ARTICLE 4

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, reserve funds shall be used solely for the purposes of guaranteeing eligible loans to students in eligible institutions and to parents of those students in accordance with Rhode Island General Law, section 16-57-4(a). 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.

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

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

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

No fulltime employee shall during the period of his or her employment by the authority engage in any other private employment, profession, or business, including, but not limited to, consulting.

Notwithstanding any other law to the contrary, it shall not be or constitute a conflict of interest for a director, officer, or employee of any financial institution, investment banking firm, brokerage firm, commercial bank, trust company, savings and loan association, credit union, insurance company, educational institution, or any other firm, person, or corporation to serve as a director of the authority nor shall any contract or transaction between the authority and any financial institution, investment banking firm, brokerage firm, commercial bank, trust company, savings and loan association, credit union, insurance company, educational institution, or any other firm, person, or corporation be void or voidable by reason of any service as director of the authority. If any director, officer, or employee of the authority shall be interested either directly or indirectly, or shall be a director, officer, or employee of or have an ownership interest (other than as the owner of less than one percent (1%) of the shares of a publicly held corporation) in any firm or corporation interested directly or indirectly in any contract with the authority, that interest shall be disclosed to the authority and set forth in the minutes of the authority, and the director, officer, or employee having that interest in it shall not participate on
behalf of the authority in the authorization of this contract. Interested directors may be counted in
determining the presence of a quorum at a meeting of the board of directors of the authority
which authorizes the contract or transaction.

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

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

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

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

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

CHAPTER 96

THE RHODE ISLAND BOARD OF EDUCATION ACT

16-96-1. Rhode Island board of education established. – (a) Effective January 1, 2014,
there is created a board of education which shall be and is constituted a public corporation,
empowered to sue and be sued in its own name, to have a corporate seal, and to be vested with all
the powers and duties currently vested in the board of governors for higher education established
in chapter 16-59 and the board of regents for elementary and secondary education established in
chapter 16-60.

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

c) The board of education shall consist of nine (9) public members appointed by the governor with the advice and consent of the senate. Three of the members initially appointed pursuant to this section shall serve terms of three (3) years; three members initially appointed pursuant to this section shall serve terms of two (2) years; and, three members initially appointed pursuant to this section shall serve terms of one year. Thereafter, all members appointed pursuant to this section shall serve terms of three (3) years. No board member shall be appointed to serve more than two (2) three-year terms.

d) The governor shall select from the appointed members a chairperson and vice chairperson. A quorum shall consist of five (5) members of the board. A majority vote of those present shall be required for action.

16-96-2. The chancellor of education. – (a) The board of education shall engage a chancellor of education who shall be an employee of the board and who shall not be a member of the board. The chancellor shall be in the unclassified service and shall serve at the pleasure of the board of education. The duties and powers of the chancellor shall be determined by the board of education and the chancellor shall be subject to the direction and control of the board of education.

(b) The commissioner of elementary and secondary education and the commissioner of higher education shall be subject to the direction and control of the chancellor.

c) The governor shall appoint an interim chancellor no later than November 1, 2012 to serve a limited term to expire on December 31, 2013, or until such time the board engages a permanent chancellor, to facilitate the merger. The interim chancellor’s duties will include, but not be limited to:

(1) Providing guidance on statutory, legal, financial and contractual obligations;

(2) Establishing a policy framework; and

(3) Establishing administrative structure, support, policies and procedures.

16-96-3. Administrative office. – There shall be a single administrative office overseen
16-96-4. Change of former names. – Effective January 1, 2014, the term “Rhode Island Board of Education” shall be used in lieu of any then existing law reference made to the board of regents for elementary and secondary education and/or the board of governors for higher education.

16-96-5. Abolishment of boards. – The board of governors for higher education established in chapter 16-59 and the board of regents for elementary and secondary education established in chapter 16-60 shall cease to exist as of January 1, 2014.

SECTION 4. Title 35 of the General Laws entitled “PUBLIC FINANCE” is hereby amended by adding thereto the following chapter:

CHAPTER 35-1.1
OFFICE OF MANAGEMENT AND BUDGET

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

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

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

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

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

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

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

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

35-1.1-3. Director of management and budget – Appointment and responsibilities. –
(a) Within the department of administration there shall be a director of management and budget,
who shall be appointed by the director of administration with the approval of the governor. The
director shall be responsible to the governor and director of administration for supervising the
office of management and budget and for managing and providing strategic leadership and
direction to the budget officer, the performance management office, and the federal grants
management office.

(b) The director of management and budget shall be responsible to:
(1) Oversee, coordinate and manage the functions of the budget officer as set forth by
section 35-3, program performance management as set forth by section 35-3-24.1, approval of
agreements with federal agencies defined by section 35-3-25 and budgeting, appropriation and
receipt of federal monies as set forth by chapter 42-41;
(2) Manage federal fiscal proposals and guidelines, and serve as the State Clearinghouse
for the application of federal grants; and,
(3) Maximize the indirect cost recoveries by state agencies set forth by section 35-4-23.1.

35-1.1-4. Offices and functions assigned to the office management and budget –
Powers and duties. – (a) The offices assigned to the office of management and budget include
the budget office, the performance management office and the federal grants management office.

(b) The offices assigned to the office of management and budget shall:
(1) Exercise their respective powers and duties in accordance with their statutory
authority and the general policy established by the governor or by the director acting on behalf of
the governor or in accordance with the powers and authorities conferred upon the director by this
chapter;
(2) Provide such assistance or resources as may be requested or required by the governor
and/or the director;
(3) Provide such records and information as may be requested or required by the
governor and/or the director, to the extent allowed under the provisions of any applicable general
or public law, regulation, or agreement relating to the confidentiality, privacy or disclosure of
such records or information; and,

(c) Except as provided herein, no provision of this chapter or application thereof shall be construed to limit or otherwise restrict the budget officer from fulfilling any statutory requirement or complying with any valid rule or regulation.

35-1.1-5. Federal grants management. -- (a) The office of management and budget shall be responsible for managing federal grant applications, providing administrative assistance to agencies regarding reporting requirements, providing technical assistance and approving agreements with federal agencies pursuant to section 35-1-1. The director shall:

(1) Establish state goals and objectives for maximizing the utilization of federal aid programs;

(2) Ensure that the state establishes and maintains statewide federally-mandated grants management processes and procedures as mandated by the federal Office of Management and Budget;

(3) Promulgate procedures and guidelines for all state departments, agencies, advisory councils, instrumentalities of the state and public higher education institutions covering applications for federal grants;

(4) Require, upon request, any state department, agency, advisory council, instrumentality of the state or public higher education institution receiving a grant of money from the federal government to submit a report to the director of expenditures and program measures for the fiscal period in question;

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

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

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

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

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

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

(i) The amount and source of state funds needed for matching purposes;
(ii) The length of time the matching funds shall be required;
(iii) The growth of the program;
(iv) How the program will be evaluated;
(v) What action will be necessary should the federal funds be canceled, curtailed, or restricted; and,
(vi) Any other financial and program management data required by the office or by law.

(2) Except as otherwise required, any application submitted by an executive agency for federal funds, aids, loans, or grants which will require state matching or replacement funds at the time of application or at any time in the future, must be approved by the director or their designated agents prior to its filing with the appropriate federal agency. Any application submitted by an executive agency for federal funds, aids, loans, or grants which will require state matching or replacement funds at the time of application or at any time in the future, when funds have not been appropriated for that express purpose, must be approved by the General Assembly in accordance with section 42-41-5. When the general assembly is not in session, the application shall be reported to and reviewed by the Director pursuant to rules and regulations promulgated by the Director.

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

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

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

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

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

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

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

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

35-1.1-9. Cooperation of other state executive branch agencies. – (a) The departments
and other agencies of the state of the executive branch that have not been assigned to the
executive office of management and budget under this chapter shall assist and cooperate with the
executive office as may be required by the governor and/or requested by the director of
management and budget, this assistance may include, but not be limited to, utilizing staff
resources from other departments or agencies for special projects within a defined period of time
to improve processes within agencies and/or lead to cost savings.

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

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

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

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

(d) The report shall include a strategic plan that outlines the mission, goals, the estimated cost and timelines to implement said recommendations, and the federal and state mandates associated with the current programs. The report shall provide a clear definition of roles and responsibilities, including those responsible for implementing the proposed recommendations.

The analysis shall develop outcome measures and an appropriate timeline to measure implementation progress. It shall also include:

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

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

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

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

35-1.1-11. Rules and regulations. – The office of management and budget shall be deemed an agency for purposes of section 42-35-1, et seq. of the Rhode Island general laws. The director shall make and promulgate such rules and regulations, and establish fee schedules not inconsistent with state law and fiscal policies and procedures as he or she deems necessary for the proper administration of this chapter and to carry out the policy and purposes thereof.
35-1.1-12. Severability. – If any provision of this chapter or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the chapter, which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are declared to be severable.

SECTION 5. Section 35-1-1 of the General Laws in Chapter 35-1 entitled “Fiscal Functions of Department of Administration” is hereby amended to read as follows:

35-1-1. Approval of agreements with federal agencies. – No department or agency of the state shall enter into an agreement with a federal agency involving state funds without the approval of the director of administration or the director's duly authorized agents.

SECTION 6. Sections 35-3-1 and 35-3-24.1 of the General Laws in Chapter 35-3 entitled “State Budget” are hereby amended to read as follows:

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

(1) Exercise budgetary control over all state departments and agencies and perform management analyses;
(2) Operate an appropriation allotment system;
(3) Prepare the annual budget of the receipts and expenditures of the state;
(4) Develop long term activity and financial programs, particularly capital improvement programs;
(5) Approve or disapprove all requests for new personnel and to investigate periodically the need of all existing positions in the state service and report thereon to the director of administration; and
(6) Prepare a five (5) year financial projection of anticipated general revenue receipts and expenditures, including detail of principal revenue sources and expenditures by major program areas, which projection shall be included in the budget submitted to the general assembly pursuant to § 35-3-7.

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

(c) The budget officer's duties and powers relating to budgetary controls and personnel requests of the legislative and judicial departments shall be purely ministerial, concerned only with the availability of the funds, and in no event shall the budget officer interpose his or her
35-3-24.1 Program performance measurement. – (a) Beginning with the fiscal year ending June 30, 1997, the governor shall submit, as part of each budget submitted to the general assembly pursuant to § 35-3-7, performance objectives for each program in the budget for the ensuing fiscal year, estimated performance data for the fiscal year in which the budget is submitted, and actual performance data for the preceding two (2) completed fiscal years. Performance data shall include efforts at achieving equal opportunity hiring goals as defined in the department's annual affirmative action plan. The governor shall, in addition, recommend appropriate standards against which to measure program performance. Performance in prior years may be used as a standard where appropriate. These performance standards shall be stated in terms of results obtained.

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

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

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

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

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

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

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

(3) Officers, secretaries, and employees of the office of the governor, office of the lieutenant governor, department of state, department of the attorney general, and the treasury department.
(4) Members of boards and commissions appointed by the governor, members of the state board of elections and the appointees of the board, members of the commission for human rights and the employees of the commission, and directors of departments.

(5) The following specific offices:

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

(ii) In the department of business regulation: director;

(iii) In the department of elementary and secondary education: commissioner of elementary and secondary education;

(iv) In the department of higher education: commissioner of higher education;

(v) In the department of health: director;

(vi) In the department of labor and training: director, administrative assistant, administrator of the labor board and legal counsel to the labor board;

(vii) In the department of environmental management: director;

(viii) In the department of transportation: director;

(ix) In the department of human services: director and director of veterans' affairs;

(x) In the state properties committee: secretary;

(xi) In the workers' compensation court: judges, administrator, deputy administrator, clerk, assistant clerk, clerk secretary;

(xii) In the division of elderly affairs: director;

(xiii) In the department of behavioral healthcare, developmental disabilities and hospitals: director;

(xiv) In the department of corrections: director, assistant director (institutions/operations), assistant director (rehabilitative services), assistant director (administration), and wardens;

(xv) In the department of children, youth and families: director, one assistant director, one associate director, and one executive director;

(xvi) In the public utilities commission: public utilities administrator;

(xvii) In the water resources board: general manager;

(xviii) In the human resources investment council: executive director.

(xix) In the office of health and human services: secretary of health and human services.

(6) Chief of the hoisting engineers, licensing division, and his or her employees; executive director of the veterans memorial building and his or her clerical employees.

(7) One confidential stenographic secretary for each director of a department and each board and commission appointed by the governor.
(8) Special counsel, special prosecutors, regular and special assistants appointed by the 
attorney general, the public defender and employees of his or her office, and members of the 
Rhode Island bar occupying a position in the state service as legal counsel to any appointing 
authority.

(9) The academic and/or commercial teaching staffs of all state institution schools, with 
the exception of those institutions under the jurisdiction of the board of regents for elementary 
and secondary education and the board of governors for higher education.

(10) Members of the military or naval forces, when entering or while engaged in the 
military or naval service.

(11) Judges, referees, receivers, clerks, assistant clerks, and clerical assistants of the 
supreme, superior, family, and district courts, the traffic tribunal, security officers of the traffic 
tribunal, jurors and any persons appointed by any court.

(12) Election officials and employees.

(13) Executive high sheriff, chief deputy sheriff, sheriffs, deputy sheriffs, and other 
employees of the sheriffs division within the department of public safety.

(14) Patient or inmate help in state charitable, penal, and correctional institutions and 
religious instructors of these institutions and student nurses in training, residents in psychiatry in 
training, and clinical clerks in temporary training at the institute of mental health within the state 
of Rhode Island medical center.

(15)(i) Persons employed to make or conduct a temporary and special inquiry, 
investigation, project or examination on behalf of the legislature or a committee therefor, or on 
behalf of any other agency of the state if the inclusion of these persons in the unclassified service 
is approved by the personnel administrator. The personnel administrator shall notify the house 
fiscal advisor and the senate fiscal advisor whenever he or she approves the inclusion of a person 
in the unclassified service.

(ii) The duration of the appointment of a person, other than the persons enumerated in 
this section, shall not exceed ninety (90) days or until presented to the department of 
administration. The department of administration may extend the appointment another ninety (90) 
days. In no event shall the appointment extend beyond one hundred eighty (180) days.

(16) Members of the division of state police within the department of public safety.

(17) Executive secretary of the Blackstone Valley district commission.

(18) Artist and curator of state owned art objects.

(19) Mental health advocate.

(20) Child advocate.
(21) The position of aquaculture coordinator and marine infrastructure specialist within the coastal resources management council.

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

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

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

SECTION 8. Section 42-11-2.4 of the General Laws in Chapter 42-11 entitled "Department of Administration" is hereby amended to read as follows:

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

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

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

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

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

SECTION 9. Chapter 42-11 of the general laws entitled, “Department of Administration” is hereby amended by adding thereto the following section:

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

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

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

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

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

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

(c) The office shall coordinate its efforts with the division of information technology in order to plan, allocate and implement projects supported by the information technology investment fund established pursuant to 42-11-2.5.

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

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

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

The annual report shall be posted on the office’s website.

SECTION 10. Chapter 42-12 of the General Laws entitled “Department of Human Services” is hereby amended by adding thereto the following section:

42-12.1-5. Transfer of functions from the office of energy resources. – (a) There is hereby transferred from the office of energy resources to the department of human services the...
administration, management, all functions and resources associated with:

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

2. The weatherization assistance program, which offers home weatherization grants and heating system upgrades to LIHEAP eligible households; and,

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

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

SECTION 11. Sections 23-82-3, 23-82-4 and 23-82-6 of the General Laws in Chapter 23-82 entitled "Implementation of the Regional Greenhouse Gas Initiative Act" are hereby amended to read as follows:

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

1. "Allowance" means an authorization to emit a fixed amount of carbon dioxide;

2. "Department" means department of environmental management;

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

4. "Office" means the office of energy resources; and

5. "Council" means the energy efficiency and resources management council.

6. "Board" means the renewable energy coordinating board established pursuant to chapter 42-140.3.

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

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

(c) The department's rules and regulations shall ensure that the carbon allowances under this program and the revenues associated with their sale are used exclusively for the purposes...
(d) The responsibilities created by implementing RGGI shall be in addition to all other responsibilities imposed by any other general or special law or rule or regulation and shall not diminish or reduce any power or authority of the department, including the authority to adopt standards and regulations necessary for the state to join and fully participate in any multi-state program, at any stage in the development and implementation of such a program, intended to control emissions of carbon dioxide and/or other substances that are determined by the department to be damaging and/or altering the climate.

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

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

(2) Promotion of cost-effective renewable non-carbon emitting energy technologies in Rhode Island as defined in Rhode Island general law section 39-26-5 and to achieve purposes of chapter 39-26 entitled "Renewable Energy Standard";

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

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

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

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

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

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

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

SECTION 12. Section 39-1-27.7 of the General Laws in Chapter 39-1 entitled "Public Utilities Commission" is hereby amended to read as follows:

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

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

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

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

(ii) Distributed generation, including, but not limited to, renewable energy resources and thermally leading combined heat and power systems, which is reliable and is cost-effective, with measurable, net system benefits;
(iii) Demand response, including, but not limited to, distributed generation, back-up
generation and on-demand usage reduction, which shall be designed to facilitate electric customer
participation in regional demand response programs, including those administered by the
independent service operator of New England ("ISO-NE") and/or are designed to provide local
system reliability benefits through load control or using on-site generating capability;

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

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

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

(c) To implement the provisions of this section:

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

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

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

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

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

(6) Each electrical and natural gas distribution company shall provide a status report, which shall be public, on the implementation of least cost procurement on or before December 15, 2008, and on or before February 1, 2009, to the commission, the division, the commissioner of the office of energy resources and the energy efficiency and resources management council which may provide the distribution company recommendations with regard to effective implementation of least cost procurement. The report shall include the targets for each energy resource included in the order approving the plan and the achieved percentage for energy resource, including the achieved percentages for efficiency, distributed generation, demand response, combined heat and power, and renewables as well as the current funding allocations for each eligible energy resource and the businesses and vendors in Rhode Island participating in the programs. The report shall be posted electronically on the website of the office energy resources.

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

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

SECTION 13. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of Utilities and Carriers" is hereby amended to read as follows:


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

(b) Effective as of January 1, 2008, and for a period of ten (10) years thereafter, each electric distribution company shall include charges per kilowatt-hour delivered to fund demand side management programs and 0.3 mills per kilowatt-hour delivered to fund renewable energy programs. The electric distribution company shall establish and after July 1, 2007, maintain two separate accounts, one for demand side management programs, which shall be administered and implemented by the distribution company, subject to the regulatory reviewing authority of the commission, and one for renewable energy programs, which shall be administered by the economic development corporation pursuant to section 42-64-13.2 and, shall be held and disbursed by the distribution company as directed by the economic development corporation for the purposes of developing, promoting and supporting renewable energy programs.

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

(c) On or before November 15, 2008, the economic development corporation shall create
the municipal renewable energy investment program utilizing the lesser of fifty percent (50%) or
one million dollars ($1,000,000) collected annually from the .3 mils per kilo-watt hour charge for
renewable energy programs, to fund qualified municipal renewable energy projects in accordance
with this chapter and the following provisions:

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

(i) the feasibility of project completion;
(ii) the anticipated amount of renewable energy the project will produce;
(iii) the potential of the project to mitigate energy costs over the life of the project; and
(iv) the estimated cost per kilo-watt-hour (kwh) of the energy produced from the project.
Municipalities that have not previously received financing from this program shall be given
priority over those municipalities that have received funding under this program.

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

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

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

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

(i) the feasibility of project completion;
(ii) the anticipated amount of renewable energy the project will produce;
(iii) the potential of the project to mitigate energy costs over the life of the project; and
(iv) the estimated cost per kilowatt-hour (kwh) of the energy produced from the project.

Nonprofit affordable housing agencies that have not previously received financing from this program shall be given priority over those agencies that have received funding under this program.

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

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

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

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

The gas company shall establish a separate account for demand side management
programs, which shall be administered and implemented by the distribution company, subject to
the regulatory reviewing authority of the commission. The commission may establish
administrative mechanisms and procedures that are similar to those for electric demand side
management programs administered under the jurisdiction of the commissions and that are
designed to achieve cost-effectiveness and high life-time savings of efficiency measures
supported by the program.

The commission may, if reasonable and feasible, except from this demand side
management change:

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

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

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

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

(k) On April 15, of each year the office and the council shall submit to the governor, the
president of the senate, and the speaker of the house of representatives, separate financial and
performance reports regarding the demand-side management programs, including the specific
level of funds that were contributed by the residential, municipal, and commercial and industrial
sectors to the overall programs, the businesses, vendors, and institutions that received funding
from demand-side management gas and electric funds used for the purposes in section 39-2-1.2;
and the businesses, vendors, and institutions that received the administrative funds for the
purposes in sections 39-2-1.2(i) and 39-2-1.2(j). These reports shall be posted electronically on
the websites of the office of energy resources and the energy efficiency resources management
council.

"Renewable Energy Standard" is hereby amended to read as follows:

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

Adopt plans and guidelines for the management and use of the fund in accordance with
section 42-64-13.2, and
(b) The economic development corporation shall enter into agreements with obligated entities to accept alternative compliance payments, consistent with rules of the commission and the purposes set forth in this section; and alternative compliance payments received pursuant to this section shall be trust funds to be held and applied solely for the purposes set forth in this section.

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

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

(2) Establishing and maintaining a residential renewable energy program using eligible technologies in accordance with section 39-26-5;

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

(4) Issuing assurances and/or guarantees to support the acquisition of renewable energy certificates and/or the development of new renewable energy sources for Rhode Island;

(5) Establishing escrows, reserves, and/or acquiring insurance for the obligations of the fund;

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

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

SECTION 15. Section 42-64-13.2 of the General Laws in Chapter 42-64 entitled “Rhode Island Economic Development Corporation” is hereby amended to read as follows:

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

(b) Definitions. - For purposes of this section, the following words and terms shall have the meanings set forth in RIGL 42-64-3 unless this section provides a different meaning. Within this section, the following words and terms shall have the following meanings:
(1) “Corporation” means the Rhode Island economic development corporation.

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

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

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

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

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

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

(d)(b) Renewable energy development fund. - The corporation shall, in the furtherance of its responsibilities to promote and encourage economic development, establish and administer a renewable energy development fund as provided for in section 39-26-7, may exercise the powers set forth in this chapter, as necessary or convenient to accomplish this purpose, and shall provide such administrative support as may be needed for the coordinated administration of the renewable energy standard as provided for in chapter 39-26 and the renewable energy program established by section 39-2-1.2. The corporation may upon the request of any person undertaking a renewable energy facility project, grant project status to the project, and a renewable energy facility project, which is given project status by the corporation, shall be deemed an energy project of the corporation.

(e)(c) Duties. - The corporation shall, with regards to renewable energy project investment:

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

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

(f)(d) Conduct of activities.

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

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

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

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

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

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

(1) The corporation's receipts and expenditures in each of the renewable energy program funds administered in accordance with this section.

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

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

SECTION 16. Sections 42-140-3, 42-140-7 and 42-140-9 of the General Laws in Chapter 42-140 entitled "Rhode Island Energy Resources Act" are hereby amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(14) Provide funding support if necessary to the renewable energy coordinating board and/or the advisory council to carry out the objectives pursuant to chapter 42-140-3;
Administer, as assigned by law or executive order, state and federally funded or authorized energy programs, which may include, but not be limited to: Advise and provide technical assistance to state and federally funded energy program to support:

- The federal low-income home energy assistance program which provides heating assistance to eligible low-income persons and any state funded or privately funded heating assistance program of a similar nature assigned to it for administration;
- The weatherization assistance program which offers home weatherization grants and heating system upgrades to eligible persons of low-income;
- The emergency fuel program which provides oil deliveries to families experiencing a heating emergency;
- The energy conservation program, which offers service and programs to all sectors; and

Advise the economic development corporation in the development of standards and rules for the solicitation and award of renewable energy program investment funds in accordance with section 42-64-13.2;

Develop, recommend, and evaluate energy programs for state facilities and operations in order to achieve and demonstrate the benefits of energy-efficiency, diversification of energy supplies, energy conservation, and demand management; and

Advise the governor and the general assembly with regard to energy resources and all matters relevant to achieving the purposes of the office.

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

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

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

SECTION 17. The Administration shall submit to the Chairpersons of the House and Senate Finance Committees by November 1, 2012, a plan to transfer the Rhode Island Public Telecommunications Authority from state to private support as part of the FY 2014 budget process and include any statutory language required to support the transaction.

SECTION 18. Section 23-27.3-108.2 of the General Laws in Chapter 23-27.3 entitled "State Building Code" is hereby amended to read as follows:

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

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

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

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

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

(d) The building commissioner shall, upon request by any state contractor described in section 37-2-38.1, review, and when all conditions for certification have been met, certify to the state controller that the payment conditions contained in section 37-2-38.1 have been met.
(e) The building commissioner shall coordinate the development and implementation of this section with the state fire marshal to assist with the implementation of section 23-28.2-6.

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

SECTION 19. Section 23-28.2-6 of the General Laws in Chapter 23-28.2 entitled “Division of Fire Safety” is hereby amended to read as follows:

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

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

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

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

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

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

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

(7) To coordinate with the state building commissioner on the submission of a report to the governor and general assembly on or before April 1, 2013 and each April 1st thereafter, providing the status of the web-accessible service and/or system implementation and any recommendations for process or system improvement.
SECTION 20. Section 42-64.13-7 of the General Laws in Chapter 42-64.13 entitled “Rhode Island Regulatory Reform Act” is hereby amended to read as follows:

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

(1) The director of the office of regulatory reform is authorized to intervene or otherwise participate in any regulatory or permitting matter pending before any executive branch agency or department or before any municipal board, commission, agency or subdivision thereof at which a regulatory or permitting matter is pending for the expressed net benefit of a business. The director of the office of regulatory reform may so intervene or otherwise participate in such pending regulatory and permitting matters by providing written notice to the director of any department or state agency in the executive branch, or the chairman or presiding officer over any municipal department or subdivision thereof at which a regulatory or permitting matter is pending, that the director of the office of regulatory reform is so intervening or otherwise participating in such regulatory or permitting matter pending before such department, agency, board or commission. The director of the office of regulatory reform shall be considered a party to the action and shall be provided reasonable notice of any and all administrative hearings or meetings involving the parties in such matter and shall be the opportunity to participate in such meetings, hearings or other administrative procedures of such entity, of which such opportunity may be waived only by writing from the director of the office of regulatory reform, for the purpose of assuring the efficient and consistent implementation of rules and regulations in order to foster the creation and retention of jobs in Rhode Island or otherwise foster economic development in Rhode Island consistent with the purposes of this act. Any intervention or participation by the director of the office of regulatory reform, other than in contested cases, shall not be deemed to violate the provisions of the Rhode Island administrative procedures act at Title 42, Chapter 35 of the general laws. Provided, however, all contested cases shall be conducted in accordance with the provisions for hearings of contested cases in the administrative procedures act, Title 42, Chapter 35, of the general laws. As used in this section, the term "contested case" means a proceeding in which conflicting rights between adverse parties are required by law to be determined in an adversary proceeding that is judicial or quasi-judicial in nature, and not purely administrative in character, before and/or by an agency.

(2) Promptly upon such intervention as set forth in subdivision (1) above, the director of the office of regulatory reform shall publish its rationale for its intervention in such pending regulatory or permitting matter. The director of the office of regulatory reform may so intervene upon findings that:
(i) That the pending, regulatory or permitting action, in and of itself or as part of a regulatory process, has significant economic development impact upon the state or any municipality herein; and

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

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

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

(B) The rationale for his or her intervention;

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

(D) Any observations or recommendations from the director of the office of regulatory reform with respect to such regulatory or permitting policies or procedures relating to the subject matter of such pending regulatory or permitting matters in which the director so intervened.

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

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

SECTION 21. Section 42-17.1-17 of the General Laws in Chapter 42-17.1 entitled "Department of Environmental Management" is hereby amended to read as follows:

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

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

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

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

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

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

SECTION 22. This article shall take effect upon passage.