the indirect cost recoveries by state agencies set forth by section 35-4-23.1.
5 **35-1.1-4. Offices and functions assigned to the office of management and budget –**
6 **Powers and duties.** – (a) The offices assigned to the office of management and budget include
7 the budget office, the performance management office and the federal grants management office.
8 (b) The offices assigned to the office of management and budget shall:
9 (1) Exercise their respective powers and duties in accordance with their statutory
10 authority and the general policy established by the governor or by the director acting on behalf of
11 the governor or in accordance with the powers and authorities conferred upon the director by this
12 chapter;
13 (2) Provide such assistance or resources as may be requested or required by the governor
14 and/or the director;
15 (3) Provide such records and information as may be requested or required by the
16 governor and/or the director, to the extent allowed under the provisions of any applicable general
17 or public law, regulation, or agreement relating to the confidentiality, privacy or disclosure of
18 such records or information; and,
19 (c) Except as provided herein, no provision of this chapter or application thereof shall be
20 construed to limit or otherwise restrict the budget officer from fulfilling any statutory requirement
21 or complying with any valid rule or regulation.
22 **35-1.1-5. Federal grants management.** -- (a) The office of management and budget
23 shall be responsible for managing federal grant applications, providing administrative assistance
24 to agencies regarding reporting requirements, providing technical assistance and approving
25 agreements with federal agencies pursuant to section 35-1-1. The director shall:
26 (1) Establish state goals and objectives for maximizing the utilization of federal aid
27 programs;
28 (2) Ensure that the state establishes and maintains statewide federally-mandated grants
29 management processes and procedures as mandated by the federal Office of Management and
30 Budget;
31 (3) Promulgate procedures and guidelines for all state departments, agencies, advisory
32 councils, instrumentalities of the state and public higher education institutions covering
33 applications for federal grants;
34 (4) Require, upon request, any state department, agency, advisory council,

1 instrumentality of the state or public higher education institution receiving a grant of money from
2 the federal government to submit a report to the director of expenditures and program measures
3 for the fiscal period in question;

4 (5) Ensure state departments and agencies adhere to the requirements of section 42-41-
5 5 regarding Legislative appropriation authority and delegation thereof;

6 (6) Assist the state controller in managing and overseeing the disbursements of federal
7 funds in accordance with section 35-6-42;

8 (7) Assist the state controller in the preparation of the statewide cost allocation plan and
9 serve as the monitoring agency to ensure that state departments and agencies are working within
10 the guidelines contained in the plan; and,

11 (8) Provide technical assistance to agencies to ensure resolution and closure of all single
12 state audit findings and recommendations made by the Auditor General related to Federal
13 funding.

14 (b) The office of management and budget shall serve as the State Clearinghouse for
15 purposes of coordinating federal grants, aid and assistance applied for and/or received by any
16 state department, agency, advisory council or instrumentality of the state. Any state department,
17 agency, advisory council, or instrumentality of the state applying for federal funds, aids, loans, or
18 grants shall file a summary notification of the intended application with the director.

19 (1) When as a condition to receiving federal funds, the state is required to match the
20 federal funds, a statement shall be filed with the notice of intent or summary of the application
21 stating:

22 (i) The amount and source of state funds needed for matching purposes;

23 (ii) The length of time the matching funds shall be required;

24 (iii) The growth of the program;

25 (iv) How the program will be evaluated;

26 (v) What action will be necessary should the federal funds be canceled, curtailed, or
27 restricted; and,

28 (vi) Any other financial and program management data required by the office or by law.

29 (2) Except as otherwise required, any application submitted by an executive agency for
30 federal funds, aids, loans, or grants which will require state matching or replacement funds at the
31 time of application or at any time in the future, must be approved by the director or their
32 designated agents prior to its filing with the appropriate federal agency. Any application
33 submitted by an executive agency for federal funds, aids, loans, or grants which will require state
34 matching or replacement funds at the time of application or at any time in the future, when funds

1 have not been appropriated for that express purpose, must be approved by the General Assembly
2 in accordance with section 42-41-5. When the general assembly is not in session, the application
3 shall be reported to and reviewed by the Director pursuant to rules and regulations promulgated
4 by the Director.

5 (3) When any federal funds, aids, loans, or grants are received by any state department,
6 agency, advisory council or instrumentality of the state, a report of the amount of funds received
7 shall be filed with the office; and this report shall specify the amount of funds which would
8 reimburse an agency for indirect costs, as provided for under federal OMB Circular A-87.

9 (4) The director may refuse to issue approval for the disbursement of any state or federal
10 funds from the State Treasury as the result of any application which is not approved as provided
11 by this section, or in regard to which the statement or reports required by this section were not
12 filed.

13 (5) The director shall be responsible for the orderly administration of this section and for
14 issuing the appropriate guidelines and regulations from each source of funds used.

15 **35-1.1-6. Office of Management and Budget expenses.** -- (a) There is created a
16 restricted receipt account for the office of management and budget to be known as OMB
17 administrative expense account. Payments from the account shall be limited to expenses for
18 administrative oversight and management of federal and state funds received by the state
19 agencies..

20 (b) All amounts deposited in the office of management and budget accounts shall be
21 exempt from the indirect cost recovery provisions of section 35-4-27.

22 (c) The office of management and budget is authorized to receive indirect costs on federal
23 funds to cover oversight expenses

24 **35-1.1-7. Appointment of employees.** – The director of administration, subject to the
25 provisions of applicable state law, shall be the appointing authority for all employees of the office
26 of management and budget. The director of administration may delegate this function to such
27 subordinate officers and employees of the office as may to him or her seem feasible or desirable.

28 **35-1.1-8. Appropriations and disbursements.** – The general assembly shall annually
29 appropriate such sums as it may deem necessary for the purpose of carrying out the provisions of
30 this chapter. The state controller is hereby authorized and directed to draw his or her orders upon
31 the general treasurer for the payment of such sum or sums, or so much thereof as may from time
32 to time be required, upon receipt by him or her of proper vouchers approved by the director of the
33 office of management and budget, or his or her designee.

34 **35-1.1-9. Cooperation of other state executive branch agencies.** – (a) The departments

1 and other agencies of the state of the executive branch that have not been assigned to the
2 executive office of management and budget under this chapter shall assist and cooperate with the
3 executive office as may be required by the governor and/or requested by the director of
4 management and budget, this assistance may include, but not be limited to, utilizing staff
5 resources from other departments or agencies for special projects within a defined period of time
6 to improve processes within agencies and/or lead to cost savings.

7 (b) Within thirty (30) days following the date of the issuance of a final audit report
8 completed pursuant to subdivision 35-1.1-2(6) , the head of the department, agency or private
9 entity audited shall respond in writing to each recommendation made in the final audit report.
10 This response shall address the department's, agency's or private entity's plan of implementation
11 for each specific audit recommendation and, if applicable, the reasons for disagreement with any
12 recommendation proposed in the audit report. Within one year following the date on which the
13 audit report was issued, the office may perform a follow-up audit for the purpose of determining
14 whether the department, agency or private entity has implemented, in an efficient and effective
15 manner, its plan of action for the recommendations proposed in the audit report.

16 **35-1.1-10. Organizational reviews and special initiatives.** – (a) The director of the
17 office of management and budget is hereby directed to conduct research and analysis to study the
18 programs of the department of transportation and other quasi-transportation related agencies not
19 limited to bridge, vehicle and winter maintenance efficiencies and effectiveness. The director of
20 the office of management and budget is authorized to consult with the appropriate federal
21 agencies and departments that provide funds to, or delegate authority to, the state department of
22 transportation and other quasi-transportation related agencies.

23 (b) This plan shall address the goal of improving efficiency of transportation programs;
24 identifying similar programs that are being performed.

25 (c) The office of management and budget is directed to report findings,
26 recommendations, and alternative designs to the governor and general assembly no later than
27 November 1, 2012 with copies to the governor, speaker of the house, senate president, chairs of
28 the house and senate finance committees and their respective fiscal advisors.

29 (d) The report shall include a strategic plan that outlines the mission, goals, the estimated
30 cost and timelines to implement said recommendations, and the federal and state mandates
31 associated with the current programs. The report shall provide a clear definition of roles and
32 responsibilities, including those responsible for implementing the proposed recommendations.
33 The analysis shall develop outcome measures and an appropriate timeline to measure
34 implementation progress. It shall also include:

1 (1) An examination of the various organizational structures in other states, evaluating
2 their strengths and weaknesses, and how they may or may not be applicable in Rhode Island. This
3 should include an evaluation of the best practices regarding efficiencies.

4 (2) An analysis of what programs and responsibilities could be more efficiently
5 implemented and managed. This should include, but not be limited to, strategies to reorganize and
6 or centralize transportation programs.

7 (3) An evaluation of the federal, state and other revenues that support these programs,
8 and the impacts on revenues and expenses associated with the alternatives and recommendations.

9 (e) The department of transportation and other quasi-transportation related agencies shall
10 furnish such advice and information, documentary or otherwise, to the director of the office of
11 management and budget as is deemed necessary or desirable to facilitate the purposes of the
12 study.

13 **35-1.1-11. Rules and regulations.** – The office of management and budget shall be
14 deemed an agency for purposes of section 42-35-1, et seq. of the Rhode Island general laws. The
15 director shall make and promulgate such rules and regulations, and establish fee schedules not
16 inconsistent with state law and fiscal policies and procedures as he or she deems necessary for the
17 proper administration of this chapter and to carry out the policy and purposes thereof.

18 **35-1.1-12. Severability.** – If any provision of this chapter or the application thereof to
19 any person or circumstance is held invalid, such invalidity shall not effect other provisions or
20 applications of the chapter, which can be given effect without the invalid provision or application,
21 and to this end the provisions of this chapter are declared to be severable.

22 SECTION 6. Section 35-1-1 of the General Laws in Chapter 35-1 entitled “Fiscal
23 Functions of Department of Administration” is hereby amended to read as follows:

24 **35-1-1. Approval of agreements with federal agencies.** – No department or agency of
25 the state shall enter into an agreement with a federal agency involving state funds without the
26 approval of the ~~director of administration or the director's~~ director of the office of management
27 and budget or his or her duly authorized agents.

28 SECTION 7. Sections 35-3-1 and 35-3-24.1 of the General Laws in Chapter 35-3 entitled
29 “State Budget” are hereby amended to read as follows:

30 **35-3-1. Budget officer – General powers and duties.** – (a) Within the ~~department of~~
31 ~~administration~~ office of management and budget there shall be a budget officer who shall be
32 appointed by the director of administration with the approval of the governor. The budget officer
33 shall be required to:

34 (1) Exercise budgetary control over all state departments and agencies and perform

1 management analyses;

2 (2) Operate an appropriation allotment system;

3 (3) Prepare the annual budget of the receipts and expenditures of the state;

4 (4) Develop long term activity and financial programs, particularly capital improvement
5 programs;

6 (5) Approve or disapprove all requests for new personnel and to investigate periodically
7 the need of all existing positions in the state service and report thereon to the director of
8 administration; and

9 (6) Prepare a five (5) year financial projection of anticipated general revenue receipts and
10 expenditures, including detail of principal revenue sources and expenditures by major program
11 areas, which projection shall be included in the budget submitted to the general assembly
12 pursuant to § 35-3-7.

13 (b) The budget officer may approve or disapprove requisitions for equipment, materials,
14 and supplies.

15 (c) The budget officer's duties and powers relating to budgetary controls and personnel
16 requests of the legislative and judicial departments shall be purely ministerial, concerned only
17 with the availability of the funds, and in no event shall the budget officer interpose his or her
18 judgment regarding the wisdom or expediency of items of expenditure.

19 **35-3-24.1 Program performance measurement.** – (a) Beginning with the fiscal year
20 ending June 30, 1997, the governor shall submit, as part of each budget submitted to the general
21 assembly pursuant to § 35-3-7, performance objectives for each program in the budget for the
22 ensuing fiscal year, estimated performance data for the fiscal year in which the budget is
23 submitted, and actual performance data for the preceding two (2) completed fiscal years.
24 Performance data shall include efforts at achieving equal opportunity hiring goals as defined in
25 the department's annual affirmative action plan. The governor shall, in addition, recommend
26 appropriate standards against which to measure program performance. Performance in prior years
27 may be used as a standard where appropriate. These performance standards shall be stated in
28 terms of results obtained.

29 (b) The governor may submit, in lieu of any part of the information required to be
30 submitted pursuant to subsection (a), an explanation of why the information cannot, as a practical
31 matter be submitted.

32 (c)(1) The office of management and budget shall be responsible for managing and
33 collecting program performance measures on behalf of the governor. The office is authorized to
34 conduct performance reviews and audits of agencies to determine progress towards achieving

1 [performance objectives for programs.](#)

2 [\(2\) In order to collect performance measures from agencies, review performance and](#)
3 [provide recommendations the office of budget and management is authorized to coordinate with](#)
4 [the bureau of audits regarding the findings and recommendations that result from audits](#)
5 [conducted by the bureau.](#)

6 SECTION 8. Section 36-4-2 of the General Laws in Chapter 36-4 entitled “Merit
7 System” is hereby amended to read as follows:

8 **36-4-2. Positions in unclassified service.** – The classified service shall comprise all
9 positions in the state service now existing or hereinafter established, except the following specific
10 positions which with other positions heretofore or hereinafter specifically exempted by legislative
11 act shall constitute the unclassified service:

12 (1) Officers and legislators elected by popular vote and persons appointed to fill
13 vacancies in elective offices.

14 (2) Employees of both houses of the general assembly.

15 (3) Officers, secretaries, and employees of the office of the governor, office of the
16 lieutenant governor, department of state, department of the attorney general, and the treasury
17 department.

18 (4) Members of boards and commissions appointed by the governor, members of the state
19 board of elections and the appointees of the board, members of the commission for human rights
20 and the employees of the commission, and directors of departments.

21 (5) The following specific offices:

22 (i) In the department of administration: director, chief information officer, [director of](#)
23 [office of management and budget, and director of performance management;](#)

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 and director of veterans' affairs;

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 division of elderly affairs: director;
- 4 (xiii) In the department of behavioral healthcare, developmental disabilities and hospitals:
5 director;
- 6 (xiv) In the department of corrections: director, assistant director (institutions/operations),
7 assistant director (rehabilitative services), assistant director (administration), and wardens;
- 8 (xv) In the department of children, youth and families: director, one assistant director,
9 one associate director, and one executive director;
- 10 (xvi) In the public utilities commission: public utilities administrator;
- 11 (xvii) In the water resources board: general manager;
- 12 (xviii) In the human resources investment council: executive director.
- 13 (xix) In the office of health and human services: secretary of health and human services.
- 14 (6) Chief of the hoisting engineers, licensing division, and his or her employees;
15 executive director of the veterans memorial building and his or her clerical employees.
- 16 (7) One confidential stenographic secretary for each director of a department and each
17 board and commission appointed by the governor.
- 18 (8) Special counsel, special prosecutors, regular and special assistants appointed by the
19 attorney general, the public defender and employees of his or her office, and members of the
20 Rhode Island bar occupying a position in the state service as legal counsel to any appointing
21 authority.
- 22 (9) The academic and/or commercial teaching staffs of all state institution schools, with
23 the exception of those institutions under the jurisdiction of the board of regents for elementary
24 and secondary education and the board of governors for higher education.
- 25 (10) Members of the military or naval forces, when entering or while engaged in the
26 military or naval service.
- 27 (11) Judges, referees, receivers, clerks, assistant clerks, and clerical assistants of the
28 supreme, superior, family, and district courts, the traffic tribunal, security officers of the traffic
29 tribunal, jurors and any persons appointed by any court.
- 30 (12) Election officials and employees.
- 31 (13) Executive high sheriff, chief deputy sheriff, sheriffs, deputy sheriffs, and other
32 employees of the sheriffs division within the department of public safety.
- 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)(i) Persons employed to make or conduct a temporary and special inquiry,
4 investigation, project or examination on behalf of the legislature or a committee therefor, or on
5 behalf of any other agency of the state if the inclusion of these persons in the unclassified service
6 is approved by the personnel administrator. The personnel administrator shall notify the house
7 fiscal advisor and the senate fiscal advisor whenever he or she approves the inclusion of a person
8 in the 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 within the department of public safety.

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 marine infrastructure specialist within
19 the coastal resources management council.

20 (22) Employees of the office of the health insurance commissioner.

21 (23) In the department of revenue: the director, secretary, attorney.

22 (24) In the department of public safety: the director.

23 SECTION 9. Section 42-11-2.4 of the General Laws in Chapter 42-11 entitled
24 "Department of Administration" is hereby amended to read as follows:

25 **42-11-2.4. State Fleet Replacement Revolving Loan Fund.** -- (a) There is hereby
26 created as a separate fund within the treasury to be known as the state fleet replacement revolving
27 loan fund which shall be administered by the general treasurer in accordance with the same laws
28 and fiscal procedures as the general funds of the state. This fund, hereafter referred to as the
29 "revolving loan fund", shall consist of such sums as the state may from time to time appropriate,
30 as well as money received from the disposal of used vehicles, loan, interest and service charge
31 payments from benefiting state agencies, as well as interest earnings, money received from the
32 federal government, gifts, bequests, donations, or otherwise from any public or private source.

33 (b) This fund shall be used for the purpose of acquiring motor vehicles, both new and
34 used, and vehicle-related equipment and attachments for state departments and agencies.

1 (c) The proceeds from the repayment of any loans made for the purposes authorized
2 under this chapter shall be deposited in and returned to the revolving loan fund in order to
3 constitute a continuing revolving fund for the purposes listed above.

4 (d) The office of state fleet operations of the Rhode Island department of administration
5 shall adopt rules and regulations consistent with the purposes of this chapter and chapter 35 of
6 title 42, in order to provide for the orderly and equitable disbursement and repayment of funds
7 from the revolving loan fund.

8 (e) Provided; however, a total of four million two hundred thousand dollars (\$4,200,000)
9 shall be made available for the required twenty percent (20%) match for the Rhode Island Public
10 Transit Authority to obtain federal funds to purchase buses through FY 2017.

11 SECTION 10. Chapter 42-11 of the general laws entitled, "Department of
12 Administration" is hereby amended by adding thereto the following section:

13 **42-11-2.6. Office of Digital Excellence established.--** (a) Within the department there
14 shall be established the Office of Digital Excellence. The purposes of the office shall be to move
15 RI state government into the 21st century through the incorporation of innovation and modern
16 digital capabilities throughout state government and to leverage technology to expand and
17 improve the quality of services provided to RI citizens, to promote greater access to government
18 and the internet throughout cities and towns, and to position Rhode Island as a national leader in
19 e-government.

20 (b) Within the office there shall be a chief digital officer who shall be appointed by the
21 director of administration with the approval of the governor and who shall be in the unclassified
22 service. The chief digital officer shall be required to:

23 (1) Manage the implementation of all new and mission critical technology infrastructure
24 projects and upgrades for state agencies. The division of information technology established
25 pursuant to executive order 04-06 shall continue to manage and support all day-to-day operations
26 of the state's technology infrastructure, telecommunications, and associated applications;

27 (2) Increase the number of government services that can be provided online in order to
28 allow residents and businesses to complete transactions in a more efficient and transparent
29 manner;

30 (3) Improve the state's websites to provide timely information to online users and as
31 many government services as possible online; and

32 (4) Establish, improve and enhance the state's use of social media and mobile
33 technological applications.

34 (c) The office shall coordinate its efforts with the division of information technology in

1 order to plan, allocate and implement projects supported by the information technology
2 investment fund established pursuant to 42-11-2.5.

3 (d) All intellectual property created as a result of work undertaken by employees of the
4 office shall remain the property of the state of Rhode Island and Providence Plantations. Any
5 patents applied for shall be in the name of the state.

6 (e) The director of administration may promulgate rules and regulations recommended by
7 the chief digital officer in order to effectuate the purposes and requirements of this act.

8 (f) The chief digital officer shall report no later than January 31, 2013 and every January
9 31 thereafter to the governor, the speaker of the house of representatives and the senate president
10 regarding the implementation status of all technology infrastructure projects, website
11 improvements, number of e-government transactions and revenues generated, projects supported
12 by the information technology investment fund and all other activities undertaken by the office.
13 The annual report shall be posted on the office's website.

14 SECTION 11. Chapter 42-12 of the General Laws entitled "Department of Human
15 Services" is hereby amended by adding thereto the following section:

16 **42-12-1.5. Transfer of functions from the office of energy resources.** – (a) There is
17 hereby transferred from the office of energy resources to the department of human services the
18 administration, management, all functions and resources associated with :

19 (1) The federal low-income home energy assistance program (LIHEAP), which provides
20 heating assistance to eligible low-income persons and any state funded or privately funded
21 heating assistance program of a similar nature assigned to it for administration;

22 (2) The weatherization assistance program, which offers home weatherization grants and
23 heating system upgrades to LIHEAP eligible households; and,

24 (3) The emergency fuel program, which provides oil deliveries to families experiencing a
25 heating emergency.

26 (b) The department is authorized to request advisory assistance from the office of energy
27 resources in order to maintain continuity of assistance provided to LIHEAP eligible households
28 pursuant to section 39-2-1(d).

29 SECTION 12. Sections 23-82-3, 23-82-4 and 23-82-6 of the General Laws in Chapter 23-
30 82 entitled "Implementation of the Regional Greenhouse Gas Initiative Act" are hereby amended
31 to read as follows:

32 **23-82-3. Definitions.** -- As used in this chapter:

33 (1) "Allowance" means an authorization to emit a fixed amount of carbon dioxide;

34 ~~(2)~~ (4) "Department" means department of environmental management;

1 ~~(3)~~ (6) "Regional greenhouse gas initiative" or "RGGI" means the memorandum of
2 understanding (MOU) dated December 20, 2005, as may be amended, and corresponding model
3 rule, as may be amended, that establishes an electric power sector carbon emissions cap and trade
4 program.

5 ~~(4)~~ (5) "Office" means the office of energy resources; and

6 ~~(5)~~ (3) "Council" means the energy efficiency and resources management council.

7 (2) "Board" means the renewable energy coordinating board established pursuant to
8 chapter 42-140.3.

9 **23-82-4. Regional greenhouse gas initiative implementation.** -- (a) The department
10 shall, in consultation with the public utilities commission, the office, ~~and the~~ council, and board,
11 through rules and regulations, establish the state's rules for participation in RGGI.

12 (b) The department's rules and regulations for participation in a carbon cap and trade
13 program shall be designed to meet the mutual understandings and commitments for participation
14 in RGGI, and permit the holders of carbon allowances to trade them in a regional market to be
15 established through the RGGI.

16 ~~(c) The department's rules and regulations shall ensure that the carbon allowances under~~
17 ~~this program and the revenues associated with their sale are used exclusively for the purposes~~
18 ~~contained in this legislation.~~

19 ~~(d)~~(c) The responsibilities created by implementing RGGI shall be in addition to all other
20 responsibilities imposed by any other general or special law or rule or regulation and shall not
21 diminish or reduce any power or authority of the department, including the authority to adopt
22 standards and regulations necessary for the state to join and fully participate in any multi-state
23 program, at any stage in the development and implementation of such a program, intended to
24 control emissions of carbon dioxide and/or other substances that are determined by the
25 department to be damaging and/or altering the climate.

26 **23-82-6. Use of auction or sale proceeds.** -- (a) The proceeds from the auction or sale of
27 the allowances shall be used for the benefit of energy consumers through investment in the most
28 cost-effective available projects that can reduce long-term consumer energy demands and costs.
29 Such proceeds may be used only for the following purposes, in a proportion to be determined
30 annually by the office in consultation with the council and the ~~department~~ board:

31 (1) Promotion of cost-effective energy efficiency and conservation in order to achieve
32 the purposes of section 39-1-27.7;

33 (2) Promotion of cost-effective renewable non-carbon emitting energy technologies in
34 Rhode Island as defined in ~~Rhode Island general law~~ section 39-26-5 and to achieve the purposes

1 [of chapter 39-26 entitled "Renewable Energy Standard";](#)

2 (3) Cost-effective direct rate relief for consumers;

3 (4) Direct rate relief for low-income consumers;

4 (5) Reasonable compensation to an entity selected to administer the auction or sale; and

5 (6) Reasonable costs of the department and office in administering this program, which
6 shall not in any year exceed three hundred thousand dollars (\$300,000) or five percent (5%) of
7 the proceeds from sale or auction of the allowances, whichever is less. [Administrative funds not
8 expended in any fiscal year shall remain in the administrative account to be used as needed in
9 subsequent years. The office of energy resources shall have the ability to apply administrative
10 funds not used in a fiscal year to achieve the purpose of this section. The funds deposited into the
11 administrative funds account shall be exempt from the indirect cost recovery provisions of section
12 35-4-27.](#)

13 (b) Any interest earned on the funds so generated must be credited to the fund. Funds not
14 spent in any fiscal year shall remain in the fund to be used for future energy efficiency and carbon
15 reduction programs.

16 (c) Annually, the office, in consultation with ~~the department and the~~ council [and board](#),
17 shall prepare a draft proposal on how the proceeds from the allowances shall be allocated. The
18 draft proposal shall be designed to augment and coordinate with existing energy efficiency and
19 renewable energy ~~low-income~~ programs, and shall not propose use of auction proceeds for
20 projects already funded under other programs. The proposal for allocation of proceeds in
21 subsections 23-82-6(1), (2) and (3) shall be one that best achieves the purposes of the law,
22 namely, lowering carbon emissions and minimizing costs to consumers over the long term. The
23 office shall hold a public hearing and accept public comment on the draft proposal in accordance
24 with chapter 42-35 (the "Administrative Procedure Act"). Once the proposal is final, the
25 ~~department office~~ shall authorize the disbursement of funds in accordance with the final plan.

26 (d) The office shall prepare, in consultation with ~~the department and the~~ council [and](#)
27 [board](#), a report by ~~January 1st~~ [April 15th](#) of each year describing the implementation and operation
28 of RGGI, the revenues collected and the expenditures, [including funds that were allocated to the
29 energy efficiency and renewable energy programs, and the individuals, businesses and vendors
30 that received funding](#), made under this section, the statewide energy efficiency and carbon
31 reduction programs, and any recommendations for changes to law relating to the state's energy
32 conservation or carbon reduction efforts. The report shall be made public [and be posted
33 electronically on the website of the office of energy resources](#) and shall also be submitted to the
34 general assembly.

1 SECTION 13. Section 39-1-27.7 of the General Laws in Chapter 39-1 entitled "Public
2 Utilities Commission" is hereby amended to read as follows:

3 **39-1-27.7. System reliability and least-cost procurement.** -- Least-cost procurement
4 shall comprise system reliability and energy efficiency and conservation procurement as provided
5 for in this section and supply procurement as provided for in section 39-1-27.8, as complementary
6 but distinct activities that have as common purpose meeting electrical and natural gas energy
7 needs in Rhode Island, in a manner that is optimally cost-effective, reliable, prudent and
8 environmentally responsible.

9 (a) The commission shall establish not later than June 1, 2008, standards for system
10 reliability and energy efficiency and conservation procurement, which shall include standards and
11 guidelines for:

12 (1) System reliability procurement, including but not limited to:

13 (i) Procurement of energy supply from diverse sources, including, but not limited to,
14 renewable energy resources as defined in chapter 26 of this title;

15 (ii) Distributed generation, including, but not limited to, renewable energy resources and
16 thermally leading combined heat and power systems, which is reliable and is cost-effective, with
17 measurable, net system benefits;

18 (iii) Demand response, including, but not limited to, distributed generation, back-up
19 generation and on-demand usage reduction, which shall be designed to facilitate electric customer
20 participation in regional demand response programs, including those administered by the
21 independent service operator of New England ("ISO-NE") and/or are designed to provide local
22 system reliability benefits through load control or using on-site generating capability;

23 (iv) To effectuate the purposes of this division, the commission may establish standards
24 and/or rates (A) for qualifying distributed generation, demand response, and renewable energy
25 resources; (B) for net-metering; (C) for back-up power and/or standby rates that reasonably
26 facilitate the development of distributed generation; and (D) for such other matters as the
27 commission may find necessary or appropriate.

28 (2) Least-cost procurement, which shall include procurement of energy efficiency and
29 energy conservation measures that are prudent and reliable and when such measures are lower
30 cost than acquisition of additional supply, including supply for periods of high demand.

31 (b) The standards and guidelines provided for by subsection (a) shall be subject to
32 periodic review and as appropriate amendment by the commission, which review will be
33 conducted not less frequently than every three (3) years after the adoption of the standards and
34 guidelines.

1 (c) To implement the provisions of this section:

2 (1) The commissioner of the office of energy resources and the energy efficiency and
3 resources management council, either or jointly or separately, shall provide the commission
4 findings and recommendations with regard to system reliability and energy efficiency and
5 conservation procurement on or before March 1, 2008, and triennially on or before March 1,
6 thereafter through March 1, 2017. [The report shall be made public and be posted electronically on](#)
7 [the website to the office of energy resources.](#)

8 (2) The commission shall issue standards not later than June 1, 2008, with regard to
9 plans for system reliability and energy efficiency and conservation procurement, which standards
10 may be amended or revised by the commission as necessary and/or appropriate.

11 (3) The energy efficiency and resources management council shall prepare by July 15,
12 2008, a reliability and efficiency procurement opportunity report which shall identify
13 opportunities to procure efficiency, distributed generation, demand response and renewables,
14 which report shall be submitted to the electrical distribution company, the commission, the office
15 of energy resources and the joint committee on energy.

16 (4) Each electrical and natural gas distribution company shall submit to the commission
17 on or before September 1, 2008, and triennially on or before September 1, thereafter through
18 September 1, 2017, a plan for system reliability and energy efficiency and conservation
19 procurement. In developing the plan, the distribution company may seek the advice of the
20 commissioner and the council. The plan shall include measurable goals and target percentages for
21 each energy resource, pursuant to standards established by the commission, including efficiency,
22 distributed generation, demand response, combined heat and power, and renewables. [The plan](#)
23 [shall be made public and be posted electronically on the website to the office of energy resources,](#)
24 [and shall also be submitted to the general assembly.](#)

25 (5) The commission shall issue an order approving all energy efficiency measures that
26 are cost effective and lower cost than acquisition of additional supply, with regard to the plan
27 from the electrical and natural gas distribution company, and reviewed and approved by the
28 energy efficiency and resources management council, and any related annual plans, and shall
29 approve a fully reconciling funding mechanism to fund investments in all efficiency measures
30 that are cost effective and lower cost than acquisition of additional supply, not greater than sixty
31 (60) days after it is filed with the commission.

32 (6) Each electrical and natural gas distribution company shall provide a status report,
33 which shall be public, on the implementation of least cost procurement on or before December
34 15, 2008, and on or before February 1, 2009, to the commission, the division, the commissioner

1 of the office of energy resources and the energy efficiency and resources management council
2 which may provide the distribution company recommendations with regard to effective
3 implementation of least cost procurement. The report shall include the targets for each energy
4 resource included in the order approving the plan and the achieved percentage for energy
5 resource, including the achieved percentages for efficiency, distributed generation, demand
6 response, combined heat and power, and renewables [as well as the current funding allocations for](#)
7 [each eligible energy resource and the businesses and vendors in Rhode Island participating in the](#)
8 [programs. The report shall be posted electronically on the website of the office of energy](#)
9 [resources.](#)

10 (d) If the commission shall determine that the implementation of system reliability and
11 energy efficiency and conservation procurement has caused or is likely to cause under or over-
12 recovery of overhead and fixed costs of the company implementing said procurement, the
13 commission may establish a mandatory rate adjustment clause for the company so affected in
14 order to provide for full recovery of reasonable and prudent overhead and fixed costs.

15 (e) The commission shall conduct a contested case proceeding to establish a performance
16 based incentive plan which allows for additional compensation for each electric distribution
17 company and each company providing gas to end-users and/or retail customers based on the level
18 of its success in mitigating the cost and variability of electric and gas services through
19 procurement portfolios.

20 SECTION 14. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of
21 Utilities and Carriers" is hereby amended to read as follows:

22 **39-2-1.2. Utility base rate -- Advertising, demand side management and renewables.**

23 -- (a) In addition to costs prohibited in section 39-1-27.4(b), no public utility distributing or
24 providing heat, electricity, or water to or for the public shall include as part of its base rate any
25 expenses for advertising, either direct or indirect, which promotes the use of its product or
26 service, or is designed to promote the public image of the industry. No public utility may furnish
27 support of any kind, direct, or indirect, to any subsidiary, group, association, or individual for
28 advertising and include the expense as part of its base rate. Nothing contained in this section shall
29 be deemed as prohibiting the inclusion in the base rate of expenses incurred for advertising,
30 informational or educational in nature, which is designed to promote public safety conservation of
31 the public utility's product or service. The public utilities commission shall promulgate such rules
32 and regulations as are necessary to require public disclosure of all advertising expenses of any
33 kind, direct or indirect, and to otherwise effectuate the provisions of this section.

34 (b) Effective as of January 1, 2008, and for a period of ten (10) years thereafter, each

1 electric distribution company shall include charges per kilowatt-hour delivered to fund demand
2 side management programs and 0.3 mills per kilowatt-hour delivered to fund renewable energy
3 programs. The electric distribution company shall establish and after July 1, 2007, maintain two
4 (2) separate accounts, one for demand side management programs, which shall be administered
5 and implemented by the distribution company, subject to the regulatory reviewing authority of the
6 commission, and one for renewable energy programs, which shall be administered by the
7 economic development corporation pursuant to section 42-64-13.2 and, shall be held and
8 disbursed by the distribution company as directed by the economic development corporation for
9 the purposes of developing, promoting and supporting renewable energy programs.

10 During the ten (10) year period the commission may, in its discretion, after notice and
11 public hearing, increase the sums for demand side management and renewable resources;
12 thereafter, the commission shall, after notice and public hearing, determine the appropriate charge
13 for these programs. The office of energy resources and/or the administrator of the renewable
14 energy programs may seek to secure for the state an equitable and reasonable portion of
15 renewable energy credits or certificates created by private projects funded through those
16 programs. As used in this section, "renewable energy resources" shall mean: (1) power generation
17 technologies as defined in section 39-26-5, "eligible renewable energy resources", including off-
18 grid and on-grid generating technologies located in Rhode Island as a priority; (2) research and
19 development activities in Rhode Island pertaining to eligible renewable energy resources and to
20 other renewable energy technologies for electrical generation; or (3) projects and activities
21 directly related to implementing eligible renewable energy resources projects in Rhode Island.
22 Technologies for converting solar energy for space heating or generating domestic hot water may
23 also be funded through the renewable energy programs, ~~so long as these technologies are installed~~
24 ~~on housing projects that have been certified by the executive director of the Rhode Island housing~~
25 ~~and mortgage finance corporation as serving low income Rhode Island residents.~~ Fuel cells may
26 be considered an energy efficiency technology to be included in demand sided management
27 programs. Special rates for low-income customers in effect as of August 7, 1996 shall be
28 continued, and the costs of all of these discounts shall be included in the distribution rates
29 charged to all other customers. Nothing in this section shall be construed as prohibiting an electric
30 distribution company from offering any special rates or programs for low-income customers
31 which are not in effect as of August 7, 1996, subject to the approval by the commission.

32 ~~(c) On or before November 15, 2008, the economic development corporation shall create~~
33 ~~the municipal renewable energy investment program utilizing the lesser of fifty percent (50%) or~~
34 ~~one million dollars (\$1,000,000) collected annually from the .3 mills per kilo-watt hour charge for~~

1 ~~renewable energy programs, to fund qualified municipal renewable energy projects in accordance~~
2 ~~with this chapter and the following provisions:~~

3 ~~(1) The municipal renewable energy investment programs shall be administered pursuant~~
4 ~~to rules established by the economic development corporation. Said rules shall provide~~
5 ~~transparent criteria to rank qualified municipal renewable energy projects, giving consideration~~
6 ~~to:~~

7 ~~(i) the feasibility of project completion;~~

8 ~~(ii) the anticipated amount of renewable energy the project will produce;~~

9 ~~(iii) the potential of the project to mitigate energy costs over the life of the project; and~~

10 ~~(iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the project.~~

11 ~~Municipalities that have not previously received financing from this program shall be given~~
12 ~~priority over those municipalities that have received funding under this program.~~

13 ~~(2) Beginning on January 1, 2009, the economic development corporation shall solicit~~
14 ~~proposals from municipalities for eligible projects and shall award grants, in accordance with the~~
15 ~~rules and ranking criteria, of no more than five hundred thousand dollars (\$500,000) to each~~
16 ~~eligible project.~~

17 ~~(3) Any funds not expended from the municipal renewable energy investment programs~~
18 ~~in a given year shall remain in the fund and be added to the balance to be distributed in the next~~
19 ~~award cycle. For the purposes of this section, qualified municipal renewable energy projects~~
20 ~~means any project that produces renewable energy resources and whose output of power and~~
21 ~~other attributes is controlled in its entirety by at least one Rhode Island city or town.~~

22 ~~(d) On or before November 15, 2008, the economic development corporation shall create~~
23 ~~the nonprofit affordable housing renewable energy investment program utilizing the lesser of ten~~
24 ~~percent (10%) or two hundred thousand dollars (\$200,000) collected annually from the .3 mils per~~
25 ~~kilo-watt hour charge for renewable energy programs to fund qualified nonprofit affordable~~
26 ~~housing renewable energy projects in accordance with this chapter and the following provisions:~~

27 (1) The ~~nonprofit affordable housing~~ renewable energy investment programs shall be
28 administered pursuant to rules established by the economic development corporation ~~in~~
29 ~~consultation with the Rhode Island housing mortgage finance corporation.~~ Said rules shall
30 provide transparent criteria to rank qualified ~~nonprofit affordable housing~~ renewable energy
31 projects, giving consideration to:

32 (i) the feasibility of project completion;

33 (ii) the anticipated amount of renewable energy the project will produce;

34 (iii) the potential of the project to mitigate energy costs over the life of the project; and

1 (iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the project.
2 ~~Nonprofit affordable housing agencies that have not previously received financing from this~~
3 ~~program shall be given priority over those agencies that have received funding under this~~
4 ~~program.~~

5 ~~(2) Beginning on January 1, 2009, the economic development corporation, in~~
6 ~~consultation with the Rhode Island housing and mortgage finance corporation, shall solicit~~
7 ~~proposals from eligible nonprofit housing agencies for renewable energy projects and shall award~~
8 ~~grants, in accordance with the rules and ranking criteria. The economic development corporation~~
9 ~~shall consult with the Rhode Island housing and mortgage finance corporation in the grant-~~
10 ~~making process and shall notify the corporation of the awardees.~~

11 ~~(3) Any funds not expended from the affordable housing renewable energy investment~~
12 ~~program in a given year shall remain in the fund and be added to the balance to be distributed in~~
13 ~~the next award cycle. For the purposes of this section, "qualified nonprofit affordable housing~~
14 ~~renewable energy projects" means any project that produces renewable energy resources and~~
15 ~~whose output of power and other attributes is controlled in its entirety by at least one nonprofit~~
16 ~~affordable housing development as defined in section 42-55-3 and is restricted to producing~~
17 ~~energy for the nonprofit affordable housing development.~~

18 ~~(e)~~(d) The executive director of the economic development corporation is authorized and
19 may enter into a contract with a contractor for the cost effective administration of the renewable
20 energy programs funded by this section. A competitive bid and contract award for administration
21 of the renewable energy programs may occur every three (3) years and shall include as a
22 condition that after July 1, 2008 the account for the renewable energy programs shall be
23 maintained and administered by the economic development corporation as provided for in
24 subdivision (b) above.

25 ~~(f)~~(e) Effective January 1, 2007, and for a period of eleven (11) years thereafter, each gas
26 distribution company shall include, with the approval of the commission, a charge per deca therm
27 delivered to demand side management programs, including, but not limited to, programs for cost-
28 effective energy efficiency, energy conservation, combined heat and power systems, and
29 weatherization services for low income households.

30 ~~(g)~~(f) The gas company shall establish a separate account for demand side management
31 programs, which shall be administered and implemented by the distribution company, subject to
32 the regulatory reviewing authority of the commission. The commission may establish
33 administrative mechanisms and procedures that are similar to those for electric demand side
34 management programs administered under the jurisdiction of the commissions and that are

1 designed to achieve cost-effectiveness and high life-time savings of efficiency measures
2 supported by the program.

3 ~~(h)~~(g) The commission may, if reasonable and feasible, except from this demand side
4 management ~~change~~ charge:

5 (i) gas used for distribution generation; and

6 (ii) gas used for the manufacturing processes, where the customer has established a self-
7 directed program to invest in and achieve best effective energy efficiency in accordance with a
8 plan approved by the commission and subject to periodic review and approval by the
9 commission, which plan shall require annual reporting of the amount invested and the return on
10 investments in terms of gas savings.

11 ~~(h)~~(h) The commission may provide for the coordinated and/or integrated administration
12 of electric and gas demand side management programs in order to enhance the effectiveness of
13 the programs. Such coordinated and/or integrated administration may after March 1, 2009, upon
14 the recommendation of the office of energy resources, be through one or more third-party entities
15 designated by the commission pursuant to a competitive selection process.

16 ~~(i)~~(i) Effective January 1, 2007, the commission shall allocate from demand-side
17 management gas and electric funds authorized pursuant to this section 39-2-1.2, an amount not to
18 exceed two percent (2%) of such funds on an annual basis for the retention of expert consultants,
19 and reasonable administrations costs of the energy efficiency and resources management council
20 associated with planning, management, and evaluation of energy efficiency programs, renewable
21 energy programs ~~and~~ , system reliability least-cost procurement, and with regulatory proceedings,
22 contested cases, and other actions pertaining to the purposes, powers and duties of the council,
23 which allocation may by mutual agreement, be used in coordination with the office of energy
24 resources to support such activities.

25 (j) Effective January 1, 2013, the commission shall annually allocate from the
26 administrative funding amount allocated in (i) from the demand-side management program as
27 described in subsection (i) as follows: sixty percent (60%) for the purposes identified in
28 subsection (i) and forty percent (40%) annually to the office of energy resources for activities
29 associated with planning management, and evaluation of energy efficiency programs, renewable
30 energy programs, system reliability, least-cost procurement, and with regulatory proceedings,
31 contested cases, and other actions pertaining to the purposes, powers and duties of the office of
32 energy resources.

33 (k) On April 15, of each year the office and the council shall submit to the governor, the
34 president of the senate, and the speaker of the house of representatives, separate financial and

1 [performance reports regarding the demand-side management programs, including the specific](#)
2 [level of funds that were contributed by the residential, municipal, and commercial and industrial](#)
3 [sectors to the overall programs, the businesses, vendors, and institutions that received funding](#)
4 [from demand-side management gas and electric funds used for the purposes in section 39-2-1.2;](#)
5 [and the businesses, vendors, and institutions that received the administrative funds for the](#)
6 [purposes in sections 39-2-1.2\(i\) and 39-2-1.2\(j\). These reports shall be posted electronically on](#)
7 [the websites of the office of energy resources and the energy efficiency resources management](#)
8 [council.](#)

9 SECTION 15. Section 39-26-7 of the General Laws in Chapter 39-26 entitled
10 "Renewable Energy Standard" is hereby amended to read as follows:

11 **39-26-7. Renewable energy development fund.** -- (a) There is hereby authorized and
12 created within the economic development corporation a renewable energy development fund for
13 the purpose of increasing the supply of NE-GIS certificates available for compliance in future
14 years by obligated entities with renewable energy standard requirements, as established in this
15 chapter. The fund shall be located at and administered by the Rhode Island economic
16 development corporation in ~~accordance~~ [accordance](#) with section 42-64-13.2. The economic
17 development corporation shall:

18 Adopt plans and guidelines for the management and use of the fund in accordance with
19 section 42-64-13.2, and

20 (b) The economic development corporation shall enter into agreements with obligated
21 entities to accept alternative compliance payments, consistent with rules of the commission and
22 the purposes set forth in this section; and alternative compliance payments received pursuant to
23 this section shall be trust funds to be held and applied solely for the purposes set forth in this
24 section.

25 (c) The uses of the fund shall include but not be limited to:

26 (1) Stimulating investment in renewable energy development by entering into
27 agreements, including multi-year agreements, for renewable energy certificates;

28 [\(2\) Establishing and maintaining a residential renewable energy program using eligible](#)
29 [technologies in accordance with section 39-26-5;](#)

30 [\(3\) Providing technical and financial assistance to municipalities for interconnection and](#)
31 [feasibility studies, and/or the installation of renewable energy projects;](#)

32 ~~(2)~~[\(4\)](#) Issuing assurances and/or guarantees to support the acquisition of renewable
33 energy certificates and/or the development of new renewable energy sources for Rhode Island;

34 ~~(3)~~[\(5\)](#) Establishing escrows, reserves, and/or acquiring insurance for the obligations of

1 the fund;

2 ~~(4)~~(6) Paying administrative costs of the fund incurred by the economic development
3 corporation, the board of trustees, or the office of energy resources, not to exceed ten percent
4 (10%) of the income of the fund, including, but not limited to, alternative compliance payments.
5 All funds transferred from the economic development corporation to support the office of energy
6 resources' administrative costs shall be deposited as restricted receipts.

7 (d) NE-GIS certificates acquired through the fund may be conveyed to obligated entities
8 or may be credited against the renewable energy standard for the year of the certificate provided
9 that the commission assesses the cost of the certificates to the obligated entity, or entities,
10 benefiting from the credit against the renewable energy standard, which assessment shall be
11 reduced by previously made alternative compliance payments and shall be paid to the fund.

12 SECTION 16. Section 42-64-13.2 of the General Laws in Chapter 42-64 entitled "Rhode
13 Island Economic Development Corporation" is hereby amended to read as follows:

14 **42-64-13.2. Renewable energy investment coordination.** -- (a) Intent. - To develop an
15 integrated organizational structure to secure for Rhode Island and its people the full benefits of
16 cost-effective renewable energy development from diverse sources.

17 (b) Definitions. - For purposes of this section, the following words and terms shall have
18 the meanings set forth in RIGL 42-64-3 unless this section provides a different meaning. Within
19 this section, the following words and terms shall have the following meanings:

20 (1) "Corporation" means the Rhode Island economic development corporation.

21 (2) "Municipality" means any city or town, or other political subdivision of the state.

22 (3) "Office" means the office of energy resources established by chapter 42-140.

23 ~~(c) Purpose. — The corporation is authorized to integrate the management of public funds
24 to promote the expansion and sound development of renewable energy resources by providing
25 coordinated and cost-effective use of funds from:~~

26 ~~(1) The renewable energy program of the demand side management program as set forth
27 in section 39-2-1.2; and~~

28 ~~(2) The renewable energy development fund of the renewable energy standard, as set
29 forth in chapter 39-26.~~

30 ~~(3) The office of energy resources from the sale of allowances under the greenhouse gas
31 initiative act to the extent available for renewable energy, as set forth in chapter 23-82.~~

32 ~~(d)~~(c) Renewable energy development fund. - The corporation shall, in the furtherance of
33 its responsibilities to promote and encourage economic development, establish and administer a
34 renewable energy development fund as provided for in section 39-26-7, may exercise the powers

1 set forth in this chapter, as necessary or convenient to accomplish this purpose, and shall provide
2 such administrative support as may be needed for the coordinated administration of the renewable
3 energy standard as provided for in chapter 39-26 and the renewable energy program established
4 by section 39-2-1.2. The corporation may upon the request of any person undertaking a renewable
5 energy facility project, grant project status to the project, and a renewable energy facility project,
6 which is given project status by the corporation, shall be deemed an energy project of the
7 corporation.

8 ~~(e)~~(d) Duties. - The corporation shall, with regards to renewable energy project
9 investment:

10 (1) Establish by rule, in consultation with the office, standards for financing renewable
11 energy projects from diverse sources.

12 (2) Enter into agreements, consistent with this chapter and renewable energy investment
13 plans adopted by the office, to provide support to renewable energy projects that meet applicable
14 standards established by the corporation. Said agreements may include contracts with
15 municipalities and public corporations.

16 ~~(f)~~(e) Conduct of activities.

17 (1) To the extent reasonable and practical, the conduct of activities under the provisions
18 of this chapter shall be open and inclusive; the director shall seek, in addressing the purposes of
19 this chapter, to involve the research and analytic capacities of institutions of higher education
20 within the state, industry, advocacy groups, and regional entities, and shall seek input from
21 stakeholders including, but not limited to, residential and commercial energy users.

22 (2) By January 1, 2009, the director shall adopt:

23 (A) Goals for renewable energy facility investment which is beneficial, prudent, and
24 from diverse sources;

25 (B) A plan for a period of five (5) years, annually upgraded as appropriate, to meet the
26 aforementioned goals; and

27 (C) Standards and procedures for evaluating proposals for renewable energy projects in
28 order to determine the consistency of proposed projects with the plan.

29 (g) (f) Reporting. - On March 1, of each year after the effective date of this chapter, the
30 corporation shall submit to the governor, the president of the senate, the speaker of the house of
31 representatives, and the secretary of state, a financial and performance report. These reports shall
32 be posted electronically on the general assembly and the secretary of state's websites as
33 prescribed in section 42-20-8.2. The reports shall set forth:

34 (1) The corporation's receipts and expenditures in each of the renewable energy program

1 funds administered in accordance with this section.

2 (2) A listing of all private consultants engaged by the corporation on a contract basis and
3 a statement of the total amount paid to each private consultant from the two (2) renewable energy
4 funds administered in accordance with this chapter; a listing of any staff supported by these
5 funds, and a summary of any clerical, administrative or technical support received; and

6 (3) A summary of performance during the prior year including accomplishments and
7 shortcomings; project investments, the cost-effectiveness of renewable energy investments by the
8 corporation; and recommendations for improvement.

9 SECTION 17. Sections 42-140-3, 42-140-7 and 42-140-9 of the General Laws in Chapter
10 42-140 entitled "Rhode Island Energy Resources Act" are hereby amended to read as follows:

11 **42-140-3. Purposes.** -- The purposes of the office shall be to:

12 (1) Develop and put into effect plans and programs to promote, encourage, and assist the
13 provision of energy resources for Rhode Island in a manner that enhances economic well-being,
14 social equity, and environmental quality;

15 (2) Monitor, forecast, and report on energy use, energy prices, and energy demand and
16 supply forecasts, and make findings and recommendations with regard to energy supply diversity,
17 reliability, and procurement, including least-cost procurement;

18 (3) Develop and to put into effect plans and programs to promote, encourage and assist
19 the efficient and productive use of energy resources in Rhode Island, and to coordinate energy
20 programs for natural gas, electricity, and heating oil to maximize the aggregate benefits of
21 conservation and efficiency of investments;

22 (4) Monitor and report technological developments that may result in new and/or
23 improved sources of energy supply, increased energy efficiency, and reduced environmental
24 impacts from energy supply, transmission and distribution;

25 (5) Administer the programs, duties, and responsibilities heretofore exercised by the state
26 energy office, except as these may be assigned by executive order [or the general laws](#) to other
27 departments and agencies of state government;

28 (6) Develop, recommend and, as appropriate, implement integrated and/or
29 comprehensive strategies, including at regional and federal levels, to secure Rhode Island's
30 interest in energy resources, their supply and efficient use, and as necessary to interact with
31 persons, private sector, non-profit, regional, federal entities and departments and agencies of
32 other states to effectuate this purpose;

33 (7) Cooperate with agencies, departments, corporations, and entities of the state and of
34 political subdivisions of the state in achieving its purposes;

1 (8) Cooperate with and assist the state planning council and the division of state planning
2 in developing, maintaining, and implementing state guide plan elements pertaining to energy and
3 renewable energy;

4 (9) Coordinate the energy efficiency, renewable energy, least cost procurement, and
5 systems reliability plans and programs with the energy efficiency resource management council
6 and the renewable energy coordinating board;

7 (10) Participate in, monitor implementation of, and provide technical assistance for the
8 low-income home energy assistance program enhancement plan established pursuant to section
9 39-1-27.12;

10 (11) Participate in and monitor the distributed generation standard contracts program
11 pursuant to chapter 39-26-2;

12 (12) Coordinate opportunities with and enter into contracts and/or agreements with the
13 economic development corporation associated with the energy efficiency, least-cost procurement,
14 system reliability, and renewable energy fund programs;

15 (13) Provide support and information to the division of planning and the state planning
16 council in development of a ten (10) year Rhode Island Energy Guide Plan, which shall be
17 reviewed and amended if necessary every five (5) years;

18 (14) Provide funding support if necessary to the renewable energy coordinating board
19 and/or the advisory council to carry out the objectives pursuant to chapter 42-140-3;

20 ~~(9)(15) Administer, as assigned by law or executive order, state and federally funded or~~
21 ~~authorized energy programs, which may include, but not be limited to~~ Advise and provide
22 technical assistance to state and federally funded energy program to support:

23 (i) The federal low-income home energy assistance program which provides heating
24 assistance to eligible low-income persons and any state funded or privately funded heating
25 assistance program of a similar nature assigned to it for administration;

26 (ii) The weatherization assistance program which offers home weatherization grants and
27 heating system upgrades to eligible persons of low-income;

28 (iii) The emergency fuel program which provides oil deliveries to families experiencing
29 a heating emergency;

30 (iv) The energy conservation program, which offers service and programs to all sectors;
31 and

32 (v) [Deleted by P.L. 2008, ch. 228, section 2, and P.L. 2008, ch. 422, section 2.]

33 ~~(10)(16)~~ Advise the economic development corporation in the development of standards
34 and rules for the solicitation and award of renewable energy program investment funds in

1 accordance with section 42-64-13.2;

2 ~~(11)~~(17) Develop, recommend, and evaluate energy programs for state facilities and
3 operations in order to achieve and demonstrate the benefits of energy-efficiency, diversification
4 of energy supplies, energy conservation, and demand management; and

5 ~~(12)~~(18) Advise the governor and the general assembly with regard to energy resources
6 and all matters relevant to achieving the purposes of the office.

7 **42-140-7. Conduct of activities.** -- (a) To the extent reasonable and practical, the
8 conduct of activities under the provisions of this chapter shall be open and inclusive; the
9 commissioner and the council shall seek in addressing the purposes of the office to involve the
10 research and analytic capacities of institutions of higher education within the state, industry,
11 advocacy groups, and regional entities, and shall seek input from stakeholders including, but not
12 limited to, residential and commercial energy users.

13 (b) The commissioner shall transmit any unencumbered funds from the renewable
14 energy program under chapter 39-2 to the economic development corporation to be administered
15 in accordance with a the provisions of section 39-2-1.2.

16 **42-140-9. Adoption of rules.** -- The commissioner shall have the authority to adopt,
17 amend, and implement such rules as may be necessary to desirable to effectuate the purposes of
18 this chapter. In any rule making by the commissioner, the commissioner shall consider as a matter
19 of record the ~~advise~~ advice of the energy resources council and the renewable energy
20 coordinating board.

21 SECTION 18. The Administration shall submit to the Chairpersons of the House and
22 Senate Finance Committees by November 1, 2012, a plan to transfer the Rhode Island Public
23 Telecommunications Authority from state to private support as part of the FY 2014 budget
24 process and include any statutory language required to support the transaction.

25 SECTION 19. Section 23-27.3-108.2 of the General Laws in Chapter 23-27.3 entitled
26 "State Building Code" is hereby amended to read as follows:

27 **23-27.3-108.2. State building commissioner's duties.** -- (a) This code shall be enforced
28 by the state building commissioner as to any structures or buildings or parts thereof that are
29 owned or are temporarily or permanently under the jurisdiction of the state or any of its
30 departments, commissions, agencies, or authorities established by an act of the general assembly,
31 and as to any structures or buildings or parts thereof that are built upon any land owned by or
32 under the jurisdiction of the state.

33 (b) Permit fees for the projects shall be established by the committee. The fees shall be
34 deposited as general revenues.

1 (c)(1) The local cities and towns shall charge each permit applicant an additional .1
2 (.001) percent (levy) of the total construction cost for each permit issued. The levy shall be
3 limited to a maximum of fifty dollars (\$50.00) for each of the permits issued for one and two (2)
4 family dwellings. This additional levy shall be transmitted monthly to the building commission at
5 the department of administration, and shall be used to staff and support the purchase or lease and
6 operation of a web-accessible service and/or system to be utilized by the state and municipalities
7 for uniform, statewide electronic plan review, permit management and inspection system and
8 other programs described in this chapter. The fee levy shall be deposited as general revenues.

9 (2) On or before July 1, 2013, the building commissioner shall develop a standard
10 statewide process for electronic plan review, permit management and inspection.

11 (3) On or before December 1, 2013, the building commissioner, with the assistance of the
12 office of regulatory reform, shall implement the standard statewide process for electronic plan
13 review, permit management and inspection. In addition, the building commissioner shall develop
14 a technology and implementation plan for a standard web-accessible service and/or system to be
15 utilized by the state and municipalities for uniform, statewide electronic plan review, permit
16 management and inspection.

17 (d) The building commissioner shall, upon request by any state contractor described in
18 section 37-2-38.1, review, and when all conditions for certification have been met, certify to the
19 state controller that the payment conditions contained in section 37-2-38.1 have been met.

20 (e) The building commissioner shall coordinate the development and implementation of
21 this section with the state fire marshal to assist with the implementation of section 23-28.2-6.

22 (f) The building commissioner shall submit, in coordination with the state fire marshal, a
23 report to the governor and general assembly on or before April 1, 2013 and each April 1st
24 thereafter, providing the status of the web-accessible service and/or system implementation and
25 any recommendations for process or system improvement.

26 SECTION 20. Section 23-28.2-6 of the General Laws in Chapter 23-28.2 entitled
27 "Division of Fire Safety" is hereby amended to read as follows:

28 **23-28.2-6. Additional powers and duties of fire marshal. --** In carrying out the
29 purposes of this chapter, the state fire marshal is authorized and directed:

30 (1) To procure in his or her discretion as many deputy state fire marshals and assistant
31 deputy state fire marshals as needed, and the temporary or intermittent services of experts or
32 consultants or organizations thereof, by contract, when the services are to be performed on a part-
33 time or fee-for-service basis and do not involve the performance of administrative duties;

34 (2) To enter into agreements for the utilization of the facilities and services of the

1 division of occupational safety, or its successors, to the extent that he or she considers it desirable
2 to effectuate the purposes of this chapter, and to enter into agreements for the utilization of the
3 facilities and services of other departments, agencies, and institutions, public or private;

4 (3) To accept on behalf of the state and to deposit with the general treasurer any grant,
5 gift, or contribution made to assist in meeting the cost of carrying out the purposes of this code,
6 and to expend the same for such purposes;

7 (4) To supervise or conduct any fire safety inspections required by any other state or
8 federal agencies;

9 (5) To formulate, coordinate, implement, or cause implementation of, appropriate
10 education and training programs relating to fire fighting training, fire prevention, fire protection,
11 fire inspection, and fire investigation.

12 (6) To support, in coordination with the state building commissioner and the office of
13 regulatory reform, the purchase or lease and operation of a web-accessible service and/or system
14 to be utilized by the state and municipalities for a uniform, statewide electronic plan review,
15 permit management and inspection system and other programs described in this chapter.

16 (7) To coordinate with the state building commissioner on the submission of a report to
17 the governor and general assembly on or before April 1, 2013 and each April 1st thereafter,
18 providing the status of the web-accessible service and/or system implementation and any
19 recommendations for process or system improvement.

20 SECTION 21. Section 42-64.13-7 of the General Laws in Chapter 42-64.13 entitled
21 "Rhode Island Regulatory Reform Act" is hereby amended to read as follows:

22 **42-64.13-7. Powers of the office of regulatory reform.** -- The office of regulatory
23 reform shall have the following powers:

24 (1) The director of the office of regulatory reform is authorized to intervene or otherwise
25 participate in any regulatory or permitting matter pending before any executive branch agency or
26 department or before any municipal board, commission, agency or subdivision thereof at which a
27 regulatory or permitting matter is pending for the expressed net benefit of a business. The director
28 of the office of regulatory reform may so intervene or otherwise participate in such pending
29 regulatory and permitting matters by providing written notice to the director of any department or
30 state agency in the executive branch, or the chairman or presiding officer over any municipal
31 department or subdivision thereof at which a regulatory or permitting matter is pending, that the
32 director of the office of regulatory reform is so intervening or otherwise participating in such
33 regulatory or permitting matter pending before such department, agency, board or commission.
34 The director of the office of regulatory reform shall be considered a party to the action and shall

1 be provided reasonable notice of any and all administrative hearings or meetings involving the
2 parties in such matter and shall be the opportunity to participate in such meetings, hearings or
3 other administrative procedures of such entity, of which such opportunity may be waived only by
4 writing from the director of the office of regulatory reform, for the purpose of assuring the
5 efficient and consistent implementation of rules and regulations in order to foster the creation and
6 retention of jobs in Rhode Island or otherwise foster economic development in Rhode Island
7 consistent with the purposes of this act. Any intervention or participation by the director of the
8 office of regulatory reform, other than in contested cases, shall not be deemed to violate the
9 provisions of the Rhode Island administrative procedures act at Title 42, Chapter 35 of the
10 general laws. Provided, however, all contested cases shall be conducted in accordance with the
11 provisions for hearings of contested cases in the administrative procedures act, Title 42, Chapter
12 35, of the general laws. As used in this section, the term "contested case" means a proceeding in
13 which conflicting rights between adverse parties are required by law to be determined in an
14 adversary proceeding that is judicial or quasi-judicial in nature, and not purely administrative in
15 character, before and/or by an agency.

16 (2) Promptly upon such intervention as set forth in subdivision (1) above, the director of
17 the office of regulatory reform shall publish its rationale for its intervention in such pending
18 regulatory or permitting matter. The director of the office of regulatory reform may so intervene
19 upon findings that:

20 (i) That the pending, regulatory or permitting action, in and of itself or as part of a
21 regulatory process, has significant economic development impact upon the state or any
22 municipality herein; and

23 (ii) The pending regulatory or permitting matter, in and of itself or as part of a regulatory
24 process, has significant impact on any industry, trade, profession or business that provides
25 significant jobs or other significant economic development impact, including municipal and state
26 taxes or other revenues, to the state or its citizens.

27 (iii) The office of regulatory reform shall upon the conclusion of each fiscal quarter
28 promptly provide to the office of the governor and the general assembly through the offices of the
29 president of the senate and the speaker of the house of representatives a written report identifying:

30 (A) All matters in which the director of the office of regulatory reform intervened;

31 (B) The rationale for his or her intervention;

32 (C) The status of the pending regulatory or permitting matter; and

33 (D) Any observations or recommendations from the director of the office of regulatory
34 reform with respect to such regulatory or permitting policies or procedures relating to the subject

1 matter of such pending regulatory or permitting matters in which the director so intervened.

2 (3) The office of regulatory reform is authorized to appear as an amicus curiae in any
3 legal proceeding relating to any matter.

4 (4) The office of regulatory reform is authorized to coordinate with and support the
5 building commissioner and fire marshal in the development and implementation of a standard
6 statewide process for electronic plan review, permit management and inspection.

7 SECTION 22. Section 42-17.1-17 of the General Laws in Chapter 42-17.1 entitled
8 "Department of Environmental Management" is hereby amended to read as follows:

9 **42-17.1-17. Transfer of powers and functions from department of environmental**
10 **management.** -- ~~(a)~~ There are hereby transferred to the department of administration:

11 (1) Those functions of the department of environmental management which were
12 administered through or with respect to departmental programs in the performance of strategic
13 planning as defined in section 42-11-10(c);

14 (2) All officers, employees, agencies, advisory councils, committees, commissions, and
15 task forces of the department of environmental management who were performing strategic
16 planning functions as defined in section 42-11-10(c); and

17 (3) So much of other functions or parts of functions and employees and resources,
18 physical and funded, related thereto of the director of environmental management as are
19 incidental to and necessary for the performance of the functions transferred by subdivisions (1)
20 and (2).

21 ~~(b) There are hereby transferred to the department of public safety dispatch functions of~~
22 ~~the division of enforcement of the department of environmental management.~~

23 ~~(c) In order that there is no interruption in the dispatch functions of the division of~~
24 ~~enforcement, the actual transfer of the dispatch functions, corresponding resources, and personnel~~
25 ~~to the department of public safety, may be postponed until such time, as determined by the~~
26 ~~director of public safety, that the transfer provided herein may be best put into force and effect,~~
27 ~~but shall occur no later than January 1, 2012 and shall be reflected in the FY 2012 supplemental~~
28 ~~budget submission.~~

29 SECTION 23. This article shall take effect upon passage.
30