2015 -- H 5900 SUBSTITUTE A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY
JANUARY SESSION, A.D. 2015

A N A C T

MAKING APPROPRIATIONS FOR THE SUPPORT OF THE STATE FOR THE FISCAL YEAR ENDING JUNE 30, 2016

Introduced By: Representative Raymond E. Gallison
Date Introduced: March 13, 2015
Referred To: House Finance

It is enacted by the General Assembly as follows:

1. ARTICLE 1......RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2016
2. ARTICLE 2......RELATING TO DEBT MANAGEMENT
3. ARTICLE 3......RELATING TO LEASE AGREEMENTS FOR LEASED OFFICE SPACE AND OPERATING SPACE
4. ARTICLE 4......RELATING TO DIVISION OF MOTOR VEHICLES
5. ARTICLE 5 ......THE REINVENTING MEDICAID ACT OF 2015
6. ARTICLE 6.....RELATING TO EDUCATION
7. ARTICLE 7......RELATING TO HIGHER EDUCATION ASSISTANCE AUTHORITY
8. ARTICLE 8......RELATING TO MUNICIPALITIES
9. ARTICLE 9......RELATING TO SCHOOL BUILDING AUTHORITY CAPITAL FUND
10. ARTICLE 10 ...(RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF
11. FY 2015
12. ARTICLE 11....RELATING TO REVENUES
13. ARTICLE 12....RELATING TO STATE POLICE PENSIONS
14. ARTICLE 13.....RELATING TO BUDGET ACCOUNTS
15. ARTICLE 14....RELATING TO INFRASTRUCTURE BANK
16. ARTICLE 15....RELATING TO GOVERNMENT ORGANIZATION
17. ARTICLE 16.....RELATING TO BAYS, RIVERS AND WATERSHEDS
ARTICLE 17....RELATING TO HUMAN SERVICES -- CHILD CARE--STATE SUBSIDIES

ARTICLE 18 ...RELATING TO HEALTH REFORM ASSESSMENT AND HEALTH BENEFIT EXCHANGE

ARTICLE 19....RELATING TO COMMERCE CORPORATION AND ECONOMIC DEVELOPMENT

ARTICLE 20....RELATING TO PROFESSIONAL LICENSES

ARTICLE 21....RELATING TO PENSIONS

ARTICLE 22 ...RELATING TO EFFECTIVE DATE
ARTICLE 1

RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2016

SECTION 1. Subject to the conditions, limitations and restrictions hereinafter contained in this act, the following general revenue amounts are hereby appropriated out of any money in the treasury not otherwise appropriated to be expended during the fiscal year ending June 30, 2016. The amounts identified for federal funds and restricted receipts shall be made available pursuant to section 35-4-22 and Chapter 41 of Title 42 of the Rhode Island General Laws. For the purposes and functions hereinafter mentioned, the state controller is hereby authorized and directed to draw his or her orders upon the general treasurer for the payment of such sums or such portions thereof as may be required from time to time upon receipt by him or her of properly authenticated vouchers.

Administration

Central Management

General Revenues 2,806,924
Office of Digital Excellence 984,019
Total – Central Management 3,790,943

Legal Services General Revenues 2,166,696

Accounts and Control General Revenues 4,080,143
Office of Management and Budget General Revenues 4,146,713

Purchasing

General Revenues 2,764,921
Other Funds 320,487
Total – Purchasing 3,085,408

Auditing General Revenues 1,476,262

Human Resources

General Revenues 7,679,763
Federal Funds 800,576
Restricted Receipts 489,333
Other Funds 1,401,403
Total – Human Resources 10,371,075
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<thead>
<tr>
<th></th>
<th>Personnel Appeal Board General Revenues</th>
<th>119,874</th>
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<td>2</td>
<td>Facilities Management</td>
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<td>3</td>
<td>General Revenues</td>
<td>32,172,352</td>
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<td>Federal Funds</td>
<td>1,208,674</td>
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<td>5</td>
<td>Restricted Receipts</td>
<td>376,880</td>
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<td>6</td>
<td>Other Funds</td>
<td>3,923,319</td>
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<tr>
<td>7</td>
<td>Total – Facilities Management</td>
<td>37,681,225</td>
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<td>Capital Projects and Property Management</td>
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<td>9</td>
<td>General Revenues</td>
<td>2,967,816</td>
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<td>Federal Funds</td>
<td>21,955</td>
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<td>11</td>
<td>Restricted Receipts</td>
<td>127,339</td>
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<td>12</td>
<td>Other Funds - Statewide Capital Consolidation</td>
<td>495,821</td>
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<td>13</td>
<td>Total – Capital Projects and Property Management</td>
<td>3,612,931</td>
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<td>Information Technology</td>
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<td>6,746,649</td>
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<td>17</td>
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<td>10,193,681</td>
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<td>18</td>
<td>Other Funds</td>
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<td>Total – Information Technology</td>
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<td>Library and Information Services</td>
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<td>General Revenues</td>
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<td>Restricted Receipts</td>
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<td>Total – Library and Information Services</td>
<td>2,434,428</td>
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<td>Planning</td>
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<td>Other Funds</td>
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<td>29</td>
<td>Federal Highway – PL Systems Planning</td>
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<td>Total – Planning</td>
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<td>31</td>
<td>General</td>
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<td>32</td>
<td>General Revenues</td>
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<td>33</td>
<td>Miscellaneous Grants/Payments</td>
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<td>34</td>
<td>Torts – Courts/Awards</td>
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<td>Description</td>
<td>Amount</td>
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<tr>
<td>1</td>
<td>State Employees/Teachers Retiree Health Subsidy</td>
<td>2,321,057</td>
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<td>2</td>
<td>Resource Sharing and State Library Aid</td>
<td>8,773,398</td>
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<td>3</td>
<td>RIPTA</td>
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<td>4</td>
<td>Library Construction Aid</td>
<td>2,663,300</td>
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<td>Federal Funds</td>
<td>4,345,555</td>
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<td>Restricted Receipts</td>
<td>421,500</td>
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<td>7</td>
<td>Other Funds</td>
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<td>8</td>
<td>Rhode Island Capital Plan Funds</td>
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<tr>
<td>9</td>
<td>Statehouse Renovations</td>
<td>575,000</td>
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<tr>
<td>10</td>
<td>DoIT Enterprise Operations Center</td>
<td>619,000</td>
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<tr>
<td>11</td>
<td>Cranston Street Armory</td>
<td>983,501</td>
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<td>12</td>
<td>Cannon Building</td>
<td>1,465,000</td>
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<td>13</td>
<td>Zambarano Building Rehabilitation</td>
<td>1,795,000</td>
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<tr>
<td>14</td>
<td>Pastore Center Rehab DOA Portion</td>
<td>2,793,000</td>
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<tr>
<td>15</td>
<td>Old State House</td>
<td>1,225,000</td>
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<tr>
<td>16</td>
<td>State Office Building</td>
<td>3,148,000</td>
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<tr>
<td>17</td>
<td>Old Colony House</td>
<td>695,000</td>
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<tr>
<td>18</td>
<td>William Powers Building</td>
<td>1,450,000</td>
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<tr>
<td>19</td>
<td>Pastore Center Utility Systems Upgrade</td>
<td>3,487,000</td>
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<tr>
<td>20</td>
<td>Replacement of Fueling Tanks</td>
<td>640,000</td>
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<tr>
<td>21</td>
<td>Environmental Compliance</td>
<td>200,000</td>
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<tr>
<td>22</td>
<td>Big River Management Area</td>
<td>120,000</td>
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<tr>
<td>23</td>
<td>Washington County Government Center</td>
<td>825,000</td>
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<tr>
<td>24</td>
<td>Veterans Memorial Auditorium</td>
<td>250,000</td>
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<td>25</td>
<td>Chapin Health Laboratory</td>
<td>510,000</td>
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<td>26</td>
<td>Pastore Center Parking</td>
<td>1,000,000</td>
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<td>27</td>
<td>Pastore Center Water Tanks</td>
<td>280,000</td>
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<td>28</td>
<td>RI Convention Center Authority</td>
<td>1,000,000</td>
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<td>29</td>
<td>Dunkin Donuts Center</td>
<td>1,387,500</td>
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<tr>
<td>30</td>
<td>Mathias Building Renovation</td>
<td>3,100,000</td>
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<tr>
<td>31</td>
<td>McCoy Stadium</td>
<td>250,000</td>
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<tr>
<td>32</td>
<td>Pastore Center Power Plant</td>
<td>500,000</td>
</tr>
<tr>
<td>33</td>
<td>Virks Building Renovations</td>
<td>6,500,000</td>
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<tr>
<td>34</td>
<td>Harrington Hall Renovations</td>
<td>1,679,493</td>
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<tr>
<td></td>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>1</td>
<td>Accessibility – Facility Renovations</td>
<td>1,000,000</td>
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<tr>
<td>2</td>
<td>State House Energy Management Improvements</td>
<td>346,000</td>
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<td>3</td>
<td>Veterans Land Purchase</td>
<td>250,000</td>
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<tr>
<td>4</td>
<td>Pastore Center Building Demolition</td>
<td>1,700,000</td>
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<td>5</td>
<td><strong>Total – General</strong></td>
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**Debt Service Payments**

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<tr>
<td>6</td>
<td><strong>General Revenues</strong></td>
<td>99,137,176</td>
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</table>

- Out of the general revenue appropriations for debt service, the General Treasurer is authorized to make payments for the I-195 Redevelopment District Commission loan up to the maximum debt service due in accordance with the loan agreement.

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>7</td>
<td><strong>Federal Funds</strong></td>
<td>2,657,152</td>
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<td>8</td>
<td><strong>Restricted Receipts</strong></td>
<td>2,085,410</td>
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<tr>
<td>9</td>
<td><strong>Other Funds</strong></td>
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**Energy Resources**

<table>
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<tr>
<th></th>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>10</td>
<td><strong>General Revenues</strong></td>
<td>2,625,841</td>
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<tr>
<td>11</td>
<td><strong>Federal Funds</strong></td>
<td>406,587</td>
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<tr>
<td>12</td>
<td><strong>Restricted Receipts</strong></td>
<td>10,194,871</td>
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**Rhode Island Health Benefits Exchange**

<table>
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<tr>
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<th>Amount</th>
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<td>13</td>
<td><strong>General Revenues</strong></td>
<td>2,625,841</td>
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<tr>
<td>14</td>
<td><strong>Federal Funds</strong></td>
<td>24,746,063</td>
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<tr>
<td>15</td>
<td><strong>Restricted Receipts</strong></td>
<td>3,554,716</td>
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**Construction Permitting, Approvals and Licensing**

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<td>16</td>
<td><strong>General Revenues</strong></td>
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<td>17</td>
<td><strong>Restricted Receipts</strong></td>
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**Office of Diversity, Equity & Opportunity**

<table>
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<th>Description</th>
<th>Amount</th>
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<td>18</td>
<td><strong>General Revenues</strong></td>
<td>1,098,841</td>
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<td>19</td>
<td><strong>Federal Funds</strong></td>
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<table>
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<th>Description</th>
<th>Amount</th>
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<tr>
<td>32</td>
<td><strong>Total – Office of Diversity, Equity &amp; Opportunity</strong></td>
<td>1,190,135</td>
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<td></td>
<td>Personnel and Operational Reforms General Revenues</td>
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<tr>
<td>1</td>
<td></td>
<td>(8,225,000)</td>
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<tr>
<td>2</td>
<td>Grand Total – Administration</td>
<td>368,031,640</td>
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<tr>
<td>3</td>
<td><strong>Business Regulation</strong></td>
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<tr>
<td>4</td>
<td>Central Management General Revenues</td>
<td>1,326,772</td>
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<td>5</td>
<td><strong>Banking Regulation</strong></td>
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<tr>
<td>6</td>
<td>General Revenues</td>
<td>1,674,773</td>
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<td>7</td>
<td>Restricted Receipts</td>
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<td>8</td>
<td>Total – Banking Regulation</td>
<td>1,711,773</td>
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<td>9</td>
<td><strong>Securities Regulation</strong></td>
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<td>10</td>
<td>General Revenues</td>
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<td>12</td>
<td>Total – Securities Regulation</td>
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<td>13</td>
<td><strong>Insurance Regulation</strong></td>
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<td>Total – Insurance Regulation</td>
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<td><strong>Office of the Health Insurance Commissioner</strong></td>
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<td>21</td>
<td>Total – Office of the Health Insurance Commissioner</td>
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<td><strong>Board of Accountancy</strong> General Revenues</td>
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<td>23</td>
<td><strong>Commercial Licensing, Racing &amp; Athletics</strong></td>
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<tr>
<td>24</td>
<td>General Revenues</td>
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<td>25</td>
<td>Restricted Receipts</td>
<td>659,062</td>
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<td>26</td>
<td>Total – Commercial Licensing, Racing &amp; Athletics</td>
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<td><strong>Boards for Design Professionals</strong> General Revenues</td>
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<td>28</td>
<td>Grand Total – Business Regulation</td>
<td>14,620,512</td>
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<td>29</td>
<td><strong>Executive Office of Commerce</strong></td>
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<td>30</td>
<td>Central Management General Revenues</td>
<td>956,254</td>
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<td>31</td>
<td><strong>Housing and Community Development</strong></td>
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<td>32</td>
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<td>33</td>
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<td>34</td>
<td>Restricted Receipts</td>
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<td>1. Total – Housing and Community Development</td>
<td>14,376,885</td>
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<td>2. <em>RI Television and Film Office</em> General Revenue</td>
<td>325,291</td>
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<td>3. <em>Quasi–Public Appropriations</em> General Revenues</td>
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<tr>
<td>4. Rhode Island Commerce Corporation</td>
<td>7,394,514</td>
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<td>5. Rhode Island Commerce Corporation – Legislative Grants</td>
<td>1,026,492</td>
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<td>6. Airport Impact Aid</td>
<td>1,025,000</td>
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<tr>
<td>7. Sixty percent (60%) of the first $1,000,000 appropriated for airport impact aid shall be distributed to each airport serving more than 1,000,000 passengers based upon its percentage of the total passengers served by all airports serving more than 1,000,000 passengers. Forty percent (40%) of the first $1,000,000 shall be distributed based on the share of landings during the calendar year 2015 at North Central Airport, Newport-Middletown Airport, Block Island Airport, Quonset Airport, T.F. Green Airport and Westerly Airport, respectively. The Rhode Island Commerce Corporation shall make an impact payment to the towns or cities in which the airport is located based on this calculation. Each community upon which any parts of the above airports are located shall receive at least $25,000.</td>
<td></td>
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<tr>
<td>8. STAC Research Alliance</td>
<td>1,150,000</td>
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<tr>
<td>9. Innovative Matching Grants/Internships</td>
<td>1,000,000</td>
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<tr>
<td>10. I-195 Redevelopment District Commission</td>
<td>761,000</td>
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<tr>
<td>11. Executive Office of Commerce Programs</td>
<td>3,100,000</td>
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<tr>
<td>12. Chafee Center at Bryant</td>
<td>376,200</td>
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<td>13. Other Funds</td>
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<td></td>
</tr>
<tr>
<td>14. Rhode Island Capital Plan Funds</td>
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<tr>
<td>15. I-195 Redevelopment District Commission</td>
<td>300,000</td>
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</tr>
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<td>16. Total – Quasi–Public Appropriations</td>
<td>16,133,206</td>
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<td>17. <em>Economic Development Initiatives Fund</em></td>
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<td>18. General Revenue</td>
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<tr>
<td>19. Small Business Assistance Program</td>
<td>5,458,000</td>
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<td>20. Anchor Institution Tax Credits</td>
<td>1,750,000</td>
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Of this appropriation, $496,800 shall be used for cortical integrative therapy services.

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**Children, Youth, and Families**

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**Juvenile Correctional Services**

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<td>Federal Funds</td>
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<td>16</td>
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<td>17</td>
<td>Restricted Receipts</td>
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<td>18</td>
<td><strong>Total – Central Management</strong></td>
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<td><strong>State Medical Examiner</strong></td>
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<td>21</td>
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<td><strong>Total – State Medical Examiner</strong></td>
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<td>23</td>
<td><strong>Environmental and Health Services Regulation</strong></td>
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<td>27</td>
<td><strong>Total – Environmental and Health Services Regulation</strong></td>
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<td><strong>Health Laboratories</strong></td>
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<td><strong>Total – Health Laboratories</strong></td>
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<td>Federal Funds</td>
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<td>Federal Funds – Stimulus</td>
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<td>Intermodal Surface Transportation Fund</td>
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<td>Total – Individual and Family Support</td>
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<td><strong>Veterans’ Affairs</strong></td>
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<td>4</td>
<td><strong>Total – Veterans’ Affairs</strong></td>
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<td><strong>Health Care Eligibility</strong></td>
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<td>Federal Funds</td>
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<td><strong>Total – Health Care Eligibility</strong></td>
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<td><strong>Supplemental Security Income Program</strong> General Revenues</td>
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<td><strong>Rhode Island Works</strong></td>
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<td>Federal Funds</td>
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<td>13</td>
<td><strong>Total – Rhode Island Works</strong></td>
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<td><strong>State Funded Programs</strong></td>
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<td>Of this appropriation, $210,000 shall be used for hardship contingency payments.</td>
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<td><strong>Total – State Funded Programs</strong></td>
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<td>21</td>
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<td>Care and Safety of the Elderly</td>
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<td>Federal Funds</td>
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<td>25</td>
<td><strong>Total – Elderly Affairs</strong></td>
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<tr>
<td>26</td>
<td><strong>Grand Total – Human Services</strong></td>
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<td><strong>Behavioral Healthcare, Developmental Disabilities, and Hospitals</strong></td>
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<td><strong>Central Management</strong></td>
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<td>31</td>
<td><strong>Total – Central Management</strong></td>
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<td>32</td>
<td><strong>Hospital and Community System Support</strong></td>
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<td>Community Facilities Fire Code</td>
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<td>Total – Hospital and Community System Support</td>
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<td>7</td>
<td>Services for the Developmentally Disabled</td>
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<td>General Revenues</td>
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<td>Federal Funds</td>
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<td>Other Funds</td>
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<td>Rhode Island Capital Plan Funds</td>
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<td>13</td>
<td>DD Private Waiver</td>
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<td>14</td>
<td>Regional Center Repair/Rehabilitation</td>
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<td>MR Community Facilities/Access to Independence</td>
</tr>
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<td>16</td>
<td>Total – Services for the Developmentally Disabled</td>
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<td>17</td>
<td>Behavioral Healthcare Services</td>
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<td>General Revenues</td>
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<td>Federal Funds</td>
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<td>Municipal Substance Abuse Task Forces</td>
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<td>NAMI of RI</td>
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<td>22</td>
<td>Restricted Receipts</td>
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<td>Other Funds</td>
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<td>MH Housing Development-Thresholds</td>
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<td>Substance Abuse Asset Production</td>
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<td>28</td>
<td>Total – Behavioral Healthcare Services</td>
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<td>29</td>
<td>Hospital and Community Rehabilitative Services</td>
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<td>General Revenues</td>
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<tr>
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<td>Zambarano Buildings and Utilities</td>
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<td>Hospital Equipment</td>
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<td>Grand Total – BHDDH</td>
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<td><strong>Office of the Child Advocate</strong></td>
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<td>Federal Funds</td>
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<td>10</td>
<td>Grand Total – Office of the Child Advocate</td>
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<td>11</td>
<td><strong>Commission on the Deaf and Hard of Hearing</strong></td>
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<td>12</td>
<td>General Revenues</td>
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<td>Restricted Receipts</td>
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<td>14</td>
<td>Grand Total – Commission on the Deaf and Hard of Hearing</td>
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<td><strong>Governor’s Commission on Disabilities</strong></td>
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<td>Grand Total – Governor’s Commission on Disabilities</td>
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<td><strong>Office of the Mental Health Advocate</strong></td>
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<td><strong>Elementary and Secondary Education</strong></td>
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<td>General Revenues</td>
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<td>Federal Funds</td>
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<td>Federal Funds – Stimulus</td>
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<td>RTTT LEA Share</td>
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<td>Restricted Receipts</td>
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<td>HRIC Adult Education Grants</td>
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<td>Rhode Island Capital Plan Funds</td>
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<td>32</td>
<td>State-Owned Warwick</td>
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<tr>
<td>1</td>
<td>Total – Administration of the Comprehensive Education Strategy</td>
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<td><strong>Davies Career and Technical School</strong></td>
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<td>8</td>
<td>Davies HVAC</td>
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<td>9</td>
<td>Davies Asset Protection</td>
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<td><strong>Total – Davies Career and Technical School</strong></td>
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<td><strong>RI School for the Deaf</strong></td>
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<td>General Revenues</td>
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<td>Federal Funds</td>
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<td>Restricted Receipts</td>
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<td>Other Funds</td>
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<td>16</td>
<td>RI School for the Deaf Transformation Grants</td>
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<td><strong>Total – RI School for the Deaf</strong></td>
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<td><strong>Metropolitan Career and Technical School</strong></td>
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<td>General Revenues</td>
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<td>Other Funds</td>
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<td>Rhode Island Capital Plan Funds</td>
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<td>22</td>
<td>MET Asset Protection</td>
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<td>23</td>
<td>MET School HVAC</td>
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<td>24</td>
<td><strong>Total – Metropolitan Career and Technical School</strong></td>
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<td>25</td>
<td><strong>Education Aid</strong></td>
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<td>26</td>
<td>General Revenues</td>
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<td>27</td>
<td>Restricted Receipts</td>
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<td>Other Funds</td>
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<td>29</td>
<td>Permanent School Fund – Education Aid</td>
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<td><strong>Total – Education Aid</strong></td>
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<td>31</td>
<td><strong>Central Falls School District General Revenues</strong></td>
</tr>
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<td>32</td>
<td><strong>School Construction Aid</strong></td>
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<td>33</td>
<td>General Revenues</td>
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<td>34</td>
<td>School Housing Aid</td>
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<td>1</td>
<td>School Building Authority Capital Fund</td>
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<td>Total – School Construction Aid</td>
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<td>3</td>
<td>Teachers’ Retirement General Revenues</td>
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<td>Grand Total – Elementary and Secondary Education</td>
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<td>5</td>
<td><strong>Public Higher Education</strong></td>
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<td>6</td>
<td><strong>Office of Postsecondary Commissioner</strong></td>
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<td>7</td>
<td>General Revenues</td>
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<td>Federal Funds</td>
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<td>10</td>
<td>WaytogoRI Portal</td>
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<td>11</td>
<td>Guaranty Agency Operating Fund-Scholarships &amp; Grants</td>
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<td>12</td>
<td>Other Funds</td>
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<tr>
<td>13</td>
<td>Tuition Savings Program – Dual Enrollment</td>
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<td>14</td>
<td>Tuition Savings Program – Scholarships and Grants</td>
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<td>15</td>
<td>Total – Office of Postsecondary Commissioner</td>
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<td>16</td>
<td><strong>University of Rhode Island</strong></td>
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<td>17</td>
<td>General Revenues</td>
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<td>18</td>
<td>General Revenues</td>
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<td>19</td>
<td>The University shall not decrease internal student financial aid in the 2015 – 2016 academic year below the level of the 2014 – 2015 academic year. The President of the institution shall report, prior to the commencement of the 2015-2016 academic year, to the chair of the Council of Postsecondary Education that such tuition charges and student aid levels have been achieved at the start of FY 2016 as prescribed above.</td>
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<tr>
<td>20</td>
<td>Debt Service</td>
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<td>21</td>
<td>RI State Forensics Laboratory</td>
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<td>22</td>
<td>Other Funds</td>
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<td>23</td>
<td>University and College Funds</td>
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<td>24</td>
<td>Debt – Dining Services</td>
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<td>25</td>
<td>Debt – Education and General</td>
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<td>Debt – Health Services</td>
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<td>27</td>
<td>Debt – Housing Loan Funds</td>
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<td>28</td>
<td>Debt – Memorial Union</td>
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<td>29</td>
<td>Debt – Ryan Center</td>
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<td>30</td>
<td>Debt – Alton Jones Services</td>
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</tbody>
</table>
Debt – Parking Authority 1,029,157
3 Debt – Sponsored Research 90,278
4 Debt – URI Energy Conservation 1,709,986
5 Debt – Restricted Energy Conservation 810,170
6 Rhode Island Capital Plan Funds
7 Asset Protection 7,686,900
8 Fire and Safety Protection 3,221,312
9 Electrical Substation 1,200,000
10 New Chemistry Building 4,000,000
11 URI/RIC Nursing Education Center 400,000
12 Total – University of Rhode Island 720,672,430
13 Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or
14 unencumbered balances as of June 30, 2016 relating to the University of Rhode Island are hereby
15 reappropriated to fiscal year 2017.
16 Rhode Island College
17 General Revenues
18 General Revenues 44,988,362
19 Rhode Island College shall not decrease internal student financial aid in the 2015 – 2016
20 academic year below the level of the 2014 – 2015 academic year. The President of the institution
21 shall report, prior to the commencement of the 2015-2016 academic year, to the chair of the
22 Council of Postsecondary Education that such tuition charges and student aid levels have been
23 achieved at the start of FY 2016 as prescribed above.
24 Debt Service 5,214,649
25 Other Funds
26 University and College Funds 118,566,770
27 Debt – Education and General 879,147
28 Debt – Housing 2,013,281
29 Debt – Student Center and Dining 154,330
30 Debt – Student Union 235,481
31 Debt – G.O. Debt Service 1,644,459
32 Debt Energy Conservation 256,275
33 Rhode Island Capital Plan Funds
34 Asset Protection 3,080,400
35 Infrastructure Modernization 2,000,000
Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or unencumbered balances as of June 30, 2016 relating to Rhode Island College are hereby reappropriated to fiscal year 2017.

**Community College of Rhode Island**

General Revenues

The Community College of Rhode Island shall not decrease internal student financial aid in the 2015 – 2016 academic year below the level of the 2014 – 2015 academic year. The President of the institution shall report, prior to the commencement of the 2015-2016 academic year, to the chair of the Council of Postsecondary Education that such tuition charges and student aid levels have been achieved at the start of FY 2016 as prescribed above.

**RI State Council on the Arts**

General Revenues

Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or unencumbered balances as of June 30, 2016 relating to the Community College of Rhode Island are hereby reappropriated to fiscal year 2017.

**RI Atomic Energy Commission**
1  General Revenues                          957,170
2  Federal Funds                           54,699
3  Other Funds                            
4  URI Sponsored Research                   275,300
5  Rhode Island Capital Plan Funds         
6  RINSC Asset Protection                  50,000
7  Grand Total – RI Atomic Energy Commission 1,337,169

8  **RI Historical Preservation and Heritage Commission**
9  General Revenues                        1,380,972
10  Federal Funds                          2,075,393
11  Restricted Receipts                    428,630
12  Other Funds                            
13  RIDOT Project Review                   71,708
14  Grand Total – RI Historical Preservation and Heritage Commission 3,956,703

15  **Attorney General**
16  **Criminal**
17  General Revenues                        15,461,041
18  Federal Funds                          1,291,777
19  Restricted Receipts                    6,353,595
20  Total – Criminal                       23,106,413

16  **Civil**
21  General Revenues                        5,285,996
22  Restricted Receipts                    896,735
23  Total – Civil                          6,182,731

25  **Bureau of Criminal Identification** General Revenues 1,591,162

26  **General**
27  General Revenues                        2,855,011
28  Other Funds                            
29  Rhode Island Capital Plan Funds        
30  Building Renovations and Repairs        300,000
31  Total – General                        3,155,011
32  Grand Total – Attorney General          34,035,317

33  **Corrections**
34  **Central Management**
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</tr>
<tr>
<td>31</td>
<td>Total – Office of the Director</td>
<td>$8,413,281</td>
<td></td>
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</tr>
<tr>
<td>32</td>
<td><em>Natural Resources</em></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>33</td>
<td>General Revenues</td>
<td>$20,671,723</td>
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<tr>
<td>34</td>
<td>Federal Funds</td>
<td>$19,131,833</td>
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<tr>
<td></td>
<td>Description</td>
<td>Amount</td>
<td></td>
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<tr>
<td>---</td>
<td>-------------------------------------------------</td>
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</tr>
<tr>
<td>1</td>
<td>Restricted Receipts</td>
<td>6,360,768</td>
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<td>2</td>
<td>Other Funds</td>
<td></td>
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<tr>
<td>3</td>
<td>DOT Recreational Projects</td>
<td>181,649</td>
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</tr>
<tr>
<td>4</td>
<td>Blackstone Bikepath Design</td>
<td>2,059,579</td>
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<tr>
<td>5</td>
<td>Transportation MOU</td>
<td>78,350</td>
<td></td>
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<tr>
<td>6</td>
<td>Rhode Island Capital Plan Funds</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>7</td>
<td>Dam Repair</td>
<td>750,000</td>
<td></td>
<td></td>
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<tr>
<td>8</td>
<td>Fort Adams Rehabilitation</td>
<td>125,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Fort Adams America’s Cup</td>
<td>1,400,000</td>
<td></td>
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</tr>
<tr>
<td>10</td>
<td>Recreational Facilities Improvements</td>
<td>4,991,000</td>
<td></td>
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</tr>
<tr>
<td>11</td>
<td>Galilee Piers Upgrade</td>
<td>400,000</td>
<td></td>
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<tr>
<td>12</td>
<td>Newport Piers</td>
<td>137,500</td>
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<td>13</td>
<td>World War II Facility</td>
<td>770,000</td>
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<td>14</td>
<td>Blackstone Valley Bike Path</td>
<td>198,410</td>
<td></td>
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<tr>
<td>15</td>
<td>Marine Infrastructure/Pier Development</td>
<td>100,000</td>
<td></td>
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<tr>
<td>16</td>
<td>Rocky Point Acquisition/Renovations</td>
<td>200,000</td>
<td></td>
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<tr>
<td>17</td>
<td>Natural Resources Offices/Visitor’s Center</td>
<td>2,500,000</td>
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<tr>
<td>18</td>
<td>Total – Natural Resources</td>
<td>60,055,812</td>
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<tr>
<td>19</td>
<td><strong>Environmental Protection</strong></td>
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<tr>
<td>20</td>
<td>General Revenues</td>
<td>11,751,892</td>
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<td>21</td>
<td>Federal Funds</td>
<td>10,025,644</td>
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<td>22</td>
<td>Restricted Receipts</td>
<td>8,893,258</td>
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<tr>
<td>23</td>
<td>Other Funds</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>24</td>
<td>Transportation MOU</td>
<td>164,734</td>
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</tr>
<tr>
<td>25</td>
<td>Total – Environmental Protection</td>
<td>30,835,528</td>
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<tr>
<td>26</td>
<td>Grand Total – Environmental Management</td>
<td>99,304,621</td>
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<tr>
<td>27</td>
<td><strong>Coastal Resources Management Council</strong></td>
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<td>28</td>
<td>General Revenues</td>
<td>2,433,260</td>
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<td>29</td>
<td>Federal Funds</td>
<td>2,614,348</td>
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<td>30</td>
<td>Restricted Receipts</td>
<td>250,000</td>
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<td>31</td>
<td>Other Funds</td>
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<td></td>
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<tr>
<td>32</td>
<td>Rhode Island Capital Plan Funds</td>
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<td></td>
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<tr>
<td>33</td>
<td>South Coast Restoration Project</td>
<td>321,775</td>
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<td>34</td>
<td>Shoreline Change Beach SAMP</td>
<td>50,000</td>
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<td>Description</td>
<td>Amount</td>
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<tr>
<td>1</td>
<td>Grand Total – Coastal Resources Management Council</td>
<td>5,669,383</td>
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<td>2</td>
<td><strong>Transportation</strong></td>
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</tr>
<tr>
<td>3</td>
<td><strong>Central Management</strong></td>
<td></td>
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<tr>
<td>4</td>
<td>Federal Funds</td>
<td>8,540,000</td>
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<td>5</td>
<td>Other Funds</td>
<td></td>
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<tr>
<td>6</td>
<td>Gasoline Tax</td>
<td>2,182,215</td>
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<tr>
<td>7</td>
<td>Total – Central Management</td>
<td>10,722,215</td>
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<tr>
<td>8</td>
<td><strong>Management and Budget</strong></td>
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<tr>
<td>9</td>
<td>Other Funds – Gasoline Tax</td>
<td>4,530,251</td>
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<tr>
<td>10</td>
<td><strong>Infrastructure Engineering - GARVEE/Motor Fuel Tax Bonds</strong></td>
<td></td>
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<tr>
<td>11</td>
<td>Federal Funds</td>
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<tr>
<td>12</td>
<td>Federal Funds</td>
<td>240,533,185</td>
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<tr>
<td>13</td>
<td>Federal Funds – Stimulus</td>
<td>14,542,237</td>
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<tr>
<td>14</td>
<td>Restricted Receipts</td>
<td>1,000,000</td>
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<td></td>
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<tr>
<td>15</td>
<td>Other Funds</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>16</td>
<td>Gasoline Tax</td>
<td>73,801,440</td>
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<tr>
<td>17</td>
<td>Land Sale Revenue</td>
<td>10,800,000</td>
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<tr>
<td>18</td>
<td>Rhode Island Capital Funds</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>19</td>
<td>RIPTA Land and Buildings</td>
<td>200,000</td>
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<td>20</td>
<td>Highway Improvement Program</td>
<td>34,650,000</td>
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<tr>
<td>21</td>
<td>Total - Infrastructure Engineering – GARVEE/Motor Fuel Tax Bonds</td>
<td>375,526,862</td>
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<tr>
<td>22</td>
<td><strong>Infrastructure Maintenance</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>23</td>
<td>Other Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Gasoline Tax</td>
<td>14,127,961</td>
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<tr>
<td>25</td>
<td>Non-Land Surplus Property</td>
<td>10,000</td>
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<tr>
<td>26</td>
<td>Outdoor Advertising</td>
<td>100,000</td>
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<tr>
<td>27</td>
<td>Rhode Island Highway Maintenance Account</td>
<td>54,349,189</td>
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<tr>
<td>28</td>
<td>Rhode Island Capital Plan Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Maintenance Facilities Improvements</td>
<td>100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Salt Storage Facilities</td>
<td>1,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Portsmouth Facility</td>
<td>1,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Maintenance - Capital Equipment Replacement</td>
<td>2,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Train Station Maintenance and Repairs</td>
<td>350,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Total – Infrastructure Maintenance</td>
<td>73,037,150</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Statewide Totals

General Revenues 3,552,919,556
Federal Funds 2,946,193,032
Restricted Receipts 245,496,096
Other Funds 1,920,676,257
Statewide Grand Total 8,665,284,941

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

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

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

SECTION 5. The general assembly authorizes the state controller to establish the internal service accounts shown below, and no other, to finance and account for the operations of state agencies that provide services to other agencies, institutions and other governmental units on a cost reimbursed basis. The purpose of these accounts is to ensure that certain activities are managed in a businesslike manner, promote efficient use of services by making agencies pay the full costs associated with providing the services, and allocate the costs of central administrative services across all fund types, so that federal and other non-general fund programs share in the costs of general government support. The controller is authorized to reimburse these accounts for the cost of work or services performed for any other department or agency subject to the following expenditure limitations:

<table>
<thead>
<tr>
<th>Account</th>
<th>Expenditure Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Assessed Fringe Benefit Internal Service Fund</td>
<td>38,930,194</td>
</tr>
<tr>
<td>Administration Central Utilities Internal Service Fund</td>
<td>17,782,800</td>
</tr>
</tbody>
</table>
SECTION 6. The General Assembly may provide a written "statement of legislative intent" signed by the chairperson of the House Finance Committee and by the chairperson of the Senate Finance Committee to show the intended purpose of the appropriations contained in Section 1 of this Article. The statement of legislative intent shall be kept on file in the House Finance Committee and in the Senate Finance Committee.

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

SECTION 7. Appropriation of Temporary Disability Insurance Funds -- There is hereby appropriated pursuant to sections 28-39-5 and 28-39-8 of the Rhode Island General Laws all funds required to be disbursed for the benefit payments from the Temporary Disability Insurance Fund and Temporary Disability Insurance Reserve Fund for the fiscal year ending June 30, 2016.

SECTION 8. Appropriation of Employment Security Funds -- There is hereby appropriated pursuant to section 28-42-19 of the Rhode Island General Laws all funds required to be disbursed for benefit payments from the Employment Security Fund for the fiscal year ending June 30, 2016.

SECTION 9. Appropriation of Lottery Division Funds -- There is hereby appropriated to the Lottery Division any funds required to be disbursed by the Lottery Division for the purposes of paying commissions or transfers to the prize fund for the fiscal year ending June 30, 2016.

SECTION 10. Departments and agencies listed below may not exceed the number of full-time equivalent (FTE) positions shown below in any pay period. Full-time equivalent positions do not include seasonal or intermittent positions whose scheduled period of employment does not
exceed twenty-six consecutive weeks or whose scheduled hours do not exceed nine hundred and twenty-five (925) hours, excluding overtime, in a one-year period. Nor do they include individuals engaged in training, the completion of which is a prerequisite of employment. Provided, however, that the Governor or designee, Speaker of the House of Representatives or designee, and the President of the Senate or designee may authorize an adjustment to any limitation. Prior to the authorization, the State Budget Officer shall make a detailed written recommendation to the Governor, the Speaker of the House, and the President of the Senate. A copy of the recommendation and authorization to adjust shall be transmitted to the chairman of the House Finance Committee, Senate Finance Committee, the House Fiscal Advisor and the Senate Fiscal Advisor.

State employees whose funding is from non-state general revenue funds that are time limited shall receive limited term appointment with the term limited to the availability of non-state general revenue funding source.

FY 2016 FTE POSITION AUTHORIZATION

<table>
<thead>
<tr>
<th>Departments and Agencies</th>
<th>Full-Time Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>711.7</td>
</tr>
<tr>
<td>Business Regulation</td>
<td>98.0</td>
</tr>
<tr>
<td>Executive Office of Commerce</td>
<td>18.6</td>
</tr>
<tr>
<td>Labor and Training</td>
<td>410.0</td>
</tr>
<tr>
<td>Revenue</td>
<td>514.5</td>
</tr>
<tr>
<td>Legislature</td>
<td>298.5</td>
</tr>
<tr>
<td>Office of the Lieutenant Governor</td>
<td>8.0</td>
</tr>
<tr>
<td>Office of the Secretary of State</td>
<td>57.0</td>
</tr>
<tr>
<td>Office of the General Treasurer</td>
<td>84.0</td>
</tr>
<tr>
<td>Board of Elections</td>
<td>11.0</td>
</tr>
<tr>
<td>Rhode Island Ethics Commission</td>
<td>12.0</td>
</tr>
<tr>
<td>Office of the Governor</td>
<td>45.0</td>
</tr>
<tr>
<td>Commission for Human Rights</td>
<td>14.5</td>
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<tr>
<td>Public Utilities Commission</td>
<td>50.0</td>
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<tr>
<td>Office of Health and Human Services</td>
<td>187.0</td>
</tr>
<tr>
<td>Children, Youth, and Families</td>
<td>672.5</td>
</tr>
<tr>
<td>Health</td>
<td>490.6</td>
</tr>
<tr>
<td>Human Services</td>
<td>959.1</td>
</tr>
<tr>
<td>Behavioral Health, Developmental Disabilities, and Hospitals</td>
<td>1,421.4</td>
</tr>
</tbody>
</table>
Office of the Child Advocate 6.0
Commission on the Deaf and Hard of Hearing 3.0
Governor’s Commission on Disabilities 4.0
Office of the Mental Health Advocate 4.0
Elementary and Secondary Education 151.4
School for the Deaf 60.0
Davies Career and Technical School 126.0
Office of Postsecondary Commissioner 25.0
Provided that 1.0 of the total authorization would be available only for positions that are supported by third-party funds.
University of Rhode Island 2,456.5
Provided that 573.8 of the total authorization would be available only for positions that are supported by third-party funds.
Rhode Island College 923.6
Provided that 82.0 of the total authorization would be available only for positions that are supported by third-party funds.
Community College of Rhode Island 854.1
Provided that 89.0 of the total authorization would be available only for positions that are supported by third-party funds.
Rhode Island State Council on the Arts 6.0
RI Atomic Energy Commission 8.6
Historical Preservation and Heritage Commission 16.6
Office of the Attorney General 236.1
Corrections 1,419.0
Judicial 724.3
Military Staff 92.0
Public Safety 633.2
Office of the Public Defender 93.0
Emergency Management 32.0
Environmental Management 399.0
Coastal Resources Management Council 29.0
Transportation 752.6
Total 15,118.4
SECTION 11. The amounts reflected in this Article include the appropriation of Rhode
Island Capital Plan funds for fiscal year 2016 and supersede appropriations provided for FY 2016 within Section 11 of Article 1 of Chapter 145 of the P.L. of 2014.

The following amounts are hereby appropriated out of any money in the State’s Rhode Island Capital Plan Fund not otherwise appropriated to be expended during the fiscal years ending June 30, 2017, June 30, 2018, June 30, 2019, and June 30, 2020. These amounts supersede appropriations provided within Section 11 of Article 1 of Chapter 145 of the P.L. of 2014. For the purposes and functions hereinafter mentioned, the State Controller is hereby authorized and directed to draw his or her orders upon the General Treasurer for the payment of such sums and such portions thereof as may be required by him or her upon receipt of properly authenticated vouchers.

<table>
<thead>
<tr>
<th>Project</th>
<th>Fiscal Year Ending</th>
<th>Fiscal Year Ending</th>
<th>Fiscal Year Ending</th>
<th>Fiscal Year Ending</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOA - Cannon Building</td>
<td>400,000</td>
<td>400,000</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>DOA - Accessibility – Facility</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>DOA - Pastore Canter Rehab</td>
<td>7,915,000</td>
<td>2,500,000</td>
<td>2,120,000</td>
<td>2,500,000</td>
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<tr>
<td>DOA - State Office Building</td>
<td>2,800,000</td>
<td>400,000</td>
<td>350,000</td>
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</tr>
<tr>
<td>DOA - Virks Building</td>
<td>6,500,000</td>
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<td>0</td>
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<tr>
<td>DOA - Washington County</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
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<tr>
<td>DOA - William Powers Administration</td>
<td>475,000</td>
<td>150,000</td>
<td>425,000</td>
<td>425,000</td>
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<td>DOA - Zambarano Utilities and Infrastructure</td>
<td>1,000,000</td>
<td>250,000</td>
<td>950,000</td>
<td>100,000</td>
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<td>DOC - Asset Protection</td>
<td>3,750,000</td>
<td>3,750,000</td>
<td>3,750,000</td>
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<td>DLT - Center General Asset</td>
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<td>1,000,000</td>
<td>500,000</td>
<td>500,000</td>
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<tr>
<td>El Sec - Davies School Asset</td>
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<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
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<tr>
<td>El Sec - Davies HVAC</td>
<td>1,435,000</td>
<td>650,000</td>
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<td>0</td>
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<tr>
<td>El Sec - Met School Asset</td>
<td>100,000</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>El Sec - Woonsocket Career and</td>
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<tr>
<td></td>
<td>Technical</td>
<td>1,150,000</td>
<td>1,000,000</td>
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</tr>
<tr>
<td>2</td>
<td>Judicial - Asset Protection</td>
<td>875,000</td>
<td>950,000</td>
<td>950,000</td>
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<td>3</td>
<td>Mil Staff – Joint Force Headquarters</td>
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<tr>
<td>4</td>
<td>Bldg</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>4,100,000</td>
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SECTION 12. Reappropriation of Funding for Rhode Island Capital Plan Fund Projects.

Any unexpended and unencumbered funds from Rhode Island Capital Plan Fund project appropriations may be reappropriated at the recommendation of the Governor in the ensuing
fiscal year and made available for the same purpose. However, any such reappropriations are
subject to final approval by the General Assembly as part of the supplemental appropriations act.
Any unexpended funds of less than five hundred dollars ($500) shall be reappropriated at the
discretion of the State Budget Officer.

SECTION 13. For the Fiscal Year ending June 30, 2016, the Rhode Island Housing and
Mortgage Finance Corporation shall provide from its resources such sums as appropriate in
support of the Neighborhood Opportunities Program. The Corporation shall provide a report
detailing the amount of funding provided to this program, as well as information on the number
of units of housing provided as a result to the Director of Administration, the Chair of the
Housing Resources Commission, the Chair of the House Finance Committee, the Chair of the
Senate Finance Committee and the State Budget Officer.

SECTION 14. This article shall take effect as of July 1, 2015.
ARTICLE 2

RELATING TO DEBT MANAGEMENT

SECTION 1. University of Rhode Island Fraternity Circle Improvements Phase I.

WHEREAS, The University of Rhode Island is proposing a utility and infrastructure project to replace, improve, and reorganize aged, incrementally developed utility and paved infrastructure in the sector of the Kingston Campus devoted to fraternity and sorority houses, referred to as Fraternity Circle Improvements Phase I, including improvements to water, wastewater, electrical, telecommunications, natural gas connections, and storm water management systems, as well as roadways, walkways, and parking lots as a first phase of improvements reflected in a "master plan" for this unique neighborhood of on-campus residences serving organizations of students; and

WHEREAS, Fraternities and sororities first developed in the early 1900s at the University of Rhode Island and were expanded with the initial designation and development of the "fraternity circle" neighborhood that was established in 1964, with the complement of fraternity and sorority buildings presently housing over 800 students, while maintaining strong bonds with affiliated alumni supporters of the University; and

WHEREAS, The capacity of the present water distribution system in this sector is a concern for serving sprinkler systems in both present and future houses and the wastewater system and storm water management systems must be improved and contemporized; and

WHEREAS, The upgrade and reconfiguration of gas, electric, and telecommunication infrastructure in the district, with the cooperation of National Grid and the university's networking and telecommunications operation, will address reliability, safety and long-term functionality, while reconfigured roadways, with service access, improved pedestrian safety, and parking area enhancements will bring this sector in line with the hardscape, exterior lighting, and blue-light emergency phone complements in the adjacent residence hall districts; and

WHEREAS, The design and construction of this project will be financed through Rhode Island Health and Educational Building Corporation (RIHEBC) revenue bonds, with an expected term of twenty (20) years; and

WHEREAS, Debt service payments would be supported by university general revenues; now, therefore, be it
RESOLVED, That the total amount of the debt approved to be issued in the aggregate shall be limited to not more than five million one hundred thousand dollars ($5,100,000). Total debt service on the bonds is not expected to exceed four hundred seven thousand dollars ($407,000) annually and eight million one hundred forty thousand dollars ($8,140,000) in the aggregate based on an average interest rate of five (5.0%) percent and a twenty (20) year maturity; and be it further

RESOLVED, That the Fraternity Circle Improvement Project Phase I is an important investment in the upgrade of essential utility systems to enhance public safety, ensure reliability and capacity, and safeguard the woodland/wetland setting of this sector of the Kingston Campus; and that this general assembly hereby approves financing; and it be further

RESOLVED, That this Joint Resolution shall take effect upon passage by this General Assembly.

SECTION 2. Rhode Island Turnpike and Bridge Authority.

WHEREAS, The Rhode Island Turnpike and Bridge Authority (the "Authority") is a public corporation of the State of Rhode Island (the "State"), constituting a public instrumentality and agency exercising public and essential governmental functions of the State, created by the General Assembly pursuant to Rhode Island General Laws § 24-12-1, et seq. (as enacted, reenacted and amended, hereinafter referred to as the "Act"); and

WHEREAS, The State recognizes that the Pell Bridge, the Jamestown Verrazzano Bridge and other facilities of the Authority are an essential part of the State's transportation system and facilitates the tourism industry; and it is the policy of the State that the public welfare and the further economic development and the prosperity of the State requires the maintenance of such facilities and the financing thereof; and

WHEREAS, The Act provides that the Authority shall have the power to charge and collect tolls for the use of its facilities; and

WHEREAS, Pursuant to Rhode Island General Laws § 31-36-20, three and one-half cents ($0.035) per gallon of the motor fuel tax is transferred to the Authority to be used for maintenance, operations, capital expenditures and debt service on any of its projects as defined in chapter 12 of title 24; and

WHEREAS, The Act also provides that the Authority shall have the power to acquire, hold and dispose of real and personal property in the exercise of its powers and performance of its duties; and

WHEREAS, The Act authorizes the Authority to make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its
powers under the Act, to issue revenue bonds of the Authority for any of its purposes and to
refund its bonds, borrow money in anticipation of the issuance of its bonds, and secure its bonds
and notes by the pledge of its tolls and other revenues; and

WHEREAS, In furtherance of its corporate purposes, the Authority is authorized to issue
from time to time its negotiable revenue bonds and notes in one or more series in such principal
amounts for the purpose of paying all or a part of the costs of any one or more projects authorized
by the Act, making provision for working capital and a reserve for interest; and

WHEREAS, Pursuant to Rhode Island General Laws §§ 35-18-3 and 35-18-4 of the
Rhode Island Public Corporation Debt Management Act (as enacted, reenacted and amended, the
"Debt Management Act"), the Authority has requested the approval of the General Assembly of
the Authority's issuance of not more than sixty five million dollars ($65,000,000) Rhode Island
Turnpike and Bridge Authority Revenue Bonds with a term not to exceed thirty (30) years and six
(6) months (together with any notes issued in anticipation of the issuance of bonds, the "Bonds")
to be secured by toll, transfers of motor fuel taxes and/or other revenues, for the purpose of
providing funds to finance the renovation, renewal, repair, rehabilitation, retrofitting, upgrading
and improvement of the Pell Bridge, the Jamestown Verrazano Bridge, the Sakonnet River
Bridge, Mount Hope Bridge, and other projects authorized under the Act, replacement of the
components thereof, working capital, capitalized interest, a debt service reserve and the costs of
issuing and insuring the Bonds (the "Project"); and

WHEREAS, The Project constitutes essential public facilities directly benefiting the
State; and

WHEREAS, The Authority is authorized pursuant to § 24-12-28 of the Act to secure its
bonds by a pledge of the tolls and other revenues received by the Authority; and

WHEREAS, The State shall directly benefit economically from the Project by the repair,
maintenance and improvement of the State transportation infrastructure; and

WHEREAS, In the event that not all of the Bond proceeds are used to carry out the
specified Project, the Authority will use any remaining funds to pay debt service on the Bonds;

Now, therefore, be it

RESOLVED, That this General Assembly finds that the Project is an essential public
facility and is of a type and nature consistent with the purposes and within the powers of the
Authority to undertake, and hereby approves the Authority's issuance of not more than sixty-five
million dollars ($65,000,000) in Bonds, which amount is in addition to all prior authorizations;
and be it further

RESOLVED, That the Bonds will be special obligations of the Authority payable from
funds received by the Authority from tolls and other revenues received by the Authority. The total
debt service on the Bonds is estimated to average approximately five million seventy-five
thousand dollars ($5,075,000) per year or approximately one hundred fifty million two hundred
fifty thousand dollars ($152,250,000) in the aggregate, prior to the receipt of any federal subsidy
and/or assistance, at an average interest rate of approximately six and three-quarters percent
(6.75%) and an approximately a thirty (30) year maturity; and be it further
RESOLVED, That the Bonds will not constitute indebtedness of the State or any of its
subdivisions or a debt for which the full faith and credit of the State or any of its subdivisions is
pledged.
RESOLVED, That this Joint Resolution shall take effect upon passage by this General
Assembly.
SECTION 3. Chapter 24-12 of the General Laws entitled "Rhode Island Turnpike and
Bridge Authority" is hereby amended by adding thereto the following section:
24-12-59. Bondholders' rights not to be affected by the state. -- The state does pledge
to and agree with the holders of any bonds or notes issued under this chapter that the state will not
limit or alter the rights vested in the authority to fulfill the terms of any agreements made with the
holders until those bonds or notes, together with their interest, with interest on any unpaid
installments of interest, and all costs and expenses in connection with any action or proceeding by
or on behalf of those holders, are fully met and discharged. The authority is authorized to include
this pledge and agreement of the state in any agreement with the holders of those bonds or notes.
SECTION 4. This article shall take effect upon passage.
ARTICLE 3

RELATING TO LEASE AGREEMENTS FOR LEASED OFFICE AND OPERATING SPACE

SECTION 1. This article consists of Joint Resolutions that are submitted pursuant to Rhode Island General Laws § 37-6-2 authorizing lease agreements for office space and operating space for the Department of Human Services; the Department of Environmental Management; the Department of Children, Youth and Families; the Office of Public Defender; and the Office of Secretary of State.

SECTION 2. The Department of Human Services holds a current lease agreement, in full force and effect, with Floyd Realty Company for 10,380 square feet of space located at 197-211 Buttonwoods Avenue in the City of Warwick; and

WHEREAS, The current lease expires on June 30, 2015 and the Department of Human Services wishes to renew the lease agreement with Floyd Realty Company for a period of five (5) years; and

WHEREAS, The State of Rhode Island, acting by and through the Department of Human Services, attests to the fact that there are no clauses in the lease agreement with Floyd Realty Company that would interfere with the Department of Human Services lease agreement or use of the facility; and

WHEREAS, The leased premises provide a regional location from which the Department of Human Services can serve the needs of the City of Warwick and surrounding communities and otherwise further fulfill the mission of the Department; and

WHEREAS, The annual rent in the lease agreement in the current fiscal year, ending June 30, 2015 is $103,800.00; and

WHEREAS, The annual rent of the new lease agreement in year one is not to exceed $104,941.80 and in years two through five is not to exceed $108,990.00; and

WHEREAS, The State Properties Committee now respectfully requests the approval of the House of Representatives and the Senate for the lease agreement between the Department of Human Services and Floyd Realty Company, for the facility located at Buttonwoods Avenue in the City of Warwick; now therefore be it

RESOLVED, That this General Assembly hereby approves the lease agreement, for a
term not to exceed five (5) years at a total cost not to exceed $540,901.80; and it be further

RESOLVED, That the Secretary of State is hereby authorized and directed to transmit
duly certified copies of this Resolution to the Director of the Department of Human Services, the
Director of Administration, and the Chair of the State Properties Committee.

SECTION 3. Human Services, 77 Dorrance Street, Providence.

WHEREAS, The Department of Human Services holds a current lease agreement, in full
force and effect, with 57 Associates, LLC for 25,812 square feet of space located at 77 Dorrance
Street in the City of Providence; and

WHEREAS, The current lease expires on August 31, 2015 and the Department of Human
Services wishes to renew the lease agreement with 57 Associates, LLC for a period of five (5)
years; and

WHEREAS, The State of Rhode Island, acting by and through the Rhode Island
Department of Human Services, attests to the fact that there are no clauses in the lease agreement
with 57 Associates, LLC that would interfere with the Department of Human Services lease
agreement or use of the facility; and

WHEREAS, The leased premises provide a central location from which the Department
of Human Services can serve the needs of the Rhode Island community and otherwise further and
fulfill the mission of the Department; and

WHEREAS, The annual rent in the lease agreement in the current fiscal year, ending
June 30, 2015 is $362,658.60; and

WHEREAS, The annual rent in the new lease agreement in year one is not to exceed
$362,658.60 and in years two through five of the new term is not to exceed $401,376.60; and

WHEREAS, The State Properties Committee now respectfully requests the approval of
the House of Representatives and the Senate for the lease agreement between the Department of
Human Services and 57 Associates, LLC for the facility located at 77 Dorrance Street in the City
of Providence; now therefore be it

RESOLVED, That this General Assembly hereby approves the lease agreement, for a
term not to exceed five (5) years and at a total cost not to exceed $1,968,165.00; and it be further

RESOLVED, That this Joint Resolution shall take effect upon passage by the General
Assembly; and it be further

RESOLVED, That the Secretary of State is hereby authorized and directed to transmit
duly certified copies of this Resolution to the Director of the Department of Human Services, the
SECTION 4. Environmental Management, 235 Promenade Street, Providence.

WHEREAS, The Department of Environmental Management currently holds a lease agreement with Foundry Parcel 15 Associates, LLC for approximately 126,184 square feet of office space located at 235 Promenade Street in the City of Providence; and

WHEREAS, The State of Rhode Island, acting by and through the Department of Environmental Management, attests to the fact that there are no clauses in the lease agreement with foundry Parcel 15 Associates, LLC that would interfere with the Department of Environmental Management’s lease agreement or use of the facility; and

WHEREAS, The current lease expires on July 7, 2016, and the Department of Environmental Management wishes to renew the lease agreement with Foundry Parcel 15 Associates, LLC for a period of ten (10) years; and

WHEREAS, The Department of Administration intends to enter into a Tax Stabilization Agreement with the City of Providence in order to stabilize taxes during the entire lease term; and

WHEREAS, The proposed leased premises will provide a central location from which the Department of Environmental Management can serve the needs of state residents and otherwise fulfill the mission of the Department; and

WHEREAS, The rent in the lease agreement in the current fiscal year, ending June 30, 2015 is $2,441,849.00; and

WHEREAS, The annual rent of the new lease agreement in each of the initial five (5) years of the term is not to exceed $2,447,969.60; and in each of the following five years is not to exceed 2,586,772.00; and

WHEREAS, The State Properties Committee now respectfully requests the approval of the House of Representatives and the Senate for the lease agreement between the Department of Environmental Management and Foundry Parcel 15 Associates, LLC, for the facility located at 235 Promenade Street in the City of Providence; and

RESOLVED, That this General Assembly hereby approves the lease agreement, for an initial term not to exceed ten (10) years and at a total cost not to exceed $25,173,708.00; and it be further

RESOLVED, That this Joint Resolution shall take effect upon passage by the General Assembly; and it be further

RESOLVED, That the Secretary of State be is hereby authorized and directed to transmit duly certified copies of this Resolution to the Director of the Department of Environmental Management, the Director of Administration, and the Chair of the State Properties Committee.
SECTION 5. Children, Youth and Families, 101 Friendship Street, Providence.

WHEREAS, The Department of Children, Youth and Families currently holds a lease agreement with Provident Property, LLC for approximately 99,500 square feet of office space located at 101 Friendship Street in the City of Providence; and

WHEREAS, The State of Rhode Island, acting by and through the Department of Children, Youth and Families, attests to the fact that there are no clauses in the lease agreement with Provident Property, LLC that would interfere with the Department of Children, Youth and Families lease agreement or use of the facility; and

WHEREAS, The current lease expires on November 30, 2015, and the Department of Children, Youth and Families wishes to renew for a period of ten (10) years the lease agreement with Provident Property, LLC; and

WHEREAS, The Department of Administration intends to enter into a Tax Stabilization Agreement with the City of Providence in order to stabilize taxes during the entire lease term; and

WHEREAS, The Rhode Island Department of Children, Youth and Families wishes to renew the lease agreement with Provident Property, LLC for a period of ten (10) years; and

WHEREAS, The leased premises provide a central location from which the Department of Children, Youth and Families can serve the needs of state residents and otherwise fulfill the mission of the Department; and

WHEREAS, The rent in the lease agreement in the current fiscal year ending June 30, 2015 is $2,052,240; and

WHEREAS, The additional rent for janitorial services and parking in the current fiscal year ending June 30, 2015 is $344,712.00; and

WHEREAS, The annual rent of the new lease agreement in each of the initial five (5) years of the term is not to exceed $1,990,000.00; and in second five (5) years is not to exceed $2,089,500.00; and

WHEREAS, The additional rent for janitorial services and parking in each year of the new term is not to exceed $359,116.00; and

WHEREAS, The State Properties Committee now respectfully requests the approval of the House of Representatives and the Senate for the lease agreement between the Department of Children, Youth and Families and Provident Property, LLC, for the facility located at a 101 Friendship Street in the City of Providence; now therefore be it

RESOLVED, That this General Assembly approves the lease agreement, for a term not to exceed ten (10) years and at a total cost not to exceed $23,988,660.00; and it be further

RESOLVED, That this Joint Resolution shall take effect upon passage by the General
RESOLVED, That the Secretary of State is hereby authorized and directed to transmit duly certified copies of this Resolution to the Director of the Department of Children, Youth and Families, the Director of Administration, and the Chair of the State Properties Committee.


WHEREAS, The Office of Public Defender currently holds a lease agreement with Forward Point, LLC for approximately 19,777 square feet of office space located at 160 Pine Street in the City of Providence; and

WHEREAS, The State of Rhode Island, acting by and through the Office of Public Defender, attests to the fact that there are no clauses in the lease agreement with Forward Point, LLC that would interfere with the Office of Public Defender's lease agreement or use of the facility; and

WHEREAS, The aforementioned lease expires on March 31, 2016 and the Office of Public Defender wishes to renew the lease agreement with Forward Point, LLC for a period of ten years; and

WHEREAS, The Department of Administration intends to enter into a Tax Stabilization Agreement with the City of Providence in order to stabilize taxes during the entire lease term; and

WHEREAS, The proposed leased premises will provide a central location from which the Office of Public Defender can serve the needs of state residents and otherwise fulfill the mission of the Office; and

WHEREAS, The annual rent in the lease agreement in the current fiscal year, ending June 30, 2015 is $352,063.00; and

WHEREAS, Additional rent for janitorial services and parking in the current fiscal year, ending June 30, 2015 is $88,500.00; and

WHEREAS, The annual rent of the new lease agreement in each of the initial five (5) years of the term is not to exceed $365,874.50; and in the following five (5) years is not to exceed $393,166.76; and

WHEREAS, The additional rent for janitorial and parking in each year of the new ten (10) year term is not to exceed $95,700.00; and

WHEREAS, The State Properties Committee now respectfully requests the approval of the House of Representatives and the Senate for the lease agreement between the Office of Public Defender and Forward Point LLC, for the facility located at 160 Pine Street in the City of Providence; now therefore be it

RESOLVED, That this General Assembly hereby approves the lease agreement, for a
term not to exceed ten (10) years and at a total cost not to exceed $4,752,206.30; and it be further
RESOLVED, That this Joint Resolution shall take effect upon passage by the General
assembly; and it be further
RESOLVED, That the Secretary of State is hereby authorized and directed to transmit
duly certified copies of this Resolution to the Director of the Office of Public Defender, the
Director of Administration, and the Chair of the State Properties Committee.
SECTION 7. Office of Secretary of State, Providence.
WHEREAS, The Office of Secretary of State currently holds a lease agreement with
West River Development, LLC for approximately 12,152 square feet of office space located at
148 West River Street in the City of Providence; and
WHEREAS, The aforementioned existing lease expires on December 31, 2015 and the
Office of Secretary of State wishes to advertise a Request for Proposals to secure new office
space located in the City of Providence; and
WHEREAS, The Department of Administration intends to enter into a Tax Stabilization
Agreement with the City of Providence in order to stabilize taxes during the entire lease term; and
WHEREAS, The proposed leased premises will provide a location from which the Office
of Secretary of State can serve the needs of the Providence and surrounding communities and
otherwise fulfill the mission of the Office; and
WHEREAS, The rent in the lease agreement in the current fiscal year, ending June 30,
2015 is $337,704.08; and
WHEREAS, The annual rent of the new lease agreement in each of the ten (10) years of
the term is not to exceed an estimated amount of $270,000.00; now therefore be it
RESOLVED, That this General Assembly hereby approves the lease agreement, for a
term not to exceed ten (10) years and at a total cost not to exceed an estimated amount of
$2,700,000.00; and it be further
RESOLVED, That this Joint Resolution shall take effect upon passage by the General
assembly; and it be further
RESOLVED, That the Secretary of State is hereby authorized and directed to transmit
duly certified copies of this Resolution to the Office of Secretary of State, the Director of
Administration, and the Chair of the State Properties Committee.
SECTION 8. This article shall take effect upon passage.
ARTICLE 4

RELATING TO DIVISION OF MOTOR VEHICLES

SECTION 1. Section 31-3-33 of the General Laws in Chapter 31-3 entitled “Registration of Vehicles” is hereby amended to read as follows:

31-3-33 Renewal of registration. – (a) Application for renewal of a vehicle registration shall be made by the owner on a proper application form and by payment of the registration fee for the vehicle as provided by law.

(b) The division of motor vehicles may receive applications for renewal of registration, and may grant the renewal and issue new registration cards and plates at any time prior to expiration of registration.

(c) Upon renewal, owners will be issued a renewal sticker for each registration plate which shall be placed at the bottom right hand corner of the plate. Owners shall be issued a new fully reflective plate beginning September 1, 2015 July 1, 2016 at the time of initial registration or at the renewal of an existing registration and reissuance will be conducted no less than every ten (10) years.

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

THE REINVENTING MEDICAID ACT OF 2015

Preamble: The following Act shall be known as “The Reinventing Medicaid Act of 2015”, which achieves significant Medicaid savings while improving quality, controlling costs and putting Rhode Island on a path toward closing a $190 million structural deficit.

The Rhode Island Medicaid program is an integral component of the State’s health care system. Medicaid provides services and supports to as many as one out of four Rhode Islanders, including low-income children and families, developmentally-disabled residents, elders and individuals with severe and persistent mental illness.

Rhode Island currently spends more than 30 cents of every state revenue dollar on Medicaid, much of it on fee-for-service payments to hospitals and nursing homes. As the program’s reach expands, the costs of Medicaid have continued to rise, the delivery of care has become more fragmented and uncoordinated and funding for Medicaid has crowded out investments for important economic development priorities like education, skills training and infrastructure.

Given the crucial role of the Medicaid program to the state, it is of compelling importance that the state conduct a fundamental restructuring of its Medicaid program that achieves measurable improvement in health outcomes for the people of Rhode Island and transforms the health care system to one that pays for outcomes and quality at a sustainable, predictable and affordable cost for Rhode Island taxpayers and employers.

Rhode Island cannot build a foundation for economic growth unless the state addresses its structural deficit. Nor can it tackle the structural deficit without reforming Medicaid. Rhode Island needs a strong Medicaid system that functions as a safety net for the most vulnerable Rhode Islanders, but it also needs a sustainable model that works for patients, providers, and taxpayers.

The Reinventing Medicaid Act of 2015 makes a number of statutory changes to the state Medicaid program, including the creation of incentive models that reward better hospitals and nursing homes for better quality and better coordination, a pilot coordinated care program that establishes person-centered care and payment methods, targeted community-based programs for individuals who need intensive services and managed care for Rhode Islanders with severe and
This Act shall be known as the "Reinventing Medicaid Act of 2015."

SECTION 1. Chapter 15-10 of the General Laws entitled "Support of Parents" is hereby amended by adding thereto the following section:

15-10-8. Support for certain patients of nursing facilities. -- The uncompensated costs of care provided by a licensed nursing facility to any person may be recovered by the nursing facility from any child of that person who is above the age of eighteen (18) years, to the extent that the child previously received a transfer of any interests or assets from the person receiving such care, which transfer resulted in a period of Medicaid ineligibility imposed pursuant to 42 USC 1396p(c), as amended from time to time, on a person whose assets have been transferred for less than fair market value.

Recourse hereunder shall be limited to the fair market value of the interests or assets transferred at the time of transfer. For the purposes of this section "the costs of care" shall mean the costs of providing care, including nursing care, personal care, meals, transportation and any other costs, charges, and expenses incurred by the facility. Costs of care shall not exceed the customary rate the nursing facility charges to a patient who pays for his or her care directly rather than through a governmental or other third party payor. Nothing contained in this section shall prohibit or otherwise diminish any other causes of action possessed by any such nursing facility.

The death of the person receiving nursing facility care shall not nullify or otherwise affect the liability of the person or persons charged with the costs of care hereunder.

SECTION 2. Section 23-17-38.1 of the General Laws in Chapter 23-17 entitled "Licensing of Health Care Facilities" is hereby amended to read as follows:

23-17-38.1 Hospitals - Licensing fee. -- (a) There is imposed a hospital licensing fee at the rate of five and four hundred eighteen thousandths percent (5.418%) upon the net patient services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2012, except that the license fee for all hospitals located in Washington County, Rhode Island, shall be discounted by thirty-seven percent (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the US Department of Health and Human Services of a state plan amendment submitted by the executive office of health and human services for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This licensing fee shall be administered and collected by the tax administrator, division of taxation within the department of revenue, and all the administration, collection, and other provisions of chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator on or before July 14, 2014, and payments shall be made by electronic transfer of
monies to the general treasurer and deposited to the general fund. Every hospital shall, on or before June 16, 2014, make a return to the tax administrator containing the correct computation of net patient services revenue for the hospital fiscal year ending September 30, 2012, and the licensing fee due upon that amount. All returns shall be signed by the hospital’s authorized representative, subject to the pains and penalties of perjury.

(b)(a) There is also imposed a hospital licensing fee at the rate of five and seven hundred three forty-five thousandths percent (5.703%) upon the net patient services revenue of every hospital for the hospital’s first fiscal year ending on or after January 1, 2013, except that the license fee for all hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the US Department of Health and Human Services of a state plan amendment submitted by the executive office of health and human services for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This licensing fee shall be administered and collected by the tax administrator, division of taxation within the department of revenue, and all the administration, collection and other provisions of chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator on or before July 13, 2015 and payments shall be made by electronic transfer of monies to the general treasurer and deposited to the general fund. Every hospital shall, on or before June 15, 2015, make a return to the tax administrator containing the correct computation of net patient services revenue for the hospital fiscal year ending September 30, 2013, and the licensing fee due upon that amount. All returns shall be signed by the hospital’s authorized representative, subject to the pains and penalties of perjury.

(b) There is also imposed a hospital licensing fee at the rate of five and eight hundred sixty-two thousandths percent (5.862%) upon the net patient services revenue of every hospital for the hospital’s first fiscal year ending on or after January 1, 2014, except that the license fee for all hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the US Department of Health and Human Services of a state plan amendment submitted by the executive office of health and human services for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This licensing fee shall be administered and collected by the tax administrator, division of taxation within the department of revenue, and all the administration, collection and other provisions of chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator on or before July 11, 2016 and payments shall be made by electronic transfer of monies to the general treasurer and
deposited to the general fund. Every hospital shall, on or before June 13, 2016, make a return to
the tax administrator containing the correct computation of net patient services revenue for the
hospital fiscal year ending September 30, 2014, and the licensing fee due upon that amount. All
returns shall be signed by the hospital’s authorized representative, subject to the pains and
penalties of perjury.

(c) For purposes of this section the following words and phrases have the following
meanings:

(1) "Hospital" means a person or governmental unit duly licensed in accordance with this
chapter to establish, maintain, and operate a hospital, except a hospital whose primary service and
primary bed inventory are psychiatric, the actual facilities and buildings in existence in Rhode
Island, licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises
included on that license, regardless of changes in licensure status pursuant to § 23-17-14 (hospital
conversions) and §23-17-6 (b) (change in effective control), that provides short-term acute
inpatient and/or outpatient care to persons who require definitive diagnosis and treatment for
injury, illness, disabilities, or pregnancy.

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

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

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

(e) The licensing fee imposed by this section shall apply to hospitals as defined herein
that are duly licensed on July 1, 2014, and shall be in addition to the inspection fee imposed
by § 23-17-38 and to any licensing fees previously imposed in accordance with § 23-17-38.1.

SECTION 3. Section 23-17.5-17 of the General Laws in Chapter 23-17.5 entitled "Rights
of Nursing Home Patients" is hereby amended to read as follows:

23-17.5-17. Transfer to another facility. -- (a) Before transferring a patient to another
facility or level of care within a facility, the patient shall be informed of the need for the transfer
and of any alternatives to the transfer.

(b) A patient shall be transferred or discharged only for medical reasons, or for the
patient’s welfare or that of other patients or for nonpayment of the patient’s stay. A facility
seeking to discharge a patient for nonpayment of the patient’s stay must, if the patient has been a
patient of the facility for thirty (30) days or longer, provide the patient and, if known, a family
member or legal representative of the patient, with written notice of the proposed discharge thirty
(30) days in advance of the discharge.

(c) The patient may file an appeal of the proposed discharge with the state agency
designated for hearing such appeals, and if the appeal is received by that agency within ten days
after the date of written notice, the patient may remain in the facility until the decision of the
hearing officer. For appeals where the patient remains in the facility:

(i) Any hearing on the appeal shall be scheduled no later than thirty (30) days after the
receipt by the state agency of the request for appeal:

(ii) No more than one request for continuance by the patient shall be permitted and, if
granted, the hearing on the appeal must be rescheduled for a date and time no later than forty (40)
days after the receipt by the state agency of the request for appeal; and

(iii) The decision of the hearing officer shall be rendered as soon as possible, but in any
event within five (5) days after the date of the hearing.

(d) Reasonable advance notice of transfers to health care facilities other than hospitals
shall be given to ensure orderly transfer or discharge and those actions shall be documented in the
medical record.

(e) In the event that a facility seeks a variance from the required thirty (30) day notice
of closure of the facility, reasonable advance notice of the hearing for the variance shall be given
by the facility to the patient, his or her guardian, or relative so appointed or elected to be his or
her decision-maker, and an opportunity to be present at the hearing shall be granted to the
designated person.

(f) In the event of the voluntary closure of a facility, which closure is the result of a
variance from the required thirty (30) day notice of closure, granted by the director of the
department of health, reasonable advance notice of the closure shall be given by the facility to the
patient, his or her guardian, or relative so appointed or elected to be his or her decision-maker.

(g) Nothing herein shall be construed to relieve a patient from any obligation to pay for
the patient’s stay in a facility.

and Sickness Insurance Policies" is hereby amended to read as follows:

27-18-64. Coverage for early intervention services. -- (a) Every individual or group
hospital or medical expense insurance policy or contract providing coverage for dependent
children, delivered or renewed in this state on or after July 1, 2004, shall include coverage of
early intervention services which coverage shall take effect no later than January 1, 2005. Such
coverage shall be limited to a benefit of five thousand dollars ($5,000) per dependent child per policy or calendar year and shall not be subject to deductibles and coinsurance factors. Any amount paid by an insurer under this section for a dependent child shall not be applied to any annual or lifetime maximum benefit contained in the policy or contract. For the purpose of this section, "early intervention services" means, but is not limited to, speech and language therapy, occupational therapy, physical therapy, evaluation, case management, nutrition, service plan development and review, nursing services, and assistive technology services and devices for dependents from birth to age three (3) who are certified by the Department of Human Services executive office of health and human services as eligible for services under part C of the Individuals with Disabilities Education Act (20 U.S.C. § 1471 et seq.).

(b) Subject to the annual limits provided in this section, insurers shall reimburse certified early intervention providers, who are designated as such by the Department of Human Services executive office, for early intervention services as defined in this section at rates of reimbursement equal to or greater than the prevailing integrated state/Medicaid rate for early intervention services as established by the Department of Human Services.

c) This section shall not apply to insurance coverage providing benefits for: (1) hospital confinement indemnity; (2) disability income; (3) accident only; (4) long-term care; (5) Medicare supplement; (6) limited benefit health; (7) specified disease indemnity; (8) sickness or bodily injury or death by accident or both; and (9) other limited benefit policies.

SECTION 5. Section 27-20.11-3 of the General Laws in Chapter 27-20.11 entitled "Autism Spectrum Disorders" is hereby amended to read as follows:

27-20.11-3. Scope of coverage. As a) Benefits under this section shall include coverage for pharmaceuticals, applied behavior analysis, physical therapy, speech therapy, psychology, psychiatric and occupational therapy services for the treatment of Autism spectrum disorders, as defined in the most recent edition of the DSM. Provided, however:

(1) Coverage for physical therapy, speech therapy and occupational therapy and psychology, psychiatry and pharmaceutical services shall be, to the extent such services are a covered benefit for other diseases and conditions under such policy ; and

(2) Applied behavior analysis shall be limited to thirty-two thousand dollars ($32,000) per person per year.

b) Benefits under this section shall continue until the covered individual reaches age fifteen (15).

c) The health care benefits outlined in this chapter apply only to services delivered within the State of Rhode Island; provided, that all health insurance carriers shall be required to
provide coverage for those benefits mandated by this chapter outside of the State of Rhode Island where it can be established through a pre-authorization process that the required services are not available in the State of Rhode Island from a provider in the health insurance carrier's network.

SECTION 6: Section 35-17-1 of the General Laws in Chapter 35-17 entitled "Medical Assistance and Public Assistance Caseload Estimating Conferences" is hereby amended to read as follows:

35-17-1. Purpose and membership. — (a) In order to provide for a more stable and accurate method of financial planning and budgeting, it is hereby declared the intention of the legislature that there be a procedure for the determination of official estimates of anticipated medical assistance expenditures and public assistance caseloads, upon which the executive budget shall be based and for which appropriations by the general assembly shall be made.

(b) The state budget officer, the house fiscal advisor, and the senate fiscal advisor shall meet in regularly scheduled caseload estimating conferences (C.E.C.). These conferences shall be open public meetings.

(c) The chairpersonship of each regularly scheduled C.E.C. will rotate among the state budget officer, the house fiscal advisor, and the senate fiscal advisor, hereinafter referred to as principals. The schedule shall be arranged so that no chairperson shall preside over two (2) successive regularly scheduled conferences on the same subject.

(d) Representatives of all state agencies are to participate in all conferences for which their input is germane.

(e) The department of human services shall provide monthly data to the members of the caseload estimating conference by the fifteenth day of the following month. Monthly data shall include, but is not limited to, actual caseloads and expenditures for the following case assistance programs: Rhode Island Works, SSI state program, general public assistance, and child care. The executive office of health and human services shall report relevant caseload information and expenditures for the following medical assistance categories: hospitals, long-term care, managed care, pharmacy, and other medical services. In the category of managed care, caseload information and expenditures for the following populations shall be separately identified and reported: children with disabilities, children in foster care, and children receiving adoption assistance. The information shall include the number of Medicaid recipients whose estate may be subject to a recovery and the anticipated amount to be collected from those subject to recovery estate, and the total recoveries collected each month and the number of estates attached to the collections and each month, the number of open cases and the number of cases that have been open longer than three months.
SECTION 7. Section 40-5-13 of the General Laws in Chapter 40-5 entitled “Support of the Needy” is hereby amended to read as follows:

40-5-13. Obligation of kindred for support. – (a) The kindred of any poor person, if any he or she shall have in the line or degree of father or grandfather, mother or grandmother, children or grandchildren, by consanguinity, or children by adoption, living within this state and of sufficient ability, shall be held to support the pauper in proportion to their ability.

(b) The uncompensated costs of care provided by a licensed nursing facility to any person may be recovered by the nursing facility from any person who is obligated to provide support to that patient under subsection (a) hereof, to the extent that the individual so obligated received a transfer of any interests or assets from the patient receiving such care, which transfer resulted in a period of Medicaid ineligibility imposed pursuant to 42 USC 1396p(c), as amended from time to time, on a person whose assets have been transferred for less than fair market value.

Recourse hereunder shall be limited to the fair market value of the interests or assets transferred at the time of transfer. For the purposes of this section "the costs of care" shall mean the costs of providing care, including nursing care, personal care, meals, transportation and any other costs, charges, and expenses incurred by the facility. Costs of care shall not exceed the customary rate the nursing facility charges to a patient who pays for his or her care directly rather than through a governmental or other third party payor. Nothing contained in this section shall prohibit or otherwise diminish any other causes of action possessed by any such nursing facility.

The death of the person receiving nursing facility care shall not nullify or otherwise affect the liability of the person or persons charged with the costs of care hereunder.

SECTION 8. Sections 40-6-27 and 40-6-27.2 of the General Laws in Chapter 40-6 entitled General Public Assistance are hereby amended to read as follows:

40-6-27. Supplemental security income. – (a)(1) The director of the department is hereby authorized to enter into agreements on behalf of the state with the secretary of the U.S. Department of Health and Human Services or other appropriate federal officials, under the supplementary and security income (SSI) program established by title XVI of the Social Security Act, 42 U.S.C. § 1381 et seq., concerning the administration and determination of eligibility for SSI benefits for residents of this state, except as otherwise provided in this section. The state's monthly share of supplementary assistance to the supplementary security income program shall be as follows:

(i) Individual living alone: $39.92

(ii) Individual living with others: $51.92

(iii) Couple living alone: $79.38
(iv) Couple living with others: $97.30

(v) Individual living in state licensed assisted living residence: $332.00

(vi) Individual eligible to receive Medicaid-funded long-term services and supports and living in a Medicaid certified state licensed assisted living residence or adult supportive living care residence, as defined in §23-17.24, participating in the program authorized under §40-8.13-2.1:

(a) with countable income above one hundred and twenty (120) percent of poverty: up to $465.00;

(b) with countable income at or below one hundred and twenty (120) percent of poverty: up to the total amount established in (v) and $465: $797

(vii) Individual living in state licensed supportive residential care settings that, depending on the population served, meet the standards set by the department of human services in conjunction with the department(s) of children, youth and families, elderly affairs and/or behavioral healthcare, developmental disabilities and hospitals: $300.00.

Provided, however, that the department of human services shall by regulation reduce, effective January 1, 2009, the state's monthly share of supplementary assistance to the supplementary security income program for each of the above listed payment levels, by the same value as the annual federal cost of living adjustment to be published by the federal social security administration in October 2008 and becoming effective on January 1, 2009, as determined under the provisions of title XVI of the federal social security act [42 U.S.C. § 1381 et seq.]; and provided further, that it is the intent of the general assembly that the January 1, 2009 reduction in the state's monthly share shall not cause a reduction in the combined federal and state payment level for each category of recipients in effect in the month of December 2008; provided further, that the department of human services is authorized and directed to provide for payments to recipients in accordance with the above directives.

(2) As of July 1, 2010, state supplement payments shall not be federally administered and shall be paid directly by the department of human services to the recipient.

(3) Individuals living in institutions shall receive a twenty dollar ($20.00) per month personal needs allowance from the state which shall be in addition to the personal needs allowance allowed by the Social Security Act, 42 U.S.C. § 301 et seq.

(4) Individuals living in state licensed supportive residential care settings and assisted living residences who are receiving SSI supplemental payments under this section who are participating in the program under §40-8.13-2.1 or otherwise shall be allowed to retain a minimum personal needs allowance of fifty-five dollars ($55.00) per month from their SSI...
monthly benefit prior to payment of any monthly fees in addition to any amounts established in an administrative rule promulgated by the secretary of the executive office of health and human services for persons eligible to receive Medicaid-funded long-term services and supports in the settings identified in subsection (a)(1)(v) and (a)(1)(vi).

(5) Except as authorized for the program authorized under §40-8.13-2.1, To ensure that supportive residential care or an assisted living residence is a safe and appropriate service setting, the department is authorized and directed to make a determination of the medical need and whether a setting provides the appropriate services for those persons who:

(i) Have applied for or are receiving SSI, and who apply for admission to supportive residential care setting and assisted living residences on or after October 1, 1998; or

(ii) Who are residing in supportive residential care settings and assisted living residences, and who apply for or begin to receive SSI on or after October 1, 1998.

(6) The process for determining medical need required by subsection (4) (5) of this section shall be developed by the office of health and human services in collaboration with the departments of that office and shall be implemented in a manner that furthers the goals of establishing a statewide coordinated long-term care entry system as required pursuant to the Global Consumer Choice Compact Waiver Medicaid section 1115 waiver demonstration.

(7) To assure access to high quality coordinated services, the department executive office of health and human services is further authorized and directed to establish rules specifying the payment certification or contract standards that must be met by those state licensed supportive residential care settings, including adult supportive care homes and assisted living residences admitting or serving any persons eligible for state-funded supplementary assistance under this section or the program established under §40-8.13-2.1. Such payment certification or contract standards shall define:

(i) The scope and frequency of resident assessments, the development and implementation of individualized service plans, staffing levels and qualifications, resident monitoring, service coordination, safety risk management and disclosure, and any other related areas;

(ii) The procedures for determining whether the payment certifications or contract standards have been met; and

(iii) The criteria and process for granting a one time, short-term good cause exemption from the payment certification or contract standards to a licensed supportive residential care setting or assisted living residence that provides documented evidence indicating that meeting or failing to meet said standards poses an undue hardship on any person eligible under this section.
who is a prospective or current resident.

(8) The payment certification or contract standards required by this section or § 40-8.13-2.1 shall be developed in collaboration by the departments, under the direction of the executive office of health and human services, so as to ensure that they comply with applicable licensure regulations either in effect or in development.

(b) The department is authorized and directed to provide additional assistance to individuals eligible for SSI benefits for:

(1) Moving costs or other expenses as a result of an emergency of a catastrophic nature which is defined as a fire or natural disaster; and

(2) Lost or stolen SSI benefit checks or proceeds of them; and

(3) Assistance payments to SSI eligible individuals in need because of the application of federal SSI regulations regarding estranged spouses; and the department shall provide such assistance in a form and an amount in which the department shall by regulation determine.

### 40-6-27.2. Supplementary cash assistance payment for certain supplemental security income recipients. --

There is hereby established a $206 monthly payment for disabled and elderly individuals who, on or after July 1, 2012, receive the state supplementary assistance payment for an individual in state licensed assisted living residence under § 40-6-27 and further reside in an assisted living facility that is not eligible to receive funding under Title XIX of the Social Security Act, 42 U.S.C. § 1381 et seq., including through the program authorized under §40-8.13-2.1 or reside in any assisted living facility financed by the Rhode Island housing and mortgage finance corporation prior to January 1, 2006, and receive a payment under § 40-6-27. Such a monthly payment shall not be made on behalf of persons participating in the program authorized under §40-8.13-2.

SECTION 9. Sections 40-8-4 and 40-8-13.4 of the General Laws in Chapter 40-8 entitled "Medical Assistance" is hereby amended to read as follows:

### 40-8-4. Direct vendor payment plan. --

(a) The department shall furnish medical care benefits to eligible beneficiaries through a direct vendor payment plan. The plan shall include, but need not be limited to, any or all of the following benefits, which benefits shall be contracted for by the director:

(1) Inpatient hospital services, other than services in a hospital, institution, or facility for tuberculosis or mental diseases;

(2) Nursing services for such period of time as the director shall authorize;

(3) Visiting nurse service;

(4) Drugs for consumption either by inpatients or by other persons for whom they are
prescribed by a licensed physician;

(5) Dental services; and

(6) Hospice care up to a maximum of two hundred and ten (210) days as a lifetime benefit.

(b) For purposes of this chapter, the payment of federal Medicare premiums or other health insurance premiums by the department on behalf of eligible beneficiaries in accordance with the provisions of Title XIX of the federal Social Security Act, 42 U.S.C. § 1396 et seq., shall be deemed to be a direct vendor payment.

(c) With respect to medical care benefits furnished to eligible individuals under this chapter or Title XIX of the federal Social Security Act, the department is authorized and directed to impose:

(i) Nominal co-payments or similar charges upon eligible individuals for non-emergency services provided in a hospital emergency room; and

(ii) Co-payments for prescription drugs in the amount of one dollar ($1.00) for generic drug prescriptions and three dollars ($3.00) for brand name drug prescriptions in accordance with the provisions of 42 U.S.C. § 1396, et seq.

(d) The department is authorized and directed to promulgate rules and regulations to impose such co-payments or charges and to provide that, with respect to subdivision (ii) above, those regulations shall be effective upon filing.

(e) No state agency shall pay a vendor for medical benefits provided to a recipient of assistance under this chapter until and unless the vendor has submitted a claim for payment to a commercial insurance plan, Medicare, and/or a Medicaid managed care plan, if applicable for that recipient, in that order. This includes payments for skilled nursing and therapy services specifically outlined in Chapter 7, 8 and 15 of the Medicare Benefit Policy Manual.

SECTION 10. Chapter 40-8 of the General Laws entitled "Medical Assistance" is hereby amended by adding thereto the following section:

40-8-6.1. Nursing facility care during pendency of application. -- (a) Definitions.

For purposes of this section, the following terms shall have the meanings indicated:

"Applied Income" – The amount of income a Medicaid beneficiary is required to contribute to the cost of his or her care.

"Authorized Representative" – An individual who signs an application for Medicaid benefits on behalf of a Medicaid Applicant

"Complete Application" – An application for Medicaid benefits filed by or on behalf of an individual receiving care and services from a nursing facility, including attachments and...
supplemental information as necessary, which provides sufficient information for the director or
designee to determine the applicant’s eligibility for coverage. An application shall not be
disqualified from status as a complete application hereunder except for failure on the part of the
Medicaid applicant, or his or her authorized representative, to provide necessary information or
documentation, or to take any other action necessary to make the application a complete
application.

"Medicaid Applicant" – An individual who is receiving care in a nursing facility during
the pendency of an application for Medicaid benefits.

"Nursing Facility" – A nursing facility licensed under Chapter 17 of Title 23, which is a
participating provider in the Rhode Island Medicaid program.

"Uncompensated Care" – Care and services provided by a nursing facility to a Medicaid
applicant without receiving compensation therefrom from Medicaid, Medicare, the Medicaid
applicant, or other source. The acceptance of any payment representing actual or estimated
applied income shall not disqualify the care and services provided from qualifying as
uncompensated care.

(b) Uncompensated Care During Pendency of an Application for Benefits. A nursing
facility may not discharge a Medicaid applicant for non-payment of the facility’s bill during the
pendency of a complete application; nor may a nursing facility charge a Medicaid applicant for
care provided during the pendency of a complete application, except for an amount representing
the estimated applied income. A nursing facility may discharge a Medicaid applicant for non-
payment of the facility’s bill during the pendency of an application for Medicaid coverage that is
not a complete application, but only if the nursing facility has provided the patient (and his or her
authorized representative, if known) with thirty (30) days’ written notice of its intention to do so,
and the application remains incomplete during that thirty (30) day period.

(c) Notice Of Application Status. When a nursing facility is providing uncompensated
care to a Medicaid applicant, then the nursing facility may inform the director or designee of its
status, and the director or designee shall thereafter inform the nursing facility of any decision on
the application at the time the decision is rendered and, if coverage is approved, of the date that
coverage will begin. In addition, a nursing facility providing uncompensated care to a Medicaid
applicant may inquire of the director or designee as to the status of that individual’s application,
and the director or designee shall respond within five business days as follows:

(i) Without Release – If the nursing facility has not obtained a signed release authorizing
disclosure of information to the facility, the director or designee must provide the following
information only, in writing: (a) whether or not the application has been approved; (b) the identity
of any authorized representative; and (c) if the application has not yet been decided, whether or not the application is a complete application.

(ii) With Release – If the nursing facility has obtained a signed release, the director or designee must additionally provide any further information requested by the nursing facility, to the extent that the release permits its disclosure.

40-8-13.4. Rate methodology for payment for in state and out of state hospital services. -- (a) The executive office of health and human services shall implement a new methodology for payment for in state and out of state hospital services in order to ensure access to and the provision of high quality and cost-effective hospital care to its eligible recipients.

(b) In order to improve efficiency and cost effectiveness, the executive office of health and human services shall:

(1)(A) With respect to inpatient services for persons in fee for service Medicaid, which is non-managed care, implement a new payment methodology for inpatient services utilizing the Diagnosis Related Groups (DRG) method of payment, which is, a patient classification method which provides a means of relating payment to the hospitals to the type of patients cared for by the hospitals. It is understood that a payment method based on Diagnosis Related Groups may include cost outlier payments and other specific exceptions. The executive office will review the DRG payment method and the DRG base price annually, making adjustments as appropriate in consideration of such elements as trends in hospital input costs, patterns in hospital coding, beneficiary access to care, and the Center for Medicare and Medicaid Services national CMS Prospective Payment System (IPPS) Hospital Input Price index. For the twelve (12) month period beginning July 1, 2015, the DRG base rate for Medicaid fee-for-service inpatient hospital services shall not exceed ninety-seven and one-half percent (97.5%) of the payment rates in effect as of July 1, 2014.

(B) With respect to inpatient services, (i) it is required as of January 1, 2011 until December 31, 2011, that the Medicaid managed care payment rates between each hospital and health plan shall not exceed ninety and one tenth percent (90.1%) of the rate in effect as of June 30, 2010. Negotiated increases in inpatient hospital payments for each annual twelve (12) month period beginning January 1, 2012 may not exceed the Centers for Medicare and Medicaid Services national CMS Prospective Payment System (IPPS) Hospital Input Price index for the applicable period; (ii) provided, however, for the twenty-four (24) month period beginning July 1, 2013 the Medicaid managed care payment rates between each hospital and health plan shall not exceed the payment rates in effect as of January 1, 2013 and for the twelve (12) month period beginning July 1, 2015, the Medicaid managed care payment inpatient rates between each
hospital and health plan shall not exceed ninety-seven and one-half percent (97.5%) of the payment rates in effect as of January 1, 2013; (iii) negotiated increases in inpatient hospital payments for each annual twelve (12) month period beginning July 1, 2015 may not exceed the Centers for Medicare and Medicaid Services national CMS Prospective Payment System (IPPS) Hospital Input Price Index, less Productivity Adjustment, for the applicable period; (iv) The Rhode Island executive office of health and human services will develop an audit methodology and process to assure that savings associated with the payment reductions will accrue directly to the Rhode Island Medicaid program through reduced managed care plan payments and shall not be retained by the managed care plans; (v) All hospitals licensed in Rhode Island shall accept such payment rates as payment in full; and (vi) for all such hospitals, compliance with the provisions of this section shall be a condition of participation in the Rhode Island Medicaid program.

(2) With respect to outpatient services and notwithstanding any provisions of the law to the contrary, for persons enrolled in fee for service Medicaid, the executive office will reimburse hospitals for outpatient services using a rate methodology determined by the executive office and in accordance with federal regulations. Fee-for-service outpatient rates shall align with Medicare payments for similar services. Notwithstanding the above, there shall be no increase in the Medicaid fee-for-service outpatient rates effective on July 1, 2013 or July 1, 2014, or July 1, 2015. For the twelve (12) month period beginning July 1, 2015, Medicaid fee-for-service outpatient rates shall not exceed ninety-seven and one-half percent (97.5%) of the rates in effect as of July 1, 2014. Thereafter, changes to outpatient rates will be implemented on July 1 each year and shall align with Medicare payments for similar services from the prior federal fiscal year. With respect to the outpatient rate, (i) it is required as of January 1, 2011 until December 31, 2011, that the Medicaid managed care payment rates between each hospital and health plan shall not exceed one hundred percent (100%) of the rate in effect as of June 30, 2010. Negotiated increases in hospital outpatient payments for each annual twelve (12) month period beginning January 1, 2012 may not exceed the Centers for Medicare and Medicaid Services national CMS Outpatient Prospective Payment System (OPPS) hospital price index for the applicable period; (ii) provided, however, for the twenty-four (24) month period beginning July 1, 2013 the Medicaid managed care outpatient payment rates between each hospital and health plan shall not exceed the payment rates in effect as of January 1, 2013 and for the twelve (12) month period beginning July 1, 2015, the Medicaid managed care outpatient payment rates between each hospital and health plan shall not exceed ninety-seven and one-half percent (97.5%) of the payment rates in effect as of January 1, 2013; (iii) negotiated increases in outpatient hospital
payments for each annual twelve (12) month period beginning July 1, 2015 may not exceed the Centers for Medicare and Medicaid Services national CMS Outpatient Prospective Payment System (OPPS) Hospital Input Price Index, less Productivity Adjustment, for the applicable period.

(3) "Hospital" as used in this section shall mean the actual facilities and buildings in existence in Rhode Island, licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on that license, regardless of changes in licensure status pursuant to § 23-17.14 (hospital conversions) and § 23-17-6 (b) (change in effective control), that provides short-term acute inpatient and/or outpatient care to persons who require definitive diagnosis and treatment for injury, illness, disabilities, or pregnancy.

(c) It is intended that payment utilizing the Diagnosis Related Groups method shall reward hospitals for providing the most efficient care, and provide the executive office the opportunity to conduct value based purchasing of inpatient care.

(d) The secretary of the executive office of health and human services is hereby authorized to promulgate such rules and regulations consistent with this chapter, and to establish fiscal procedures he or she deems necessary for the proper implementation and administration of this chapter in order to provide payment to hospitals using the Diagnosis Related Group payment methodology. Furthermore, amendment of the Rhode Island state plan for medical assistance (Medicaid) pursuant to Title XIX of the federal Social Security Act is hereby authorized to provide for payment to hospitals for services provided to eligible recipients in accordance with this chapter.

(e) The executive office shall comply with all public notice requirements necessary to implement these rate changes.

(f) As a condition of participation in the DRG methodology for payment of hospital services, every hospital shall submit year-end settlement reports to the executive office within one year from the close of a hospital's fiscal year. Should a participating hospital fail to timely submit a year-end settlement report as required by this section, the executive office shall withhold financial cycle payments due by any state agency with respect to this hospital by not more than ten percent (10%) until said report is submitted. For hospital fiscal year 2010 and all subsequent fiscal years, hospitals will not be required to submit year-end settlement reports on payments for outpatient services. For hospital fiscal year 2011 and all subsequent fiscal years, hospitals will not be required to submit year-end settlement reports on claims for hospital inpatient services. Further, for hospital fiscal year 2010, hospital inpatient claims subject to settlement shall include only those claims received between October 1, 2009 and June 30, 2010.
(g) The provisions of this section shall be effective upon implementation of the amendments and new payment methodology pursuant to this section and § 40-8-13.3, which shall in any event be no later than March 30, 2010, at which time the provisions of §§ 40-8-13.2, 27-19-14, 27-19-15, and 27-19-16 shall be repealed in their entirety.

40-8-13.5. Hospital Incentive Program (HIP).-- The secretary of the executive office of health and human services is authorized to seek the federal authorities required to implement a hospital incentive program (HIP). The HIP shall provide the participating licensed hospitals the ability to obtain certain payments for achieving performance goals established by the secretary. HIP payments shall commence no earlier than July 1, 2016.

SECTION 11. Section 40-8-19 of the General Laws in Chapter 40-8 entitled "Medical Assistance" is hereby amended to read as follows:

40-8-19. Rates of payment to nursing facilities. -- (a) Rate reform. (1) The rates to be paid by the state to nursing facilities licensed pursuant to chapter 17 of title 23, and certified to participate in the Title XIX Medicaid program for services rendered to Medicaid-eligible residents, shall be reasonable and adequate to meet the costs which must be incurred by efficiently and economically operated facilities in accordance with 42 U.S.C. § 1396a(a)(13). The executive office of health and human services shall promulgate or modify the principles of reimbursement for nursing facilities in effect as of July 1, 2011 to be consistent with the provisions of this section and Title XIX, 42 U.S.C. § 1396 et seq., of the Social Security Act.

(2) The executive office of health and human services ("Executive Office") shall review the current methodology for providing Medicaid payments to nursing facilities, including other long-term care services providers, and is authorized to modify the principles of reimbursement to replace the current cost based methodology rates with rates based on a price based methodology to be paid to all facilities with recognition of the acuity of patients and the relative Medicaid occupancy, and to include the following elements to be developed by the executive office:

(i) A direct care rate adjusted for resident acuity;

(ii) An indirect care rate comprised of a base per diem for all facilities;

(iii) A rearray of costs for all facilities every three (3) years beginning October, 2015, which may or may not result in automatic per diem revisions;

(iv) Application of a fair rental value system;

(v) Application of a pass-through system; and

(vi) Adjustment of rates by the change in a recognized national nursing home inflation index to be applied on October 1st of each year, beginning October 1, 2012. This adjustment will not occur on October 1, 2013 or October 1, 2015 but will resume on April 1, 2015. Said
inflation index shall be applied without regard for the transition factor in subsection (b)(2) below.

(b) Transition to full implementation of rate reform. For no less than four (4) years after
the initial application of the price-based methodology described in subdivision (a)(2) to payment
rates, the executive office of health and human services shall implement a transition plan to
moderate the impact of the rate reform on individual nursing facilities. Said transition shall
include the following components:

(1) No nursing facility shall receive reimbursement for direct care costs that is less than
the rate of reimbursement for direct care costs received under the methodology in effect at the
time of passage of this act; and

(2) No facility shall lose or gain more than five dollars ($5.00) in its total per diem rate
the first year of the transition. The adjustment to the per diem loss or gain may be phased out
by twenty-five percent (25%) each year; except, however, for the year beginning October 1, 2015,
there shall be no adjustment to the per diem gain or loss, gain during state fiscal year 2016, but it
may resume the phase out shall resume thereafter; and

(3) The transition plan and/or period may be modified upon full implementation of
facility per diem rate increases for quality of care related measures. Said modifications shall be
submitted in a report to the general assembly at least six (6) months prior to implementation.

(4) Notwithstanding any law to the contrary, for the twelve (12) month period beginning
July 1, 2015, Medicaid payment rates for nursing facilities established pursuant to this section
shall not exceed ninety-eight percent (98%) of the rates in effect on April 1, 2015.

40-8-19.2. Nursing Facility Incentive Program (NFIP). -- The secretary of the
executive office of health and human services is authorized to seek the federal authority required
to implement a nursing facility incentive program (NFIP). The NFIP shall provide the
participating licensed nursing facilities the ability to obtain certain payments for achieving
performance goals established by the secretary. NFIP payments shall commence no earlier than
July 1, 2016.

SECTION 12. Sections 40-8.2-2 to 40-8.2-4, 40-8.2-10 to 40-8.2-12, and 40-8.2-14 to
40-8.2-22 of the General Laws in Chapter 40-8.2 entitled "Medical Assistance Fraud " are
hereby amended to read as follows:

40-8-2.1. Short title. -- This chapter shall be known as the "Rhode Island Medical
Assistance Fraud Law".

40-8-2.2. Definitions. -- Whenever used in this chapter:

(1) "Benefit" means pecuniary benefit as defined herein.

(2) "Claim" means any request for payment, electronic or otherwise, and shall also
include any data commonly known as encounter data, which is used or is to be used for the
development of a capitation fee payable to a provider of managed health care goods, merchandise
or services.

(3) "Department" means the Rhode Island department of human services. "Executive
Office" means the executive office of health and human services, the agency designated by state
law and the Medicaid state plan as the Medicaid single state agency.

(4) "Fee schedule" means a list of goods or services to be recognized as properly
compensable under the Rhode Island Medicaid program and applicable rates of reimbursement.

(5) "Kickback" means a return in any form by any individual of a part of an expenditure
made by a provider:

(i) To the same provider;
(ii) To an entity controlled by the provider; or
(iii) To an entity, which the provider intends to benefit whenever the expenditure is
reimbursed, or reimbursable, or claimed by a provider as being reimbursable by the Rhode Island
Medicaid program and when the sum or value returned is not credited to the benefit of the Rhode
Island Medicaid program.

(6) "Medicaid fraud control unit" means a duly certified Medicaid fraud control unit
under federal regulation authorized to perform those functions as described by § 1903(q) of the
Social Security Act, 42 U.S.C. § 1396b(q).

(7) "Medically unnecessary services or merchandise" means services or merchandise
provided to recipients intentionally without any expectation that the services or merchandise will
alleviate or aid the recipient's medical condition.

(8) "Office of Program Integrity or OPI" means the unit division within the executive
office of health and human services authorized pursuant to §42-7.2-18 to coordinate state and
local agencies, law enforcement entities, and investigative units in order to increase the
effectiveness of programs and initiatives dealing with the prevention, detection, and prosecution
of Medicaid and public assistance fraud; to develop cooperative strategies to investigate and
eliminate Medicaid and public assistance fraud and to recover state and federal funds; and to
represent the executive office and act on the secretary's behalf in any matters related to the
prevention, detection, and prosecution of Medicaid fraud under this chapter.

(8)(9) "Pecuniary benefit" means benefit in the form of money, property, commercial
interests, or anything else the primary significance of which is economic gain.

(9)(10) "Person" means any person or individual, natural or otherwise and includes those
person(s) or entities defined by the term "provider".
"Provider" means any individual, individual medical vendor, firm, corporation, professional association, partnership, organization, or other legal entity that provides goods or services under the Rhode Island Medicaid program or the employee of any person or entity who, on his or her own behalf or on the behalf of his or her employer, knowingly performs any act or is knowingly responsible for an omission prohibited by this chapter.

"Recipient" means any person receiving medical assistance under the Rhode Island Medicaid program.

"Records" means all documents developed by a provider and related to the provision of services reimbursed or claimed as reimbursable by the Rhode Island Medicaid program.

"Rhode Island Medicaid program" means a state administered, medical assistance health care program which is funded by the state and federal governments under Title XIX and Title XXI of the U.S. Social Security Act, 42 U.S.C. § 1396 et seq. and any general or public laws and administered by the executive office of health and human services.

SECTION 1

Section 40-8-32, Support for certain patients of nursing facilities. -- (a) Definitions. For purposes of this section, "Applied Income" shall mean the amount of income a Medicaid beneficiary is required to contribute to the cost of his or her care.

"Authorized Individual" shall mean a person who has authority over the income of a patient of a Nursing Facility such as a person who has been given or has otherwise obtained authority over a patient’s bank account, has been named as or has rights as a joint account holder, or is a fiduciary as defined below.

"Costs of Care" shall mean the costs of providing care to a patient of a nursing facility, including nursing care, personal care, meals, transportation and any other costs, charges, and expenses incurred by a nursing facility in providing care to a patient. Costs of care shall not exceed the customary rate the nursing facility charges to a patient who pays for his or her care directly rather than through a governmental or other third party payor.

"Fiduciary" shall mean a person to whom power or property has been formally entrusted for the benefit of another such as an attorney-in-fact, legal guardian, trustee, or representative payee.

"Nursing Facility" shall mean a nursing facility licensed under Chapter 17 of Title 23, which is a participating provider in the Rhode Island Medicaid program.
"Penalty Period" means the period of Medicaid ineligibility imposed pursuant to 42 USC 1396p(c), as amended from time to time, on a person whose assets have been transferred for less than fair market value;

"Uncompensated Care" – Care and services provided by a nursing facility to a Medicaid applicant without receiving compensation therefore from Medicaid, Medicare, the Medicaid Applicant, or other source. The acceptance of any payment representing actual or estimated Applied Income shall not disqualify the care and services provided from qualifying as uncompensated care.

(b) Penalty Period Resulting from Transfer. Any transfer or assignment of assets resulting in the establishment or imposition of a penalty period shall create a debt that shall be due and owing to a nursing facility for the unpaid costs of care provided during the penalty period to a patient of that facility who has been subject to the penalty period. The amount of the debt established shall not exceed the fair market value of the transferred assets at the time of transfer that are the subject of the penalty period. A nursing facility may bring an action to collect a debt for the unpaid costs of care given to a patient who has been subject to a penalty period, against either the transferor or the transferee, or both. The provisions of this section shall not affect other rights or remedies of the parties.

(c) Applied Income. A nursing facility may provide written notice to a patient who is a Medicaid recipient and any authorized individual of that patient of:

(1) Of the amount of applied income due;
(2) Of the recipient's legal obligation to pay the applied income to the nursing facility; and
(3) That the recipient's failure to pay applied income due to a nursing facility not later than thirty days after receiving such notice from the Nursing Facility may result in a court action to recover the amount of the debt owed.

A nursing facility that is owed applied income may, in addition to any other remedies authorized under law, bring a claim to recover the applied income against a patient and any authorized individual. If a court of competent jurisdiction determines, based upon clear and convincing evidence, that a defendant willfully failed to pay or withheld applied income due and owing to a Nursing Facility for more than thirty days after receiving notice pursuant to this subsection (d), the court may award the amount of the debt owed, court costs and reasonable attorneys' fees to the nursing facility.

(d) Effects. Nothing contained in this section shall prohibit or otherwise diminish any other causes of action possessed by any such nursing facility. The death of the person receiving
nursing facility care shall not nullify or otherwise affect the liability of the person or persons
charged with the costs of care rendered or the applied income amount as referenced in this
section.

40-8.2-3. Prohibited acts. -- (a) It shall be unlawful for any person intentionally to:

(1) Present or cause to be presented for preauthorization or payment to the Rhode Island
Medicaid program:

(i) Any materially false or fraudulent claim or cost report for the furnishing of services or
merchandise; or

(ii) Present or cause to be presented for preauthorization or payment, any claim or cost
report for medically unnecessary services or merchandise; or

(iii) To submit or cause to be submitted materially false or fraudulent information, for
the intentional purpose(s) of obtaining greater compensation than that to which the provider is
legally entitled for the furnishing of services or merchandise; or

(iv) Submit or cause to be submitted materially false information for the purpose of
obtaining authorization for furnishing services or merchandise; or

(v) Submit or cause to be submitted any claim or cost report or other document which
fails to make full disclosure of material information.

(2) (i) Solicit, receive, offer, or pay any remuneration, including any kickback, bribe, or
rebate, directly or indirectly, in cash or in kind, to induce referrals from or to any person in return
for furnishing of services or merchandise or in return for referring an individual to a person for
the furnishing of any services or merchandise for which payment may be made, in whole or in
part, under the Rhode Island Medicaid program.

(ii) Provided, however, that in any prosecution under this subsection, it shall not be
necessary for the state to prove that the remuneration returned was taken from any particular
expenditure made by a person.

(3) Submit or cause to be submitted a duplicate claim for services, supplies, or
merchandise to the Rhode Island Medicaid program for which the provider has already received
or claimed reimbursement from any source, unless the duplicate claim is filed

(i) For payment of more than one type of service or merchandise furnished or rendered to
a recipient for which the use of more than one type of claim is necessary; or

(ii) Because of a lack of a response from or a request by the Rhode Island Medicaid
program; provided, however, in such instance a duplicate claim will clearly be identified as such,
in writing, by the provider; or

(iii) Simultaneous with a claim submission to another source of payment when the
provider has knowledge that the other payor will not pay the claim.

(4) Submit or cause to be submitted to the Rhode Island Medicaid program a claim for
service or merchandise which was not rendered to a recipient.

(5) Submit or cause to be submitted to the Rhode Island Medicaid program a claim for
services or merchandise which includes costs or charges not related to the provision or rendering
of services or merchandise to the recipient.

(6) Submit or cause to be submitted a claim or refer a recipient to a person for services or
merchandise under the Rhode Island Medicaid program which are intentionally not documented
in the provider's record and/or are medically unnecessary as that term is defined by § 40-8.2-
2(7).

(7) Submit or cause to be submitted to the Rhode Island Medicaid program a claim
which materially misrepresents:

(i) The description of services or merchandise rendered or provided to a recipient;
(ii) The cost of the services or merchandise rendered or provided to a recipient;
(iii) The dates that the services or merchandise were rendered or provided to a recipient;
(iv) The identity of the recipient(s) of the services or merchandise; or
(v) The identity of the attending, prescribing, or referring practitioner or the identity of
the actual provider.

(8) Submit a claim for reimbursement to the Rhode Island Medicaid program for
service(s) or merchandise at a fee or charge, which exceeds the provider's lowest fee or charge for
the provision of the service or merchandise to the general public.

(9) Submit or cause to be submitted to the Rhode Island Medicaid program a claim for a
service or merchandise which was not rendered by the provider, unless the claim is submitted on
behalf of:

(i) A bona fide provider employee of such provider; or
(ii) An affiliated provider entity owned or controlled by the provider; or
(iii) Is submitted on behalf of a provider by a third party billing service under a written
agreement with the provider, and the claims are submitted in a manner which does not otherwise
violate the provisions of this chapter.

(10) Render or provide services or merchandise under the Rhode Island Medicaid
program unless otherwise authorized by the regulations of the Rhode Island Medicaid program
without a provider's written order and the recipient's consent, or submit or cause to be submitted a
claim for services or merchandise, except in emergency situations or when the recipient is a
minor or is incompetent to give consent. The type of consent to be required hereunder can include
verbal acquiescence of the recipient and need not require a signed consent form or the recipient's
signature, except where otherwise required by the regulations of the Rhode Island Medicaid
program.

(11) Charge any recipient or person acting on behalf of a recipient, money or other
consideration in addition to, or in excess of the rates of remuneration established under the Rhode
Island Medicaid program.

(12) Enter into an agreement, combination or conspiracy with any party other than the
Rhode Island Medicaid program to obtain or aid another to obtain reimbursement or payments
from the Rhode Island Medicaid program to which the person, recipient, or provider seeking
reimbursement or payment is not entitled.

(13) Make a material false statement in the application for enrollment as a provider
under the Rhode Island Medicaid program.

(14) Refuse to provide representatives of the Medicaid fraud control unit and/or the
office of program integrity upon reasonable request, access to information and data pertaining to
services or merchandise rendered to eligible recipients, and/or former recipients while recipients
under the Rhode Island Medicaid program.

(15) Obtain any monies by false pretenses through the use of any artifice, scheme, or
design prohibited by this section.

(16) Seek or obtain employment with or as a provider after having actual or constructive
knowledge of a then existing exclusion issued under the authority of 42 U.S.C. § 1320a-7.

(17) Grant or offer to grant employment in violation of a then existing exclusion issued
under the authority of 42 U.S.C. § 1320a-7, having actual or constructive knowledge of the
existence of such exclusion.

(18) File a false document to gain employment in a Medicaid funded facility or with a
provider.

(b) (1) A provider or person who violates any provision of subsection (a), excepting
subsection (a)(14), (a)(16), or (a)(18), is guilty of a felony for each violation, and upon conviction
therefor, shall be sentenced to a term of imprisonment not exceeding ten (10) years, nor fined
more than ten thousand dollars ($10,000), or both.

(2) A provider or person who violates the provisions of subsection (a)(14), (a)(16), or
(a)(18), shall be guilty of a misdemeanor for each violation and, upon conviction, be fined not
more than five hundred dollars ($500).

(3) Any provider who knowingly and willfully participates in any offense either as a
principal or as an accessory, or conspirator shall be subject to the same penalty as if the provider
had committed the substantive offense.

(c) The provisions of subsection (a)(2) shall not apply to:

(1) A discount or other reduction in price obtained by a person or provider of services or merchandise under the Rhode Island Medicaid program, if the reduction in price is properly disclosed and appropriately reflected in the costs claimed or charges made by the person or provider under the Rhode Island Medicaid program.

(2) Any amount paid by an employer to an employee, who has a bona fide employment relationship with the employer, for employment in the provision of covered services or merchandise furnished under the Rhode Island Medicaid program.

(3) Any amounts paid by a vendor of services or merchandise to a person authorized to act as a purchasing agent for a group of individuals or entities who are furnishing services or merchandise which are reimbursed by the Rhode Island Medicaid program, as long as:

(i) The purchasing agent has a written agreement with each individual or entity in the group that specifies the amount the agent will be paid by each vendor (where the sum may be a fixed sum or a fixed percentage of the value of the purchases made from the vendor by the group under the contract between the vendor and the purchasing agent); and

(ii) In the case of an entity that is a provider of services to the Rhode Island Medicaid program, the agent discloses in writing to the individual or entity in accordance with regulations to be promulgated by the department executive office, and to the department office of program integrity upon request, the amount received from each vendor with respect to purchases made by or on behalf of the entity.

40-8.2-4. Statute of limitations. -- The statute of limitations for any violation of the provisions of this chapter shall be ten (10) years.

40-8.2-5. Civil remedy. -- Any person, including the Rhode Island Medicaid program secretary of the executive office of health and human services or the office of program integrity acting on behalf of the secretary of the office, injured by any violation of the provisions of § 40-8.2-3 or § 40-8.2-4 may recover through a civil action from the persons inflicting the injury three times the amount of the injury.

40-8.2-6. Civil actions brought by attorney general on behalf of persons injured by violations of chapter. -- (a) The attorney general may bring a civil action in superior court in the name of the state, as parens patriae on behalf of persons residing in this state, to secure monetary relief as provided in this section for injuries sustained by such persons by reason of any violation of this chapter. The court shall exclude from the amount of monetary relief awarded in an action any amount of monetary relief:
Which duplicates amounts which have been awarded for the same injury, or
Which is properly allocable to persons who have excluded their claims pursuant to subsection (c)(1) of this section.

(b) The court shall award the state as monetary relief threefold the total damage sustained as described in subsection (a) of this section and the costs of bringing suit, including reasonable attorney's fees.

(c) In any action brought under subsection (a) of this section, the attorney general shall, at such times, in such manner, and with such content as the court may direct, cause notice thereof to be given by publication.

(1) Any person on whose behalf an action is brought under subsection (a), may elect to exclude from adjudication the portion of the state claim for monetary relief attributable to him or her by filing notice of the election with the court within such time as specified in the notice given pursuant to this subsection.

(2) The final judgment in an action under subsection (a) shall be res judicata as to any claim under § 40-8.2-5 by any person on behalf of whom the action was brought and who fails to give notice within the period specified in the notice given pursuant to this subsection.

(d) An action under subsection (a) shall not be dismissed or compromised without the approval of the court, and notice of any proposed dismissal or compromise shall be given by publication at such times, in such manner, and with such content as the court may direct.

(e) In any action under subsection (a):

(1) The amount of the plaintiff's attorney's fees, if any, shall be determined by the court, and any attorney's fees awarded to the attorney general shall be deposited with the state as general revenues; and

(2) The court may, in its discretion, award a reasonable attorney's fee to a prevailing defendant upon a finding that the attorney general has acted in bad faith, vexatiously, wantonly, or for oppressive reasons.

(f) Monetary relief recovered in an action under this section shall:

(1) Be distributed in such manner as the court, in its discretion, may authorize; or

(2) Be deemed a civil penalty by the court and deposited with the state as general revenues; subject in either case to the requirement that any distribution procedure adopted afford each person a reasonable opportunity to secure his or her appropriate portion of the net monetary relief.

(g) In any action under this section the fact that a person or public body has not dealt directly with the defendant shall not bar or otherwise limit recovery. Provided, however, that the
court shall exclude from the amount of monetary relief which duplicates amounts which have been awarded for the same injury.

40-8.2-10. Other civil remedies and criminal penalties. -- The penalties and remedies under this statute are not exclusive and shall not preclude the use of any other civil remedy or the application of any other criminal penalty deemed appropriate by the attorney general in accordance with federal law or regulations governing Title XIX or Title XXI or the general or public laws of this state.

40-8.2-11. Barring or suspending participation in program. -- Whenever a provider is sentenced or placed on probation for an offense under this chapter, the trial judge may, in his or her discretion, order that the provider be permanently barred from further participation in the program, that the provider's participation in the program be suspended for a definite period of time not exceeding two (2) years, or that the provider conform to applicable federal regulations. For the purposes of this section, the Rhode Island Medicaid program office of program integrity may submit a recommendation to the trial judge as to whether the provider should be suspended or barred from the Medicaid program. Nothing contained herein shall be construed to prevent the Rhode Island Medicaid program executive office of health and human services from imposing its own administrative sanctions.

40-8.2-17. Stays and review of revocation orders. -- An order of the Rhode Island Medicaid program executive office of health and human services revoking a provider's certification may, in the discretion of the program, go into immediate effect or may be stayed. Review of any order may be had in accordance with the Rhode Island administrative procedures law, §§ 42-35-1 -42-35-18. If an administrative hearing is claimed, the program may, in its discretion, stay the effect of a revocation until a hearing is held and a decision is rendered, and for a period not to exceed ten (10) days after the administrative decision is rendered.

40-8.2-18. Filing and enforcement of administrative decision. -- An administrative decision, not appealed, or which has been affirmed after judicial review under the Rhode Island administrative procedures law, §§ 42-35-1 - 42-35-18, determining any amounts due to the Rhode Island Medicaid program executive office of health and human services or to a provider, may be filed with the clerk of the superior court for Providence County and shall be enforceable as a judgment of that court.

40-8.2-19. Certification as a provider. -- Revocation or suspension of certification.- Before any provider of medical services receives payment from the Rhode Island Medicaid program, and as a condition of receipt of payment, the provider must have in effect a valid certification of eligibility from the Rhode Island department of human services executive office.
This certification of eligibility will take the form of either a separate provider agreement or language as required by federal regulations imprinted on the medical assistance billing form, which must be signed by the provider. This certification may be revoked or suspended, in accordance with administrative rules to be promulgated by the department executive office, if a provider fails to meet professional licensure requirements, violates any administrative regulations of the Rhode Island Medicaid program executive office of health and human services, does not provide proper professional services, is the subject of a suspension of payments order, is convicted of Medicaid fraud, or otherwise violates any provision of this chapter.

40-8.2-21. Suspension of payments to a provider. -- (a) The Rhode Island Medicaid program executive office of health and human services may issue a suspension of payments order if:

(1) The provider does not meet certification requirements of the Rhode Island Medicaid program; or

(2) The Rhode Island Medicaid program has been unable to collect (or make satisfactory arrangements for the collection of) amounts due on account of overpayments to any provider; or

(3) The Rhode Island Medicaid program office of program integrity and/or the Medicaid fraud control unit of the attorney general's office has been unable to obtain, from a provider, the data and information necessary to enable it to determine the existence or amount (if any) of the overpayments made to a provider; or

(4) The office of program integrity or the Medicaid fund control unit of the attorney general's office has been denied reasonable access to information by a provider which pertains to a patient or resident of a long term residential care facility or to a former patient or resident of a long term residential care facility; or

(5) The Rhode Island Medicaid program office of program integrity and/or the Medicaid fraud control unit of the attorney general's office has been denied reasonable access to data and information by the provider for the purpose of conducting activities as described in § 1903(g) of the Social Security Act, 42 U.S.C. § 1396b(g); or

(6) The Rhode Island Medicaid program office of program integrity has been presented with reliable evidence that the provider has engaged in fraud or willful misrepresentation under the Medicaid program.

(b) Any such order of the Rhode Island Medicaid program executive office of health and human services may cease to be effective at such time as the program office of program integrity is satisfied that the provider is participating in substantial negotiations which seek to remedy the
conditions which gave rise to its order of suspension of payments, or that amounts are no longer
due from the provider or that a satisfactory arrangement has been made for the payment of the
provider or that a satisfactory arrangement has been made for the payment by the provider of any
such amounts.

40-8.2-22. Interest on overcharges. — Any provider of services or goods contracting
with the department of human services executive office of health and human services pursuant to
Title XIX or Title XXI of the Social Security Act, 42 U.S.C. § 1396 et seq., who, without intent
to defraud, obtains payments under this chapter in excess of the amount to which the provider is
entitled, thereby becomes liable for payment of the amount of the excess with payment of interest
allowable by law, under § 6-26-2, as was in effect on the date payment was made to the provider.
The interest period will commence on the date upon which payment was made and will extend to
the date upon which repayment is made to the state of Rhode Island.

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

40-8.3-2. Definitions. — As used in this chapter:

(1) "Base year" means for the purpose of calculating a disproportionate share payment for
any fiscal year ending after September 30, 2013 2014, the period from October 1, 2011 2012
through September 30, 2012 2013, and for any fiscal year ending after September 30, 2014 2015,
the period from October 1, 2012 2013 through September 30, 2013 2014.

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

(3) "Participating hospital" means any nongovernment and nonpsychiatric hospital that:

(i) was licensed as a hospital in accordance with chapter 17 of title 23 during the base year; and
shall mean the actual facilities and buildings in existence in Rhode Island, licensed pursuant to §
23-17-1 et seq. on June 30, 2010, and thereafter any premises included on that license, regardless
of changes in licensure status pursuant to § 23-17.14 (hospital conversions) and §23-17-6 (b)
(change in effective control), that provides short-term acute inpatient and/or outpatient care to
persons who require definitive diagnosis and treatment for injury, illness, disabilities, or
pregnancy.

(ii) achieved a medical assistance inpatient utilization rate of at least one percent (1%)  
during the base year; and
(iii) continues to be licensed as a hospital in accordance with chapter 17 of title 23 during
the payment year.

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

(5) "Uncompensated care index" means the annual percentage increase for hospitals
established pursuant to § 27-19-14 for each year after the base year, up to and including the
payment year, provided, however, that the uncompensated care index for the payment year ending
September 30, 2007 shall be deemed to be five and thirty-eight hundredths percent (5.38%), and
that the uncompensated care index for the payment year ending September 30, 2008 shall be
deaemed to be five and forty-seven hundredths percent (5.47%), and that the uncompensated care
index for the payment year ending September 30, 2009 shall be deemed to be five and thirty-eight
hundredths percent (5.38%), and that the uncompensated care index for the payment years ending
30, 2014 and, September 30, 2015, and September 30, 2016 shall be deemed to be five and thirty
hundredths percent (5.30%).

40-8.3-3. Implementation. -- (a) For federal fiscal year 2013, commencing on October 1,
2012 and ending September 30, 2013, the executive office of health and human services shall
submit to the Secretary of the U.S. Department of Health and Human Services a state plan
amendment to the Rhode Island Medicaid state plan for disproportionate share hospital payments
(DSH Plan) to provide:

(1) That the disproportionate share hospital payments to all participating hospitals, not to
exceed an aggregate limit of $128.3 million, shall be allocated by the executive office of health
and human services to the Pool A, Pool C and Pool D components of the DSH Plan; and;

(2) That the Pool D allotment shall be distributed among the participating hospitals in
direct proportion to the individual participating hospital's uncompensated care costs for the base
year, inflated by the uncompensated care index to the total uncompensated care costs for the base
year inflated by uncompensated care index for all participating hospitals. The disproportionate
share payments shall be made on or before July 15, 2013 and are expressly conditioned upon
approval on or before July 8, 2013 by the Secretary of the U.S. Department of Health and Human

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services, or his or her authorized representative, of all medicaid state plan amendments necessary
to secure for the state the benefit of federal financial participation in federal fiscal year 2013 for
the disproportionate share payments.

(b)(a) For federal fiscal year 2014, commencing on October 1, 2013 and ending
September 30, 2014, the executive office of health and human services shall submit to the
Secretary of the U.S. Department of Health and Human Services a state plan amendment to the
Rhode Island Medicaid state plan for disproportionate share hospital payments (DSH Plan) to
provide:

1. That the disproportionate share hospital payments to all participating hospitals, not
to exceed an aggregate limit of $136.8 million, shall be allocated by the executive office of health
and human services to the Pool A, Pool C and Pool D components of the DSH Plan; and,

2. That the Pool D allotment shall be distributed among the participating hospitals in
direct proportion to the individual participating hospital’s uncompensated care costs for the base
year, inflated by the uncompensated care index to the total uncompensated care costs for the base
year inflated by uncompensated care index for all participating hospitals. The disproportionate
share payments shall be made on or before July 14, 2014 and are expressly conditioned upon
approval on or before July 7, 2014 by the Secretary of the U.S. Department of Health and Human
Services, or his or her authorized representative, of all medicaid state plan amendments necessary
to secure for the state the benefit of federal financial participation in federal fiscal year 2014 for
the disproportionate share payments.

(c)(b) For federal fiscal year 2015, commencing on October 1, 2014 and ending
September 30, 2015, the executive office of health and human services shall submit to the
Secretary of the U.S. Department of Health and Human Services a state plan amendment to the
Rhode Island Medicaid state plan for disproportionate share hospital payments (DSH Plan) to
provide:

1. That the disproportionate share hospital payments to all participating hospitals, not to
exceed an aggregate limit of $136.8 million, shall be allocated by the executive office of health
and human services to the Pool A, Pool C and Pool D components of the DSH Plan; and,

2. That the Pool D allotment shall be distributed among the participating hospitals in
direct proportion to the individual participating hospital's uncompensated care costs for the base
year, inflated by the uncompensated care index to the total uncompensated care costs for the base
year inflated by uncompensated care index for all participating hospitals. The disproportionate
share payments shall be made on or before July 13, 2015 and are expressly conditioned upon
approval on or before July 6, 2015 by the Secretary of the U.S. Department of Health and Human
Services, or his or her authorized representative, of all Medicaid state plan amendments necessary to secure for the state the benefit of federal financial participation in federal fiscal year 2015 for the disproportionate share payments.

(c) For federal fiscal year 2016, commencing on October 1, 2015 and ending September 30, 2016, the executive office of health and human services shall submit to the Secretary of the U.S. Department of Health and Human Services a state plan amendment to the Rhode Island Medicaid state plan for disproportionate share hospital payments (DSH Plan) to provide:

(1) That the disproportionate share hospital payments to all participating hospitals, not to exceed an aggregate limit of $138.2 million, shall be allocated by the executive office of health and human services to the Pool A, Pool C and Pool D components of the DSH Plan; and,

(2) That the Pool D allotment shall be distributed among the participating hospitals in direct proportion to the individual participating hospital's uncompensated care costs for the base year, inflated by the uncompensated care index to the total uncompensated care costs for the base year inflated by uncompensated care index for all participating hospitals. The disproportionate share payments shall be made on or before July 11, 2016 and are expressly conditioned upon approval on or before July 5, 2016 by the Secretary of the U.S. Department of Health and Human Services, or his or her authorized representative, of all Medicaid state plan amendments necessary to secure for the state the benefit of federal financial participation in federal fiscal year 2016 for the disproportionate share payments.

(d) No provision is made pursuant to this chapter for disproportionate share hospital payments to participating hospitals for uncompensated care costs related to graduate medical education programs.

(e) The executive office of health and human services is directed, on at least a monthly basis, to collect patient level uninsured information, including, but not limited to, demographics, services rendered, and reason for uninsured status from all hospitals licensed in Rhode Island.

(f) Beginning with federal FY 2016, Pool D DSH payments will be recalculated by the state based on actual hospital experience. The final Pool D payments will be based on the data from the final DSH audit for each federal fiscal year. Pool D DSH payments will be redistributed among the qualifying hospitals in direct proportion to the individual qualifying hospital's uncompensated care to the total uncompensated care costs for all qualifying hospitals as determined by the DSH audit. No hospital will receive an allocation that would incur funds received in excess of audited uncompensated care costs.

SECTION 15. Section 5 of Article 18 of Chapter 145 of the Public Laws of 2014 is hereby amended to read as follows:
A pool is hereby established of up to $1.5 million to support Medicaid Graduate Education funding for Academic Medical Centers with level I Trauma Centers who provide care to the state's critically ill and indigent populations. The office of Health and Human Services shall utilize this pool to provide up to $2 million per year in additional Medicaid payments to support Graduate Medical Education programs to hospitals meeting all of the following criteria:

(a) Hospital must have a minimum of 25,000 inpatient discharges per year for all patients regardless of coverage.

(b) Hospital must be designated as Level I Trauma Center.

(c) Hospital must provide graduate medical education training for at least 250 interns and residents per year.

The Secretary of the Executive Office of Health and Human Services shall determine the appropriate Medicaid payment mechanism to implement this program and amend any state plan documents required to implement the payments.

Payments for Graduate Medical Education programs shall be effective July 1, 2014 made annually.

SECTION 16. Section 40-8.9-9 of the General Laws in Chapter 40-8.9 entitled "Medical Assistance – Long-Term Care Service and Finance Reform" is hereby amended to read as follows:

40-8.9-9. Long-term care re-balancing system reform goal. -- (a) Notwithstanding any other provision of state law, the department of human services executive office of health and human services is authorized and directed to apply for and obtain any necessary waiver(s), waiver amendment(s) and/or state plan amendments from the secretary of the United States department of health and human services, and to promulgate rules necessary to adopt an affirmative plan of program design and implementation that addresses the goal of allocating a minimum of fifty percent (50%) of Medicaid long-term care funding for persons aged sixty-five (65) and over and adults with disabilities, in addition to services for persons with developmental disabilities and mental disabilities, to home and community-based care on or before December 31, 2013; provided, further, the executive office of health and human services executive office shall report annually as part of its budget submission, the percentage distribution between institutional care and home and community-based care by population and shall report current and projected waiting lists for long-term care and home and community-based care services. The department executive office is further authorized and directed to prioritize investments in home and community-based care and to maintain the integrity and financial viability of all current long-term care services.
while pursuing this goal.

(b) The reformed long-term care system re-balancing goal is person-centered and encourages individual self-determination, family involvement, interagency collaboration, and individual choice through the provision of highly specialized and individually tailored home-based services. Additionally, individuals with severe behavioral, physical, or developmental disabilities must have the opportunity to live safe and healthful lives through access to a wide range of supportive services in an array of community-based settings, regardless of the complexity of their medical condition, the severity of their disability, or the challenges of their behavior. Delivery of services and supports in less costly and less restrictive community settings, will enable children, adolescents and adults to be able to curtail, delay or avoid lengthy stays in long-term care institutions, such as behavioral health residential treatment facilities, long-term care hospitals, intermediate care facilities and/or skilled nursing facilities.

(c) Pursuant to federal authority procured under § 42-7.2-16 of the general laws, the department of human services executive office of health and human services is directed and authorized to adopt a tiered set of criteria to be used to determine eligibility for services. Such criteria shall be developed in collaboration with the state’s health and human services departments and, to the extent feasible, any consumer group, advisory board, or other entity designated for such purposes, and shall encompass eligibility determinations for long-term care services in nursing facilities, hospitals, and intermediate care facilities for persons with intellectual disabilities as well as home and community-based alternatives, and shall provide a common standard of income eligibility for both institutional and home and community-based care. The department executive office is, subject to prior approval of the general assembly, authorized to adopt clinical and/or functional criteria for admission to a nursing facility, hospital, or intermediate care facility for persons with intellectual disabilities that are more stringent than those employed for access to home and community-based services. The department executive office is also authorized to promulgate rules that define the frequency of re-assessments for services provided for under this section. Legislatively approved levels of care may be applied in accordance with the following:

(1) The department executive office shall continue to apply pre-waiver level of care criteria in effect on June 30, 2015 for any recipient determined eligible for and receiving Medicaid-funded long-term services in supports in a nursing facility, hospital, or intermediate care facility for persons with intellectual disabilities as of June 30, 2009 on or before that date, unless: (a) the recipient transitions to home and community based services because he or she:

(a) Improves to a level where he/she would no
longer meet the pre–waiver level of care criteria in effect on June 30, 2015; or (b) The individual
the recipient chooses home and community based services over the nursing facility, hospital, or
intermediate care facility for the mentally retarded persons with intellectual disabilities. For the
purposes of this section, a failed community placement, as defined in regulations promulgated by
the department executive office, shall be considered a condition of clinical eligibility for the
highest level of care. The department executive office shall confer with the long-term care
ombudsperson with respect to the determination of a failed placement under the ombudsperson’s
jurisdiction. Should any Medicaid recipient eligible for a nursing facility, hospital, or
intermediate care facility for the mentally retarded persons with intellectual disabilities as of June
30, 2009 receive a determination of a failed community placement, the recipient shall have
access to the highest level of care; furthermore, a recipient who has experienced a failed
community placement shall be transitioned back into his or her former nursing home, hospital, or
intermediate care facility for the mentally retarded persons with intellectual disabilities whenever
possible. Additionally, residents shall only be moved from a nursing home, hospital, or
intermediate care facility for the mentally retarded persons with intellectual disabilities in a
manner consistent with applicable state and federal laws.

(2) Any Medicaid recipient eligible for the highest level of care who voluntarily
leaves a nursing home, hospital, or intermediate care facility for the mentally
retarded persons with intellectual disabilities shall not be subject to any wait list for home and community based
services.

(3) No nursing home, hospital, or intermediate care facility for the mentally
retarded persons with intellectual disabilities shall be denied payment for services rendered to a
Medicaid recipient on the grounds that the recipient does not meet level of care criteria unless and
until the department of human services executive office has: (i) performed an individual
assessment of the recipient at issue and provided written notice to the nursing home, hospital, or
intermediate care facility for the mentally retarded persons with intellectual disabilities that the
recipient does not meet level of care criteria; and (ii) the recipient has either appealed that level of
care determination and been unsuccessful, or any appeal period available to the recipient
regarding that level of care determination has expired.

(d) The department of human services executive office is further authorized and
directed to consolidate all home and community-based services currently provided pursuant to §
1915(c) of title XIX of the United States Code into a single system of home and community-
based services that include options for consumer direction and shared living. The resulting single
home and community-based services system shall replace and supersedes all §1915(c) programs
when fully implemented. Notwithstanding the foregoing, the resulting single program home and
community-based services system shall include the continued funding of assisted living services
at any assisted living facility financed by the Rhode Island housing and mortgage finance
corporation prior to January 1, 2006, and shall be in accordance with chapter 66.8 of title 42 of
the general laws as long as assisted living services are a covered Medicaid benefit.

(e) The department of human services executive office is authorized to
promulgate rules that permit certain optional services including, but not limited to, homemaker
services, home modifications, respite, and physical therapy evaluations to be offered to persons at
risk for Medicaid-funded long-term care subject to availability of state-appropriated funding for
these purposes.

(f) To promote the expansion of home and community-based service capacity,
the department of human services executive office is authorized and directed to pursue rate
payment methodology reforms that increase access to homemaker, personal care (home health
aide), assisted living, adult supportive care homes, and adult day care services, as follows:

(1) A prospective base adjustment effective, not later than July 1, 2008, across all
departments and programs, of ten percent (10%) of the existing standard or average rate,
contingent upon a demonstrated increase in the state-funded or Medicaid caseload by June 30,
2009;

(2) Development, not later than September 30, 2008, of revised or new Medicaid
certification standards supporting and defining targeted rate increments to encourage that increase
access to service specialization and scheduling accommodations including but not limited to,
medication and pain management, wound management, certified Alzheimer’s Syndrome
treatment and support programs, and work and shift differentials for night and week-end services;
and by using payment strategies designed to achieve specific quality and health outcomes.

(3) Development and submission to the governor and the general assembly, not later
than December 31, 2008, of a proposed rate-setting methodology for home and community-based
services to assure coverage of the base cost of service delivery as well as reasonable coverage of
changes in cost caused by wage inflation.

(2) Development of Medicaid certification standards for state authorized providers of
adult day services, excluding such providers of services authorized under § 40.1-24-1(3), assisted
living, and adult supportive care (as defined under § 23-17.24) that establish for each, an acuity-
based, tiered service and payment methodology tied to: licensure authority, level of beneficiary
needs, the scope of services and supports provided; and specific quality and outcome measures,
The standards for adult day services for persons eligible for Medicaid-funded long-term services
may differ from those who do not meet the clinical/functional criteria set forth in § 40-8.10-3.

(g) The department, in collaboration with the executive office of human services, shall implement a long-term care options counseling program to provide individuals or their representatives, or both, with long-term care consultations that shall include, at a minimum, information about: long-term care options, sources and methods of both public and private payment for long-term care services and an assessment of an individual’s functional capabilities and opportunities for maximizing independence. Each individual admitted to or seeking admission to a long-term care facility regardless of the payment source shall be informed by the facility of the availability of the long-term care options counseling program and shall be provided with long-term care options consultation if they so request. Each individual who applies for Medicaid long-term care services shall be provided with a long-term care consultation.

(h) The department of human services executive office is also authorized, subject to availability of appropriation of funding, and federal Medicaid-matching funds, to pay for certain expenses services and supports necessary to transition residents back to the community or divert beneficiaries from institutional or restrictive settings and optimize their health and safety when receiving care in a home or the community. The secretary is authorized to obtain any state plan or waiver authorities required to maximize the federal funds available to support expanded access to such home and community transition and stabilization services; provided, however, payments shall not exceed an annual or per person amount.

(j) To ensure persons with long-term care needs who remain living at home have adequate resources to deal with housing maintenance and unanticipated housing related costs, the department of human services secretary is authorized to develop higher resource eligibility limits for persons or obtain any state plan or waiver authorities necessary to change the financial eligibility criteria for long-term services and supports to enable beneficiaries receiving home and community waiver services to have the resources to continue who are living in their own homes or rental units or other home-based settings.

(k) The executive office shall implement, no later than January 1, 2016, the following home and community-based service and payment reforms:

(1) Community-based supportive living program established in § 40-8.13-2.1;

(2) Adult day services level of need criteria and acuity-based, tiered payment methodology; and

(3) Payment reforms that encourage home and community-based providers to provide the specialized services and accommodations beneficiaries need to avoid or delay institutional care.

(k) The secretary is authorized to seek any Medicaid section 1115 waiver or state plan...
amendments and take any administrative actions necessary to ensure timely adoption of any new or amended rules, regulations, policies, or procedures and any system enhancements or changes, for which appropriations have been authorized, that are necessary to facilitate implementation of the requirements of this section by the dates established. The secretary shall reserve the discretion to exercise the authority established under §§ 42-7.2-5(6)(v) and 42-7.2-6.1, in consultation with the governor, to meet the legislative directives established herein.

SECTION 17: Sections 40-8.10-1, 40-8.10-2, 40-8.10-3, 40-8.10-4, 40-8.10-5, and 40-8.10-6 of the General Laws in Chapter 40-8.10 entitled "Long Term Care Service Reform for Medicaid Eligible Individuals" are hereby amended to read as follows:

40-8.10-1. Purpose. -- (a) In order to ensure that all Medicaid recipients eligible for long-term care have access to the full continuum of services they need, the secretary of the executive office of health and human services, in collaboration with the director of the department of human services and the directors of the departments of children, youth and families, elderly affairs, health, and mental health, retardation and hospitals, directors of EOHHS departments, shall offer eligible Medicaid recipients the full range of services as allowed under the terms and conditions of the Rhode Island Global Consumer Choice Compact 1115a Demonstration Waiver, including institutional services and the home and community based services provided for under the previous Medicaid Section 1915(c) waivers, as well as additional services for medication management, transition services and other authorized services as defined in this chapter, in order to meet the individual needs of the Medicaid recipient.

40-8.10-2. Definitions. -- As used in this chapter,

(a) "Core services" mean homemaker services, environmental modifications (home accessibility adaptations, special medical equipment (minor assistive devices), meals on wheels (home delivered meals), personal emergency response (PERS), licensed practical nurse services, community transition services, residential supports, day supports, supported employment, supported living arrangements, private duty nursing, supports for consumer direction (supports facilitation), participant directed goods and services, case management, senior companion services, assisted living, personal care assistance services and respite.

(b) "Preventive services" mean homemaker services, minor environmental modifications, physical therapy evaluation and services and respite services.

40-8.10-3. Levels of care. -- (a) The secretary of the executive office of health and human services shall coordinate responsibilities for long-term care assessment in accordance with the provisions of this chapter within the department of human services, and with the cooperation of the directors of the department of elderly affairs, the department of children, youth and
families, and the department of mental health, retardation and hospitals. Assessments conducted by each department's staff shall be coordinated through the Assessment Coordination Unit (ACU). Members of each department's staff responsible for assessing level of care, developing care plans, and determining budgets will meet on a regular basis in order to ensure that services are provided in a uniform and consistent manner. Importance shall be placed upon the proper and consistent determination of levels of care across the state departments for each long-term care setting, including behavioral health residential treatment facilities, long-term care hospitals, intermediate care facilities, and/or skilled nursing facilities. Three (3) appropriate Specialized plans of care that meet the needs of the individual Medicaid recipients shall be coordinated and consistent across all state departments. The development of care plans shall be person-centered and shall support individual self-determination, family involvement, when appropriate, individual choice and interdepartmental collaboration.

(b) Levels of care for long-term care institutions (behavioral health residential treatment facilities, long-term care hospitals, intermediate care facilities and/or skilled nursing facilities), for which alternative community-based services and supports are available, shall be established pursuant to the § 40-8.9-9. The structure of the three (3) levels of care is as follows:

(i) Highest level of care. Individuals who are determined, based on medical need, to require the institutional level of care will have the choice to receive services in a long-term care institution or in a home and community-based setting.

(ii) High level of care. Individuals who are determined, based on medical need, to benefit from home and community-based services.

(iii) Preventive level of care. Individuals who do not presently need an institutional level of care but who need services targeted at preventing admission, re-admissions or reducing lengths of stay in an institution.

(c) Determinations of levels of care and the provision of long term care health services shall be determined in accordance with this section and shall be in accordance with the applicable provisions of § 40-8.9-9.

40-8.10-4. Long-term Care Assessment and Coordination Assessment and Coordination Unit (ACU).-- (a) The department of human services, in collaboration with the executive office of health and human services, shall implement a long-term care options counseling program to provide individuals or their representative, or both, with long-term care consultations that shall include, at a minimum, information about long-term care options, sources and methods of both public and private payment for long term care services, information on caregiver support services, including respite care, and an assessment of an individual's functional
capabilities and opportunities for maximizing independence. Each individual admitted to or seeking admission to a long-term care facility, regardless of the payment source, shall be informed by the facility of the availability of the long-term care options counseling program and shall be provided with a long-term care options consultation, if he or she so requests. Each individual who applies for Medicaid long-term care services shall be provided with a long-term care consultation.

(b) Core and preventative home and community based services defined and delineated in § 40-8.10-2 shall be provided only to those individuals who meet one of the levels of care provided for in this chapter. Other long term care services authorized by the federal government, such as medication management, may also be provided to Medicaid eligible recipients who have established the requisite need as determined by the Assessment and Coordination Unit (ACU). Access to institutional and community based supports and services shall be through the Assessment and Coordination Unit (ACU). The provision of Medicaid-funded long-term care services and supports shall be based upon a comprehensive assessment that shall include, but not be limited to, an evaluation of the medical, social and environmental needs of each applicant for these services or programs. The assessment shall serve as the basis for the development and provision of an appropriate plan of care for the applicant.

c) The ACU shall assess the financial eligibility of beneficiaries to receive long term care services and supports in accordance with the applicable provisions of § 40-8.9-9.

d) The ACU shall be responsible for conducting assessments; determining a level of care for applicants for medical assistance; developing service plans; pricing a service budget and developing a voucher when appropriate; making referrals to appropriate settings; maintaining a component of the unit that will provide training to and will educate consumers, discharge planners and providers; tracking utilization; monitoring outcomes; and reviewing service/care plan changes. The ACU shall provide interdisciplinary high cost case reviews and choice counseling for eligible recipients.

e) The assessments for individuals conducted in accordance with this section shall serve as the basis for individual budgets for those medical assistance recipients eligible to receive services utilizing a self-directed delivery system.

(f) Nothing in this section shall prohibit the secretary of the executive office of health and human services, or the directors of that office's departments from utilizing community agencies or contractors when appropriate to perform assessment functions outlined in this chapter.

40-8.10-5. Payments. -- The department of human services, executive office of health and...
human services shall not make payment for a person receiving a long-term home health care program, while payments are being made for that person for inpatient care in a skilled nursing and/or intermediate care facility or hospital.

40-8.10-6. Rules and regulations. -- The secretary of the executive office of health and human services, the directors of the department of human services, the department division of elderly affairs, the department of children youth and families and the department of mental health retardation and hospitals, behavioral healthcare, development disabilities and hospitals are hereby authorized to promulgate rules and regulations necessary to implement all provisions of this chapter and to seek necessary federal approvals in accordance with the provisions of the Global Compact Waiver state’s Medicaid section 1115 demonstration waiver.

SECTION 18. Section 40-8.13-2 of the General Laws in Chapter 40-8.13 entitled "Long-Term Managed Care Arrangements" is amended to read as follows:

40-8.13-2. Beneficiary choice. -- Any managed long-term care arrangement shall offer beneficiaries the option to decline participation and remain in traditional Medicaid and, if a duals demonstration project, traditional Medicare. Beneficiaries must be provided with sufficient information to make an informed choice regarding enrollment, including:

--(1) Any changes in the beneficiary’s payment or other financial obligations with respect to long-term care services and supports as a result of enrollment;

--(2) Any changes in the nature of the long-term care services and supports available to the beneficiary as a result of enrollment, including specific descriptions of new services that will be available or existing services that will be curtailed or terminated;

--(3) A contact person who can assist the beneficiary in making decisions about enrollment;

--(4) Individualized information regarding whether the managed care organization’s network includes the health care providers with whom beneficiaries have established provider relationships. Directing beneficiaries to a website identifying the plan’s provider network shall not be sufficient to satisfy this requirement; and

--(5) The deadline by which the beneficiary must make a choice regarding enrollment, and the length of time a beneficiary must remain enrolled in a managed care organization before being permitted to change plans or opt out of the arrangement.

40-8.13-2. Community-Based Supportive Living Program. -- (a) To expand the number of community-based service options, the executive office of health and human services shall establish a program for beneficiaries opting to participate in managed care long-term care arrangements under this chapter who choose to receive Medicaid-funded assisted living, adult
supportive care home, or shared living long-term care services and supports. As part of the program, the executive office shall implement Medicaid certification or, as appropriate, managed care contract standards for state authorized providers of these services that establish an acuity-based, tiered service and payment system that ties reimbursements to: beneficiary’s clinical/functional level of need; the scope of services and supports provided; and specific quality and outcome measures. Such standards shall set the base level of Medicaid state plan and waiver services that each type of provider must deliver, the range of acuity-based service enhancements that must be made available to beneficiaries with more intensive care needs, and the minimum state licensure and/or certification requirements a provider must meet to participate in the pilot at each service/payment level. The standards shall also establish any additional requirements, terms or conditions a provider must meet to ensure beneficiaries have access to high quality, cost effective care.

(b) Room and board. The executive office shall raise the cap on the amount Medicaid certified assisted living and adult supportive home care providers are permitted to charge participating beneficiaries for room and board. In the first year of the program, the monthly charges for a beneficiary living in a single room who has income at or below three hundred percent (300%) of the Supplemental Security Income (SSI) level shall not exceed the total of both the maximum monthly federal SSI payment and the monthly state supplement authorized for persons requiring long-term services under § 40-6-27.2(a)(1)(vi), less the specified personal need allowance. For a beneficiary living in a double room, the room and board cap shall be set at eighty-five percent (85%) of the monthly charge allowed for a beneficiary living in a single room.

(c) Program Cost-effectiveness. The total cost to the state for providing the state supplement and Medicaid-funded services and supports to beneficiaries participating in the program in the initial year of implementation shall not exceed the cost for providing Medicaid-funded services to the same number of beneficiaries with similar acuity needs in an institutional setting in the initial year of the operations. The program shall be terminated if the executive office determines to that the program has not met this target.

40-8.13-5. Financial savings under managed care. Financial principles under managed care.-- To the extent that financial savings are a goal under any managed long-term care arrangement, it is the intent of the legislature to achieve such savings through administrative efficiencies, care coordination, and improvements in care outcomes and in a way that encourages the highest quality care for patients and maximizes value for the managed care organization and the state, rather than through reduced reimbursement rates to providers. Therefore, any managed long-term care arrangement shall include a requirement that the managed care organization...
reimburse providers for services in accordance with the following principles.

Notwithstanding any law to the contrary, for the twelve (12) month period beginning July 1, 2015, Medicaid managed long term care payment rates to nursing facilities established pursuant to this section shall not exceed ninety-eight percent (98.0%) of the rates in effect on April 1, 2015.

(1) For a duals demonstration project, the managed care organization:

(i) Shall not combine the rates of payment for post-acute skilled and rehabilitation care provided by a nursing facility and long-term and chronic care provided by a nursing facility in order to establish a single payment rate for dual eligible beneficiaries requiring skilled nursing services;

(ii) Shall pay nursing facilities providing post-acute skilled and rehabilitation care or long-term and chronic care rates that reflect the different level of services and intensity required to provide these services; and

(iii) For purposes of determining the appropriate rate for the type of care identified in subsection (1)(ii) of this section, the managed care organization shall pay no less than the rates which would be paid for that care under traditional Medicare and Rhode Island Medicaid for these service types.

The state shall not enter into any agreement with a managed care organization in connection with a duals demonstration project unless that agreement conforms to this section, and any existing such agreement shall be amended as necessary to conform to this subsection.

(2) For a managed long-term care arrangement that is not a duals demonstration project, the managed care organization shall reimburse providers in an amount not less than the rate amount that would be paid for the same care by EOHHS under the Medicaid program. The managed care organization shall not, however, be required to use the same payment methodology as EOHHS.

(3) Notwithstanding any provisions of the general or public laws to the contrary, the protections of subsections (1) and (2) of this section may be waived by a nursing facility in the event it elects to accept a payment model developed jointly by the managed care organization and skilled nursing facilities, that is intended to promote quality of care and cost effectiveness, including, but not limited to, bundled payment initiatives, value-based purchasing arrangements, gainsharing, and similar models.

(b) Notwithstanding any law to the contrary, for the twelve (12) month period beginning July 1, 2015, Medicaid managed long-term care payment rates to nursing facilities established pursuant to this section shall not exceed ninety-eight percent (98.0%) of the rates in effect on
April 1, 2015

SECTION 19. Sections 42-7.2-2, 42-7.2-5, 42-7.2-6.1, 42-7.2-16, 42-7.2-18 of the General Laws in Chapter 42-7.2 entitled "Executive Office of Health and Human Services" are hereby amended to read as follows:

42-7.2-2. Executive office of health and human services. -- There is hereby established within the executive branch of state government an executive office of health and human services to serve as the principal agency of the executive branch of state government for managing the departments of children, youth and families, health, human services, and behavioral healthcare, developmental disabilities and hospitals. In this capacity, the office shall:

(a) Lead the state's four (4) health and human services departments in order to:

(1) Improve the economy, efficiency, coordination, and quality of health and human services policy and planning, budgeting and financing.

(2) Design strategies and implement best practices that foster service access, consumer safety and positive outcomes.

(3) Maximize and leverage funds from all available public and private sources, including federal financial participation, grants and awards.

(4) Increase public confidence by conducting independent reviews of health and human services issues in order to promote accountability and coordination across departments.

(5) Ensure that state health and human services policies and programs are responsive to changing consumer needs and to the network of community providers that deliver assistive services and supports on their behalf.

(b)(6) Administer the federal and state medical assistance programs Rhode Island Medicaid in the capacity of the single state agency authorized under title XIX of the U.S. Social Security act, 42 U.S.C. § 1396a et seq., and exercise such single state agency authority for such other federal and state programs as may be designated by the governor. Except as provided for herein, nothing in this chapter shall be construed as transferring to the secretary the powers, duties or functions conferred upon the departments by Rhode Island general laws for the management and operations of programs or services approved for federal financial participation under the authority of the Medicaid state agency.

42-7.2-5. Duties of the secretary. -- The secretary shall be subject to the direction and supervision of the governor for the oversight, coordination and cohesive direction of state administered health and human services and in ensuring the laws are faithfully executed, notwithstanding any law to the contrary. In this capacity, the Secretary of Health and Human Services shall be authorized to:
(1) Coordinate the administration and financing of health care benefits, human services and programs including those authorized by the Global Consumer Choice Compact Waiver, the state’s Medicaid section 1115 demonstration waiver and, as applicable, the Medicaid State Plan under Title XIX of the US Social Security Act. However, nothing in this section shall be construed as transferring to the secretary the powers, duties or functions conferred upon the departments by Rhode Island public and general laws for the administration of federal/state programs financed in whole or in part with Medicaid funds or the administrative responsibility for the preparation and submission of any state plans, state plan amendments, or authorized federal waiver applications, once approved by the secretary.

(2) Serve as the governor's chief advisor and liaison to federal policymakers on Medicaid reform issues as well as the principal point of contact in the state on any such related matters.

(3) (a) Review and ensure the coordination of any Global Consumer Choice Compact Waiver, the state’s Medicaid section 1115 demonstration waiver requests and renewals as well as any initiatives and proposals requiring amendments to the Medicaid state plan or category two (II) or three (III) changes, as described in the special terms and conditions of the Global Consumer Choice Compact Waiver, the state’s Medicaid section 1115 demonstration waiver with the potential to affect the scope, amount or duration of publicly-funded health care services, provider payments or reimbursements, or access to or the availability of benefits and services as provided by Rhode Island general and public laws. The secretary shall consider whether any such changes are legally and fiscally sound and consistent with the state's policy and budget priorities. The secretary shall also assess whether a proposed change is capable of obtaining the necessary approvals from federal officials and achieving the expected positive consumer outcomes. The secretary shall ensure that the Department of Health and Human Services provides resources and information to the secretary to facilitate the reviews authorized in this section.

(b) Direct the development and implementation of any Medicaid policies, procedures, or systems that may be required to assure successful operation of the state’s health and human services integrated eligibility system and coordination with HealthSource RI, the state’s health insurance marketplace.

(c) Beginning in 2015, conduct on a biennial basis a comprehensive review of the Medicaid eligibility criteria for one or more of the populations covered under the state plan or a waiver to ensure consistency with federal and state laws and policies, coordinate and align systems, and identify areas for improving quality assurance, fair and equitable access to services, and opportunities for additional financial participation.

(d) Implement service organization and delivery reforms that facilitate service
integration, increase value, and improve quality and health outcomes.

(4) Beginning in 2006, prepare and submit to the governor, the chairpersons of the house and senate finance committees, the caseload estimating conference, and to the joint legislative committee for health care oversight, by no later than March 15 of each year, a comprehensive overview of all Medicaid expenditures outcomes, and utilization rates. The overview shall include, but not be limited to, the following information:

(i) Expenditures under Titles XIX and XXI of the Social Security Act, as amended;

(ii) Expenditures, outcomes and utilization rates by population and sub-population served (e.g. families with children, children persons with disabilities, children in foster care, children receiving adoption assistance, adults with disabilities ages nineteen (19) to sixty-four (64), and the elderly elders);

(iii) Expenditures, outcomes and utilization rates by each state department or other municipal or public entity receiving federal reimbursement under Titles XIX and XXI of the Social Security Act, as amended; and

(iv) Expenditures, outcomes and utilization rates by type of service and/or service provider.

The directors of the departments, as well as local governments and school departments, shall assist and cooperate with the secretary in fulfilling this responsibility by providing whatever resources, information and support shall be necessary.

(5) Resolve administrative, jurisdictional, operational, program, or policy conflicts among departments and their executive staffs and make necessary recommendations to the governor.

(6) Assure continued progress toward improving the quality, the economy, the accountability and the efficiency of state-administered health and human services. In this capacity, the secretary shall:

(i) Direct implementation of reforms in the human resources practices of the executive office and the departments that streamline and upgrade services, achieve greater economies of scale and establish the coordinated system of the staff education, cross-training, and career development services necessary to recruit and retain a highly-skilled, responsive, and engaged health and human services workforce;

(ii) Encourage the departments to utilize EOHHS-wide the utilization of consumer-centered approaches to service design and delivery that expand their capacity to respond efficiently and responsibly to the diverse and changing needs of the people and communities they serve;
(iii) Develop all opportunities to maximize resources by leveraging the state’s purchasing power, centralizing fiscal service functions related to budget, finance, and procurement, centralizing communication, policy analysis and planning, and information systems and data management, pursuing alternative funding sources through grants, awards and partnerships and securing all available federal financial participation for programs and services provided through the departments EOHHS-wide:

(iv) Improve the coordination and efficiency of health and human services legal functions by centralizing adjudicative and legal services and overseeing their timely and judicious administration;

(v) Facilitate the rebalancing of the long term system by creating an assessment and coordination organization or unit for the expressed purpose of developing and implementing procedures across departments EOHHS-wide that ensure that the appropriate publicly-funded health services are provided at the right time and in the most appropriate and least restrictive setting; and

(vi) Strengthen health and human services program integrity, quality control and collections, and recovery activities by consolidating functions within the office in a single unit that ensures all affected parties pay their fair share of the cost of services and are aware of alternative financing— and

(vii) Broaden access to publicly funded food and nutrition services by consolidating agency programs and initiatives to eliminate duplication and overlap and improve the availability and quality of services; and

(viii) Assure protective services are available to vulnerable elders and adults with developmental and other disabilities by reorganizing existing services, establishing new services where gaps exist and centralizing administrative responsibility for oversight of all related initiatives and programs.

(7) Prepare and integrate comprehensive budgets for the health and human services departments and any other functions and duties assigned to the office. The budgets shall be submitted to the state budget office by the secretary, for consideration by the governor, on behalf of the state’s health and human services agencies in accordance with the provisions set forth in § 35-3-4 of the Rhode Island general laws.

(8) Utilize objective data to evaluate health and human services policy goals, resource use and outcome evaluation and to perform short and long-term policy planning and development.

(9) Establishment of an integrated approach to interdepartmental information and data management that complements and furthers the goals of the CHOICES unified health
infrastructure project and that will facilitate the transition to consumer-centered integrated system of state administered health and human services.

(10) At the direction of the governor or the general assembly, conduct independent reviews of state-administered health and human services programs, policies and related agency actions and activities and assist the department directors in identifying strategies to address any issues or areas of concern that may emerge thereof. The department directors shall provide any information and assistance deemed necessary by the secretary when undertaking such independent reviews.

(11) Provide regular and timely reports to the governor and make recommendations with respect to the state's health and human services agenda.

(12) Employ such personnel and contract for such consulting services as may be required to perform the powers and duties lawfully conferred upon the secretary.

(13) Assume responsibility for implementing the complying with the provisions of any general or public law or regulation related to the disclosure, confidentiality and privacy of any information or records, in the possession or under the control of the executive office or the departments assigned to the executive office, that may be developed or acquired or transferred at the direction of the governor or the secretary for purposes directly connected with the secretary's duties set forth herein.

(14) Hold the director of each health and human services department accountable for their administrative, fiscal and program actions in the conduct of the respective powers and duties of their agencies.

42-7.2-6. Departments assigned to the executive office.-- Powers and duties.- (a) The departments assigned to the secretary 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 secretary acting on behalf of the governor or in accordance with the powers and authorities conferred upon the secretary by this chapter;

(2) Provide such assistance or resources as may be requested or required by the governor and/or the secretary; and

(3) Provide such records and information as may be requested or required by the governor and/or the secretary to perform the duties set forth in subsection 6 of this chapter. Upon developing, acquiring or transferring such records and information, the secretary shall assume responsibility for complying with the provisions of any applicable general or public law, regulation, or agreement relating to the confidentiality, privacy
or disclosure of such records or information.

(4) Forward to the secretary copies of all reports to the governor.

(b) Except as provided herein, no provision of this chapter or application thereof shall be construed to limit or otherwise restrict the department of children, youth and families, the department of health, the department of human services, and the department of behavioral healthcare, developmental disabilities and hospitals from fulfilling any statutory requirement or complying with any valid rule or regulation.

42-7.2-6.1. Transfer of powers and functions. — (a) There are hereby transferred to the executive office of health and human services the powers and functions of the departments with respect to the following:

(1) By July 1, 2007, fiscal Fiscal services including budget preparation and review, financial management, purchasing and accounting and any related functions and duties deemed necessary by the secretary;

(2) By July 1, 2007, legal Legal services including applying and interpreting the law, oversight to the rule-making process, and administrative adjudication duties and any related functions and duties deemed necessary by the secretary;

(3) By September 1, 2007, communications Communications including those functions and services related to government relations, public education and outreach and media relations and any related functions and duties deemed necessary by the secretary;

(4) By March 1, 2008, policy Policy analysis and planning including those functions and services related to the policy development, planning and evaluation and any related functions and duties deemed necessary by the secretary;

(5) By June 30, 2008, information Information systems and data management including the financing, development and maintenance of all data-bases and information systems and platforms as well as any related operations deemed necessary by the secretary;

(6) By October 1, 2009, assessment Assessment and coordination for long-term care including those functions related to determining level of care or need for services, development of individual service/care plans and planning, identification of service options, the pricing of service options and choice counseling; and

(7) By October 1, 2009, program Program integrity, quality control and collection and recovery functions including any that detect fraud and abuse or assure that beneficiaries, providers, and third-parties pay their fair share of the cost of services, as well as any that promote alternatives to publicly financed services, such as the long-term care health insurance partnership.

(8) By January 1, 2011, client protective Protective services including any such services
provided to children, elders and adults with developmental and other disabilities;

(9) [Deleted by P.L. 2010, ch. 23, art. 7, § 1].

(b) The secretary shall determine in collaboration with the department directors whether the officers, employees, agencies, advisory councils, committees, commissions, and task forces of the departments who were performing such functions shall be transferred to the office.

(c) In the transference of such functions, the secretary shall be responsible for ensuring:

(1) Minimal disruption of services to consumers;

(2) Elimination of duplication of functions and operations;

(3) Services are coordinated and functions are consolidated where appropriate;

(4) Clear lines of authority are delineated and followed;

(5) Cost-savings are achieved whenever feasible;

(6) Program application and eligibility determination processes are coordinated and, where feasible, integrated; and

(7) State and federal funds available to the office and the entities therein are allocated and utilized for service delivery to the fullest extent possible.

(d) Except as provided herein, no provision of this chapter or application thereof shall be construed to limit or otherwise restrict the departments of children, youth and families, human services, health, and behavioral healthcare, developmental disabilities, and hospitals from fulfilling any statutory requirement or complying with any regulation deemed otherwise valid.

(e) The secretary shall prepare and submit to the leadership of the house and senate finance committees, by no later than January 1, 2010, a plan for restructuring functional responsibilities across the departments to establish a consumer centered integrated system of health and human services that provides high quality and cost-effective services at the right time and in the right setting across the life-cycle.

42-7-2-12. Medicaid program study.  (a) The secretary of the executive office of health and human services shall conduct a study of the Medicaid programs administered by the state to review and analyze the options available for reducing or stabilizing the level of uninsured Rhode Islanders and containing Medicaid spending.

(1) As part of this process, the study shall consider the flexibility afforded the state under the federal Deficit Reduction Act of 2006 and any other changes in federal Medicaid policy or program requirements occurring on or before December 31, 2006, as well as the various approaches proposed and/or adopted by other states through federal waivers, state plan amendments, public-private partnerships and other initiatives.
(2) In exploring these options, the study shall examine fully the overall administrative efficiency of each program for children and families, elders and adults with disabilities and any such factors that may affect access and/or cost including, but not limited to, coverage groups, benefits, delivery systems, and applicable cost sharing requirements.

(b) The secretary shall ensure that the study focuses broadly on the Medicaid programs administered by the executive office of health and human services and all of the state’s four (4) health and human services departments, irrespective of the source or manner in which funds are budgeted or allocated. The directors of the departments shall cooperate with the secretary in preparing this study and provide any information and/or resources the secretary deems necessary to assess fully the short and long-term implications of the options under review both for the state and the people and the communities the departments serve. The secretary shall submit a report and recommendations based on the findings of the study to the general assembly and the governor no later than March 1, 2007.

42-7.2-12.1 Human services call center study (211). -- (a) The secretary of the executive office of health and human services shall conduct a feasibility and impact study of the potential to implement a statewide 211 human services call center and hotline. As part of the process, the study shall catalog existing human service information hotlines in Rhode Island, including, but not limited to, state operated call centers and private and not for profit information hotlines within the state.

(1) The study shall include analysis of whether consolidation of some or all call centers into a centralized 211 human services information hotline would be economically and practically advantageous for both the public users and agencies that currently operate separate systems.

(2) The study shall include projected cost estimates for any recommended actions, including estimates of cost additions or savings to private service providers.

(b) The directors of all state departments and agencies shall cooperate with the secretary in preparing this study and provide any information and/or resources the secretary deems necessary to assess fully the short and long-term implications of the operations under review both for the state and the people and the communities the departments serve.

(c) The secretary shall submit a report and recommendations based on the findings of the study to the general assembly, the governor, and the house and senate fiscal advisors no later than February 1, 2007.

42-7.2-13. 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.

42-7.2-16. Medicaid System Reform 2008. -- (a) The executive office of health and human services, in conjunction with the department of human services, the department of children youth and families, the department of health and the department of behavioral healthcare, developmental disabilities, and hospitals, is authorized to design options that further the reforms in the Medicaid program initiated in 2008 to ensure that it is a person-centered, financially sustainable, cost-effective, and opportunity-driven program that utilizes competitive and value based purchasing to maximize the available service options, promotes accountability and transparency, and encourage and reward healthy outcomes, independence, and responsible choices; promotes efficiencies and the coordination of services across all health and human services agencies; and ensures the state will have a fiscally sound source of publicly-financed health care for Rhode Islanders in need.

(b) Principles and Goals. In developing and implementing this system of reform, the executive office of health and human services and the four (4) health and human services departments shall pursue the following principles and goals:

(1) Empower consumers to make reasoned and cost-effective choices about their health by providing them with the information and array of service options they need and offering rewards for healthy decisions;

(2) Encourage personal responsibility by assuring the information available to beneficiaries is easy to understand and accurate, provide that a fiscal intermediary is provided when necessary, and adequate access to needed services;

(3) When appropriate, promote community-based care solutions by transitioning beneficiaries from institutional settings back into the community and by providing the needed assistance and supports to beneficiaries requiring long-term care or residential services who wish to remain, or are better served in the community;

(4) Enable consumers to receive individualized health care that is outcome-oriented, focused on prevention, disease management, recovery and maintaining independence;

(5) Promote competition between health care providers to ensure best value purchasing, to leverage resources and to create opportunities for improving service quality and performance;

(6) Redesign purchasing and payment methods to assure fiscal accountability and encourage and to reward service quality and cost-effectiveness by tying reimbursements to evidence-based performance measures and standards, including those related to patient satisfaction; and

(7) Continually improve technology to take advantage of recent innovations and advances.
that help decision makers, consumers and providers to make informed and cost-effective
decisions regarding health care.

(c) The executive office of health and human services shall annually submit a report to
the governor and the general assembly commencing on a date no later than July 1, 2009
describing the status of the administration and implementation of the Global Waiver Compact
Medicaid Section 1115 demonstration waiver.

program is an integral component of the state’s health care system that provides crucial services
and supports to many Rhode Islanders. As the program’s reach has expanded, the costs of the
program have continued to rise and the delivery of care has become more fragmented and
uncoordinated. Given the crucial role of the Medicaid program to the state, it is of compelling
importance that the state conduct a fundamental restructuring of its Medicaid program that
achieves measurable improvement in health outcomes for the people and transforms the health
care system to one that pays for the outcomes and quality they deserve at a sustainable,
predictable and affordable cost.

(b) The Working Group to Reinvent Medicaid, which was established to refine the
principles and goals of the Medicaid reforms begun in 2008, was directed to present to the
general assembly and the governor initiatives to improve the value, quality, and outcomes of the
health care funded by the Medicaid program.

42-7.2-18. Program integrity division. -- (a) There is hereby established a program
integrity division within the office of health and human services to effectuate the transfer of
functions pursuant to subdivision 42-7.2-6.1(a)(7). The purposes of this division are:

(1) To develop and implement a statewide strategy to coordinate state and local agencies,
law enforcement entities, and investigative units in order to increase the effectiveness of
programs and initiatives dealing with the prevention, detection, and prosecution of Medicaid and
public assistance fraud; and

(2) To oversee and coordinate state and local efforts to investigate and eliminate
Medicaid and public assistance fraud and to recover state and federal funds; and

(3) To pursue any opportunities to enhance health and human services program integrity
efforts available under the federal Affordable Care Act of 2010, or any such federal or state laws
or regulations pertaining to publicly-funded health and human services administered by the
departments assigned to the executive office.

(b) The program integrity division shall provide advice and make recommendations, as
necessary, to the secretary of health and human services and all departments assigned to the office.
to effectuate the purposes of the division. The division shall also propose and execute, with the
secretary’s approval, recommendations that assure the office and the departments implement in a
timely and effective manner corrective actions to remediate any federal and/or state audit findings
when warranted.

(c) The division shall have the following powers and duties:

(1) To conduct a census of local, state, and federal efforts to address Medicaid and public
assistance fraud in this state, including fraud detection, prevention, and prosecution, in order to
discern overlapping missions, maximize existing resources, and strengthen current programs;

(2) To develop a strategic plan for coordinating and targeting state and local resources for
preventing and prosecuting Medicaid and public assistance fraud. The plan must identify methods
to enhance multi-agency efforts that contribute to achieving the state's goal of eliminating
Medicaid and public assistance fraud;

(3) To identify methods to implement innovative technology and data sharing in
consultation with the office of digital excellence in order to detect and analyze Medicaid and
public assistance fraud with speed and efficiency. Such methods as may be effective as a means
of detecting incidences of fraud, assisting in directing the focus of an investigation or audit, and
determining the amounts a provider owes as the result of such an investigation or audit conducted
by the division, a department assigned to the office, Rhode Island Department of Attorney
General Medicaid Fraud Control Unit, the U.S. Department of Health and Human Services’
Office of Inspector General, the U.S. Department of Justice’s Federal Bureau of Investigation, or
an authorized agent thereof.

(4) To develop and promote, in consultation with federal, state and local law enforcement
agencies, crime prevention services and educational programs that serve the public; and

(5) To develop and implement electronic fraud monitoring systems and provide training
for all Medicaid provider and managed care organizations on the use of such systems and other
fraud detection and prevention mechanisms, concerning, but not limited to the following:

(i) Coverage and billing policies;

(ii) Participant-centered planning and options available;

(iii) Covered and non-covered services;

(iv) Provider accountability and responsibilities;

(v) Claim submission policies and procedures; and

(vi) Reconciling claim activity.

(d) The division shall annually prepare and submit a report on its activities and
recommendations, by January 1, to the president of the senate, the speaker of the house of
representatives, the governor, and the chairs of the house of representatives and senate finance committees.

SECTION 20: Chapter 42-72.5 of the General Laws entitled, "Children’s Cabinet" is hereby amended to read as follows:

42-72.5-1. Establishment. -- There is established within the executive branch of state government a children's cabinet. The cabinet shall be comprised of: include, but not be limited to: the director of the department of administration; the secretary of the executive office of health and human services; the director of the department of children, youth, and families; the director of the department of mental health, retardation, and hospitals; behavioral healthcare, developmental disabilities, and hospitals; the director of the department of health; the commissioner of higher post-secondary education; the commissioner of elementary and secondary education; the director of the department of human services; the chief information officer; the director of the department of labor and training; the child advocate; the director of the department of elderly affairs; and the director of policy in the governor's office, governor or his or her designee. The governor shall designate one of the members of the cabinet to be chairperson.

42-72.5-2. Policy and goals. -- The children's cabinet shall:

(1) Meet at least monthly to address all issues, especially those that cross departmental lines, and relate to children's needs and services;

(2) Review, amend, and propose all interagency agreements necessary to provide coordinated services to children;

(3) Produce an annual comprehensive children's budget, to be submitted with other budget documents to the general assembly;

(4) Produce, by July 1, 1992, December 1, 2015, a comprehensive, five (5) year statewide plan and proposed budget for an integrated state child service system. This plan shall be submitted to the governor, and to the chairperson of the permanent legislative commission on the department of children, youth, and families; the speaker of the house of representatives and the president of the senate, and updated annually thereafter;

(5) Report on its activities at least three (3) times per year to the permanent legislative commission on the department of children, youth, and families; and

(6) Develop a strategic plan to design and implement a single, secure, universal student identifier system that does not involve a student's social security number and that will coordinate and share data to foster interagency communication, increase efficiency of service delivery, and simultaneously protect children's legitimate expectations of privacy and rights to confidentiality. This shall include data-sharing with research partners, pursuant to data-sharing agreements, that

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maintains data integrity and protects the security and confidentiality of these records.

42-72.5-3. Cooperation required. -- The division of planning in the department of administration executive office of health and human services shall provide staff support to the children's cabinet in preparing the integrated state child service system plan as required by this chapter. All departments represented on the children's cabinet shall cooperate with the division of planning executive office of health and human services to facilitate the purposes of this chapter.


WHEREAS, the General Assembly enacted Chapter 12.4 of Title 42 entitled "The Rhode Island Medicaid Reform Act of 2008"; and

WHEREAS, a Joint Resolution is required pursuant to Rhode Island General Laws § 42-12.4-1, et seq.; and

WHEREAS, Rhode Island General Law § 42-7.2-5 provides that the Secretary of the Office of Health and Human Services is responsible for the review and coordination of any Medicaid section 1115 demonstration waiver requests and renewals as well as any initiatives and proposals requiring amendments to the Medicaid state plan or category II or III changes as described in the demonstration, with "the potential to affect the scope, amount, or duration of publicly-funded health care services, provider payments or reimbursements, or access to or the availability of benefits and services provided by Rhode Island general and public laws"; and

WHEREAS, in pursuit of a more cost-effective consumer choice system of care that is fiscally sound and sustainable, the Secretary requests general assembly approval of the following proposals to amend the demonstration:

(a) Nursing Facility Payment Rates and Incentive Program. The executive office of health and human services proposes to eliminate the projected nursing facility rate increase that would otherwise take effect during the state fiscal year 2016. In addition, the executive office proposes to establish a nursing facility incentive program which ties certain payments to nursing facilities in state fiscal year (SFY) 2017 to specific performance-based outcomes. Implementation of these initiatives may require amendments to the Rhode Island’s Medicaid state plan and/or Section 1115 waiver under the terms and conditions of the demonstration. Further, implementation of these initiatives may require the adoption of new or amended rules, regulations and procedures.

(c) Medicaid Hospital Payments Reform – Eliminate Rate Increases for Hospital Inpatient and Outpatient Payments, Incentive Program. In its role as the Medicaid Single State Agency, the EOHHS proposes to reduce inpatient and outpatient hospital payments by eliminating the projected rate increase for both managed care and fee-for-service for state fiscal year (SFY) 2016. Also, the EOHHS proposes to adopt alternative payment strategies for certain
hospital services. A payment incentive program for participating hospitals is proposed for SFY 2017 that will support performance targets identified by the secretary. Changes in the Medicaid state plan and/or section 1115 waiver authority are required to implement these initiatives.

(d) Pilot Coordinated Care Program. The executive office of health and human services proposes to establish a coordinated care program with a community provider that uses shared savings model. Creating a new service delivery option may require authority under the Medicaid waiver demonstration and may necessitate amendments to the state plan. The adoption of new or amended rules may also be required.

(e) Medicaid Managed Care Contracts – Improved Efficiency. The EOHHS seeks to realign managed care contracts to focus on paying for value, coordinating health care delivery across providers, and modifying risk/gain sharing arrangements. Implementation of these changes may require section 1115 waiver or state plan authorities.

(f) Long-term care arrangements. Implementation of Medicaid reinvention policy initiatives authorized by law or in the SFY 2016 budget that result in managed care contractual arrangements may require new or amended section 1115 and/or state plan authorities.

(g) Integrated Care Initiative (ICI) – Enrollment. The EOHHS proposes to establish mandatory enrollment for all Medicaid beneficiaries including but not limited to beneficiaries receiving long-term services and supports through the ICI, including those who are dually eligible for Medicaid and Medicare. Implementation of mandatory enrollment requires section 1115 waiver authority under the terms and conditions of the demonstration. New and/or amended rules, regulations and procedures are also necessary to implement this proposal.

(h) Behavioral Health --Coordinated Care Management. To improve health outcomes, the state is pursuing development of a population-based health home approach that uses an alternative payment methodology to maximize the cost-effectiveness and quality of services provided to persons living with serious mental illness. Implementation of this approach may require amendments to the Medicaid state plan and section 1115 waiver authorities as well as adoption or amendment of rules, regulations and procedures.

(i) Community Health Teams and Targeted Services. The EOHHS proposes to use community health teams to provide services and supports to beneficiaries with intensive care needs. Implementation of the initiative may require additional section 1115 waiver authorities. New and amended rules, regulations and procedures may also be necessary related to these program changes.

(j) Implementation of Home and Health Stabilization Services. The EOHHS may implement an innovative home and health stabilization program that targets beneficiaries who
have complex needs and are homeless, at risk for homelessness, or transitioning from high cost
intensive care settings back into the community. Implementation of this program requires Section
1115 waiver authority and may necessitate changes to EOHHS’ rules, regulations and procedures.

(k) STOP Program Established. The Medicaid agency proposes to establish a new
Sobering Treatment Opportunity Program (STOP). Section 1115 demonstration waiver authority
for this program may be required and the adoption of new or amended rules and regulations.

(l) Medicaid Eligibility Criteria and System Processes – Review and Realignment. The
EOHHS proposes to review state policies related to each Medicaid eligibility coverage group to
ensure application, renewal, and service delivery requirements pose the least administrative
burden on beneficiaries and provide the maximum amount of financial participation allowed
under applicable federal laws and regulations. Changes in the section 1115 waiver and/or state
plan may be required to implement any changes deemed necessary by the secretary necessary as a
result of this review. New and amended rules, regulations and procedures may also be required.

(m) Reform of Long-term Care Eligibility Criteria – The EOHHS proposes to reform the
clinical/functional eligibility used to determine access to the highest and high level of care to
reflect regional and national standards and promote greater utilization of non-institutional care
settings by beneficiaries with lower acuity care needs. Section 1115 waiver authority is required
to implement the reform in clinical/functional criteria. Amendments to related rules, regulations
and procedures are also necessary.

(n) Alternative Payment Arrangements – The EOHHS proposes to develop and
implement alternative payment arrangements that maximize value and cost-effectiveness, and tie
payments to improvements in service quality and health outcomes. Amendments to the section
1115 waiver and/or the Medicaid state plan may be required to implement any alternative
payment arrangements the EOHHS is authorized to pursue.

(o) Behavioral Healthcare Services Reform – As part of its reform implementation plan
for achieving integrated, coordinated care of those with chronic mental illness, the department of
behavioral healthcare, developmental disabilities, and hospitals, in partnership with the executive
office of health and human services, shall include the option for at least one population-based
arrangement, pilot, contract, or agreement for the care of those with chronic mental illness.

The goal of this population-based arrangement shall be to test and evaluate this
arrangement as an effective means of realizing total improved health outcomes for the population,
improved quality of care, and the more efficient and effective utilization of resources.

The department, in partnership with the executive office of health and human services,
will be given the authority to execute contracts with Medicaid and/or the contracted managed care
arrangements are targeted to be executed and implemented by September 1, 2015.

(p) Payment Methodology for Services to Adults with Developmental Disabilities. The department of behavioral healthcare developmental disabilities and hospitals proposes to revise the payment methodology and/or rates for services provided to adults with developmental disabilities pursuant to the individual services plans defined in §40.1.2.21-4.3. Amendments to the section 1115 waiver and/or the Medicaid state plan may be required to implement any alternative payment methodology, arrangements or rates. New and amended rules, regulations and procedures may also be required. The office of health and human services shall certify that sufficient funding exists within the current appropriation to implement the changes.

(q) Approved Authorities: Section 1115 Waiver Demonstration Extension. The Medicaid agency proposes to continue implementation of authorities approved under the Section 1115 waiver demonstration extension request – formerly known as the Global Consumer Choice Waiver – that (1) continue efforts to re-balance the system of long term services and supports by assisting people in obtaining care in the most appropriate and least restrictive setting; (2) pursue utilization of care management models that offer a “health home”, promote access to preventive care, and provide an integrated system of services; (3) use payments and purchasing to finance and support Medicaid initiatives that fill gaps in the integrated system of care; and (4) recognize and assure access to the non-medical services and supports, such as peer navigation and employment and housing stabilization services, that are essential for optimizing a person’s health, wellness and safety and reduce or delay the need for long term services and supports.

(r) ACA Opportunities --Medicaid Requirements and Opportunities under the U.S. Patient Protection and Affordable Care Act of 2010 (PPACA). The EOHHS proposes to pursue any requirements and/or opportunities established under the PPACA that may warrant a Medicaid State Plan Amendment or amendment under the terms and conditions of Rhode Island’s Section 1115 Waiver, its successor, or any extension thereof. Any such actions the EOHHS takes shall not have an adverse impact on beneficiaries or cause there to be an increase in expenditures beyond the amount appropriated for state fiscal year 2016. Now, therefore, be it

RESOLVED, that the general assembly hereby approves proposals (a) through (r) listed above to amend the demonstration; and be it further

RESOLVED, that the secretary of the office of health and human services is authorized to pursue and implement any waiver amendments, state plan amendments, and/or changes to the applicable department’s rules, regulations and procedures approved herein and as authorized by § 42-12.4-7; and be it further
RESOLVED, that this joint resolution shall take effect upon passage.

SECTION 22. This article shall take effect upon passage.
ARTICLE 6

RELATING TO EDUCATION

SECTION 1. Sections 16-99-2, 16-99-3 and 16-99-4 of the General Laws in Chapter 16-99 entitled "Full-Day Kindergarten Accessibility Act" are hereby amended to read as follows:

16-99-2. Legislative findings. -- The general assembly hereby finds and declares as follows:

(1) According to the National Center for Education Statistics, children in full-day kindergarten classes make greater academic gains in both reading and mathematics compared to those in half-day classes;

(2) According to Kids Count RI, full-day kindergarten can contribute to closing academic achievement gaps between lower and higher income children;

(3) According to the National Center for Education Statistics, full-day kindergarten classes are more likely than half-day classes to instruct students daily in the areas of mathematics, social studies and science; and

(4) According to Kids Count RI, children in full-day kindergarten are more likely to be ready for first grade than those in half-day programs, regardless of family income, parental education and school characteristics; and

(5) While this act does not mandate school districts to operate a full-day kindergarten program, it provides limited one-time, start-up funding for school districts that move to provide students with access to full-day kindergarten programs, distributed on a competitive basis.

16-99-3. Full-day kindergarten. -- (a) For the purpose of this chapter, the term "full-day kindergarten" means a kindergarten program that operates a minimum of five and one-half (5 1/2) hours or three hundred thirty (330) minutes of actual school work, excluding lunch, recess periods, common planning time, pre- and post-school teacher time, study halls, homeroom periods, student passing time and any other time that is not actual instructional time.

(b) The commissioner of elementary and secondary education has discretion to further define and approve full-day kindergarten programs consistent with this section, through the 2015-2016 school year.

(c) Beginning August 2016, each school district must offer full-day kindergarten to every eligible student to qualify for state education aid provided for in title 16. In fiscal year 2016, the
Rhode Island department of elementary and secondary education shall provide funding to support transition expenses for all districts that do not offer universal full-day kindergarten programs in the 2015-2016 school year. This funding shall not exceed the amount of state aid that would otherwise have been provided to the district for operating a universal full-day kindergarten program and shall be based upon 2015 enrollment data and funding formula transition rates. For purposes of the calculation under this section, a district's half-day kindergarten enrollment as of March 2015 shall be multiplied by two.

16-99-4. Eligible school districts; funding. -- (a) A school district shall be eligible to request funding pursuant to § 16-99-4(b), if:

1. The school district is a public school district; and

2. The school district operates a half-day kindergarten program as of September 1, 2012, but not a full-day kindergarten, as defined herein, serving more than one-half of the kindergarten students in the district as determined on a headcount basis.

(b) Subject to appropriation, beginning with school year 2013-2014, and through school year 2014-2015, the commissioner of elementary and secondary education shall rank and approve eligible public school districts that voluntarily implement a full-day kindergarten program as defined herein. The aforementioned school district shall receive funding to offset a portion of the reasonable, one-time start-up costs including, but not limited to, desks, books, facility upgrades, ancillary costs associated with relocation of students, costs associated with the development and implementation of new curriculum, and any other necessary expenses associated with each school's implementation of a full-day kindergarten program. Ranking shall be based upon criteria established by the commissioner of elementary and secondary education to ensure the quality and sustainability of the full-day kindergarten programs implemented.

In ranking the school districts’ proposals, the commissioner shall consider the quality and sustainability of the program and the average number of children eligible for USDA reimbursable school meals served by the respective district's elementary schools with priority given to school districts with enrollment greater than eight thousand (8,000).

If no school district has enrollment greater than eight thousand (8,000), then priority shall be given to school districts with enrollment greater than four thousand (4,000).

(c) The commissioner shall fully fund all eligible expenditures of each district in rank order. If a district's proposal cannot be fully funded, the district may either accept the available funding for the project or refuse funding. If funding is refused, the commissioner shall fund the next eligible school district's request based on the aforementioned ranking.

(d) School districts receiving funds pursuant to this chapter must operate only a full-day
program, no half-day programs. The full-day kindergarten program must continue to operate for
five (5) years.

(e) All funding provided under this section is subject to appropriation.

(f) Notwithstanding the provisions of subsection (d), school districts that request funding
pursuant to this chapter may be allowed to phase-in the implementation of a full-day kindergarten
program, provided that the district provides the department of elementary and secondary
education with a schedule and plan as to the implementation of such program.

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

RELATING TO HIGHER EDUCATION ASSISTANCE AUTHORITY

SECTION 1. Chapter 16-37 entitled "Best and Brightest Scholarship Fund" is hereby repealed.

16-37-1 Short title.— This chapter shall be known and may be cited as the "Best and Brightest Scholarship Act."

16-37-2 Establishment of scholarship fund.— There is established the best and brightest scholarship fund, sometimes referred to as the "fund" or the "scholarship fund," which shall be utilized to attract the best and the brightest of the state's high school graduates, as defined in this chapter, into public school teaching within the state. The general assembly shall annually appropriate any funds as it deems necessary to implement the purposes of this chapter.

16-37-3 Scholarship committee.— Members.— Meetings.— Officers.— There is established the best and brightest scholarship committee, consisting of nine (9) members: one shall be the commissioner of elementary and secondary education, or the commissioner's designee; one shall be the commissioner of higher education, or the commissioner's designee; one shall be the president of the Rhode Island Federation of Teachers, or the president's designee; one shall be the president of the National Education Association of Rhode Island, or the president's designee; one shall be the president of the Rhode Island association of school committees, or the president's designee; one shall be the president of the Rhode Island Association of Superintendents of Schools, or the president's designee; one shall be the executive director of the Rhode Island higher education assistance authority, or the director's designee; and two (2) shall be the parents of public or private school students, to be appointed by the governor for a two (2) year term. The committee shall elect a chairperson, vice chairperson, secretary, and treasurer for one year terms.

16-37-4 Scholarship committee.— Powers.— The committee is authorized and empowered:

(1) To adopt rules and regulations designed to implement the provisions of this chapter;

(2) To adopt selection criteria, consistent with this chapter, for best and brightest scholars;

(3) To select annually the best and brightest scholars.
(4) To grant appropriate extensions pursuant to § 16-37-8;

(5) To supervise the disbursement of the best and brightest scholarship fund;

(6) To work in cooperation with the Rhode Island higher education assistance authority which is directed to provide the committee with staff assistance necessary to carry out the purposes of this chapter;

(7) To receive donations and grants from sources including, but not limited to, the federal government, governmental and private foundations, and corporate and individual donors; these donations and grants to be deposited in the scholarship fund.

16-37-5 Eligibility for scholarship. — To be considered for the scholarship, all applicants must:

(1) Be a graduating senior at a public, parochial, or private high school in Rhode Island;

(2) Be accepted for admission at an accredited college or university in the United States or Canada;

(3) Achieve one or more of the following distinctions:

(i) Be in the top ten percent (10%) of the applicant’s graduating class as of the end of the second quarter of the senior year;

(ii) Have a score in the ninetieth (90th) percentile or above on either the mathematics or verbal section of the scholastic aptitude test (S.A.T.);

(iii) Have a combined mathematics and verbal S.A.T. score in the eighty-fifth (85th) percentile or above.

16-37-6 Award of scholarship. — Conditions. — At any time that sufficient funds become available the committee shall award scholarships in the amount of five thousand dollars ($5,000) for each of the four (4) years of college attendance to each of the eligible applicants which the committee deems to be most qualified for the scholarship; provided, that to maintain entitlement to the scholarship each recipient must:

(1) Be enrolled as a full time student in an accredited college or university;

(2) Pursue a course of study leading to Rhode Island teacher certification; and

(3) Maintain satisfactory progress as determined by the college or university attended by the recipient.

16-37-7 Requirement of public school teaching services. — Each recipient of the scholarship shall be required to teach in the public schools of this state for two (2) years for each year of scholarship assistance. This requirement must be completed within ten (10) years of college graduation if the scholarship was used for all four (4) years of college, within eight (8) years if used for three (3) full years of college, within six (6) years if used for two (2) full years of
college, and within four (4) years if used for one full year of college; provided, however, that a recipient shall be granted an extension of the requirement upon a showing by the recipient that he or she:

(1) Returns to a full time course of study related to the field of public school teaching or administration;

(2) Is serving, not in excess of three (3) years, as a member of the armed forces of the United States;

(3) Is temporarily totally disabled for a period of time not to exceed three (3) years as established by the sworn affidavit of a qualified physician; or

(4) Is seeking and unable to find employment in Rhode Island as a certified public school teacher.

16-37.8 Failure to comply with § 16-37.7—Exceptions.— Any recipient who fails to comply with the requirements of § 16-37.7 shall be required to reimburse the scholarship fund for all money received by the recipient, together with interest at a rate to be set by the Rhode Island higher education assistance authority in conformity with the interest rate of the guaranteed student loan program in effect at the time any required repayment begins; provided, that no person shall be required to reimburse the fund who has become permanently disabled as determined by a physician qualified by this state to render this opinion.

16-37.9 Severability.— If any provision of this chapter or of any rule or regulation made under this chapter, or its application to any person or circumstance, is held invalid by a court of competent jurisdiction, the remainder of the chapter, rule, or regulation and the application of the provision to other persons or circumstances shall not be affected by its invalidity. The invalidity of any section or sections or parts of any section or sections of this chapter shall not affect the validity of the remainder of this chapter.

SECTION 2. Sections 16-41-3 and 16-41-5 of the General Laws in Chapter 16-41 entitled “New England Higher Education Compact” are hereby amended to read as follows:

16-41-3 Rhode Island board members – Qualifications. – (a) The authority governor shall appoint four (4) resident members from Rhode Island who shall serve in accordance with article II of the compact. In the month of May in each year the authority governor shall appoint successors to those members of the compact whose terms shall expire in that year, to hold office on the first day of June in the year of appointment and until the first day of June in the third year after their successors are appointed and qualified.

(b) The president of the senate shall appoint two (2) members of the senate to serve in accordance with article II for the member’s legislative term.
(c) The speaker of the house shall appoint two (2) members of the house to serve in accordance with article II for the member's legislative term.

(d) Any vacancy of a member which shall occur in the commission shall be filled by the appointing authority for the remainder of the unexpired term. All members shall serve without compensation but shall be entitled to receive reimbursement for reasonable and necessary expenses actually incurred in the performance of their duties.

16-41-5 Repayment of loans. — (a) Dental, medical, optometry, osteopathic, and veterinary medical students that attend schools under the Rhode Island health professions contract program which are supported by funds from the state may decrease their indebtedness to the state under the following options:

(1) Upon completion of his or her dental, medical, optometry, osteopathic, or veterinary training, including internship and residency training, a student who establishes residency in the state will be relieved of fifteen percent (15%) of that indebtedness per year for each year that the student is employed by the state in a full time capacity for a maximum cancellation of seventy-five percent (75%) for five (5) years of employment.

(2) Any graduate who establishes residency in the state will be relieved of ten percent (10%) of that indebtedness per year for each year that he or she practices dentistry, medicine, optometry, osteopathy, or veterinary medicine in the state in a full time capacity for a maximum cancellation of fifty percent (50%) for five (5) years of practice.

(b) In no event shall any student's cancellation of indebtedness under subsection (a) exceed seventy-five percent (75%).

(c) In no event shall any student be entitled to a refund of any sums paid on his or her indebtedness by virtue of the provisions of this section.

(d) The authority office of the postsecondary commissioner shall promulgate rules and regulations which are necessary and proper to promote the full implementation of this section.


16-56-3 General eligibility requirements. — (a) Eligibility of individuals. An applicant is eligible for a monetary award when the authority finds:

(1) That the applicant is a resident of this state;

(2) That the applicant is enrolled or intends to be enrolled in a program of study which leads to a certificate or degree at an eligible postsecondary institution;

(3) That the applicant exhibits financial need.
(b) Eligibility of institutions. An applicant may apply for an award for the purpose of attending an institution of postsecondary education whether designated as a university, college, community college, junior college, or scientific or technical school, which either:

(1) Is an institution that has gained accreditation from an accrediting agency which is recognized by the United States office of education; or

(2) Has gained the explicit endorsement from the authority for the purpose of Rhode Island postsecondary student financial assistance.

§ 16-56-7 Need based scholarships—(a) Amount of funds allocated. In accordance with authority policies, the authority shall allocate annually to need based scholarships any portion of the total appropriation to this chapter as it may deem appropriate for the purpose of carrying out the provisions of this section.

(b) Definitions.

(1) "Educational costs" means the same as defined in §16-56-6.

(2) "Family contribution" means the same as defined in §16-56-6.

(3) "Federal grant assistance" means the same as defined in §16-56-6.

(4) "Self-help" means the same as defined in §16-56-6.

(5) "State grant assistance" shall be of any sum awarded to the student as determined in need based grants pursuant to §16-56-6.

(c) Eligibility of individuals. Eligibility for need based scholarships shall be determined by the authority when it is established that the applicant is found to meet the general eligibility requirements as stated in §16-56-3; and that the applicant is judged to be an outstanding student on the basis of criteria approved by the authority. The criteria, at a minimum, shall consider the following:

(1) A student’s scholastic ability and promise; and/or

(2) A student’s subject competencies including those that might extend beyond the academic fields.

(d) Amount of the awards. The amount of the need based scholarships shall be not less than two hundred and fifty dollars ($250) and no greater than two thousand dollars ($2,000) and shall be based upon the following formula: need equals educational costs less the sum of family contribution plus self-help plus federal grant assistance plus state grant assistance. Honorary awards shall be presented to students who are determined to have insufficient financial need for monetary awards.

(e)(1) Number and terms of awards. The number of awards to be granted in any one fiscal year shall be contingent upon the funds allocated to this section. Students determined to be most...
outstanding shall receive priority for an award.

(2) Each award is renewable by the authority annually for a period of time equivalent to what is reasonably required for the completion of a baccalaureate or associate degree. The authority shall grant a renewal only upon the student’s application and upon the authority’s finding that:

(i) The applicant has completed successfully the work of the preceding year and has demonstrated continued scholarly achievement;

(ii) The applicant remains a resident of this state; and

(iii) The applicant’s financial situation continues to warrant receipt of a monetary award.

16-56-8 Need-based work opportunities— (a) Amount of funds allocated. The authority shall allocate an amount annually to need-based work opportunities not exceeding twenty percent (20%) of the total appropriation to this chapter.

(b) Eligibility of individuals. Eligibility for need-based work opportunities shall be determined by the authority when it is established that the applicant is found to meet the general eligibility requirements stated in § 16-56-3.

(c) Number and terms of work opportunities.

(1) Each applicant is eligible for consideration for participation in need-based work opportunities for a period of time equivalent to what is reasonably required for the completion of the baccalaureate or associate degree. The authority shall grant a renewal only upon the student’s application and upon the authority’s finding that:

(i) The applicant has completed successfully the academic work of the preceding year;

(ii) The applicant remains a resident of this state; and

(iii) The applicant’s financial situation continues to warrant the work opportunities.

(2) If the funds available are insufficient to satisfy fully the financial need of the total number of applicants, priorities shall be determined by the authority.

(d) Suitable employment. Students may enter into employment with agencies deemed eligible for participation in the federal college work-study program.

16-56-9 Granting of awards— The authority may distribute the funds allocated to the need-based work opportunity program to eligible Rhode Island institutions or directly to eligible students as the authority may deem appropriate.

16-56-13 Income exclusion from financial aid needs test— Notwithstanding any other provision of this chapter, chapter 57 of this title, or any other general or public law, or regulations issued pursuant to these, to the extent permitted by federal law, the first twenty-five thousand dollars ($25,000) of Rhode Island savings bond investment or the first twenty-five thousand
dollars ($25,000) of United States savings bonds issued after December 31, 1989 or any combination of these not exceeding twenty-five thousand dollars ($25,000) shall not be considered in evaluating the financial situation of a student, or be deemed a financial resource of or a form of financial aid or assistance to the student, for the purposes of determining the eligibility of the student for any guaranteed loan, scholarship, grant, monetary assistance, or need based work opportunity, awarded by the Rhode Island higher education assistance authority or the state pursuant to any other law of this state; nor shall any Rhode Island savings bond investment or United States savings bonds issued after December 31, 1989, provided for a student reduce the amount of any guaranteed loan, scholarship, grant, or monetary assistance which the student is entitled to be awarded by the Rhode Island higher education assistance authority in accordance with any other law of this state.

SECTION 4. Sections 16-56-2, 16-56-5, 16-56-6, and 16-56-10 of the General Laws in Chapter 16-56 entitled "Postsecondary Student Financial Assistance" are hereby amended to read as follows.

16-56-2 General appropriation. -- (a) The general assembly shall appropriate annually a sum to provide postsecondary financial assistance pay every award authorized by §§ 16-56-2–16-56-12. For each fiscal year the appropriation shall be determined by multiplying forty percent (40%) of the October enrollment for the prior four (4) June graduating classes eligible for new or renewed awards times one thousand dollars ($1,000). This sum may be supplemented from time to time by other sources of revenue including but not limited to federal programs.

(b) Notwithstanding the provisions of subsection (a), the sums appropriated in each fiscal year are the sums appropriated for this purpose in Article 1 of P.L. 1992, ch. 133.

16-56-5 Annual evaluation. -- An evaluation of this chapter shall be performed annually by the authority office of the postsecondary commissioner. The evaluation shall provide, as a minimum, a summary of the following information relating to award recipients: family income, student financial needs, basic educational opportunity grant awards, state awards, institutional based student assistance awards, federally guaranteed loans, other student assistance, institution attended, and other pertinent information.

16-56-6 Need based grants. -- (a) Amount of funds allocated. In accordance with authority policies, the authority shall allocate annually to need based grants any portion of the total appropriation to this chapter as it may deem appropriate for the purpose of carrying out the provisions of this section. The commissioner of postsecondary education shall allocate annually the appropriation for need based scholarships and grants. Of the total amount appropriated for need based scholarship and grants, the lesser of twenty percent (20%) or two million dollars
($2,000,000) shall be distributed to qualified students attending participating independent, non-profit, higher education institutions in Rhode Island. The remainder of funds shall be limited to public higher education institutions in Rhode Island. As part of the annual budget submission, the office of postsecondary commissioner shall include a plan of how the need based scholarship and grant funds will be allocated to each public institution receiving funds pursuant to this chapter, and how the funds will be distributed to students attending independent, non-profit institutions.

(b) Definitions. The following words and phrases have the following definitions for the purpose of this chapter except to the extent that any of these words or phrases is specifically qualified by its context:

(1) “Educational costs” shall be equal to the costs to a student attending the institution of the student’s choice.

(2) “Family contribution” shall be the sum expected to be contributed by the family, which amount shall be determined by an approved needs analysis system.

(3) “Federal grant assistance” shall be that grant-in-aid which is provided by the federal government to students for the purpose of attending postsecondary education. This assistance may include, but not necessarily be limited to, basic educational opportunity grants, social security benefits, and veterans survivors’ benefits.

(4) “Self-help” shall be a sum determined by the authority and shall be a total determined by considering the ability of the student to earn or borrow during full time enrollment.

(b) Eligibility of individuals. Eligibility for need based grants and scholarships shall be determined by the authority when it is established that the applicant is found to meet the general eligibility requirements stated in § 16-56-3 office of the postsecondary commissioner.

(d) Amount of the awards. The amount of the need based grants shall be not less than two hundred and fifty dollars ($250) and no greater than two thousand dollars ($2,000) and shall be based upon the following formula: need equals educational cost less the sum of family contribution plus self-help plus federal grant assistance.

(c) Number and terms of awards. (1) The number of awards to be granted in any one fiscal year shall be contingent upon the funds allocated to this section.

(2) If the funds available are insufficient to satisfy fully the financial need of the eligible students, priority of students shall be determined by the authority.

(3) Each applicant is eligible for consideration for an award for a period of time equivalent to what is required for the completion of a baccalaureate or associate degree on a full time basis. The authority shall grant a renewal only upon the student’s application and upon the authority’s finding that:
(i) The applicant has completed successfully the work of the preceding year;
(ii) The applicant remains a resident of the state; and
(iii) The applicant's financial situation continues to warrant receipt of a monetary award.

16-56-10 Rules and regulations. -- In addition to the powers and duties prescribed in previous sections of this chapter, the authority office of the postsecondary commissioner shall promulgate rules and regulations and take any other actions which will promote the full implementation of all provisions of this chapter.

SECTION 5. Sections 16-57-5, 16-57-6, 16-57-6.6, 16-57-11, 16-57-13, 16-57-14, 16-57-15 and 16-57-17 of the General Laws in Chapter 16-57 entitled "Higher Education Assistance Authority" [See Title 16 Chapter 97 – The Rhode Island Board of Education Act] are hereby repealed.

16-57-5 General powers. -- The authority shall have all of the powers necessary and convenient to carry out and effectuate the purposes and provisions of this chapter, including without limiting the generality of the foregoing the power:

(1) To sue and be sued, complain and defend, in its corporate name.
(2) To have a seal which may be altered at pleasure and to use the seal by causing it, or a facsimile of it, to be impressed or affixed or in any other manner reproduced.
(3) To acquire the assets and assume the liabilities or to effect the merger into itself of any corporation or other organization incorporated or organized under the laws of this state, which corporation or organization has as its principal business the guaranteeing of loans to students in eligible institutions, all upon any terms and for any consideration as the authority shall deem to be appropriate.
(4) To make contracts and guarantees and incur liabilities, and borrow money at any rates of interest as the authority may determine.
(5) To make and execute all contracts, agreements, and instruments necessary or convenient in the exercise of the powers and functions of the authority granted by this chapter.
(6) To lend money for its purposes, and to invest and reinvest its funds.
(7) To conduct its activities, carry on its operations, and have offices and exercise the powers granted by this chapter, within or without the state.
(8) To elect, appoint, or employ in its discretion officers and agents of the authority, and define their duties.
(9) To make and alter bylaws, not inconsistent with this chapter, for the administration and regulation of the affairs of the authority, and the bylaws may contain provisions indemnifying any person who is or was a director, officer, employee, or agent of the authority, in the manner
and to the extent provided in § 71.2.814.

(10) To have and exercise all powers necessary or convenient to effect its purposes.

16-57.6 Additional general powers. — (a) In addition to the powers enumerated in § 16-57.5, the authority shall have power:

(1) To guarantee one hundred percent (100%) of the unpaid principal and accrued interest of any eligible loan made by a lender to an eligible borrower for the purpose of assisting the students in obtaining an education in an eligible institution.

(2) To procure insurance of every nature to protect the authority against losses which may be incurred in connection with its property, assets, activities, or the exercise of the powers granted under this chapter.

(3) To provide advisory, consultative, training, and educational services, technical assistance and advice to any person, firm, partnership, or corporation, whether the advisee is public or private, in order to carry out the purposes of this chapter.

(4) When the authority deems it necessary or desirable to consent to the modification, with respect to security, rate of interest, time of payment of interest or principal, or any other term of a bond or note, contract, or agreement between the authority and the recipient or maker of a loan, bond, or note holder, or agency or institution guaranteeing the repayment of, purchasing, or selling an eligible loan.

(5) To engage the services of consultants on a contract basis for rendering professional and technical assistance and advice, and to employ attorneys, accountants, financial experts, and any other advisers, consultants, and agents as may be necessary in its judgment, and to fix their compensation.

(6) To contract for and to accept any gifts, grants, loans, funds, property, real or personal, or financial or other assistance in any form from the United States or any agency or instrumentality of the United States, or from the state or any agency or instrumentality of the state, or from any other source, and to comply, subject to the provisions of this chapter, with the terms and conditions of those entities. Loans provided pursuant to subsection (b) of this section shall be repaid to the authority and deposited as general revenues of the state.

(7) To prescribe rules and regulations deemed necessary or desirable to carry out the purposes of this chapter, including without limitation rules and regulations:

(i) To insure compliance by the authority with the requirements imposed by statutes or regulation governing the guaranty, insurance, purchase, or other dealing in eligible loans by federal agencies, instrumentalities, or corporations.

(ii) To set standards of eligibility for educational institutions, students, and lenders and to
define residency and all other terms as the authority deems necessary to carry out the purposes of
this chapter, and

(iii) To set standards for the administration of programs of postsecondary student
financial assistance assigned by law to the authority, including but not limited to savings
programs. Administrative rules governing savings programs shall authorize the authority, in
conjunction with the executive director of the Rhode Island student loan authority and the
commissioner of higher education, to negotiate reciprocal agreements with institutions in other
states offering similar savings programs for the purpose of maximizing educational benefits to
residents, students and institutions in this state.

(8) To establish penalties for violations of any order, rule, or regulation of the authority,
and a method for enforcing these.

(9) To set and collect fees and charges, in connection with its guaranties and servicing,
including without limitation reimbursement of costs of financing by the authority, service
charges, and insurance premiums and fees and costs associated with implementing and
administering savings programs established pursuant to this chapter. Fees collected due to the
Rhode Island work study program or due to unclaimed checks shall be deposited as general
revenues of the state.

(10) To enter into an agreement with any university to secure positions for Rhode Island
applicants in a complete course of study in its school of veterinary medicine, medicine, dentistry,
optometry, and three (3) positions in osteopathic medicine and to guarantee and pay the
university for each position.

(11) To enter into agreements with loan applicants providing preferential rates and terms
relative to other applicants; provided, that the loan applicants agree to work in a licensed child
care facility in Rhode Island for at least two (2) years upon completion or graduation in a course
of study in early childhood education or child care.

(12) To develop and administer, in conjunction with the executive director of the Rhode
Island student loan authority and the commissioner of higher education, savings programs on
behalf of itself, the state, students, parents, or any other private parties, all in cooperation with
any other public and private parties and in accordance with any criteria or guidelines as the
authority shall deem appropriate to effectuate the purposes of this chapter. To the extent
practicable, these savings programs shall provide students, parents, and others an opportunity to
participate conveniently and shall enable them to set aside relatively small amounts of money at a
time and shall incorporate or be available in conjunction with, directly or indirectly, tuition
agreements from as many eligible institutions as feasible.
(13) In connection with any savings program, the authority may accept, hold, and invest
funds of students, parents, institutions of higher education, and others and may establish special
accounts for carrying out the purposes of this chapter.

(14) To enter into contracts with institutions of higher education, financial institutions,
financial consultants, attorneys, and other qualified entities on terms and conditions and for a
term as it may deem advisable or desirable for the purpose of establishing and maintaining
savings programs authorized pursuant to this chapter.

(15) To create and supervise a marketing plan dedicated to the promotion of savings
programs created pursuant to this chapter and to hire professional consultants and attorneys for
these purposes.

(16) To assist the general treasurer in the implementation of the college and university
savings bond program established under chapter 15 of title 35.

(b) The authority shall enter into agreements with the prospective students to the
university for the repayment by the students of the money advanced under any terms and
conditions as are reasonable. The authority may charge students interest on the money advanced
under this chapter at a fixed or variable rate not exceeding the greater of seven and one-half
percent (7 1/2%) per annum or the maximum rate allowable under 42 U.S.C. § 292 et seq. and the
regulations promulgated under that act by the United States office of education.

16-57-6. Exclusion from financial aid needs test. — Notwithstanding any other
provision of this chapter or chapter 56 of this title, no moneys invested in the tuition savings
program shall be considered to be an asset for purposes of determining an individual’s eligibility
for a need based grant, need based scholarship or need based work opportunity offered by the
state under the provisions of chapter 56 of this title.

16-57-11 Exemption from taxation. — (a) The exercise of the powers granted by this
chapter will be in all respects for the benefit of the people of this state, the increase of their
commerce, welfare, and prosperity and for the improvement of their living conditions and will
constitute the performance of an essential governmental function and the authority shall not be
required to pay any taxes or assessments upon or in respect of any transaction or of any property
or money of the authority, levied by any municipality or political subdivision of the state.

(b) The authority shall not be required to pay state taxes of any kind, and the authority,
its property, and money shall at all times be free from taxation of every kind by the state and by
the municipalities and all political subdivisions of the state. The authority shall not be required to
pay any transfer tax of any kind on account of instruments recorded by it or on its behalf.

§ 16-57-13 Authorization to accept appropriated money. — The authority is authorized
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to accept any money as may be appropriated by the general assembly for effectuating its
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corporate purposes including, without limitation, the payment of the initial expenses of
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administration and operation and the establishment of reserves or contingency funds to be
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available for the payment of obligations of the authority and to reimburse the authority for sums
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forgiven pursuant to § 16-57-15.

16-57-14 Assistance by state officer, departments, boards, and commissions. – (a) All
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state agencies may render any services to the authority within their respective functions as may be
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requested by the authority.

(b) Upon request of the authority, any state agency is authorized and empowered to
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transfer to the authority any officers and employees as it may deem necessary to assist the
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authority in carrying out its functions and duties under this chapter. Officers and employees
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transferred shall not lose their civil service status or rights.

16-57-15 Annual report. – The authority shall submit to the governor within four (4)
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months after the close of its fiscal year a report of its activities for the preceding fiscal year, and
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the report shall set forth a complete operating and financial statement covering the authority's
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operations during the preceding fiscal year. The authority shall include in its report the names and
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addresses of each recipient. The authority shall cause an audit of its books and accounts to be
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made at least once each fiscal year by certified public accountants selected by it and its cost shall
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be paid by the authority from funds available to it pursuant to this chapter.

16-57-17 Other statutes. – Nothing contained in this chapter shall restrict or limit the
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powers of the authority arising under any laws of this state except where those powers are
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expressly contrary to the provisions of this chapter. This chapter shall be construed to provide a
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complete additional and alternative method for doing the things authorized by it and shall be
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regarded as supplemental and in addition to the powers conferred by other laws. The making of
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any guaranty under the provisions of this chapter need not comply with the requirements of any
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other statute applicable to the making of guaranties. Except as provided in this chapter no
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proceedings or notice of approval shall be required for the making of any guaranty.

SECTION 6. Sections 16-57-1, 16-57-2, 16-57-3, 16-57-4, 16-57-6.1, 16-57-6.2, 16-57-
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6.3, 16-57-6.5, 16-57-7, 16-57-8, 16-57-9, 16-57-10 and 16-57-12 of the General Laws in Chapter
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16-57 entitled "Higher Education Assistance Authority" [See Title 16 Chapter 97 – The Rhode
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Island Board of Education Act] are hereby amended to read as follows:

16-57-1 Short title. -- This chapter shall be known as the "Rhode Island Higher
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Education Assistance Authority Act".

16-57-2 Findings. -- The purpose of this chapter is to authorize a system of financial
assistance, consisting of loan guaranties, savings programs, and other aids, for qualified students, parents, and others responsible for paying the costs of education to enable them to obtain an education beyond the high school level by attending public or private educational institutions. The general assembly has found and declares that it is in the public interest and essential to the welfare and well being of the inhabitants of the state and to the proper growth and development of the state to foster and provide financial assistance to qualified students, parents, and others responsible for paying the costs of education in order to help prospective students to obtain an education beyond the high school level. The general assembly has found that many inhabitants of the state who are fully qualified to enroll in appropriate educational institutions for furthering their education beyond the high school level lack the financial means and are unable, without financial assistance as authorized under this chapter, to pay the cost of their education, with a consequent irreparable loss to the state of valuable talents vital to its welfare. The general assembly also recognizes that educational institutions for higher education are in need of appropriate additional means to provide financial assistance to qualified students, parents, and others responsible for paying the costs of education. The general assembly has determined that the establishment of a proper system of financial assistance, containing eligibility opportunities for students and residents of this state and other states serves a public purpose and is fully consistent with the long established policy of the state to encourage, promote, and assist the education of the people of the state. The general assembly further finds that higher education financial assistance needs of Rhode Islanders will be better served by transferring all of the functions and programs of the Rhode Island higher education assistance authority to the Rhode Island division of higher education assistance and the office of the general treasurer.

16-57-3 Definitions. -- As used in this chapter, the following words and terms have the following meanings unless the context indicates another or different meaning or intent:

(1) "Authority" means the governmental agency and public instrumentality previously authorized, created, and established pursuant to § 16-57-4.

(2) "Commissioner of higher postsecondary education" means the commissioner appointed by the Rhode Island board of governors for higher education council on postsecondary education pursuant to § 16-59-6 or his or her designee.

(3) "Eligible borrower" means a student, or the parent of a student, who is either a resident of the state or who, under rules promulgated by the authority office, is qualified to make an eligible loan.

(4) "Eligible institution", subject to further particular or more restrictive definition by regulation of the authority office, means:
(i) An institution of higher learning;

(ii) A vocational school; or

(iii) With respect to students who are nationals of the United States, an institution outside the United States which is comparable to an institution of higher education or to a vocational school and which has been approved by the authority and by the commissioner of postsecondary education for purposes of the guaranteed student loan program.

(5) "Eligible loan" means a loan to a student or to the parent of a student insured or guaranteed by the commissioner of postsecondary education, by the authority, or by any other governmental or private agency, corporation, or organization having a reinsurance or guaranty agreement with the commissioner applicable to the student loan.

(6) "Guaranteed student loan program" means the program of federal student loan insurance and reinsurance administered by the commissioner of postsecondary education.

(7) "Lender", subject to further particular or more restrictive definition by regulation of the authority office, means any governmental or private agency, corporation, organization, or institution designated as an "eligible lender" by federal statute, regulation, or administrative ruling for the purposes of the guaranteed student loan program.

(8) "Participant" means an individual, corporation, trust or other "person" within the meaning of § 529 of the Internal Revenue Code [26 U.S.C. § 529], who makes contributions to the tuition savings program established pursuant to § 16-57-6.1 for purposes of paying qualified higher education expenses on behalf of a beneficiary.

(9) "Participating institution" means an institution for higher education which agrees to participate in a savings program or prepaid tuition program established pursuant to this chapter.

(10) "Prepaid tuition program" means a program administered by the authority division, in conjunction with the executive director of the Rhode Island Student Loan Authority, and the commissioner of postsecondary higher education, which provides a means for qualified students, parents and others responsible for paying the costs of education to fix all or a portion of the direct cost of attendance at participating institutions in one or more future years.

(11) "Program" means the tuition savings program established pursuant to § 16-57-6.1.

(12) "Qualified higher education expenses" means the costs of tuition, fees, books, supplies and equipment required for enrollment or attendance at an institution of higher education, and other education costs defined by federal law.

(13) "Secretary" means the United States secretary of education.

(14) "State" means the state of Rhode Island and Providence Plantations.

(15) "Student", as used with reference to the guaranteed student loan program and the
parent loan program, means an individual who, under rules promulgated by the authority division, is enrolled or accepted for enrollment at an eligible institution and who is making suitable progress in his or her education toward obtaining a degree or other appropriate certification in accordance with standards acceptable to the authority.

(16) “Tuition savings program” or “Savings program” means a program approved and administered by the authority General Treasurer, in conjunction with the executive director of the Rhode Island Student Loan Authority, and the commissioner of postsecondary higher education, designed to facilitate and encourage savings by or on behalf of students, future students and parents for the purpose of paying the costs of attending institutions of higher education.

(17) “Council” means the council on postsecondary education established pursuant to § 16-59-1.

(18) “Division” means the Rhode Island division of higher education assistance, the division authorized, created and established pursuant to § 16-57-4.

16-57-4 Creation. -- (a) There is authorized, created, and established within the office of the commissioner of postsecondary education, a division of higher education assistance hereby granted and authorized to use all of public corporation of the state having a distinct legal existence from the state and not constituting a department of state government, which is a governmental agency and public instrumentality of the state, to be known as the “Rhode Island higher education assistance authority” with the powers set forth in this chapter, for the purposes of guaranteeing eligible loans to students in eligible institutions and to parents of those students and of administering other programs of postsecondary student financial assistance assigned by law to the authority division.

(b) The exercise by the authority division of the powers conferred by this chapter shall be deemed and held to be the performance of an essential governmental function of the state for public purposes. It is the intent of the general assembly by the passage of this chapter to vest in the authority division office all powers, authority, rights, privileges, and titles which may be necessary to enable it to accomplish the purposes set forth in this section and this chapter and the powers granted by it shall be liberally construed in conformity with these purposes.

(c) The authority and its corporate existence shall be terminated on July 1, 2015 or upon approval by the U.S. department of education, whichever is later, and continue until terminated by law or until the authority shall cease entirely and continuously to conduct or be involved in any business in furtherance of its purposes; provided, that no termination shall take effect so long as the authority shall have guaranties or other obligations outstanding, unless adequate provision shall have been made for the payment of the obligations pursuant to the documents securing them.
or to this law. Upon termination of the existence of the authority, all its rights and properties shall pass to and be vested in the state. At no time shall the assets or other property of the authority inure to the benefit of any person or other corporation or entity, division of higher education assistance, except as otherwise provided in § 16-57-6.1 and except for any real property held by the authority, the legal title to which is hereby passed to and vested in (in trust for the state) the council on postsecondary education. The division shall continue until terminated by law or until the division shall cease entirely and continuously to conduct or be involved in any business in furtherance of its purposes; provided, that no termination shall take effect so long as the division shall have guaranties or other obligations outstanding, unless adequate provision shall have been made for the payment of the obligations pursuant to the documents securing them or to this law. Upon termination of the existence of the division, all its rights and properties shall pass to and be vested in the state. At no time shall the assets or other property of the division inure to the benefit of any person or other corporation or entity.

(d) Except as provided in § 16-57-6.1, effective July 1, 2015 or upon approval by the U.S. department of education, whichever is later:

(i) All functions formerly administered by the Rhode Island higher education assistance authority are hereby transferred to the Rhode Island division of higher education assistance;

(ii) The Rhode Island division of higher education assistance shall assume all rights, duties, assets, liabilities and obligations of the former Rhode Island higher education assistance authority and the Rhode Island division of higher education assistance shall be considered to be the successor-in-interest to the Rhode Island higher education assistance authority; and

(iii) All contracts and agreements of whatsoever kind of the Rhode Island higher education assistance authority are hereby assigned, transferred to and assumed by the Rhode Island division of higher education assistance.

(e) Upon the completion of the transfer, the corporation known as the "Rhode Island higher education assistance authority" shall cease to exist. Whenever in any general law or public law reference is made to the "Rhode Island higher education assistance authority," the reference shall be deemed to refer to and mean the "Rhode Island division of higher education assistance," which also may be referred to as the "division."

16-57-6.1 Tuition savings program. -- (a) The authority, general treasurer shall, in conjunction with the division, the state investment commission, executive director of the Rhode Island student loan authority and the commissioner of higher postsecondary education, shall establish in any form as is he or she deems appropriate, a tuition savings program to allow persons to save money for the sole purpose of meeting qualified higher education expenses.
(b) All money received in connection with the tuition savings program shall be segregated from all other funds of the authority into two (2) funds, a program fund and an administrative fund. No more than two percent (2%) of money in the program fund may be transferred annually to the administrative fund for the purpose of paying operating costs of administering the tuition savings program. Money accrued by participants in the program fund may be used for payments to an eligible institution. All proceeds from the tuition savings program shall be directed to the administrative fund, and to the extent they exceed the operating costs of administering the tuition savings program, said excess shall be used for financial aid related activities in Rhode Island pursuant to § 16-56-6.

(c) The state investment commission shall invest money within the program fund in any investments which are authorized by the general laws, including equities and fixed income securities. The composition of investments shall be determined by the state investment commission, subject to the approval of the authority. The state investment commission shall consider the recommendations of the commissioner of higher education and the executive director of the Rhode Island Student Loan Authority with respect to the appropriate composition of investments within the program fund.

(d) A participant may at any time withdraw funds from the participant's account in the tuition savings program in an amount up to the value of the account at the time the withdrawal is implemented, less such administrative fee as may be levied by the authority treasurer in connection with the withdrawal.

(e) Notwithstanding any of the foregoing provisions, no administrative fee may be levied by the authority treasurer in the event that a participant requests withdrawal of funds from the participant's account in the tuition savings program on account of, and within the meanings of § 529 of the Internal Revenue Code [26 U.S.C. § 529]:

(1) The death of the beneficiary of the account;

(2) The disability of the beneficiary; or

(3) A scholarship, allowance, or payment received by the beneficiary to the extent that the amount of the refund does not exceed the amount of the scholarship, allowance, or payment.

(f) In the event that a participant requests a withdrawal from an account in the tuition savings program other than (1) a withdrawal used for qualified higher education expenses of the beneficiary of the account, or (2) for a reason referred to in subdivision (e)(1), (e)(2), or (e)(3) of this section, the authority treasurer shall impose a more than de minimus penalty on the earnings portion of the withdrawal in accordance with § 529 of the Internal Revenue Code [26 U.S.C. § 529]; provided that no penalty shall be imposed with respect to any such withdrawal, or any other

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withdrawal, from any account in the tuition savings plan to which the tax made applicable by § 1529 of the Internal Revenue Code [26 U.S.C. § 529] is effective.

   (g) Resources of the authority and the Rhode Island student loan authority shall be employed to effect implementation of the tuition savings program.

16-57-6.2 Ownership of assets -- Transfer of ownership rights. -- (a) The participant retains ownership of all assets properly allocated to an account maintained for the participant in the tuition savings program up to the date of withdrawal or distribution of these from the program.

   (b) All assets of the tuition savings program shall be considered to be held in trust. As required by the Internal Revenue Code, no interest in the tuition savings program or any portion of these may be used as security for a loan.

   (c) Any amounts paid to the administrative fund of the tuition savings program are owned by the authority. These amounts may include, but are not limited to, appropriated state funds.

   (d)(c) A participant may transfer ownership rights in the tuition savings program to another participant or designate a new beneficiary insofar as permitted by § 529 of the Internal Revenue Code [26 U.S.C. § 529] under such conditions as the authority treasurer deems appropriate.

16-57-6.3 Tax exempt earnings. -- (a) For state income tax purposes, annual earnings of the tuition savings program and the prepaid tuition program shall be exempt from tax to the program, and shall not be includible in the Rhode Island income of either beneficiaries or participants in the program until withdrawn or distributed from it, and then in accordance with chapter 30 of title 44.

   (b) The tax administrator, in consultation with the authority, may adopt rules and regulations necessary to monitor, implement, and administer the Rhode Island personal income tax provisions referred to in subsection (a) relating to this chapter. These regulations shall provide for each taxable year for the timely submission to the tax administrator by the program manager of the tuition savings program of this information in the form the tax administrator shall prescribe concerning contributions to, and withdrawals including transfers and rollovers from, the tuition savings program during that year.

16-57-6.5 Annual audited financial report to the governor and general assembly. --

   (a) The authority treasurer, shall submit to the governor, the speaker of the house of representatives, the president of the senate, and the secretary of state an annual audited financial report, prepared in accordance with generally accepted accounting principles, on the operations of the tuition savings program by November 1 of each year. The annual audit shall be made either
(b) The annual audited financial report shall be supplemented by the following information, to be submitted by April 1 of each year, on the operations of the program for the previous calendar year:

(1) A summary of meetings or hearings held, meeting minutes, subjects addressed, decisions rendered, rules or regulations promulgated, studies conducted, policies and plans developed, approved, or modified, and programs administered or initiated; and a summary of any clerical, administrative or technical support received; a summary of performance during the previous fiscal year including accomplishments, shortcomings and remedies; a synopsis of hearings, complaints, suspensions or other legal matters related to the authority of the board; a summary of any training courses held pursuant to subsection 16-57-7(a)(2); a briefing on anticipated activities in the upcoming fiscal year; and findings and recommendations for improvements;

(2)(1) A summary of the benefits provided by the tuition savings program including the number of participants and beneficiaries;

(3)(2) Any other information which is relevant in order to make a full, fair and effective disclosure of the assets and operations of the program; and

(4)(3) The foregoing supplemental information shall be posted electronically on the general assembly's and the secretary of state's websites as prescribed in § 42-20-8.2 of the Rhode Island general laws. The treasurer director of the department of administration shall be responsible for the enforcement of this provision.

16-57-7 Directors, officers, and employees. Council on Postsecondary Education.--

(a)(1) The powers of the authority shall be vested in a board of directors consisting of nine (9) members, five (5) of whom shall be appointed by the governor 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; three (3) of whom shall be appointed by the governor, who shall give due consideration to the recommendations made by the chairperson of the board of governors for higher education and by the Rhode Island Independent Higher Education Association for those appointments; and the state general treasurer ex officio or his or her designee who shall be a subordinate from within the office of the general treasurer. All gubernatorial appointments made to this board shall be subject to the advice and consent of the senate. All board members first appointed to the board after the
effective date of this act shall be residents of this state. Designees of members serving ex officio shall represent him or her at all meetings of the board. Except for the chairpersons of the house and senate finance committees or their designees who shall cease to be members of the authority upon the effective date of this act, each member shall serve until his or her successor is appointed and qualified. The original members appointed by the governor shall be appointed in a manner as to provide for the expiration of the term of one member on the first day of July of each year. The council on postsecondary education established pursuant to § 16-59-1 shall retain all authority formerly vested in the higher education assistance authority board of directors, except as provided by § 16-57-6.1. Whenever in any general or public law reference is made to the “board of directors of the higher education assistance authority,” the reference shall be deemed to refer to and mean the “council on postsecondary education.” The council on postsecondary education shall be the employer of record for the division of higher education assistance.

(2) Newly appointed and qualified public members and designees of ex officio members shall, within six (6) months of their qualification or designation, attend a training course that shall be developed with board approval and conducted by the chair of the board and shall include instruction in the following areas: the provisions of chapters 16-57, 42-46, 36-14 and 38-2; 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, prepare and disseminate training materials relating to the provisions of chapters 42-46, 36-14 and 38-2.

(3) Public members of the board shall be removable by the appointing authority for cause only, and removal solely for partisan or personal reasons unrelated to capacity or fitness for the office shall be unlawful.

(b) During the month of June of each year, the governor shall appoint a member to succeed the member whose term will then next expire to serve for a term of five (5) years commencing on the first day of July then next following, and after this, until a successor is appointed and qualified. As soon as practicable after the effective date of this act, the governor shall appoint a member to serve an initial term to expire on July 1, 2010. Thereafter, all members appointed by the general treasurer shall be appointed to terms of five (5) years, and the governor shall, during the month of June preceding the expiration of each term, appoint a member whose term will then next expire. In the event of a vacancy occurring in the office of a member by death, resignation, removal, or otherwise, the vacancy shall be filled in the same manner as an original appointment but only for the remainder of the term of the former member.

(c) 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 the duties. A director may engage in private employment or in a profession or business.

(d) Upon appointment and qualification of the original board of directors, and during the month of July of each year after this, the board of directors shall elect one of its members to serve as chairperson. The board may elect from among its members such other officers as they deem necessary. Five (5) 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.

(e)(1) 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. The board of directors shall appoint an executive director who shall be in the unclassified service and vest in that person or his or her subordinates the authorization to appoint additional staff members who shall be in the classified service and to determine the amount of compensation each individual shall receive. Those persons who were regularly established full time employees of the authority, prior to March 27, 1979, and who are required to be in the classified service may be placed in appropriate classifications within the classified service without the requirement of competitive examination (as approved by the executive director). All employees hired after March 27, 1979, will be hired in accordance with the requirements of the classified service for examination, approved state lists, and other procedures of the state division of personnel. Those persons who were regularly established full time employees of the authority, prior to March 27, 1979, shall have the right to purchase retirement credits for the period commencing November 1, 1977, to March 27, 1979, at the its full actuarial cost.

(2) Any employee in either the classified or unclassified service who was, prior to his or her hiring by the authority, a participant in the retirement program adopted for personnel at any state or private college shall have the option to either remain with that retirement program while an employee of the authority or become a participant in the employees’ retirement system of the state.

(f)(b) No full time employee shall during the period of his or her employment by the authority division engage in any other private employment, profession, or business, except with the approval of the board of directors commissioner of postsecondary education; provided, that the executive director shall not engage in any other private employment, profession, or business, including, but not limited to consulting.
(g) 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 in any contract with the authority, the interest shall be disclosed to the authority and set forth in the minutes of the authority, and the director, officer, or employee having interest in this shall not participate on behalf of the authority in the authorization of any 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.

(h) 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.

(i) 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.

16-57-8 Designated agency. -- The authority division established within the office of the postsecondary commissioner is designated the state agency to apply for, receive, accept, and disburse federal funds, and funds from other public and private sources, made available to the state for use as reserves to guarantee student loans or as administrative money to operate student loan programs, and is designated to administer any statewide programs of student assistance that shall be established under federal law.

16-57-9 Loans to minors -- Loan obligations. -- (a) Any person qualifying for an eligible loan shall not be disqualified to receive a loan guaranteed by the authority division by reason of his or her being a minor. For the purpose of applying for, securing, receiving, and
repaying a loan, any person shall be deemed to have full legal capacity to act and shall have all
the rights, powers, privileges, and obligations of a person of full age with respect to a loan.

(b) No loan obligation incurred by any individual under the provisions of this chapter
may be expunged, reduced, or discharged in any proceeding, including any proceeding in federal
bankruptcy court. Any individual receiving a loan under the provisions of this chapter shall be
required to sign an affidavit acknowledging the loan and agreeing to this condition.

16-57-10 Reserve funds. -- (a) To assure the continued operation and solvency of the
authority guaranteed student loan program for the carrying out of its corporate purposes, the
authority office of the postsecondary commissioner shall 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 division as fees for the
 guaranty of eligible loans.

(b) To assure continued solvency of the authority's, the authority operating fund shall be
used solely for the ordinary operating expenses of the authority. Furthermore, it is the intent of
the general assembly that these funds eventually be used to increase financial assistance to Rhode
Island students in the form of scholarships and grants as approved by the commissioner of
postsecondary education and as directed by the U.S. Department of Education, and in accordance
with federal statutes and regulations governing the use of funds in the guaranty agency's
operating fund pursuant to the provisions and restrictions of the 1998 reauthorization of the
federal higher education act.

(c) Given the decline of available sources to support the agency, the Governor's FY 2016
budget recommendations shall include a proposal for the transfer of higher education assistance
authority's programs to appropriate agencies within state government. All departments and
agencies of the state shall furnish such advice and information, documentary or otherwise to the
director of the department of administration and its agents as is deemed necessary or desirable to
facilitate the recommendation.

16-57-12 Credit of state. -- Guaranties made under the provisions of this chapter shall
not constitute debts, liabilities, or obligations of the state or of any political subdivision of the
state other than the division of higher education assistance authority or a pledge of the faith and
credit of the state or any political subdivision other than the division of higher education
assistance authority, but shall be payable solely from the revenues or assets of the authority
reserve funds set forth in § 16-57-10.

SECTION 7. Sections 16-59-1, 16-59-4, and 16-59-6 of the General Laws in Chapter 16-
59 entitled "Board of Governors for Higher Education" [See Title 16 Chapter 97 – The Rhode
Island Board of Education Act] are hereby amended to read as follows:

16-59-1 Council on Postsecondary Education established. – (a) There is created a
council on postsecondary education, sometimes referred to as the "council", which shall be and is
constituted a public corporation, empowered to sue and be sued in its own name, and to exercise
all the powers, in addition to those specifically enumerated in this chapter, usually appertaining to
public corporations entrusted with control of postsecondary educational institutions and
functions. Upon its organization the council shall be invested 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 custody of
the board of regents for education for the use of the University of Rhode Island, Rhode Island
College, Community College of Rhode Island and the system of community colleges of Rhode
Island including all departments, divisions, and branches of these.

(b) The council is empowered to hold and operate the property in trust for the state; to
acquire, hold, and dispose of the property and other like property as deemed necessary for the
execution of its corporate purposes. The council is made successor to all powers, rights, duties,
and privileges formerly belonging to the board of regents for education pertaining to
postsecondary education and the board of governors for higher education.

(c) The council shall be the employer of record for higher education and the office of
postsecondary education. It shall retain all authority formerly vested in the board of education
regarding the employment of faculty and staff at the public higher education institutions.

(d) The council shall be the governing body for the Rhode Island division of higher
education assistance and shall retain all authority formerly vested in the higher education
assistance authority board of directors pursuant to § 16-57-7; however, any debts, liabilities, or
obligations of the council that result from its status as such governing body shall be payable
solely from the revenues or assets of reserve funds set forth and established by the prior Rhode
Island higher education assistance authority and/or the Rhode Island division of higher education
assistance created pursuant to Chapter 57 of this title, and not from any assets or property held by
the council on public higher education pursuant to this chapter.

(e) The council on postsecondary education shall be the employer of record for the
division of higher education assistance.

16-59-4 Powers and duties of the council on postsecondary education. – (a) The
council on postsecondary education shall have, in addition to those enumerated in § 16-59-1, the
following powers and duties:

(1) To approve a systematic program of information gathering, processing, and analysis
addressed to every level, aspect, and form of higher education in this state especially as that
information relates to current and future educational needs so that current needs may be met with
reasonable promptness and plans formulated to meet future needs as they arise in the most
efficient and economical manner possible.

(2) To develop and approve a strategic plan implementing broad goals and objectives for
higher education in the state as established by the board of education, including a comprehensive
capital development program.

(3) To formulate broad policy to implement the goals and objectives established and
adopted by the board of education, to adopt standards and require enforcement and to exercise
general supervision over all higher public education in the state and over independent higher
education in the state as provided in subdivision (8) and (9) of this section. The board of
education and the council shall not engage in the operation or administration of any subordinate
committee, university, junior college, or community college, except its own office of
postsecondary education and except as specifically authorized by an act of the general assembly;
provided, the presidents of each institution of higher learning shall be the chief administrative and
executive officers of that institution; and provided that nothing contained in this section shall
prohibit their direct access to or interfere with the relationship between the presidents and the
board of education and the council.

(4) To communicate with and seek the advice of the commissioner of postsecondary
education, the presidents of the public higher education institutions and all those concerned with
and affected by its determinations as a regular procedure in arriving at its conclusions and in
setting its policy.

(5) To prepare and maintain a five (5) year funding plan for higher education that
implements the strategic financing recommendations of the board of education; to prepare with
the assistance of the commissioner of postsecondary education and to present annually to the state
budget officer in accordance with § 35-3-4 a state higher education budget, which shall include,
but not be limited to, the budget of the office of postsecondary education and the budget of the
state colleges. In the preparation of the budget, the council shall implement priorities established
by the board of education of expenditures for public higher education purposes of state revenues
and other public resources made available for the support of higher public education. Prior to
submitting the budget to the state budget officer as required by the budget office instructions and
this subsection, the council shall present the budget to the board of education for its review and
approval. Nothing contained in this subdivision shall authorize the council to alter the allocation
of grants or aid otherwise provided by law.
(6) To maintain an office of postsecondary commissioner; to provide for its staffing and organization; and to manage and oversee a commissioner of postsecondary education pursuant to duties and responsibilities defined in § 16-59-6 and § 16-59-7. The commissioner of postsecondary education and the office of postsecondary commissioner shall have the duties and responsibilities as defined in §§ 16-59-6 and 16-59-7.

(7) To appoint and dismiss presidents of the public institutions of higher learning with the assistance of the commissioner of postsecondary education, and to establish procedures for this, and with the assistance of the commissioner to approve or disapprove vice presidents of the public institutions of higher learning appointed by the respective presidents of the public institutions of higher learning.

(8) To establish other educational agencies or subcommittees necessary or desirable for the conduct of any or all aspects of higher education and to determine all powers, functions, and composition of any agencies or subcommittees and to dissolve them when their purpose shall have been fulfilled.

(9) To exercise the authority vested in the board of regents for education with relation to independent higher educational institutions within the state under the terms of chapter 40 of this title, and other laws affecting independent higher education in the state.

(10) To enforce the provisions of all laws relating to higher education, public and independent.

(11) To be responsible for all the functions, powers, and duties which were vested in the board of regents for education relating to higher education, including but not limited to the following specific functions:

(i) To approve the role and scope of programs at public institutions of higher learning with the assistance of the commissioner of postsecondary education which shall include but not be limited to populations to be served, the type and level of programs and academic fields offered.

(ii) To adopt and require standard accounting procedures for the office of postsecondary commissioner and all public colleges and universities.

(iii) To approve a clear and definitive mission for each public institution of higher learning with the assistance of the commissioner of postsecondary education that is consistent with the role and scope of programs at the public institutions.

(iv) To promote maximum efficiency, economy, and cooperation in the delivery of public higher educational services in the state and cooperation with independent institutions of higher education.
(12) To incorporate into its own affirmative action reporting process periodic reports
monitoring specific faculty and staff searches by the chairperson of the search committee to
include the rationale for granting those interviews and the final hiring results. The institutions
must empower their affirmative action officer to monitor searches in this manner, to intervene
during the search, and, when necessary, to cause a search to cease if affirmative action goals are
not being adequately served.

(13) To incorporate a specific category for accountability on affirmative action goals and
implementation as part of the board's annual evaluations and three (3) year reviews for the
presidents of each of the public institutions of higher education.

(14) To make a formal request of the governor that whenever an opportunity arises to
make new appointments to the board, that the governor make every effort to increase the number
of African Americans, Native Americans, Asians, and Hispanics on the board.

(15) To develop coherent plans for the elimination of unnecessary duplication in public
higher education and addressing the future needs of public education within the state in the most
efficient and economical manner possible.

(16) To delegate to the presidents of each public higher education institution the authority
and responsibility for operational and management decisions related to their institutions,
consistent with the goals of the statewide strategic plan for postsecondary education provided
however that the presidents may be required to provide information or updates to the council
regarding any delegated operational or management decisions.

(17) To serve as the governing body of the division of higher education assistance and
exercise all powers and duties of the division of higher education assistance as set forth under the
terms of Chapter 57 of this title; however, any debts, liabilities, or obligations of the council that
result from its status as such governing body shall be payable solely from the revenues or assets
of reserve funds set forth and established by the prior Rhode Island higher education assistance
authority and/or the Rhode Island division of higher education assistance created pursuant to
Chapter 57 of this title, and not from any assets or property held by the council on postsecondary
education pursuant to this chapter.

(18) To guarantee one hundred percent (100%) of the unpaid principal and accrued
interest of any eligible loan made by a lender to any eligible borrower in existence prior to July 1,
2015 for the purpose of assisting the students in obtaining an education in an eligible institution,
subject, however, to the limitation regarding any debts, liabilities, or obligations of the council set
forth in section (17) above, and in § 16-57-12.

(19) To prescribe rules and regulations deemed necessary or desirable to carry out the
purposes of serving as a guaranty agency for the loans set forth in § 16-59-4 (18), including
without limitation rules and regulations:

   (i) To ensure compliance by the division with the requirements imposed by statutes or
regulation governing the guaranty, insurance, purchase, or other dealing in eligible loans by
federal agencies, instrumentalities, or corporations,

   (ii) To set standards of eligibility for educational institutions, students, and lenders and to
define residency and all other terms as the division deems necessary to carry out the purposes of
this chapter, and

   (iii) To set standards for the administration of programs of postsecondary student
financial assistance assigned by law to the division, including but not limited to savings
programs. Administrative rules governing savings programs shall authorize the division, in
conjunction with commissioner of postsecondary education, to negotiate reciprocal agreements
with institutions in other states offering similar savings programs for the purpose of maximizing
educational benefits to students in this state.

   (20) To establish penalties for violations of any order, rule, or regulation of the division,
and a method for enforcing these.

   (21) To set and collect fees and charges, in connection with its guaranties and servicing,
including without limitation reimbursement of costs of financing by the division, service charges,
and insurance premiums and fees and costs associated with implementing and administering
savings programs established pursuant to this chapter.

   (22) To hold and operate property previously held by the higher education assistance
authority in trust for the state, and to acquire, hold, and dispose of the property and other like
property as deemed necessary for the execution of its corporate purposes.

16-59-6 Commissioner of postsecondary education. -- The council on postsecondary
education, with approval of the board, shall appoint a commissioner of postsecondary education,
who shall serve at the pleasure of the council, provided that his or her initial engagement by the
council shall be for a period of not more than three (3) years. For the purpose of appointing,
retaining, or dismissing a commissioner of postsecondary education, the governor shall serve as
an additional voting member of the council. The position of commissioner shall be in the
unclassified service of the state and he or she shall serve as the chief executive officer of the
council on postsecondary education, as the chief administrative officer of the office of
postsecondary commissioner, and the executive director of the division of higher education
assistance. The commissioner of postsecondary education shall have any duties that are defined in
this section and in this title and other additional duties as may be determined by the council, and
shall perform any other duties as may be vested in him or her by law. In addition to these duties and general supervision of the office of postsecondary commissioner and the appointment of the several officers and employees of the office, it shall be the duty of the commissioner of postsecondary education:

(1) To develop and implement a systematic program of information gathering, processing, and analysis addressed to every aspect of higher education in the state, especially as that information relates to current and future educational needs.

(2) To prepare a strategic plan for higher education in the state aligned with the goals of the board of education's strategic plan; to coordinate the goals and objectives of the higher public education sector with the goals of the council on elementary and secondary education, and activities of the independent higher education sector where feasible.

(3) To communicate with and seek the advice of those concerned with and affected by the board of education's and council's determinations.

(4) To implement broad policy as it pertains to the goals and objectives established by the board of education and council on postsecondary education; to promote better coordination between higher public education in the state, independent higher education in the state as provided in subdivision (10) of this section and pre K-12 education; to assist in the preparation of the budget for public higher education and to be responsible upon direction of the council for the allocation of appropriations, the acquisition, holding, disposition of property.

(5) To be responsible for the coordination of the various higher educational functions of the state so that maximum efficiency and economy can be achieved.

(6) To assist the board of education in preparation and maintenance of a five (5) year strategic funding plan for higher education; to assist the council in the preparation and presentation annually to the state budget officer in accordance with § 35-3-4 of a total public higher educational budget.

(7) To recommend to the council on postsecondary education after consultation with the presidents, a clear and definitive mission for each public institution of higher learning.

(8) To annually recommend to the council on postsecondary education after consultation with the presidents, the creation, abolition, retention, or consolidation of departments, divisions, programs, and courses of study within the public colleges and universities to eliminate unnecessary duplication in public higher education, to address the future needs of public higher education in the state, and to advance proposals recommended by the presidents of the public colleges and universities pursuant to §§ 16-32-2.1, 16-33-2.1 and 16-33.1-2.1 of the general laws.

(9) To supervise the operations of the office of postsecondary commissioner, including...
the division of higher education assistance, and any other additional duties and responsibilities that may be assigned by the council.

(10) To perform the duties vested in the council with relation to independent higher educational institutions within the state under the terms of chapter 40 of this title and any other laws that affect independent higher education in the state.

(11) To be responsible for the administration of policies, rules, and regulations of the council on postsecondary education with relation to the entire field of higher education within the state, not specifically granted to any other department, board, or agency and not incompatible with law.

(12) To prepare standard accounting procedures for public higher education and all public colleges and universities.

(13) To carry out the policies and directives of the board of education and the council on postsecondary education through the office of postsecondary commissioner and through utilization of the resources of the public institutions of higher learning.

(14) To exercise all powers and duties of the division of higher education assistance as set forth under the terms of chapter 57 of this title.

SECTION 8. Section 16-62-3 of the General Laws in Chapter 16-62 entitled "The Rhode Island Student Loan Authority" is hereby amended to read as follows:

16-62-3 Definitions. -- As used in this chapter, the following words and terms shall have the following meanings unless the context shall indicate another or different meaning or intent:

(1) "Authority" means the governmental agency and public instrumentality authorized, created, and established pursuant to § 16-62-4.

(2) "Bonds" and "notes" means the bonds, notes, securities, or other obligations or evidences of indebtedness issued by the authority pursuant to this chapter, all of which shall be issued under the name of or known as obligations of the Rhode Island student loan authority.

(3) "Education loan" means a loan to a student or the parent, legal guardian, or sponsor of the student, or to an eligible institution, for the purpose of financing a student's attendance at the eligible institution. The loan may provide that the student, parent, legal guardian, or sponsor of the student or eligible institution may be held jointly and severally liable for the education loan.

(4) "Eligible institution" means, subject to further particular or more restrictive definition by regulation of the authority: (i) an institution of higher learning, (ii) a vocational school, or (iii) with respect to students who are nationals of the United States, an institution outside the United States which is comparable to an institution of higher education or to a vocational school and which has been approved by the authority and by the secretary for purposes of the guaranteed
student loan program.

(5) "Eligible loan" means a loan to a student or to the parent of a student insured or guaranteed by the secretary, Rhode Island division of higher education assistance authority, or by any other governmental or private agency, corporation, or organization having a reinsurance or guaranty agreement with the secretary applicable to that loan.

(6) "Guaranteed student loan program" means the program of federal student loan insurance and reinsurance administered by the secretary.

(7) "Lender" means, subject to further particular or more restrictive definition by regulation of the authority, any governmental or private agency, corporation, organization, or institution (including educational institutions and the authority itself) designated as an "eligible lender" by federal statute, regulation, or administrative ruling for the purposes of the guaranteed student loan program.

(8) "Secretary" means the United States secretary of education or the secretary of health and human services.

(9) "State" means the state of Rhode Island and Providence Plantations.

(10) "Student" means an individual who under rules promulgated by the authority meets the enrollment and satisfactory progress requirement necessary for making an eligible student loan or an education loan, as applicable. This designation shall include dependent and independent undergraduate students, and graduate and professional students.

SECTION 9. Section 16-63-7 of the General Laws in Chapter 16-63 entitled "Adult Education" [See Title 16 Chapter 97 – The Rhode Island Board of Education Act] is hereby amended to read as follows:

16-63-7 Functions of office. -- The functions of the office may include, but may not necessarily be limited to, the following:

(1) The development of recommendations to the commissioner and the implementation of any approved recommendations, including:

(i) The utilization of federal and state funds for any purpose prescribed or allowed by the laws and/or regulations authorizing and/or appropriating those funds;

(ii) The sub-granting of those federal and state funds to selected deliverers of programs and services, including those contemplated in subdivisions (2) and (3);

(iii) The operation and networking of statewide adult level guidance services;

(iv) The operation of a high school equivalency or general educational development, testing, and certification program;

(v) Administration of the provisions for the approval and regulation of private career,
trade, and technical schools, pursuant to chapter 40 of this title, and of any other nonpublic
entities, whether non-business or proprietary, which provide or purport to provide adult education
programs and services to residents of the state;
(vi) Professional development of administrators, teachers, counselors, paraprofessionals,
and other personnel employed or engaged in delivering adult education programs and services
within the state; and
(vii) Continuous research and planning in adult education, including assistance to the
commission in conducting the comprehensive study of adult education prescribed in § 16-58-6,
needs assessments in conjunction with local planning and assessment processes, and the
development and utilization of relevant data.
(2) Coordination with programs and services administered and/or operated by other
agencies and institutions, including:
(i) All programs in categories 1, 2, 3, and 5 as defined by this chapter;
(ii) Outreach, recruitment, and intake for program components throughout the delivery
system defined in this chapter;
(iii) Dissemination of information on financial aid for adult learners, including loans,
grants, scholarships, and other forms of financial aid, in cooperation with the Rhode Island
division of higher education assistance authority, pursuant to chapters 56 and 57 of this title;
(iv) Psychological testing in relation to education and training, basic skills diagnostic and
evaluation services, and multi-phasic vocational testing;
(v) Competency based adult high school diploma assessment and certification, as
conducted by local education agencies in accordance with this chapter; and
(vi) The college level examination program and other mechanisms for establishing and
recording postsecondary achievement and competencies in terms of academic credit.
(3) General advocacy and communicative relationships with other agencies, institutions,
and organizations engaged in or interested in adult education or related activities in the state,
including:
(i) Programs and services for adult learners in public and private colleges, schools, and
other settings, at elementary, secondary, and postsecondary levels;
(ii) Adult education programs and services, in any of the categories defined in this
chapter, conducted in libraries and other community based settings;
(iii) Pre-service, in-service, and upgrading education and training programs, generally in
category 2 as defined by this chapter, conducted in employment settings;
(iv) Activities, generally in category 2 as defined by this chapter, conducted in the state
pursuant to the Job Training Partnership Act, 29 U.S.C. § 1501 et seq., and any amendments to it,

extensions of it, or successor legislation;

(v) All activities in categories 4 and 6, as defined by this chapter;

(vi) Programs and services, generally in categories 1, 2, 3, 5, and 7, as defined by this chapter, conducted in custodial, correctional, and curative institutions in the state;

(vii) Programs and services for adults with special needs, such as people with disabilities, immigrants and refugees, women and displaced homemakers, senior citizens, persons of multilingual or multicultural backgrounds, and persons being discharged from the care of institutions referenced in subdivision (3)(vi);

(viii) Programs of family and homelife education and parent effectiveness training;

(ix) Educational and public service programming on radio and television, including that transmitted electronically and through cable systems; and

(x) Automobile and motorcycle driver safety education; and

(4) Staff support services for the commission.

SECTION 10. Section 22-13-9 of the General Laws in Chapter 22-13 entitled "Auditor General" is hereby amended to read as follows:

22-13-9 Access to executive sessions of a public agency -- Access to records --

Disclosure by the auditor general. -- (a) Whenever a public agency goes into executive session, the auditor general or his or her designated representative shall be permitted to attend the executive session or if the auditor general or his or her designee is not in attendance at the executive session, the auditor general or his or her designee, upon written request, shall be furnished with copies of all data or materials furnished to the members of the public agency at the executive session. If the auditor general or his or her designee attends the executive session, the auditor general shall be furnished the same data in the same form and at the same time as members of the public agency.

(b) Within three (3) working days of a written request by the auditor general, the public agency shall furnish a copy, whether approved by the agency or not, of the minutes of any meeting, including any executive session of the public agency.

(c) The auditor general shall have full and unlimited access to any and all records of any public agency, in whatever form or mode the records may be, unless the auditor general's access to the records is specifically prohibited or limited by federal or state law. In no case shall any confidentiality provisions of state law be construed to restrict the auditor general's access to the records; provided, the auditor general's access to any confidential data shall not in any way change the confidential nature of the data obtained. Where an audit or investigative finding
emanates from confidential data, specific confidential information will not be made public. The
records shall include those in the immediate possession of a public agency as well as records
which the agency itself has a right to. In the event of a dispute between the agency involved and
the auditor general as to whether or not the data involved are confidential by law, the matter will
be referred to the attorney general for resolution.

(d)(1) If in the course of an executive session any fact comes to the attention of the
auditor general or his or her designated representative, which in his or her judgment constitutes an
impropriety, irregularity, or illegal transaction, or points to the onset of an impropriety or illegal
transaction, then the auditor general shall disclose that information to the joint committee on
legislative services, the director of administration, and the chairperson of the public agency
involved. Where the facts or the data upon which the facts are based are deemed confidential
pursuant to the provisions of federal or state law, the auditor general's access to the information
shall not in any way change the confidential nature of the data obtained.

(2) In the event of a dispute between the agency involved and the auditor general as to
whether or not the data involved are confidential by law, the matter will be referred to the
attorney general for resolution.

(e) The auditor general or his or her designated representative shall be immune from any
liability to any party for claims arising out of disclosure authorized by this section.

(f) For the purposes of this section, the phrase "public agency" shall include the
following: the Rhode Island industrial building authority, the Rhode Island recreational building
authority, the Rhode Island economic development corporation, the Rhode Island industrial
facilities corporation, the Rhode Island refunding bond authority, the Rhode Island housing and
mortgage finance corporation, the Rhode Island resource recovery corporation, the Rhode Island
public transit authority, the Rhode Island student loan authority, the water resources board, the
Rhode Island health and educational building corporation, the Rhode Island higher education
assistance authority, the Rhode Island turnpike and bridge authority, the Narragansett Bay
commission, the convention center authority, their successors and assigns, and any other body
corporate and politic which has been or which is subsequently created or established within this
state.

Repayment Program" are hereby amended to read as follows:

23-14.1-2 Definitions. -- For the purpose of this chapter, the following words and terms
have the following meanings unless the context clearly requires otherwise:
(1) "Authority" means the higher education assistance authority.

(2) "Board" means the health professional loan repayment board.

(2) "Commissioner" means the commissioner of postsecondary education.

(3) "Community health center" means a health care facility as defined and licensed under chapter 17 of this title.

(4) "Director" means the director of the higher education assistance authority. "Division" means the Rhode Island division of higher education assistance.

(5) "Eligible health professional" means a physician, dentist, dental hygienist, nurse practitioner, certified nurse midwife, physician assistant, or any other eligible health care professional under § 338A of the Public Health Service Act, 42 U.S.C. § 254l, licensed in the state who has entered into a contract with the board to serve medically underserved populations.

(6) "Loan repayment" means an amount of money to be repaid to satisfy loan obligations incurred to obtain a degree or certification in an eligible health profession as defined in subdivision (5).

23-14.1-3 Health professional loan repayment program established. -- There is established within the division higher education assistance authority, to be administered by the commissioner director, the health professional loan repayment program whose purpose shall be to provide loan repayment to eligible health professionals to defray the cost of their professional education.

23-14.1-4 Health professional loan repayment board. -- (a) There is created the health professional loan repayment board, which shall consist of the director of the department of health and eight (8) members appointed by the governor with the advice and consent of the senate. The governor shall give due consideration to any recommendations for nominations submitted to him or her by the Rhode Island Medical Society; the Rhode Island Dental Association; the Rhode Island Health Center Association; the dean of the Brown University Medical School; the dean of the College of Nursing at the University of Rhode Island; the Rhode Island State Nurses' Association; the Hospital Association of Rhode Island; the Rhode Island division of higher education assistance authority. All appointed members shall serve for terms of three (3) years and shall receive no compensation for their services. Board members shall be eligible to succeed themselves.

(b) The director of the department of health shall serve as chairperson. The board shall elect such other officers as it deems necessary from among its members. All meetings shall be called by the chairperson.

(c) Members of the board shall be removable by the governor pursuant to the provisions
of § 36-1-7 of the general laws and for cause only, and removal solely for partisan or personal
reasons unrelated to capacity or fitness for the office shall be unlawful.

23-14.1-5 Duties of the board. -- The board shall:

(1) Determine which areas of the state shall be eligible to participate in the loan
repayment program each year, based on health professional shortage area designations.

(2) Receive and consider all applications for loan repayment made by eligible health
professionals.

(3) Conduct a careful and full investigation of the ability, character, financial needs, and
qualifications of each applicant.

(4) Consider the intent of the applicant to practice in a health professional shortage area
and to adhere to all the requirements for participation in the loan repayment program.

(5) Submit to the commissioner director a list of those individuals eligible for loan
repayment and amount of loan repayment to be granted.

(6) Promulgate rules and regulations to ensure an effective implementation and
administration of the program.

(7) Within ninety (90) days after the end of each fiscal year, the board shall approve and
submit an annual report to the governor, the speaker of the house of representatives, the president
of the senate, and the secretary of state, of its activities during that fiscal year. The report shall
provide: an operating statement summarizing meetings or hearings held, including meeting
minutes, subjects addressed, decisions rendered, applications considered and their disposition,
rules or regulations promulgated, studies conducted, polices and plans developed, approved, or
modified, and programs administered or initiated; a consolidated financial statement of all funds
received and expended including the source of the funds, a listing of any staff supported by these
funds, and a summary of any clerical, administrative or technical support received; a summary of
performance during the previous fiscal year including accomplishments, shortcomings and
remedies; a synopsis of hearings, complaints, suspensions, or other legal matters related to the
committee; a summary of any training courses held pursuant to this chapter; a briefing on
anticipated activities in the upcoming fiscal year, and findings and recommendations for
improvements. The report shall be posted electronically on the websites of the general assembly
and the secretary of state pursuant to the provisions of § 42-20-8.2. The director of the department
of administration shall be responsible for the enforcement of the provisions of this subsection.

(8) Conduct a training course for newly appointed and qualified members within six (6)
months of their qualification or designation. The course shall be developed by the chair of the
board, be approved by the board, and be conducted by the chair of the board. The board may
approve the use of any board and/or staff members and/or individuals to assist with training. The
training course shall include instruction in the following areas: the provisions of chapters 42-46,
36-14 and 38-2; and the board's rules and regulations. The director of the department of
administration shall, within ninety (90) days of June 16, 2006, prepare and disseminate training
materials relating to the provisions of chapters 42-46, 36-14, and 38-2.

23-14.1-6 Duties of the director. Duties of the Commissioner. -- The director
commissioner shall:
(1) Grant loan repayments to successful applicants as determined by the board.
(2) Enter into contracts, on behalf of the division higher education assistance authority
with each successful applicant, reflecting the purpose and intent of this chapter.

23-14.1-8 Contracts required. -- Prior to being granted loan repayment each eligible
health professional shall enter into a contract with the authority division agreeing to the terms and
conditions upon which the loan repayment is granted. The contract shall include any provisions
that are required to fulfill the purposes of this chapter and those deemed advisable by the director
commissioner.

23-14.1-9 Penalty for failure to complete contract. -- (a) If the recipient of a loan
repayment fails, without justifiable cause, to practice pursuant to the terms and conditions of his
or her contract with the authority division, a penalty for the failure to complete the contract will
be imposed. If the recipient fails to complete the period of obligated service, he or she shall be
liable to the state of Rhode Island for:
(1) An amount equal to the total paid on behalf of the recipient; and
(2) An unserved obligation penalty equal to the number of months of obligated service
not completed by the recipient multiplied by one thousand dollars ($1,000).
(b) If the recipient fails to complete one year of service, he or she shall be liable to the
state of Rhode Island for:
(1) An amount equal to the total paid on behalf of the recipient; and
(2) An unserved obligation penalty equal to the number of months in the full period
multiplied by one thousand dollars ($1,000).
(c) Any amount owed shall be paid to the State of Rhode Island within one year of the
date that the recipient is in breach of contract.
(d) Where the director commissioner, subject to the approval of the board, determines
that there exists justifiable cause for the failure of a recipient to practice pursuant to the terms and
conditions of the contract, he or she may relieve the recipient of the obligation to fulfill any or all
of the terms of the contract.
SECTION 12. Section 25-2-18.1 of the General Laws in Chapter 25-2 entitled “Days of Special Observance” is hereby amended to read as follows:

25-2-18.1 Martin Luther King, Jr. State Holiday Commission. -- (a) There is created a permanent commission to be known as the Martin Luther King, Jr. State Holiday Commission to consist of thirteen (13) members, three (3) of whom shall be from the house of representatives, not more than two (2) from the same political party, to be appointed by the speaker; three (3) of whom shall be from the senate, not more than two (2) from the same political party to be appointed by the president of the senate; three (3) of whom shall be representatives of the general public, to be appointed by the speaker; two (2) of whom shall be representatives of the general public to be appointed by the president of the senate; one of whom shall be a representative of the governor's office, to be appointed by the governor; and one of whom shall be the lieutenant governor, all of the foregoing to be known as commission members. The commission shall appoint not more than sixteen (16) representatives from organizations and groups generally identified with and thought to epitomize the ideals of Dr. Martin Luther King, Jr., all of whom shall be known as non-voting affiliate members, to serve for two (2) year terms.

(b) The purpose of the commission shall be to plan, supervise and administer, in conjunction with the federal Martin Luther King Day Commission and the Martin Luther King Center for Non-Violent Social Change, an appropriate celebration to commemorate the birthday of Dr. Martin Luther King, Jr., and the annual observance of Dr. Martin Luther King Day, which will be observed on the third Monday in January each year. The commission shall not limit its activities to the annual celebration, but shall endeavor to promote educational efforts throughout the year, as well as to promote seminar events during the annual celebration that will be of informative value to all segments of the Rhode Island community.

(c) The members of the commission shall, in February of each odd-numbered year, elect from among themselves a chairperson, who shall be a legislator, and a vice-chairperson, who shall not be a government official or employee. Vacancies in the commission shall be filled in like manner as the original appointment.

(d) The commission is empowered to appoint committees to study specialized areas of concern and to report their findings and recommendations to the commission; provided, however, that one of these committees shall be an education committee.

(e) The commission is empowered to establish a Martin Luther King Scholarship Fund and to award scholarships from the fund. Decisions concerning scholarship awards shall be made by the education committee of the commission in conjunction with the division of higher education assistance authority.
(f) The commission is empowered to apply for and receive grants, appropriations, or gifts from any federal, state, or local agency, from any public or private foundation, and from any person, firm, or corporation in order to carry out the purposes of this chapter. The allocation of any funds received shall be decided by a majority vote of voting members in attendance at a meeting duly convened for the conduct of business by the commission.

(g) Seven (7) members of the commission shall constitute a quorum.

(h) The commission shall meet at least four (4) times per year.

(i) The commission shall adopt policies concerning the responsibilities of its voting members and non-voting affiliate members, including attendance at commission meetings.

(j) All departments and agencies of the state shall furnish advice and information, documentary and otherwise, to the commission and its agents as may be necessary or desirable to facilitate the purposes of this chapter.

(k) The speaker is authorized and directed to provide suitable quarters for the commission.

(l) The commission shall file a report with the general assembly outlining its plans for the celebration on or before December 15th each year prior to the celebration.

SECTION 13. Section 30-30-2 of the General Laws in Chapter 30-30 entitled "Benefits for Dependents of Deceased Veterans, P.O.W.S., and M.I.A.S" is hereby amended to read as follows:

30-30-2 Administration. -- The division of higher education assistance authority shall be designated as the administering authority for this chapter and shall, no later than August 30, 1987, establish rules, regulations, procedures, and safeguards for the implementation of this chapter. The regulations and procedures shall include but not be limited to the establishment of income guidelines and academic performance criteria. No funds shall be awarded under this chapter until these regulatory and administrative measures are established.

SECTION 14. Sections 35-10-1 and 35-10-4 of the General Laws in Chapter 35-10 entitled "State Investment Commission" are hereby amended to read as follows:

35-10-1 Establishment – Membership – Officers – Quorum – Investment votes – Fund managers. -- (a) There is hereby authorized, created and established in the office of the general treasurer a state investment commission, the membership of which shall consist of the general treasurer, ex officio, or a deputy general treasurer as his or her designee, who shall act as chairperson, the director of administration, ex officio, or any assistant director of administration as his or her designee, who shall act as secretary, director of the higher education assistance authority, or his or her designee to be appointed by the general treasurer, an active or retired...
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...teacher, state, or municipal employee member of the retirement system or official from the teacher, state, or municipal employee unions to be appointed by the general treasurer for a term of three (3) years, the executive director of the state retirement board, who shall be a nonvoting member, two (2) three (3) members of the general public to be appointed by the general treasurer, one of whom shall serve for an initial term of one year, and one of whom shall serve for an initial term of two (2) years and until his or her successor is appointed and qualified and three (3) members of the general public to be appointed by the governor, one of whom shall serve for an initial term of three (3) years, one of whom shall serve for an initial term of two (2) years, and one of whom shall serve for an initial term of one year and until his or her successor is appointed and qualified. Thereafter, the general public members shall serve for three (3) year terms and until his or her successor is appointed and qualified. The members of the general public appointed by the governor and the general treasurer shall be qualified by training or experience in the field of investment or finance.

The commission may elect from among its own members such other officers as they deem necessary. All general treasurer and gubernatorial appointments made under this section after the effective date of this act [July 4, 2006] shall be subject to the advice and consent of the senate. No one shall be eligible for appointment unless he or she is a resident of this state.

Public members of the board shall be removable by the chair for cause only, and removal solely for partisan or personal reasons unrelated to capacity or fitness for the office shall be unlawful.

Newly appointed and qualified public members shall, within six (6) months of their appointment, attend a training course that shall be developed and provided by the office of the general treasurer and shall include instruction in the following areas: the provisions of chapters 35-10, 42-46, 36-14 and 38-2 of the Rhode Island general laws; 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 [July 4, 2006], prepare and disseminate training materials relating to the provisions of chapters 42-46, 36-14 and 38-2.

Any member of the general public who was appointed by the governor or general treasurer prior to the effective date of this act [July 4, 2006] shall continue to serve until such time as a successor is appointed and qualified.

(b) A member shall be eligible to succeed himself or herself. In the event of a vacancy in the office of an appointive member, the vacancy shall be filled by the appointing authority for the unexpired term.

(c) A majority of all the members of the commission shall be necessary to constitute a
quorum thereof. The approval of a majority of the commission shall be required prior to the
purchase or sale of any investment, excepting those investments made by investment managers
engaged by the commission and invested in accordance with the commission's statement of
investment objectives and policies, day to day cash investments by the general treasurer, and,
because of the importance of speedy action, investments in obligations of the United States
government or certificates of deposit maturing within one year. These investments may be made
within the framework of a policy established by the commission without prior approval of each
transaction. The commission shall be empowered to engage one or more fund managers and to
delegate to the manager or managers the authority to carry out the investment of the funds within
the commission's control, or any portion thereof, in accordance with the objectives of the
commission as set forth in its statement of investment objectives and policies.

(d) The day-to-day administration of the commission, including the voting of proxies and
the execution of investment acquisitions and dispositions of the commission's assets, shall be
carried out by the office of the general treasurer; provided, that the costs and expenses incurred in
the management of the funds within the commission's control shall remain the obligation of those
funds and not that of the general treasurer.

(e) Within ninety (90) days after the end of each fiscal year during which the board has
conducted business, the commission shall submit an annual report to the governor, the speaker of
the house of representatives, the president of the senate, and the secretary of state of its activities
during that fiscal year. The report shall provide: an operating statement summarizing meetings or
hearings held, meeting minutes if requested, subjects addressed, decisions rendered, rules or
regulations promulgated, studies conducted, policies and plans developed, approved, or modified,
and programs administered or initiated; a consolidated financial statement of all the funds
received and expended including the source of funds, a listing of any staff supported by these
funds, and a summary of any clerical, administrative or technical support received; a summary of
performance during the previous fiscal year including accomplishments, shortcomings and
remedies; a synopsis of hearings, complaints, suspensions, or other legal matters related to the
authority of the board; a summary of any training courses held pursuant to § 35-10-1; a briefing
on anticipated activities in the upcoming fiscal year; and findings and recommendations for
improvements. The report shall be posted electronically on the general assembly and the secretary
of state's website as prescribed in § 42-20-8.2 of the Rhode Island general laws. The director of
the department of administration shall be responsible for the enforcement of this provision.

35-10-4 Funds not subject to investment. -- The commission shall not invest money in
funds which are subject to the control of the board of governors for higher education; provided,
however, that the commission shall not be prohibited from investing moneys in the college savings program created by § 16-57-6.1 and administered by the Rhode Island Higher Education Assistance Authority in conjunction with the executive director of the Rhode Island Student Loan Authority and the commissioner of higher education.

SECTION 15. Section 37-2-7 of the General Laws in Chapter 37-2 entitled "State Purchases" is hereby amended to read as follows:

37-2-7 Definitions. -- The words defined in this section have the meanings set forth below whenever they appear in this chapter, unless the context in which they are used clearly requires a different meaning or a different definition is prescribed for a particular section, group of sections, or provision:

(1) "Business" means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other legal entity through which business is conducted.

(2) "Change order" means a written authorization signed by the purchasing agent directing or allowing the contractor to proceed with changes, alterations, or modifications to the terms, conditions, or scope of work on a previously awarded contract.

(3) "Chief purchasing officer" shall mean: (i) for a state agency, the director of the department of administration, and (ii) for a public agency, the executive director or the chief operational officer of the agency.

(4) "Construction" means the process of building, altering, repairing, improving, or demolishing any public structures or building, or other public improvements of any kind to any public real property. It does not include the routine maintenance or repair of existing structures, buildings, or real property performed by salaried employees of the state of Rhode Island in the usual course of their jobs.

(5) "Contract" means all types of agreements, including grants and orders, for the purchase or disposal of supplies, services, construction, or any other item. It includes awards; contracts of a fixed-price, cost, cost-plus-a-fixed-fee, or incentive type; contracts providing for the issuance of job or task orders; leases; letter contracts; purchase orders; and construction management contracts. It also includes supplemental agreements with respect to any of the foregoing. "Contract" does not include labor contracts with employees of state agencies.

(6) "Contract amendment" means any written alteration in the specifications, delivery point, rate of delivery, contract period, price, quantity, or other contract provisions of any existing contract, whether accomplished by unilateral action in accordance with a contract provision, or by mutual action of the parties to the contract. It includes bilateral actions, such as supplemental agreements, and unilateral actions, such as change orders, administrative changes, notices of
termination, and notices of the exercise of a contract option.

(7) "Contractor" means any person having a contract with a governmental body.

(8) "Data" means recorded information, regardless of form or characteristic.

(9) "Designee" means a duly authorized representative of a person holding a superior position.

(10) "Employee" means an individual drawing a salary from a state governmental entity.

(11) "State governmental entity" means any entity created as a legislative body or a public or state agency by the general assembly or constitution of this state, except for municipal, regional, or county governmental entities.

(12) "May" means permissive.

(13) "Negotiation" means contracting by either the method set forth in § 37-2-19, 37-2-20, or 37-2-21.

(14) "Person" means any business, individual, organization, or group of individuals.

(15) "Procurement" means the purchasing, buying, renting, leasing, or otherwise obtaining of any supplies, services, or construction. It also includes all functions that pertain to the obtaining of any supply, service, or construction item, including a description of requirements, selection and solicitation of sources, preparation, and award of contract, and all phases of contract administration.

(16) "Public agency" shall mean the Rhode Island industrial recreational building authority, the Rhode Island economic development corporation, the Rhode Island industrial facilities corporation, the Rhode Island refunding bond authority, the Rhode Island housing and mortgage finance corporation, the Rhode Island resource recovery corporation, the Rhode Island public transit authority, the Rhode Island student loan authority, the Howard development corporation, the water resources board corporate, the Rhode Island health and education building corporation, the Rhode Island higher education assistance authority, the Rhode Island turnpike and bridge authority, the Blackstone Valley district commission, the Narragansett Bay water quality management district commission, the Rhode Island telecommunications authority, the convention center authority, the Channel 36 foundation, the Rhode Island lottery commission their successors and assigns, any other body corporate and politic which has been or will be created or established within this state excepting cities and towns, and the board of governors for higher education for all purchases which are funded by restricted, sponsored, or auxiliary monies.

(17) "Purchase request" or "purchase requisition" means that document whereby a using agency requests that a contract be entered into to obtain goods and/or services for a specified need, and may include, but is not limited to, the technical description of the requested item,
delivery requirements, transportation mode request, criteria for evaluation of proposals, and/or
preparation of suggested sources of supply, and information supplied for the making of any
written determination and finding required by § 37-2-6.

(18) "Purchasing agency" means any state governmental entity which is authorized by
this chapter, its implementing regulations, or by way of delegation from the chief purchasing
officer to contract on its own behalf rather than through the central contracting authority of the
chief purchasing officer.

(19) "Purchasing agent" means any person authorized by a governmental entity in
accordance with procedures prescribed by regulations, to enter into and administer contracts and
make written determinations and findings with respect to contracts. The term also includes an
authorized representative acting within the limits of authority. "Purchasing agent" also means the
person appointed in accordance with § 37-2-1.

(20) "Services" means the rendering, by a contractor, of its time and effort rather than the
furnishing of a specific end product, other than reports which are merely incidental to the required
performance of services. "Services" does not include labor contracts with employees of state
agencies.

(21) "Shall" means imperative.

(22) "State" means the state of Rhode Island and any of its departments or agencies and
public agencies.

(23) "Supplemental agreement" means any contract modification which is accomplished
by the mutual action of the parties.

(24) "Supplies" means all property, including, but not limited to, leases of real property,
printing, and insurance, except land or permanent interest in land.

(25) "Using agency" means any state governmental entity which utilizes any supplies,
services, or construction purchased under this chapter.

(26) As used in § 37-2-59, "architect" or "engineer" services means those professional
services within the scope of practice of architecture, professional engineering, or registered land
surveying pertaining to construction, as defined by the laws of this state. "Consultant" means any
person with whom the state and/or a public agency has a contract which contract provides for the
person to give direction or information as regards a particular area of knowledge in which the
person is a specialist and/or has expertise.

(27) For purposes of §§ 37-2-62 – 37-2-70, "directors" means those members of a public
agency appointed pursuant to a statute who comprise the governing authority of the board,
commission, authority, and/or corporation.
(28) "State agency" means any department, commission, council, board, bureau, committee, institution, or other governmental entity of the executive or judicial branch of this state not otherwise established as a body corporate and politic, and includes, without limitation, the board of governors for higher education except for purchases which are funded by restricted, sponsored, or auxiliary moneys and the board of regents for elementary and secondary education.

(29) "Governmental entity" means any department, commission, council, board, bureau, committee, institution, legislative body, agency, or government corporation of the executive, legislative, or judicial branches of state, federal, and/or local governments.

(30) "Construction management at-risk" or "construction management at-risk services" or "construction management at-risk delivery method" is a construction method wherein a construction manager at-risk provides a range of preconstruction services and construction management services which may include cost estimation and consultation regarding the design of the building project, the preparation and coordination of bid packages, scheduling, cost control, and value engineering, acting as the general contractor during the construction, detailing the trade contractor scope of work, holding the trade contracts and other contracts, evaluating trade contractors and subcontractors, and providing management and construction services, all at a guaranteed maximum price, which shall represent the maximum amount to be paid by the using agency for the building project, including the cost of work, the general conditions and the fee payable to the construction management at-risk firm.

(31) "Construction manager at-risk" or "construction management at-risk firm" is a person or business experienced in construction that has the ability to evaluate and to implement drawings and specifications as they affect time, cost and quality of construction and the ability to coordinate and deliver the construction of the project within a guaranteed maximum price, which shall represent the maximum amount to be paid by the using agency for the building project, including the cost of the work, the general conditions and the fee payable to the construction management at-risk firm. The construction manager at-risk provides consultation services during the preconstruction and construction phases of the project. The project engineer, architect or owner's program manager may not serve as the construction manager at-risk.

(32) "Owner's program manager" shall be an entity engaged to provide project management services on behalf of a state agency for the construction and supervision of the construction of a building project. The owner's program manager acts as the owner's agent in all aspects of the construction project, including, but not limited to, architectural programming, planning, design, construction, and the selection and procurement of an appropriate construction delivery method. The owner's program manager shall have at least seven (7) years experience in...
the construction and supervision of construction of buildings of similar size and complexity. The
owner's program manager shall not have been employed during the preceding year by the design
firm, the construction firm, and/or the subcontractors associated with the project.

SECTION 16. Section 37-13-7 of the General Laws in Chapter 37-13 entitled "Labor and
Payment of Debts by Contractors" is hereby amended to read as follows:

37-13-7 Specification in contract of amount and frequency of payment of wages. --
(a) Every call for bids for every contract in excess of one thousand dollars ($1,000), to which the
state of Rhode Island or any political subdivision thereof or any public agency or quasi-public
agency is a party, for construction, alteration, and/or repair, including painting and decorating, of
public buildings or public works of the state of Rhode Island or any political subdivision thereof,
or any public agency or quasi-public agency and which requires or involves the employment of
employees, shall contain a provision stating the minimum wages to be paid various types of
employees which shall be based upon the wages that will be determined by the director of labor
and training to be prevailing for the corresponding types of employees employed on projects of a
character similar to the contract work in the city, town, village, or other appropriate political
subdivision of the state of Rhode Island in which the work is to be performed. Every contract
shall contain a stipulation that the contractor or his or her subcontractor shall pay all the
employees employed directly upon the site of the work, unconditionally and not less often than
once a week, and without subsequent deduction or rebate on any account, the full amounts
accrued at time of payment computed at wage rates not less than those stated in the call for bids,
regardless of any contractual relationships which may be alleged to exist between the contractor
or subcontractor and the employees, and that the scale of wages to be paid shall be posted by the
contractor in a prominent and easily accessible place at the site of the work; and the further
stipulation that there may be withheld from the contractor so much of the accrued payments as
may be considered necessary to pay to the employees employed by the contractor, or any
subcontractor on the work, the difference between the rates of wages required by the contract to
be paid the employees on the work and the rates of wages received by the employees and not
refunded to the contractor, subcontractors, or their agents.

(b) The terms "wages", "scale of wages", "wage rates", "minimum wages", and
"prevailing wages" shall include:

(1) The basic hourly rate of pay; and
(2) The amount of:
(A) The rate of contribution made by a contractor or subcontractor to a trustee or to a
third person pursuant to a fund, plan, or program; and
(B) The rate of costs to the contractor or subcontractor which may be reasonably anticipated in providing benefits to employees pursuant to an enforceable commitment to carry out a financially responsible plan or program which was communicated in writing to the employees affected, for medical or hospital care, pensions on retirement or death, compensation for injuries or illness resulting from occupational activity, or insurance to provide any of the foregoing, for unemployment benefits, life insurance, disability and sickness insurance, or accident insurance, for vacation and holiday pay, for defraying costs of apprenticeship or other similar programs, or for other bona fide fringe benefits, but only where the contractor or subcontractor is not required by other federal, state, or local law to provide any of the benefits; provided, that the obligation of a contractor or subcontractor to make payment in accordance with the prevailing wage determinations of the director of labor and training insofar as this chapter of this title and other acts incorporating this chapter of this title by reference are concerned may be discharged by the making of payments in cash, by the making of contributions of a type referred to in subsection (b)(2), or by the assumption of an enforceable commitment to bear the costs of a plan or program of a type referred to in this subdivision, or any combination thereof, where the aggregate of any payments, contributions, and costs is not less than the rate of pay described in subsection (b)(1) plus the amount referred to in subsection (b)(2).

(c) The term "employees", as used in this section, shall include employees of contractors or subcontractors performing jobs on various types of public works including mechanics, apprentices, teamsters, chauffeurs, and laborers engaged in the transportation of gravel or fill to the site of public works, the removal and/or delivery of gravel or fill or ready-mix concrete, sand, bituminous stone, or asphalt flowable fill from the site of public works, or the transportation or removal of gravel or fill from one location to another on the site of public works, and the employment of the employees shall be subject to the provisions of subsections (a) and (b).

(d) The terms "public agency" and "quasi-public agency" shall include, but not be limited to, the Rhode Island industrial recreational building authority, the Rhode Island economic development corporation, the Rhode Island airport corporation, the Rhode Island industrial facilities corporation, the Rhode Island refunding bond authority, the Rhode Island housing and mortgage finance corporation, the Rhode Island resource recovery corporation, the Rhode Island public transit authority, the Rhode Island student loan authority, the water resources board corporate, the Rhode Island health and education building corporation, the Rhode Island higher education assistance authority, the Rhode Island turnpike and bridge authority, the Narragansett Bay water quality management district commission, Rhode Island telecommunications authority, the convention center authority, the board of governors for higher education, the board of regents...
for elementary and secondary education, the capital center commission, the housing resources
commission, the Quonset Point-Davisville management corporation, the Rhode Island children's
crusade for higher education, the Rhode Island depositors economic protection corporation, the
Rhode Island lottery commission, the Rhode Island partnership for science and technology, the
Rhode Island public building authority, and the Rhode Island underground storage tank board.

SECTION 17. Section 42-11.3-1 of the General Laws in Chapter 42-11.3 entitled "Motor
Vehicles Owned by a Governmental Body" is hereby amended to read as follows:

42-11.3-1 Definition. -- As used in this chapter, the following terms have the following
meanings unless otherwise specified:

(1) "General officer" means the governor, the lieutenant governor, the attorney general,
the secretary of state, and the general treasurer.

(2)(i) "Governmental body" means any department, commission, council, board, bureau,
committee, institution, legislative body, agency, government corporation, including, without
limitation, the board of governors for higher education and board of regents for elementary and
secondary education or other establishment of the executive, legislative or judicial branch of the
state.

(ii) "Governmental body" also means the Rhode Island industrial recreational building
authority, the Rhode Island economic development corporation, the Rhode Island industrial
facilities corporation, the Rhode Island refunding bond authority, the Rhode Island housing and
mortgage finance corporation, the Rhode Island solid waste management corporation, the Rhode
Island public transit authority, the Rhode Island student loan authority, the Howard development
corporation, the water resources board, the Rhode Island health and education building
corporation, the Rhode Island higher education assistance authority, the Rhode Island turnpike
and bridge authority, the Blackstone Valley district commission, the Narragansett Bay water
quality management district commission, Rhode Island telecommunications authority, the
convention center authority, channel 36 foundation, their successors and assigns, and any other
body corporate and politic which has been here before or which is hereinafter created or
established within this state excepting cities and towns.

(3) "Own" means control and the intent to control and includes any type of arrangement,
including by way of illustration, and not by limitation, a lease arrangement, whereby an employee
of a governmental body is supplied principal or exclusive use of a motor vehicle by his or her
employer.

(4) "Law enforcement officer" means an individual: (i) who is employed on a full-time
basis by a governmental body that is responsible for the prevention or investigation of crime
involving injury to persons or property (including the apprehension or detention of persons for such crimes); (ii) who is authorized by law to carry firearms, execute search warrants, and to make arrests (other than merely a citizen's arrest); and (iii) who regularly carries firearms (except when it is not possible to do so because of the requirements of undercover work). The term law enforcement officer shall include an arson investigator if the investigator otherwise meets these requirements.

(5) "Commuting" means driving a motor vehicle owned by a governmental body to and from the work place and the employee's residence.

(6) "Employee" means an individual who works for a governmental body not less than thirty-five (35) hours a week.

SECTION 18. Section 42-35-1 of the General Laws in Chapter 42-35 entitled "Administrative Procedures" is hereby amended to read as follows:

42-35-1 Definitions. -- As used in this chapter:

(1) "Agency" includes each state board, commission, department, or officer, other than the legislature or the courts, authorized by law to make rules or to determine contested cases, and all "authorities", as that term is defined below;

(2) " Authorities " includes the following: the Rhode Island industrial building authority, the Rhode Island recreational building authority, the Rhode Island economic development corporation, the Rhode Island industrial facilities corporation, the Rhode Island refunding bond authority, the Rhode Island housing and mortgage finance corporation, the Rhode Island solid waste management corporation, the Rhode Island public transit authority, the Rhode Island student loan authority, the Howard development corporation, the water resources board, the Rhode Island health and educational building corporation, the Rhode Island higher education assistance authority, the Rhode Island turnpike and bridge authority, the Blackstone Valley district commission, the Narragansett Bay water quality management district commission, their successors and assigns, and any body corporate and politic with the power to issue bonds and notes, which are direct, guaranteed, contingent, or moral obligations of the state, which is hereinafter created or established in this state.

(3) "Contested case" means a proceeding, including but not restricted to ratemaking, price fixing, and licensing, in which the legal rights, duties, or privileges of a specific party are required by law to be determined by an agency after an opportunity for hearing;

(4) "License" includes the whole or part of any agency permit, certificate, approval, registration, charter, or similar form of permission required by law, but it does not include a license required solely for revenue purposes;
(5) "Licensing" includes the agency process respecting the grant, denial, renewal, revocation, suspension, annulment, withdrawal, or amendment of a license;

(6) "Party" means each person or agency named or admitted as a party, or properly seeking and entitled as of right to be admitted as a party;

(7) "Person" means any individual, partnership, corporation, association, the department of environmental management, governmental subdivision, or public or private organization of any character other than an agency;

(8) "Rule" means each agency statement of general applicability that implements, interprets, or prescribes law or policy or describes the organization, procedure, or practice requirements of any agency. The term includes the amendment or repeal of a prior rule, but does not include: (1) statements concerning only the internal management of an agency and not affecting private rights or procedures available to the public, or (2) declaratory rulings issued pursuant to § 42-35-8, (3) intra-agency memoranda, or (4) an order;

(9) "Small business" shall have the same meanings that are provided for under title 13, volume 1, part 121 of the Code of Federal Regulations (13 CFR 121, as may be amended from time to time);

(10) "Order" means the whole or a part of a final disposition, whether affirmative, negative, injunctive or declaratory in form, of a contested case;

(11) "Small business advocate" means the person appointed by the director of the economic development corporation as provided in § 42-64-34.

SECTION 19. Section 42-104-1 of the General Laws in Chapter 42-104 entitled "The William P. Robinson, Jr., Building" is hereby amended to read as follows:

42-104-1 The William P. Robinson, Jr., Building. -- The Rhode Island division of higher education assistance authority building on Jefferson Boulevard in the city of Warwick shall be named the "William P. Robinson, Jr., Building".

SECTION 20. Section 42-155-3 of the General Laws in Chapter 42-155 entitled "Quasi-Public Corporations Accountability and Transparency Act" is hereby amended to read as follows:

42-155-3 Definitions. Effective January 1, 2015. -- (a) As used in this chapter, "quasi-public corporation" means any body corporate and politic created, or to be created, pursuant to the general laws, including, but not limited to, the following:

(1) Capital center commission;
(2) Rhode Island convention center authority;
(3) Rhode Island industrial facilities corporation;
(4) Rhode Island industrial-recreational building authority;
(5) Rhode Island small business loan fund corporation;
(6) Quonset development corporation;
(7) Rhode Island airport corporation;
(8) I-195 redevelopment district commission;
(9) Rhode Island health and educational building corporation;
(10) Rhode Island housing and mortgage finance corporation;
(11) Rhode Island higher education assistance authority;
(12) Rhode Island student loan authority;
(13) Narragansett bay commission;
(14) Rhode Island clean water finance agency;
(15) Rhode Island water resources board;
(16) Rhode Island resource recovery corporation;
(17) Rhode Island public rail corporation;
(18) Rhode Island public transit authority;
(19) Rhode Island turnpike and bridge authority;
(20) Rhode Island tobacco settlement financing corporation; and
(21) Any subsidiary of the Rhode Island commerce corporation.

(b) Cities, towns, and any corporation created that is an instrumentality and agency of a city or town, and any corporation created by a state law that has been authorized to transact business and exercise its powers by a city or town pursuant to ordinance or resolution, and fire and water districts are not subject to the provisions of this chapter.

(c) The Rhode Island commerce corporation, being subject to similar transparency and accountability requirements set forth in chapter 64 of title 42; the Rhode Island public rail corporation established in chapter 64.2 of title 42; Block Island power authority; and the Pascoag utility district shall not be subject to the provisions of this chapter.

SECTION 21. Sections 44-30.1-1, 44-30.1-3 and 44-30.1-5 of the General Laws in Chapter 44-30.1 entitled "Setoff of Refund of Personal Income Tax" are hereby amended to read as follows:

44-30.1-1 Definitions. -- (a) "Benefit overpayments and interest owed" means any amount in excess of five hundred dollars ($500) determined to be recoverable under the provisions of chapters 39 – 44 of title 28.

(b) "Cash assistance benefit overpayments" means any amount of cash assistance benefits which constitutes an overpayment of benefits under the provisions of the Rhode Island Works Program as previously established by chapter 5.2 of title 40, and/or the predecessor family
assistance programs, formerly known as the Family Independence Program, as previously established by chapter 5.1 of title 40, and the Aid to Families With Dependent Children program, as previously established by § 40-6-4, which overpayment amount has been established by court order, by administrative hearing conducted by the department of human services, or by written agreement between the department of human services and the individual.

(c) "Claimant agency" means either:

(1) The department of human services, with respect (1) to past-due support which has been assigned to the department of human services by public assistance and medical assistance recipients or by the department for children, youth and families, (2) past-due support which it is attempting to collect on behalf of any individual not eligible as a public assistance recipient, and (3) cash assistance benefit overpayments or medical assistance benefit overpayments, as defined herein; or

(2)(i) The Rhode Island division of higher education assistance authority (RIHEAA), with respect to obligations owed to that agency or to the state of Rhode Island by reason of default or failure to pay student loans, health professions contract advances or scholarships or grant over-awards, or

(ii) The Rhode Island division of higher education assistance authority (RIHEAA), acting as agent for the United States Department of Education or other student loan guarantee agencies in other states which have negotiated a reciprocal arrangement with the Rhode Island division of higher education assistance RIHEAA for the setoff of refunds of personal income taxes against defaulted loan obligations.

(3) The Rhode Island court administrative office, with respect to court costs, fines, and restitution owed; or

(4) The department of labor and training with respect to benefit overpayments and interest owed in excess of five hundred dollars ($500).

(d) "Court costs owed" means any fines, fees, and/or court costs which have been assessed pursuant to a criminal disposition by a judge of the district, family and superior courts, including, but not limited to, those amounts assessed pursuant to chapters 20 and 25 of title 12 and those amounts assessed pursuant to title 31, including also those fines, fees, and/or court costs assessed by the traffic tribunal or municipal court associated with motor vehicle violations which have not been paid and which have been declared delinquent by the administrative judge of the court making the assessment.

(e) "Debtor" means:

(1) Any individual who owes past-due support which has been assigned to the department
of human services by public assistance and medical assistance recipients or by the department of
children, youth and families, or owes past due support to any individual not eligible as a public
assistance recipient;

(2) Any individual who has obligations owed to the Rhode Island division of higher
education assistance RIHEAA or the state of Rhode Island, the United States Department of
Education or other states and agencies that have negotiated reciprocal agreements with the Rhode
Island division of higher education assistance RIHEAA;

(3) Any individual who owes fines, fees, and/or court costs to the superior, family,
district courts and the traffic tribunal and municipal court associated with motor vehicle
violations;

(4) Any individual who owes restitution to any victim of any offense which has been
ordered by a judge of the district, family and superior courts pursuant to a disposition in a
criminal case and which has been made payable through the administrative office of state courts
pursuant to § 12-19-34 except that obligations discharged in bankruptcy shall not be included;

(5) Any individual who owes any sum in excess of five hundred dollars ($500) for benefit
overpayments and interest to the department of labor and training determined to be recoverable
under the provisions of chapters 39-44 of title 28.

(6) Any individual who owes any sum of cash assistance benefit overpayments to the
department of human services.

(7) Any individual who has obligations owed to the Rhode Island Student Loan Authority
(RISLA), or other states and agencies that have negotiated reciprocal agreements with RISLA.

(f) "Division" means the department of revenue, division of taxation.

(g) "Fines owed" means any fines, fees, and/or court costs which have been ordered paid
as a penalty in a criminal case by a judge of the district, family and superior courts and those
fines, fees, and/or court costs ordered paid by the traffic tribunal or municipal court for motor
vehicle violations as described in § 31-41.1-4 which have not been paid and which have been
declared delinquent by the administrative judge of the court making the assessment.

(h) "Medical assistance benefit overpayment" means any amount of medical assistance
benefits which constitutes an overpayment of medical assistance benefits. The department is
authorized to promulgate rules and regulations to provide for notice and hearing prior to the
income tax intercept by the department for income tax intercept for medical assistance benefits
overpaid to the recipient. The amount of overpayment of benefits may include the overpayment
of benefits due to the fact that the Medicaid recipient failed to pay the cost share obligation
lawfully imposed in accordance with Rhode Island law.
(i) "Medical assistance cost share arrearage" means any amount due and owing to the department of human services as a result of a Medicaid recipient's failure to pay their cost share obligation, including any amount due for a cost sharing obligation or medical assistance premium obligation, imposed in accordance with Title 40, Chapter 8.4 of the Rhode Island General Laws.

(j) "Obligation owed" means the total amount owed by any individual on:

(1) Any guaranteed student loan or parent loan for undergraduate students for which the Rhode Island division of higher education assistance RIHEAA has had to pay the guarantee, or for which the Rhode Island division of higher education assistance RIHEAA is acting as agent on behalf of the United States Department of Education or other state cooperating agencies which have had to pay a guarantee,

(2) Any contract fee advanced by either the Rhode Island division of higher education assistance RIHEAA or the state of Rhode Island on behalf of any individual participating in a health professions educational program for which payment has not been made according to the terms of the contract, and

(3) Any amount of scholarship or grant funds which constitutes an over-award, whether due to error or to the submission of false information, and for which repayment has been demanded by the agency, but which has not been paid.

(4) Any education loan held by the Rhode Island Student Loan Authority (RISLA) not guaranteed by the Rhode Island division of higher education assistance RIHEAA or other guarantor.

(k) "Past-due support" means the amount of court-ordered child support or maintenance, child medical support or a spousal support order for a custodial parent having custody of a minor child, which is overdue or otherwise in arrears, regardless of whether there is an outstanding judgment for that amount, and whether the order for the support or maintenance has been established by a court or by an administrative process authorized under the laws of any state.

(l) "Refund" means the Rhode Island income tax refund which the division of taxation determines to be due to a taxpayer.

(m) "Restitution owed" means any amount which has been ordered paid pursuant to a criminal case disposition by a judge of the district, family and superior courts pursuant to chapter 19 of title 12, which has not been paid and which has been declared delinquent by the administrative judge of the court making the assessment.

44-30.1-3 Collection of debts by setoff. -- Within a time frame established by the division of taxation, the claimant agency shall supply the information necessary relative to each debtor owing the state money, and further, shall certify the amount of debt or debts owed to the...
state by each debtor. Upon receiving notice from the claimant agency that a named debtor owes past-due support, delinquent court costs, fines, or restitution or benefit overpayments and interest owed, has obligations owed as described in § 44-30.1-1(g), cash assistance benefit overpayments, medical assistance benefit overpayments, or medical assistance cost share arrearages, the division of taxation shall determine whether any amount, as a refund of taxes paid, is payable to the debtor, regardless of whether the debtor filed an income tax return as a married or unmarried individual. If the division of taxation determines that any refund is payable, the division of taxation shall set off the past-due support, delinquent court costs, fines or restitution or benefit overpayments and interest owed, the obligation owed, cash assistance benefit overpayments, medical assistance benefit overpayments, or medical assistance cost share arrearages, against the debtor's refund and shall reduce the debtor's refund by the amount so determined. The division of taxation shall transfer the amount of past-due support, delinquent court costs, fines or restitution, or benefit overpayments and interest owed, obligation owed, cash assistance benefit overpayments, medical assistance benefit overpayments, or medical assistance cost share arrearages, set off against the debtor's refund to the claimant agency or in the case of the United States Department of Education or other out-of-state agencies, to the Rhode Island division of higher education assistance authority (RIHEAA) as its agent, and in the case of education loans held by the Rhode Island Student Loan Authority (RISLA) for itself or as agent for another out-of-state education loan agency and which education loans are not guaranteed by the Rhode Island division of higher education assistance RIHEAA or another guarantor, to RISLA. The pendency of judicial proceedings to contest the setoff shall not stay nor delay the setoff and transfer of refunds to the claimant agency. If the amount of the debtor's refund exceeds the amount of the past-due support, delinquent court costs, fines, or restitution or benefit overpayments and interest owed, obligation owed, cash assistance benefit overpayments, medical assistance benefit overpayments, or medical assistance cost share arrearages, the division of taxation shall refund the excess amount to the debtor. If in any instance with regard to the debtor the division of taxation has received notice from more than one claimant agency, the claim by the bureau of child support shall receive first priority, the obligations owed shall have second priority, and the delinquent court costs, fines or restitution shall have third priority, the benefit overpayments and interest owed the fourth priority and the cash assistance benefit overpayments the fifth priority, and medical assistance benefit overpayments, or medical assistance cost share arrearages the sixth priority.

44-30.1-5 Hearing procedures.-- (a) If the claimant agency receives written application pursuant to § 44-30.1-4(b) contesting the setoff or the delinquent court costs, fines or restitution
or the past-due support or benefit overpayments and interest owed or the obligation owed upon
which the setoff is based, it shall grant a hearing to the applicant in accordance with chapter 35 of
title 42, "Administrative Procedure".

(b) Appeals from the administrative decisions made by the claimant agency shall be in
accordance with chapter 35 of title 42, "Administrative Procedures". Appeals contesting the setoff
of past due support shall be to the family court of Providence County.

(c) In those cases where the Rhode Island division of higher education assistance
authority (RIHEAA) acts as agent for the United States Department of Education or other out-of-
state agencies, the Rhode Island division of higher education assistance RIHEAA must obtain
appropriate documentation of the obligation owed such as promissory notes, evidence of
guarantees paid and any other items that may be necessary to conduct a fair hearing. The Rhode
Island division of higher education assistance RIHEAA as agent for other states shall negotiate
appropriate reciprocal agreements with those states for purposes of transferring funds and setting
charges for cost of services.

(d) In those cases where the Rhode Island Student Loan Authority (RISLA) is the
claimant either for itself or as agent for another out-of-state education loan agency, RISLA must
obtain appropriate documentation of the obligation owed such as promissory notes, and any other
items that may be necessary to conduct a fair hearing. RISLA as agent for other states or agencies
shall negotiate appropriate reciprocal agreements with those states and agencies for purposes of
transferring funds and setting charges for cost of services.

SECTION 22. This article shall take effect as of July 1, 2015.
ARTICLE 8

RELATING TO MUNICIPALITIES

SECTION 1. Section 24-12-26 of the General Laws in Chapter 24-12 entitled “Rhode Island Turnpike and Bridge Authority” is hereby amended to read as follows:

24-12-26 Power to collect tolls and charges – Gasoline and service concessions. -- (a)

The authority is hereby authorized, subject to the provisions of this chapter, to fix, revise, charge and collect tolls for the use of the Newport Bridge, the Mount Hope Bridge, the turnpike and the different parts or sections thereof, and for the use of any additional facility and the different parts or sections thereof, and to contract with any person, partnership, association or corporation for placing on any project telephone, telegraph, electric light or power lines, gas stations, garages, and restaurants if deemed necessary by the authority in connection with the project, or for the use of any project or part thereof, including the right-of-way adjoining the paved portion of the turnpike or of any additional facility or for any other purposes and to fix the terms, conditions, rents and rates of charges for such use; provided, that the authority shall construct any gasoline service facilities which it may determine are needed on the project, and provided, further, that, to afford users of the project a reasonable choice of motor fuels of different brands, each gasoline service station shall be separately offered for lease upon sealed bids and, after notice of the offer has been published once a week in three (3) consecutive weeks in a newspaper having general circulation in the state, and, in the event an acceptable bid shall be received in the judgment of the authority, each lease shall be awarded to the highest responsible bidder therefor, but no person shall be awarded or have the use of, nor shall motor fuel identified by the trade-marks, trade names, or brands of any one supplier, distributor, or retailer of such fuel be sold at more than one service station if they would constitute more than twenty-five percent (25%) of the service stations on the project. Notwithstanding the provisions of this section, members of the town of Jamestown police and fire department and ambulance service personnel of the town of Jamestown and Jamestown school department who, in the course of their duty, are required to pay a toll for use of the Newport Bridge, shall, upon the presentment of receipts for the payment of the toll to the town of Jamestown, be reimbursed for all charges on an annual basis by the town of Jamestown who in turn shall be reimbursed for all payments made by the state. The town of Jamestown shall submit a request for reimbursement to the division of municipal finance for the
previous fiscal year (ending June 30th) no later than September 30th of the fiscal year following
the fiscal year for which reimbursement is being requested. Notwithstanding the provisions of this
section, members of the city of Newport police and fire department and rescue personnel who, in
the course of their duty, are required to pay a toll for use of the Newport Bridge, shall, upon the
presentment of receipts for the payment of the toll to the city of Newport, be reimbursed for all
charges on an annual basis by the city of Newport who in turn shall be reimbursed for all
payments made by the state. The city of Newport shall submit a request for reimbursement to the
division of municipal finance for the previous fiscal year (ending June 30th) no later than
September 30th of the fiscal year following the fiscal year for which reimbursement is being
requested.

(b) Notwithstanding the provisions of this section, members of the police and fire
department and rescue personnel of any city or town in this state who, in the course of their duty,
are required to pay a toll for use of the Mount Hope Bridge or the Sakonnet River Bridge, if any,
shall, upon the presentment of receipts for the payment of the toll to their town or city, be
reimbursed for all such charges on an annual basis by the town or city, who in turn shall be
reimbursed for all payments made by the state. Any city or town shall submit a request for
reimbursement to the division of municipal finance for the previous fiscal year (ending June 30th)
no later than September 30th of the fiscal year following the fiscal year for which reimbursement
is being requested.

SECTION 2. Section 45-12-33 of the General Laws in Chapter 45-12 entitled
“Indebtedness of Towns and Cities” is hereby amended to read as follows:

45-12-33 Borrowing for road and bridge projects financed through the “municipal
road and bridge revolving fund” Borrowing for road and bridge, infrastructure, and school
building projects. — (a) [1] In addition to other authority previously granted, during calendar
year 2014 a city or town may authorize the issuance of bonds, notes, or other evidences of
indebtedness to evidence loans from the municipal road and bridge revolving fund administered
by the Rhode Island clean water finance agency in accordance with chapter 18 of title 24.

(2) In addition to other authority previously granted, from July 1, 2015 to June 30, 2016,
a city or town may authorize the issuance of bonds, notes, or other evidences of indebtedness to
evidence loans from the efficient buildings fund administered by the Rhode Island clean water
finance agency infrastructure bank in accordance with chapter 12.2 of title 46 of the general laws
or the school building authority capital fund administered by the Rhode Island health and
educational building corporation in accordance with chapter 38.2 of title 45.

(b) These bonds, notes, or other evidences of indebtedness are subject to the maximum

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aggregate indebtedness permitted to be issued by any city or town under § 45-12-2.

(c) The denominations, maturities, interest rates, methods of sale, and other terms, conditions, and details of any bonds or notes issued under the provisions of this section may be fixed by resolution of the city or town council authorizing them, or if no provision is made in the resolution, by the treasurer or other officer authorized to issue the bonds, notes or evidences of indebtedness; provided, that the payment of principal shall be by sufficient annual payments that will extinguish the debt at maturity, the first of these annual payments to be made not later than three (3) years, and the last payment not later than twenty (20) years after the date of the bonds.

The bonds, notes, or other evidences of indebtedness may be issued under this section by any political subdivision without obtaining the approval of its electors, notwithstanding the provisions of §§ 45-12-19 and 45-12-20 and notwithstanding any provision of its charter to the contrary.

SECTION 3. This article shall take effect upon passage.
ARTICLE 9

RELATING TO SCHOOL BUILDING AUTHORITY CAPITAL FUND

SECTION 1. Sections 16-7-41.1 and 16-7-44 of the General Laws in Chapter 16-7 entitled "Foundation Level School Support" are hereby amended to read as follows:

16-7-41.1. Eligibility for reimbursement. -- (a) School districts, not municipalities, may apply for and obtain approval for a project under the necessity of school construction process set forth in the regulations of the board of regents for elementary and secondary education, provided, however, in the case of municipality which issues bonds through the Rhode Island Health and Educational Building Corporation to finance or refinance school facilities for a school district which is not part of the municipality, the municipality may apply for and obtain approval for a project. Such approval will remain valid until June 30 of the third fiscal year following the fiscal year in which the board of regents for elementary and secondary education's approval is granted. Only those projects undertaken at school facilities under the care and control of the school committee and located on school property may qualify for reimbursement under §§ 16-7-35 -- 16-7-47. Facilities with combined school and municipal uses or facilities that are operated jointly with any other profit or non-profit agency do not qualify for reimbursement under §§ 16-7-35 -- 16-7-47. Projects completed by June 30 of a fiscal year are eligible for reimbursement in the following fiscal year. A project for new school housing or additional housing shall be deemed to be completed when the work has been officially accepted by the school committee or when the housing is occupied for its intended use by the school committee, whichever is earlier.

(b) Notwithstanding the provisions of this section, the board of regents shall not grant final approval for any project between June 30, 2011 and May 1, 2015 except for projects that are necessitated by immediate health and safety reasons. In the event that a project is requested during the moratorium because of immediate health and safety reasons, those proposals shall be reported to the chairs of the house and senate finance committees.

(c) Any project approval granted prior to the adoption of the school construction regulations in 2007, and which are currently inactive; and any project approval granted prior to the adoption of the school construction regulations in 2007 which did not receive voter approval or which has not been previously financed, are no longer eligible for reimbursement under this chapter. The department of elementary and secondary education shall develop recommendations
for further cost containment strategies in the school housing aid program.

(d) Beginning July 1, 2015, the council on elementary and secondary education shall approve new necessity of school construction applications on an annual basis. The department of elementary and secondary education shall develop an annual application timeline for LEAs seeking new necessity of school construction approvals.

16-7-44. School housing project costs. – School housing project costs, the date of completion of school housing projects, and the applicable amount of school housing project cost commitments shall be in accordance with the regulations of the commissioner of elementary and secondary education and the provisions of §§ 16-7-35 – 16-7-47; provided, however, that school housing project costs shall include the purchase of sites, buildings, and equipment, the construction of buildings, and additions or renovations of existing buildings and/or facilities.

School housing project costs shall include the cost of interest payment on any bond issued after July 1, 1988, provided that such bond is approved by the voters on or before June 30, 2003 or issued by a municipal public building authority or by the appropriate approving authority on or before June 30, 2003. Except as provided in subsection 16-7-41(d), those projects approved after June 30, 2003, interest payments may only be included in project costs provided that the bonds for these projects are issued through the Rhode Island Health, Education and Building Corporation. School housing project costs shall exclude: (1) any bond issuance costs incurred by the municipality or regional school district; (2) demolition costs for buildings, facilities, or sites deemed surplus by the school committee; and (3) restrictions pursuant to § 16-7-44.1 below. A building, facility, or site is declared surplus by a school committee when the committee no longer has such building, facility, or site under its direct care and control and transfers control to the municipality, § 16-2-15. The board of regents for elementary and secondary education will promulgate rules and regulations for the administration of this section. These rules and regulations may provide for the use of lease revenue bonds, capital leases, or capital reserve funding, to finance school housing provided that the term of any bond, or capital lease shall not be longer than the useful life of the project and these instruments are subject to the public review and voter approval otherwise required by law for the issuance of bonds or capital leases. Cities or towns issuing bonds, or leases issued by municipal public buildings authority for the benefit of a local community pursuant to chapter 50 of title 45 shall not require voter approval. Effective January 1, 2008, and except for interim finance mechanisms, refunding bonds, borrowing from the school building authority capital fund, and bonds issued by the Rhode Island Health and Educational Building Corporation to finance school housing projects for towns, cities, or regional school districts borrowing for which has previously been authorized by an enabling act of the
general assembly, all bonds, notes and other forms of indebtedness issued in support of school
housing projects shall require passage of an enabling act by the general assembly.

SECTION 2. Title 16 of the General Laws entitled “EDUCATION” is hereby amended
by adding thereto the following chapter:

CHAPTER 105
SCHOOL BUILDING AUTHORITY

16-105-1. Legislative findings. – (a) The state of Rhode Island is committed to providing
high quality educational opportunities for all public school students.

(b) School facilities provide more than a place for instruction. The physical learning
environment contributes to the successful performance of educational programs designed to meet
students’ educational needs.

(c) Every student needs a safe, healthy, and sanitary learning environment that promotes
student learning and development.

(d) School construction policies should encourage districts to reduce excess capacity
through means such as partnering with other districts, closing buildings, and altering grade
configurations in certain buildings to maximize the use of square feet.

(e) In order to maximize limited state resources, the project prioritization process should
focus on projects with the most urgent and immediate need.

(f) State funded school construction project financing should transition from a system that
largely reimburses local debt service to one that provides a set amount of financing annually, to
provide greater stability from a budgetary perspective while guiding limited resources to best use.

16-105-2. School building authority established. -- The general assembly hereby
designates the department of elementary and secondary education as the state’s school building
authority with the responsibility to implement a system of state funding for school facilities
designed to:

(1) Promote adequate school housing for all public school children in the state, and

(2) Prevent the cost of school housing from interfering with the effective operation of the
schools.

16-105-3. Roles and responsibilities. -- The school building authority roles and
responsibilities shall include:

(1) Management of a system with the goal of assuring equitable and adequate school
housing for all public school children in the state;

(2) Prevention of the cost of school housing from interfering with the effective operation
of the schools:
(3) Management of school housing aid in accordance with statute;

(4) Reviewing and making recommendations to the council on elementary and secondary education on necessity of school construction applications for state school housing aid from the school building authority capital fund, based on the recommendations of the school building authority advisory board;

(5) Managing and maintaining school construction regulations, standards, and guidelines applicable to the school housing program, based on the recommendations of the school building authority advisory board, created in § 16-105-8;

(6) Providing technical advice and assistance, training and education to cities, towns, and/or LEAs and to general contractors, subcontractors, construction or project managers, designers and others in planning, maintenance and establishment of school facility space;

(7) Developing a project priority system, based on the recommendations of the school building authority advisory board, in accordance with school construction regulations for the state school housing aid set forth in §§ 16-7-35 to 16-7-47 and the school building authority capital fund, subject to review and if necessary to be revised on intervals not to exceed five (5) years. Project priorities shall be in accordance with, but not limited to, the following order of priorities:

(i) Projects to replace or renovate a building which is structurally unsound or otherwise in a condition seriously jeopardizing the health and safety of school children, where no alternative exists;

(ii) Projects needed to prevent loss of accreditation;

(iii) Projects needed for the replacement, renovation or modernization of the HVAC system in any schoolhouse to increase energy conservation and decrease energy related costs in said schoolhouse;

(iv) Projects needed to replace or add to obsolete buildings in order to provide for a full range of programs consistent with state and approved local requirements; and

(v) Projects needed to comply with mandatory instructional programs.

(8) Maintaining a current list of requested school projects and the priority given them;

(9) Collecting and maintaining readily available data on all the public school facilities in the state;

(10) Recommending policies and procedures designed to reduce borrowing for school construction programs at both state and local levels;

(11) At least every five (5) years, conducting a needs survey to ascertain the capital construction, reconstruction, maintenance and other capital needs for schools in each district of the state including public charter schools;
(12) Developing a formal enrollment projection model or using projection models already available;

(13) Encouraging local education agencies to investigate opportunities for the maximum utilization of space in and around the district;

(14) Collecting and maintaining a clearinghouse of prototypical school plans which may be consulted by eligible applicants;

(15) By regulation, offering additional incentive points to the school housing aid ratio calculation set forth in § 16-7-39, as the authority, based upon the recommendation of the advisory board, determines will promote the purposes of this chapter. Said regulations may delineate the type and amounts of any such incentive percentage points; provided, however, that no individual category of incentive points shall exceed two (2) additional points; and provided further, that no district shall receive a combined total of more than five (5) incentive percentage points. Such incentive points may be awarded for a district's use of highly efficient construction delivery methods; regionalization with other districts; superior maintenance practices of a district; energy efficient and sustainable design and construction; the use of model schools as adopted by the authority; and other incentives as recommended by the advisory board and determined by the authority to encourage the most cost-effective and quality construction. Notwithstanding any provision of the general laws to the contrary, the reimbursement or aid received under this chapter or § 45-38.2 shall not exceed one hundred percent (100%) of the sum of the total project costs plus interest costs.

16-105-4. Funding mechanisms for school facilities. -- The school building authority, within the department shall oversee and manage two distinct funding mechanisms for school facilities: the foundation program for school housing, as set forth in §§ 16-7-35 to 16-7-47, and the school building authority capital fund, as set forth at chapter 38.2 of title 45. The school building authority shall determine the necessity of school construction, establish standards for design and construction of school buildings, ensure that districts have adequate asset protection plans in place to maintain their school facilities, make recommendations to the council on elementary and secondary education for approval of projects for school housing aid reimbursement and establish a project priority list for projects funded by the school building authority capital fund and school housing aid set forth in §§ 16-7-35 to 16-7-47 that shall apply to any projects submitted or reviewed on or after May 1, 2015.

16-105-5. Procedure for school building authority capital fund project approval. --

(a) The department of elementary and secondary education shall promulgate rules and regulations that establish the process through which a city, town, or LEA may submit an application for
school building authority capital funding. The department may also prescribe, without limitation, forms for financial assistance applications. All rules and regulations promulgated pursuant to this chapter shall be promulgated in accordance with the provisions of § 42-35-2.2, and shall apply to any projects submitted or reviewed on or after May 1, 2015.

(b) As part of the budget process, the governor shall specify the amount included in his/her budget recommendation that the school building authority may commit to new projects in the ensuing fiscal year, as well as any funding pursuant to § 16-105-7. Subsequently, the general assembly shall authorize the maximum amount that the school building authority may commit to new projects in the ensuing fiscal year.

(c) Each LEA shall develop, implement, and maintain a comprehensive asset protection plan for every school building, not only buildings for which housing aid or school building authority capital funds are sought or received. Only LEAs that have adequate asset protection plans in place to maintain their school facilities are eligible for funding from the school building authority capital fund. LEAs must annually provide asset protection information to the department of elementary and secondary education. If an LEA fails to provide asset protection information in a fiscal year, they are not eligible to receive school building authority capital funds the next fiscal year.

(d) Upon issuance of the project priority list, the Rhode Island health and educational building corporation shall award financial assistance to cities, towns, and LEAs for approved projects. The corporation may decline to award financial assistance to an approved project which the corporation determines will have a substantial adverse effect on the interests of holders of bonds or other indebtedness of the corporation or the interests of other participants in the financial assistance program, or for good and sufficient cause affecting the finances of the corporation. All financial assistance shall be made pursuant to a loan or financing agreement between the corporation and the city, town or LEA, acting by and through the officer or officers, board, committee, or other body authorized by law, or otherwise its chief executive officer, according to terms and conditions as determined by the corporation, and each loan shall be evidenced and secured by the issue to the corporation of city or town obligations in principal amount, bearing interest at the rate or rates specified in the applicable loan or financing agreement, and shall otherwise bear such terms and conditions as authorized by this chapter and/or the loan or financing agreement.

16-105-6. Inspection of approved projects. -- For any approved project, the school building authority shall have the authority to inspect the construction and operation thereof to ensure compliance with the provisions of this chapter.
16-105-7. Expenses incurred by the department. -- In order to provide for one-time or limited expenses of the department of elementary and secondary education under this chapter, the corporation shall provide funding from the school building authority capital fund. The school building authority shall, by October 1 of each year, report to the governor and the chairs of the senate and house finance committees, the senate fiscal advisor and the house fiscal advisor the amount sought for expenses for the next fiscal year.

16-105-8. School building authority advisory board established. -- (a) There is hereby established a school building authority advisory board that shall advise the school building authority regarding the best use of the school building authority capital fund, including the setting of statewide priorities, criteria for project approval, and recommendations for project approval and prioritization.

(b) The school building authority advisory board shall consist of seven (7) members as follows:

(1) The general treasurer;
(2) The director of the department of administration, who shall serve as chair;
(3) A member of the governor's staff, as designated by the governor;
(4) Four (4) members of the public, appointed by the governor, and who serve at the pleasure of the governor, each of whom shall have expertise in education and/or construction, real estate, or finance. At least one of these four members shall represent a local education agency.

(c) In addition to the purposes in subsection (a), the school building authority advisory board shall advise the school building authority on, including but not limited to, the following:

(1) The project priorities for the school building authority capital fund;
(2) Legislation as it may deem desirable or necessary related to the school building authority capital fund and the school housing aid program set forth in §§ 16-7-35 to 16-7-47;
(3) Policies and procedures designed to reduce borrowing for school construction programs at both state and local levels;
(4) Development of a formal enrollment projection model or consideration of using projection models already available;
(5) Processes and procedures necessary to apply for, receive, administer, and comply with the conditions and requirements respecting any grant, gift or appropriation of property, services or moneys;
(6) The collection and maintenance of a clearinghouse of prototypical school plans which may be consulted by eligible applicants and recommend incentives to utilize these prototypes;
(7) The determination of eligible cost components of projects for funding or
reimbursement, including partial or full eligibility for project components for which the benefit is
shared between the school and other municipal and community entities;

(8) Development of a long term capital plan in accordance with needs and projected
funding;

(9) Collection and maintenance of data on all the public school facilities in the state,
including information on size, usage, enrollment, available facility space and maintenance;

(10) Advising districts on the conduct of a needs survey to ascertain the capital
construction, reconstruction, maintenance and other capital needs for schools across the state;

(12) The recommendation of policies, rules and regulations that move the state toward a
pay-as-you-go funding system for school construction programs; and

(13) Encouraging local education agencies to investigate opportunities for the maximum
utilization of space in and around the district.

16-105-9. Severability. -- If any provision of this chapter or the application of this
chapter to any person or circumstances is held invalid, the 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 3. Sections 45-38.1-4 and 45-38.1-17 of the General Laws in Chapter 45-38.1
entitled "Health and Education Building Corporation" are hereby amended to read as follows:

45-38.1-4. Corporation established. – (a) There is hereby created a public body
corporate and corporation of the state to be known as the "Rhode Island health and educational
building corporation" as successor to the Rhode Island educational building corporation,
previously created as a nonbusiness corporation under and pursuant to chapter 6 of title 7, as
amended by chapter 121 of the Public Laws of 1966, and constituted and established as a public
body corporate and corporation of the state for the exercising of the powers conferred on the
corporation under and pursuant to §§ 45-38.1-1 – 45-38.1-24.

(b) All of the powers of the corporation are vested in the board of directors of the
organization elected at the first meeting of the incorporators of the Rhode Island educational
building corporation, and the members of the board shall continue to serve for the duration of the
terms for which they were originally elected. Successors to the members of the board of directors
shall be appointed by the governor, as follows: prior to the month of June in each year,
commencing in the year 1968, the governor shall appoint a member to serve on the board of
directors for a term of five (5) years to succeed the member whose term will expire in June of that
year. In the event of a vacancy occurring in the membership of the board of directors, the
governor shall appoint a new member of the board of directors for the unexpired term. Any
member of the board of directors is eligible for reappointment.

(c) Each member of the board of directors, before entering upon his or her duties, shall take an oath to administer the duties of his or her office faithfully and impartially, and the oath shall be filed in the office of the secretary of state.

(d) The board of directors shall select two (2) of its members as chairperson and vice chairperson, and also elect a secretary, assistant secretary, treasurer, and assistant treasurer, who need not be members of the board. Three (3) members of the board of directors of the corporation shall constitute a quorum, and the affirmative vote of the majority of the directors present and entitled to vote at any regular or special meeting at which a quorum is present, is necessary for any action to be taken by the corporation; except, however, that the affirmative vote of three (3) members of the board of directors is necessary for the election of officers of the corporation and to amend the bylaws of the corporation. No vacancy in the membership of the board of directors of the corporation impairs the right of a quorum to exercise all the powers of and perform the duties of the corporation. Board members appointed and qualified prior to July 1, 2015 may continue to serve to the completion of their designated terms and until such time as their successors are appointed and qualified. No member appointed or reappointed after July 1, 2015 shall serve more than two (2) five (5)-year terms. The governor shall select a chairperson and vice chairperson from the appointed members.

(e) Any action taken by the corporation under the provisions of this chapter may be authorized by resolution at any regular or special meeting, and each resolution takes effect immediately and need not be published or posted.

(f) The members of the board of directors shall receive compensation at the rate of fifty dollars ($50.00) per meeting attended; however, the compensation shall not exceed one thousand five hundred dollars ($1,500) per fiscal year per member until June 30, 2015. Effective July 1, 2015, the members of the board shall not receive any compensation for their service on the board.

(g) Notwithstanding any other law to the contrary, it shall not be or constitute a conflict of interest for a trustee, director, officer, or employee of an institution for higher education or a health care provider to serve as a member of the board of directors of the corporation; provided, that the trustee, director, officer, or employee abstains from deliberation, action and vote by the board under this chapter in specific respect to the institution for higher education or the health care provider of which the member is a trustee, director, officer, or employee.

(h) The board and corporation shall comply with provisions of chapter 155 of title 42, the quasi-public corporations accountability and transparency act.

45-38.1-17. Annual report and audit. -- Within four (4) months after the close of each
fiscal year of the corporation, it shall make a report to the governor, the speaker of the house, the president of the senate and the secretary of state of its activities for the preceding fiscal year, and the report shall present a complete operating and financial statement covering the corporation's operations during the preceding fiscal year. In addition the report shall provide a summary of the applications received and approved loans or aid provided to the communities and a summary of the status of loans and status of the school building authority capital fund. The corporation shall cause an audit of its books and accounts to be made at least once each fiscal year by certified public accountants, and the cost of the audit shall be paid by the corporation from funds available to it pursuant to this chapter. The report shall be posted as prescribed in § 42-20-8.2. The director of the department of administration shall be responsible for the enforcement of this provision.

SECTION 4. Title 45 of the General Laws entitled “TOWNS AND CITIES” is hereby amended by adding thereto the following chapter:

CHAPTER 45-38.2

SCHOOL BUILDING AUTHORITY CAPITAL FUND

45-38.2-1. Definitions. As used in this chapter, the following terms, unless the context requires a different interpretation, shall have the following meanings:

(1) “Application” means a project proposed by a city, town, or LEA that would make capital improvements to public school facilities consistent with project evaluation criteria and chapter 41.1 of title 16-7;

(2) “Approved project” means any project approved for financial assistance by the Council on Elementary and Secondary Education;

(3) “Corporation” means the Rhode Island health and educational building corporation as set forth in chapter 38.1 of title;

(4) “Department” means the department of elementary and secondary education as established under title 16;

(5) “Eligible project” means an application, or a portion of an application, that meets the project evaluation criteria and approved by the council on elementary and secondary education;

(6) “Financial assistance” means any form of financial assistance provided by the corporation to a city, town, or LEA in accordance with this chapter for all or any part of the cost of an approved project, including, without limitation, loans, guarantees, insurance, subsidies for the payment of debt service on loans, lines of credit, and similar forms of financial assistance;

(7) “Fund” means the school building authority capital fund;

(8) “LEA” means a local education agency, a public board of education, school committee or other public authority legally constituted within the state for administrative control
or direction of one or more Rhode Island public elementary or secondary schools;

(9) "Market rate" means the rate the city, town, or LEA would receive on the open market at the time of the original loan agreement as determined by the corporation in accordance with its rules and regulations;

(10) "Project evaluation criteria" means the criteria used by the school building authority to evaluate applications and rank eligible projects;

(11) "Project priority list" means the list of eligible projects approved by the council on elementary and secondary education ranked in the order in which financial assistance shall be awarded by the corporation; and

(12) "Subsidy assistance" means the credit enhancements and other measures to reduce the borrowing costs for a city, town, or LEA.

45-38.2-2. School building authority capital fund. -- (a) There is hereby established a school building authority capital fund. The corporation shall establish and set up on its books the fund, to be held in trust and to be administered by the corporation as provided in this chapter. This fund shall be in addition to the annual appropriation for committed expenses related to the repayment of housing aid commitments. The corporation shall deposit the following monies into the fund:

(1) The difference between the annual housing aid appropriation and housing aid commitment amounts appropriated or designated to the corporation by the state for the purposes of the foundation program for school housing;

(2) Loan repayments, bond refinance interest savings, and other payments received by the corporation pursuant to loan or financing agreements with cities, towns, or LEAs executed in accordance with this chapter;

(3) Investment earnings on amounts credited to the fund;

(4) Proceeds of bonds of the corporation issued in connection with this chapter to the extent required by any trust agreement for such bonds;

(5) Administrative fees levied by the corporation, with respect to financial assistance rendered under this chapter and specified in § 45-38.2-3(a)(4), less operating expenses;

(6) Other amounts required by provisions of this chapter or agreement, or any other law or any trust agreement pertaining to bonds to be credited to the fund; and

(7) Any other funds permitted by law which the corporation in its discretion shall determine to credit thereto.

(b) The corporation shall establish and maintain fiscal controls and accounting procedures conforming to generally accepted government accounting standards sufficient to
ensure proper accounting for receipts in and disbursements from the school building authority capital fund.

(c) The school building authority shall establish and maintain internal controls to ensure that LEAs are providing adequate asset protection plans, all LEAs have equal access and opportunity to address facility improvements on a priority basis, and to ensure that funding from the school building authority capital fund has the greatest impact on facility gaps in state priority areas. The school building authority will also manage necessity of school construction approvals in accordance with the funding levels set forth by the general assembly.

45-38.2-3. Administration. -- (a) The corporation shall have all the powers necessary or incidental to carry out and effectuate the purposes and provisions of this chapter including:

(1) To receive and disburse such funds from the state as may be available for the purpose of the fund subject to the provisions of this chapter;

(2) To make and enter into binding commitments to provide financial assistance to cities, towns and LEAs from amounts on deposit in the fund;

(3) To enter into binding commitments to provide subsidy assistance for loans and city, town, and LEA obligations from amounts on deposit in the fund;

(4) To levy administrative fees on cities, towns, and LEAs as necessary to effectuate the provisions of this chapter; provided the fees have been previously authorized by an agreement between the corporation and the city, town, or LEA:

(5) To engage the services of third-party vendors to provide professional services;

(6) To establish one or more accounts within the fund; and

(7) Such other authority as granted to the corporation under chapter 38.1 of title 45.

(b) Subject to the provisions of this chapter, and to any agreements with the holders of any bonds of the corporation or any trustee therefor, amounts held by the corporation for the account of the fund shall be applied by the corporation, either by direct expenditure, disbursement, or transfer to one or more other funds and accounts held by the corporation or a trustee under a trust agreement or trust indenture entered into by the corporation with respect to bonds or notes issued by the corporation under this chapter or by a holder of bonds or notes issued by the corporation under this chapter, either alone or with other funds of the corporation, to the following purposes:

(1) To provide financial assistance to cities, towns and LEAs to finance costs of approved projects, and to refinance the costs of the projects, subject to such terms and conditions, if any, as are determined by the department and/or the corporation;

(2) To fund reserves for bonds of the corporation and to purchase insurance and pay the
premiums therefor, and pay fees and expenses of letters or lines of credit and costs of
reimbursement to the issuers thereof for any payments made thereon or on any insurance, and to
otherwise provide security for, and a source of payment for obligations of the corporation, by
pledge, lien, assignment, or otherwise as provided in chapter 38.1 of title 45:

(3) To pay or provide for subsidy assistance as determined by the school building
authority:

(4) To provide a reserve for, or to otherwise secure, amounts payable by cities, towns,
and LEAs on loans and city, town, and LEA obligations outstanding in the event of default
thereof; amounts in any account in the fund may be applied to defaults on loans outstanding to the
city, town, or LEA for which the account was established and, on a parity basis with all other
accounts, to defaults on any loans or city, town, or LEA obligations outstanding; and

(5) To provide a reserve for, or to otherwise secure, by pledge, lien, assignment, or
otherwise as provided in chapter 38.1 of title 45, any bonds or notes of the corporation issued
under this chapter.

(c) The repayment obligations of the city, town, or LEA for loans shall be in accordance
with its eligibility for state aid for school housing as set forth in §§ 16-7-39, 16-77.1-5, and 16-
105-3(16).

(d) In addition to other remedies of the corporation under any loan or financing
agreement or otherwise provided by law, the corporation may also recover from a city, town or
LEA, in an action in superior court, any amount due the corporation together with any other
actual damages the corporation shall have sustained from the failure or refusal of the city, town,
or LEA to make the payments or abide by the terms of the loan or financing agreement.

45-38.2-4. Payment of state funds.-- (a) Subject to the provisions of subsection (b),
upon the written request of the corporation, the general treasurer shall pay to the corporation,
from time to time, from the proceeds of any bonds or notes issued by the state for the purposes of
this chapter or funds otherwise lawfully payable to the corporation for the purposes of this
chapter, such amounts as shall have been appropriated or lawfully designated for the fund. All
amounts so paid shall be credited to the fund in addition to any other amounts credited or
expected to be credited to the fund.

(b) The corporation and the state may enter into, execute, and deliver one or more
agreements setting forth or otherwise determining the terms, conditions, and procedures for, and
the amount, time, and manner of payment of, all amounts available from the state to the
corporation under this section.

(c) Notwithstanding city charter provisions to the contrary, up to five hundred thousand
dollars ($500,000) may be loaned to a city or town for the LEA's share of total project costs without the requirement of voter approval.

(d) Notwithstanding any provision to the contrary, the term of any bond, capital lease or other financing instrument shall not exceed the useful life of the project being financed.

SECTION 5. This article shall take effect upon passage.
ARTICLE 10

RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2015

SECTION 1. Subject to the conditions, limitations and restrictions hereinafter contained in this act, the following general revenue amounts are hereby appropriated out of any money in the treasury not otherwise appropriated to be expended during the fiscal year ending June 30, 2015. The amounts identified for federal funds and restricted receipts shall be made available pursuant to section 35-4-22 and Chapter 41 of Title 42 of the Rhode Island General Laws. For the purposes and functions hereinafter mentioned, the state controller is hereby authorized and directed to draw his or her orders upon the general treasurer for the payment of such sums or such portions thereof as may be required from time to time upon receipt by him or her of properly authenticated vouchers.

<table>
<thead>
<tr>
<th>Administration</th>
<th>FY 2015</th>
<th>FY 2015</th>
<th>FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central Management</strong></td>
<td></td>
<td></td>
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<tr>
<td>General Revenues</td>
<td>1,594,772</td>
<td>1,000,654</td>
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<td>Office of Digital Excellence</td>
<td>908,192</td>
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<td>103,304</td>
<td>2,143,176</td>
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<td><strong>Accounts and Control</strong></td>
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<td>General Revenues</td>
<td>3,973,748</td>
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<td><strong>Office of Management and Budget</strong></td>
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<tr>
<td>General Revenues</td>
<td>4,018,136</td>
<td>179,271</td>
<td>4,197,407</td>
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<td>Restricted Receipts</td>
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<td>(8,093)</td>
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<td>Total – Office of Management and Budget</td>
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<td>171,178</td>
<td>4,250,688</td>
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<td><strong>Purchasing</strong></td>
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<tr>
<td>General Revenues</td>
<td>2,670,956</td>
<td>(90,799)</td>
<td>2,580,157</td>
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<td>Other Funds</td>
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<td>8,885</td>
<td>317,381</td>
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<td>Total – Purchasing</td>
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<td>(81,914)</td>
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<td><strong>Auditing</strong></td>
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<tr>
<td>General Revenues</td>
<td>1,434,565</td>
<td>(42,649)</td>
<td>1,391,916</td>
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<td><strong>Human Resources</strong></td>
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<td>General Revenues</td>
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<td>Federal Funds</td>
<td>766,793</td>
<td>(37,988)</td>
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<td>Restricted Receipts</td>
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<td>Other Funds</td>
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<td>5</td>
<td>Total - Human Resources</td>
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<td>(483,892)</td>
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<td>6</td>
<td>Personnel Appeal Board</td>
<td>General Revenues</td>
<td>75,216</td>
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<td>7</td>
<td>Facilities Management</td>
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<td>8</td>
<td>General Revenues</td>
<td>30,790,738</td>
<td>2,652,228</td>
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<td>9</td>
<td>Federal Funds</td>
<td>1,155,237</td>
<td>53,867</td>
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<td>10</td>
<td>Restricted Receipts</td>
<td>462,262</td>
<td>(81,243)</td>
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<td>Other Funds</td>
<td>3,322,025</td>
<td>610,197</td>
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<td>12</td>
<td>Total – Facilities Management</td>
<td>35,730,262</td>
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<td>13</td>
<td>Capital Projects and Property Management</td>
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<td>14</td>
<td>General Revenues</td>
<td>1,252,875</td>
<td>15,920</td>
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<td>15</td>
<td>Information Technology</td>
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<tr>
<td>16</td>
<td>General Revenues</td>
<td>19,377,273</td>
<td>107,353</td>
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<td>17</td>
<td>Federal Funds</td>
<td>6,631,482</td>
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<td>18</td>
<td>Restricted Receipts</td>
<td>4,099,027</td>
<td>10,978,190</td>
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<td>19</td>
<td>Other Funds</td>
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<td>20</td>
<td>Total – Information Technology</td>
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<td>21</td>
<td>Library and Information Services</td>
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<td>22</td>
<td>General Revenues</td>
<td>881,464</td>
<td>(4,094)</td>
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<td>Federal Funds</td>
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<td>24</td>
<td>Restricted Receipts</td>
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<td>(473)</td>
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<td>25</td>
<td>Total - Library and Information Services</td>
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<td>69,860</td>
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<td>26</td>
<td>Planning</td>
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<td>27</td>
<td>General Revenues</td>
<td>1,922,778</td>
<td>18,586</td>
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<td>28</td>
<td>Federal Funds</td>
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<td>29</td>
<td>Restricted Receipts</td>
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<td>30</td>
<td>Other Funds</td>
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<td>Federal Highway – PL Systems Planning</td>
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<td>32</td>
<td>Total - Planning</td>
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<td>7,135,729</td>
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<tr>
<td>33</td>
<td>General</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2015

(Page 2 of 2)
Sixty percent (60%) of the first one million dollars ($1,000,000) appropriated for airport impact aid shall be distributed to each airport serving more than one million (1,000,000) passengers based upon its percentage of the total passengers served by all airports serving more than 1,000,000 passengers. Forty percent (40%) of the first one million dollars ($1,000,000) shall be distributed based on the share of landings during the calendar year 2014 at North Central Airport, Newport-Middletown Airport, Block Island Airport, Quonset Airport, T.F. Green Airport and Westerly Airport, respectively. The Rhode Island Commerce Corporation shall make an impact payment to the towns or cities in which the airport is located based on this calculation. Each community upon which any parts of the above airports are located shall receive at least twenty-five thousand dollars ($25,000).
<table>
<thead>
<tr>
<th>#</th>
<th>Project Description</th>
<th>Initial Request</th>
<th>Adjusted Request</th>
<th>Final Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Zambarano Building Rehabilitation</td>
<td>500,000</td>
<td>610,000</td>
<td>1,110,000</td>
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<td>2</td>
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<td>416,400</td>
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<td>23</td>
<td>Mathias</td>
<td>800,000</td>
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<td>380,277</td>
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<td>1,370,099</td>
<td>(142,975)</td>
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<td>Total – General</td>
<td>60,490,846</td>
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<td>Debt Service Payments</td>
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<td>34</td>
<td>General Revenues</td>
<td>168,055,031</td>
<td>(26,149,941)</td>
<td>141,905,090</td>
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Of the general revenue appropriation for debt service, the General Treasurer is authorized to make payments for the I-195 Redevelopment District Commission loan up to the maximum debt service due in accordance with the loan agreement.

<table>
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<th>Source</th>
<th>Amount</th>
<th>Available</th>
<th>Amount</th>
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<td>Federal Funds</td>
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<td>Restricted Receipts</td>
<td>21,339,305</td>
<td>(19,250,001)</td>
<td>2,089,304</td>
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<td>Transportation Debt Service</td>
<td>26,828,667</td>
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<td>COPS - DLT Building – TDI</td>
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<td><strong>Total - Debt Service Payments</strong></td>
<td><strong>219,262,055</strong></td>
<td>(26,047,817)</td>
<td><strong>193,214,238</strong></td>
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**Energy Resources**

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<td>Restricted Receipts</td>
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<td>5,007,354</td>
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**Rhode Island Health Benefits Exchange**

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**Construction Permitting, Approvals and Licensing**

<table>
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<th>Available</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>General Revenues</td>
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<td>1,424,628</td>
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<td>Restricted Receipts</td>
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<td>8,301</td>
<td>1,348,204</td>
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<td><strong>Total – Construction Permitting, Approvals and Licensing</strong></td>
<td><strong>2,823,428</strong></td>
<td>(50,596)</td>
<td><strong>2,772,832</strong></td>
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**Office of Diversity, Equity, and Opportunity**

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<td><strong>859,481</strong></td>
<td>114,729</td>
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**Statewide Personnel Adjustments**

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<td>Restricted Receipts</td>
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**Grand Total – Administration**

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**Business Regulation**
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<th></th>
<th>Central Management</th>
<th>Banking Regulation</th>
<th>Securities Regulation</th>
<th>Insurance Regulation</th>
<th>Office of the Health Insurance Commissioner</th>
<th>Board of Accountancy</th>
<th>Commercial Licensing, Racing &amp; Athletics</th>
<th>Executive Office of Commerce</th>
<th>Labor and Training</th>
<th>Central Management</th>
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<tbody>
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<td>1</td>
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<tr>
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<td>3</td>
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<td>1,660,454</td>
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<td>Restricted Receipts</td>
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<td>(13,000)</td>
<td>37,000</td>
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Art10
RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2015
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<th>Grand Total – General Treasurer</th>
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Art10

RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2015

(Page -11-)
1. NAFI Center 21,494 176,966 198,460
2. Groden Center – Fire Towers 137,500 0 137,500
3. Various Repairs and Improvements to Training School 1,154,000 (912,586) 241,414
   Total - Children's Behavioral Health Services 13,036,874 (1,044,296) 11,992,578
7. Juvenile Correctional Services
8. General Revenues 23,400,611 1,727,980 25,128,591
9. Federal Funds
10. Federal Funds 271,588 86,544 358,132
11. Federal Funds – Stimulus 0 28,259 28,259
12. Other Funds
13. Rhode Island Capital Plan Funds
14. Thomas C. Slater Trng School Generators 213,837 213,163 427,000
15. Thomas C. Slater Trng School Maintenance
16. Building 535,000 (535,000) 0
17. Total - Juvenile Correctional Services 24,421,036 1,520,946 25,941,982
8. Child Welfare
9. General Revenues
20. General Revenues 104,416,147 10,490,549 114,906,696
21. 18 to 21 Year Olds 10,185,850 (768,088) 9,417,762
22. Federal Funds
23. Federal Funds 45,482,485 4,267,967 49,750,452
24. 18 to 21 Year Olds 2,270,152 (815,733) 1,454,419
25. Federal Funds – Stimulus 446,340 200,748 647,088
26. Restricted Receipts 2,448,750 391,393 2,840,143
27. Other Funds
28. Rhode Island Capital Plan Funds
29. Fire Code Upgrades 850,000 (850,000) 0
30. Total - Child Welfare 166,099,724 12,916,836 179,016,560
31. Higher Education Incentive Grants General Revenues 200,000 0 200,000
32. Grand Total - Children, Youth, and Families 210,636,391 14,752,543 225,388,934
33. Health
34. Central Management
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<td>7,517,776</td>
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<th>Behavioral Healthcare Services</th>
<th>General Revenues</th>
<th>Federal Funds</th>
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<th>Other Funds</th>
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<td>Restricted Receipts</td>
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<th>BHDDH Administrative Buildings</th>
<th>MR Community Facilities</th>
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Art10
RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2015
(Page -16-)
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>General Revenues</th>
<th>Federal Funds</th>
<th>Grand Total – Behavioral Healthcare, Developmental Disabilities, and Hospitals</th>
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<td>21,337</td>
<td>633,154</td>
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<td><strong>Commission on the Deaf and Hard of Hearing</strong></td>
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<td>General Revenues</td>
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<td>4,462</td>
<td>398,741</td>
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Art10

RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2015

(Page -17-)
<table>
<thead>
<tr>
<th></th>
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<td>Davies HVAC</td>
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*Art10 RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2015*
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<td>Grand Total - Elementary and Secondary</td>
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<td>General Revenues</td>
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<td>69,292,680</td>
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<td>The University of Rhode Island shall maintain tuition charges in the 2014 – 2015 academic year at the same level as the 2013 – 2014 academic year. The University shall not decrease internal student financial aid in the 2014 – 2015 academic year below the level of the 2013 – 2014 academic year. The President of the institution shall report, prior to the commencement of the 2014 – 2015 academic year, to the chair of the Rhode Island Board of Education that such tuition charges and student aid levels have been achieved at the start of FY 2015 as prescribed above.</td>
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<td>Nursing Education Center</td>
<td>700,000</td>
<td>(700,000)</td>
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<td>1,325,000</td>
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<td>18</td>
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<td>20</td>
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<td>743,589,467</td>
<td>(9,695,496)</td>
<td>733,893,971</td>
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<tr>
<td>21</td>
<td>Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or unencumbered balances as of June 30, 2015 relating to the University of Rhode Island are hereby reappropriated to fiscal year 2016.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Rhode Island College</td>
<td></td>
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<tr>
<td>23</td>
<td>General Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Rhode Island College shall maintain tuition charges in the 2014 – 2015 academic year at the same level as the 2013 – 2014 academic year. The College shall not decrease internal student financial aid in the 2014 – 2015 academic year below the level of the 2013 – 2014 academic year. The President of the institution shall report, prior to the commencement of the 2014 – 2015 academic year, to the chair of the Rhode Island Board of Education that such tuition charges and student aid levels have been achieved at the start of FY 2015 as prescribed above.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>25</td>
<td>Debt Service</td>
<td>4,450,296</td>
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<td>3,549,761</td>
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<td>26</td>
<td>Other Funds</td>
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<td></td>
<td>Description</td>
<td>Amount</td>
<td>Change Amount</td>
<td>Revised Amount</td>
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<td>Debt – Education and General</td>
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<td>5</td>
<td>Debt – Student Union</td>
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<td>(1)</td>
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<td>Debt – G.O. Debt Service</td>
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<td>7</td>
<td>Rhode Island Capital Plan Funds</td>
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<td>8</td>
<td>Asset Protection</td>
<td>2,963,548</td>
<td>792,274</td>
<td>3,755,822</td>
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<td>9</td>
<td>Infrastructure Modernization</td>
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<td>3,743,062</td>
<td>175,117,201</td>
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<td>Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or unencumbered balances as of June 30, 2015 relating to Rhode Island College are hereby reappropriated to fiscal year 2016.</td>
<td></td>
<td></td>
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<tr>
<td>12</td>
<td>Community College of Rhode Island</td>
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<td></td>
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<tr>
<td>13</td>
<td>General Revenues</td>
<td></td>
<td></td>
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<tr>
<td>14</td>
<td>General Revenues</td>
<td>45,882,495</td>
<td>(339,741)</td>
<td>45,542,754</td>
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<td>The Community College of Rhode Island College shall maintain tuition charges in the 2014 – 2015 academic year at the same level as the 2013 – 2014 academic year. The Community College shall not decrease internal student financial aid in the 2014 – 2015 academic year below the level of the 2013 – 2014 academic year. The President of the institution shall report, prior to the commencement of the 2014 – 2015 academic year, to the chair of the Rhode Island Board of Education that such tuition charges and student aid levels have been achieved at the start of FY 2015 as prescribed above.</td>
<td></td>
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<td>17</td>
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<tr>
<td>18</td>
<td>Other Funds</td>
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<tr>
<td>19</td>
<td>University and College Funds</td>
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<td>23</td>
<td>Asset Protection</td>
<td>2,138,305</td>
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<td>Knight Campus Renewal</td>
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<td>77,770</td>
<td>2,077,770</td>
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<td>25</td>
<td>Total – Community College of RI</td>
<td>156,167,029</td>
<td>(88,220)</td>
<td>156,078,809</td>
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<tr>
<td>26</td>
<td>Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or unencumbered balances as of June 30, 2015 relating to Community College of Rhode Island are hereby reappropriated to fiscal year 2016.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Art10

1. unencumbered balances as of June 30, 2015 relating to the Community College of Rhode Island are hereby reappropriated to fiscal year 2016.

2. Grand Total – Public Higher Education 1,080,789,192

3. Grand Total – RI State Council on the Arts

4. RI State Council on the Arts

5. General Revenues

6. Operating Support 428,501

7. Grants 1,054,574

8. Federal Funds 799,348

9. Other Funds

10. Arts for Public Facilities 632,536

11. Grand Total - RI State Council on the Arts 2,914,959

12. RI Atomic Energy Commission

13. General Revenues 913,197

14. Federal Funds 0

15. Other Funds

16. URI Sponsored Research 257,977

17. Rhode Island Capital Plan Funds

18. RINSC Asset Protection 100,000


20. RI Higher Education Assistance Authority

21. General Revenues

22. Authority Operations and Other Grants 147,000

23. Federal Funds

24. Federal Funds 10,680,967

25. WaytogoRI Portal 650,000

26. Guaranty Agency Reserve Fund 4,134,726

27. The $4,134,726 expended from the Guaranty Agency Reserve Fund shall be used for RIHEAA need-based grants and scholarships.

28. Other Funds

29. Tuition Savings Program – Needs Based

30. Grants & Work Opportunities 8,000,000

31. Tuition Savings Program – Administration 334,268

32. Grand Total – RI Higher Education

33. Assistance Authority 23,946,961

34. RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2015 (Page -22-)

(Art10)

1,075,676,716

(5,112,476)

(5,112,476)
<table>
<thead>
<tr>
<th></th>
<th>RI Historical Preservation and Heritage Commission</th>
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<tbody>
<tr>
<td>2</td>
<td>General Revenues</td>
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<td>Federal Funds</td>
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<td>76,207</td>
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<td>Restricted Receipts</td>
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<td>Other Funds</td>
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<td>6</td>
<td>RIDOT – Project Review</td>
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<td>7</td>
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<td>Eisenhower House Asset Protection</td>
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<tr>
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<tbody>
<tr>
<td>11</td>
<td>Criminal</td>
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<td>12</td>
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<td>15</td>
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<table>
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<th></th>
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<table>
<thead>
<tr>
<th></th>
<th>Bureau of Criminal Identification General Revenues</th>
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<table>
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<tbody>
<tr>
<td>20</td>
<td>Other Funds</td>
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<table>
<thead>
<tr>
<th></th>
<th>Corrections</th>
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<tbody>
<tr>
<td>21</td>
<td>Rhode Island Capital Plan Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Building Renovations and Repairs</td>
<td>300,000</td>
<td>(50,000)</td>
</tr>
<tr>
<td>23</td>
<td>Total – General</td>
<td>3,073,613</td>
<td>(29,878)</td>
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<td>24</td>
<td>Grand Total - Attorney General</td>
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<table>
<thead>
<tr>
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<tbody>
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<td>25</td>
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<td>Total – Central Management</td>
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<td>Account</td>
<td>Parole Board</td>
<td>Custody and Security</td>
<td>Institutional Support</td>
</tr>
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<td>619,476</td>
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<td>Total – Parole Board</td>
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<td>313,021</td>
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<td>General Revenues</td>
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<td>Total – Custody and Security</td>
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<tr>
<td>Federal Funds</td>
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<td>-238,727</td>
<td>564,654</td>
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<tr>
<td>Total – Institutional Support</td>
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<td>Asset Protection</td>
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<td>General Renovations – Women’s</td>
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<td>80,821</td>
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<td>Bernadette Guay Roof</td>
<td>1,203,112</td>
<td>(953,112)</td>
<td>153,161</td>
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<td>ISC Exterior Envelope and HVAC</td>
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<td>100,000</td>
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<td>Minimum Security Kitchen Expansion</td>
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<td>Medium Infrastructure</td>
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<td>Dix-Building Plumbing and Bathroom</td>
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<td>Renovations</td>
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<td>72,340</td>
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<td>D Building State Match – Reintegration C</td>
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<td>Total - Institutional Support</td>
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<td>Total – Institutional Based Rehab/Pop/Mgt.</td>
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<td>Total – Community Corrections</td>
<td>15,129,522</td>
<td>(110,588)</td>
<td>15,018,934</td>
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Art10

RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2015

(Page -24-)
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>General Revenues</th>
<th>Federal Funds</th>
<th>Restricted Receipts</th>
<th>Total</th>
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<tbody>
<tr>
<td>1</td>
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<td>3</td>
<td><strong>Supreme Court</strong></td>
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<td>General Revenues</td>
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<td>Defense of Indigents</td>
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<td>Other Funds</td>
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<tr>
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<td>Rhode Island Capital Plan Fund</td>
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<td><strong>Superior Court</strong></td>
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<td>16</td>
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<td>22,693,155</td>
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<td>17</td>
<td>Federal Funds</td>
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<td>18</td>
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<td>300,000</td>
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<td>21</td>
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Art10
RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2015
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1. **State Police**

2-5 | General Revenues | Federal Funds | Restricted Receipts | Other Funds
6 | Rhode Island Capital Plan Fund
7 | Barracks and Training | 4,127,659 | (3,127,659) | 1,000,000
8 | Headquarters Repairs/Rehabilitation | 737,800 | 113,029 | 850,829
9 | HQ Expansion (NG Facilities) | 0 | 175,000 | 175,000
10 | Traffic Enforcement - Municipal Training | 134,500 | (134,500) | 0
11 | Lottery Commission Assistance | 1,399,683 | 54,339 | 1,454,022
12 | Airport Corporation | 176,206 | 204,580 | 380,786
13 | Road Construction Reimbursement | 2,935,000 | (119,792) | 2,815,208
14 | Total - State Police | 88,108,405 | (2,487,997) | 85,620,408
15 | Grand Total - Public Safety | 126,554,846 | (3,045,062) | 123,509,784

16. **Office of Public Defender**

17-18 | General Revenues | Federal Funds
19 | Grand Total - Office of Public Defender | 11,379,680 | (277,469) | 11,102,211

20. **Emergency Management**

21-22 | General Revenues | Federal Funds
23 | Restricted Receipts | 221,729 | (5,049) | 216,680

24. **Other Funds**

25 | Rhode Island Capital Plan Fund
26 | Hurricane Sandy Cleanup | 167,000 | 87,943 | 254,943

28. **Environmental Management**

29. **Office of the Director**

30-31 | General Revenues
32 | Permit Streamlining | 33,414 | (33,414) | 0
33 | Federal Funds | 150,000 | 0 | 150,000
34 | Restricted Receipts | 2,884,372 | 624,511 | 3,508,883
<table>
<thead>
<tr>
<th></th>
<th>Total – Office of the Director</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Natural Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>General Revenues</td>
<td>19,244,615</td>
<td>254,017</td>
</tr>
<tr>
<td>3</td>
<td>Federal Funds</td>
<td>21,348,128</td>
<td>2,015,583</td>
</tr>
<tr>
<td>4</td>
<td>Restricted Receipts</td>
<td>4,138,036</td>
<td>(7,320)</td>
</tr>
<tr>
<td>5</td>
<td>Other Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>DOT Recreational Projects</td>
<td>1,114,278</td>
<td>228,228</td>
</tr>
<tr>
<td>7</td>
<td>Blackstone Bikepath Design</td>
<td>2,059,795</td>
<td>(216)</td>
</tr>
<tr>
<td>8</td>
<td>Transportation MOU</td>
<td>78,579</td>
<td>(229)</td>
</tr>
<tr>
<td>9</td>
<td>Rhode Island Capital Plan Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Dam Repair</td>
<td>1,500,000</td>
<td>(7,413)</td>
</tr>
<tr>
<td>11</td>
<td>Fort Adams Rehabilitation</td>
<td>300,000</td>
<td>0</td>
</tr>
<tr>
<td>12</td>
<td>Fort Adams America’s Cup</td>
<td>3,000,000</td>
<td>375,515</td>
</tr>
<tr>
<td>13</td>
<td>Recreational Facilities Improvements</td>
<td>3,500,000</td>
<td>(325,000)</td>
</tr>
<tr>
<td>14</td>
<td>Galilee Piers Upgrade</td>
<td>2,000,000</td>
<td>400,000</td>
</tr>
<tr>
<td>15</td>
<td>Newport Piers</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>16</td>
<td>World War II Facility</td>
<td>2,600,000</td>
<td>(770,000)</td>
</tr>
<tr>
<td>17</td>
<td>Blackstone Valley Bike Path</td>
<td>659,170</td>
<td>(659,170)</td>
</tr>
<tr>
<td>18</td>
<td>Rocky Point Acquisition/Renovations</td>
<td>3,400,000</td>
<td>317,036</td>
</tr>
<tr>
<td>19</td>
<td>Total - Natural Resources</td>
<td>65,042,601</td>
<td>1,821,031</td>
</tr>
<tr>
<td>20</td>
<td>Environmental Protection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>General Revenues</td>
<td>11,241,923</td>
<td>285,697</td>
</tr>
<tr>
<td>22</td>
<td>Federal Funds</td>
<td>10,361,483</td>
<td>159,579</td>
</tr>
<tr>
<td>23</td>
<td>Restricted Receipts</td>
<td>8,912,581</td>
<td>(73,318)</td>
</tr>
<tr>
<td>24</td>
<td>Other Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Transportation MOU</td>
<td>165,000</td>
<td>(266)</td>
</tr>
<tr>
<td>26</td>
<td>Total - Environmental Protection</td>
<td>30,680,987</td>
<td>371,692</td>
</tr>
<tr>
<td>27</td>
<td>Grand Total - Environmental Management</td>
<td>103,811,527</td>
<td>2,842,737</td>
</tr>
<tr>
<td>28</td>
<td>Coastal Resources Management Council</td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>General Revenues</td>
<td>2,185,538</td>
<td>127,305</td>
</tr>
<tr>
<td>30</td>
<td>Federal Funds</td>
<td>1,774,143</td>
<td>5,336,808</td>
</tr>
<tr>
<td>31</td>
<td>Restricted Receipts</td>
<td>250,000</td>
<td>0</td>
</tr>
<tr>
<td>32</td>
<td>Other Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Rhode Island Capital Plan Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Federal Funds</td>
<td>Gasoline Tax</td>
</tr>
<tr>
<td>---</td>
<td>---------------------------------------------------</td>
<td>---------------</td>
<td>--------------</td>
</tr>
<tr>
<td>1</td>
<td>South Coast Restoration Project</td>
<td>450,000</td>
<td>(450,000)</td>
</tr>
<tr>
<td>2</td>
<td>Shoreline Change Beach SAMP</td>
<td>300,000</td>
<td>(50,000)</td>
</tr>
<tr>
<td>3</td>
<td>Grand Total - Coastal Resources Mgmt.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Council</td>
<td>4,959,681</td>
<td>4,964,113</td>
</tr>
<tr>
<td>5</td>
<td><strong>Transportation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td><strong>Central Management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Federal Funds</td>
<td>9,199,986</td>
<td>3,500,014</td>
</tr>
<tr>
<td>8</td>
<td>Other Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Gasoline Tax</td>
<td>1,770,720</td>
<td>416,585</td>
</tr>
<tr>
<td>10</td>
<td>Total – Central Management</td>
<td>10,970,706</td>
<td>3,916,599</td>
</tr>
<tr>
<td>11</td>
<td><strong>Management and Budget</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Other Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Gasoline Tax</td>
<td>2,242,961</td>
<td>759,657</td>
</tr>
<tr>
<td>14</td>
<td><strong>Infrastructure Engineering – GARVEE/Motor Fuel Tax Bonds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Federal Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Federal Funds</td>
<td>325,726,490</td>
<td>(38,540,177)</td>
</tr>
<tr>
<td>17</td>
<td>Of these federal funds, $1,790,000 is appropriated to the Public Rail Corporation from CMAQ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>federal funds for the payment of liability insurance.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Federal Funds – Stimulus</td>
<td>17,188,279</td>
<td>(7,393,825)</td>
</tr>
<tr>
<td>20</td>
<td>Restricted Receipts</td>
<td>12,352,761</td>
<td>(10,102,761)</td>
</tr>
<tr>
<td>21</td>
<td>Other Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Gasoline Tax</td>
<td>68,064,896</td>
<td>4,837,079</td>
</tr>
<tr>
<td>23</td>
<td>Municipal Revolving Loan Fund – Admin Costs</td>
<td>0</td>
<td>53,000</td>
</tr>
<tr>
<td>24</td>
<td>Land Sale Revenue</td>
<td>21,300,002</td>
<td>(3,600,002)</td>
</tr>
<tr>
<td>25</td>
<td><strong>Rhode Island Capital Plan Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>RIPTA Land and Buildings</td>
<td>223,529</td>
<td>81,060</td>
</tr>
<tr>
<td>27</td>
<td>Highway Projects Match Plan</td>
<td>27,650,000</td>
<td>0</td>
</tr>
<tr>
<td>28</td>
<td><strong>Total – Infrastructure Engineering -</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>GARVEE/Motor Fuel Tax Bonds</td>
<td>472,505,957</td>
<td>(54,665,626)</td>
</tr>
<tr>
<td>30</td>
<td><strong>Infrastructure Maintenance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Other Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Gasoline Tax</td>
<td>30,790,922</td>
<td>(15,257,043)</td>
</tr>
<tr>
<td>33</td>
<td>Non-Land Surplus Property</td>
<td>10,000</td>
<td>15,000</td>
</tr>
<tr>
<td>34</td>
<td>Outdoor Advertising</td>
<td>150,000</td>
<td>(50,000)</td>
</tr>
</tbody>
</table>
Rhode Island Highway Maintenance Account 33,572,209 0 33,572,209
Rhode Island Capital Plan Fund

Maintenance Facilities Improvements 500,000 (100,000) 400,000
Salt Storage Facilities 1,000,000 327,133 1,327,133
Portsmouth Facility 500,000 (500,000) 0
Maintenance Equipment Replacement 2,500,000 0 2,500,000
Train Station Maintenance and Repairs 200,000 65,648 265,648
Cooperative Maint. Facility DOT/RIPTA 3,500,000 (3,500,000) 0
Mass Transit Preliminary Conceptual Design 250,000 (250,000) 0
Total – Infrastructure Maintenance 39,400,922 14,322,947 53,723,869
Grand Total – Transportation 525,120,546 (35,666,423) 489,454,123

Statewide Totals

Federal Funds 3,086,526,049 (35,340,036) 3,051,186,013
Restricted Receipts 283,055,536 594,034 283,649,570
Other Funds 1,965,443,788 (45,720,889) 1,919,722,899
Statewide Grand Total 8,780,195,341 (49,013,488) 8,731,181,853

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

SECTION 3. The general assembly authorizes the state controller to establish the internal service accounts shown below, and no other, to finance and account for the operations of state agencies that provide services to other agencies, institutions and other governmental units on a cost reimbursed basis. The purpose of these accounts is to ensure that certain activities are managed in a businesslike manner, promote efficient use of services by making agencies pay the full costs associated with providing the services, and allocate the costs of central administrative services across all fund types, so that federal and other non-general fund programs share in the costs of general government support. The controller is authorized to reimburse these accounts for the cost of work or services performed for any other department or agency subject to the following expenditure limitations:

<table>
<thead>
<tr>
<th>Account</th>
<th>FY 2015</th>
<th>FY 2015</th>
<th>FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enacted</td>
<td>Change</td>
<td>Final</td>
</tr>
</tbody>
</table>
| State Assessed Fringe Benefit Internal Service Fund 37,123,794 458,168 37,581,962
| Administration Central Utilities Internal Service |
### State Central Mail Internal Service Fund
- 14,244,902
- 2,691,098
- 16,936,000

### State Telecommunications Internal Service Fund
- 5,617,173
- 383,667
- 6,000,840

### State Automotive Fleet Internal Service Fund
- 4,080,029
- 8,426
- 4,088,455

### Surplus Property Internal Service Fund
- 13,733,063
- 80,739
- 13,813,802

### Health Insurance Internal Service Fund
- 2,500
- 0
- 2,500

### State Telecommunications Internal Service Fund
- 6,000,840
- 250,127,757
- 206,580
- 250,334,337

### State Automotive Fleet Internal Service Fund
- 4,088,455
- 63,934,483
- 0
- 63,934,483

### State Automotive Fleet Internal Service Fund
- 1,060,301
- 160,838
- 1,221,139

### Corrections Central Distribution Center Internal Service Fund
- 6,739,558
- 38,572
- 6,778,130

### Correctional Industries Internal Service Fund
- 7,704,793
- (428,472)
- 7,276,321

### Secretary of State Record Center Internal Service Fund
- 882,436
- (8,414)
- 874,022

### FY 2015 FTE POSITION AUTHORIZATION

<table>
<thead>
<tr>
<th>Departments and Agencies</th>
<th>Full-Time Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>710.7</td>
</tr>
<tr>
<td>Business Regulation</td>
<td>94.0 98.0</td>
</tr>
<tr>
<td>Executive Office of Commerce</td>
<td>5.0</td>
</tr>
<tr>
<td>#</td>
<td>Unit of Government</td>
</tr>
<tr>
<td>----</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Labor and Training</td>
</tr>
<tr>
<td>2</td>
<td>Revenue</td>
</tr>
<tr>
<td>3</td>
<td>Legislature</td>
</tr>
<tr>
<td>4</td>
<td>Office of the Lieutenant Governor</td>
</tr>
<tr>
<td>5</td>
<td>Office of the Secretary of State</td>
</tr>
<tr>
<td>6</td>
<td>Office of the General Treasurer</td>
</tr>
<tr>
<td>7</td>
<td>Board of Elections</td>
</tr>
<tr>
<td>8</td>
<td>Rhode Island Ethics Commission</td>
</tr>
<tr>
<td>9</td>
<td>Office of the Governor</td>
</tr>
<tr>
<td>10</td>
<td>Commission for Human Rights</td>
</tr>
<tr>
<td>11</td>
<td>Public Utilities Commission</td>
</tr>
<tr>
<td>12</td>
<td>Office of Health and Human Services</td>
</tr>
<tr>
<td>13</td>
<td>Children, Youth, and Families</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Health</td>
</tr>
<tr>
<td>15</td>
<td>Human Services</td>
</tr>
<tr>
<td>16</td>
<td>Behavioral Healthcare, Developmental Disabilities, and Hospitals</td>
</tr>
<tr>
<td>17</td>
<td>Office of the Child Advocate</td>
</tr>
<tr>
<td>18</td>
<td>Commission on the Deaf and Hard of Hearing</td>
</tr>
<tr>
<td>19</td>
<td>Governor's Commission on Disabilities</td>
</tr>
<tr>
<td>20</td>
<td>Office of the Mental Health Advocate</td>
</tr>
<tr>
<td>21</td>
<td>Elementary and Secondary Education</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>School for the Deaf</td>
</tr>
<tr>
<td>23</td>
<td>Davies Career and Technical School</td>
</tr>
<tr>
<td>24</td>
<td>Office of Postsecondary Commissioner</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>University of Rhode Island</td>
</tr>
<tr>
<td>26</td>
<td>Provided that 1.0 of the total authorization would be available only for positions that are supported by third-party funds.</td>
</tr>
<tr>
<td>27</td>
<td>Provided that 573.8 of the total authorization would be available only for positions that are supported by third-party funds.</td>
</tr>
<tr>
<td>28</td>
<td>Rhode Island College</td>
</tr>
<tr>
<td>29</td>
<td>Provided that 82.0 of the total authorization would be available only for positions that are supported by third-party funds.</td>
</tr>
<tr>
<td>30</td>
<td>Community College of Rhode Island</td>
</tr>
</tbody>
</table>
Provided that 94.0 of the total authorization would be available only for positions that are supported by third-party funds.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhode Island State Council on the Arts</td>
<td>6.0</td>
</tr>
<tr>
<td>RI Atomic Energy Commission</td>
<td>8.6</td>
</tr>
<tr>
<td>Higher Education Assistance Authority</td>
<td>22.0</td>
</tr>
<tr>
<td>Historical Preservation and Heritage Commission</td>
<td>16.6</td>
</tr>
<tr>
<td>Office of the Attorney General</td>
<td>236.1</td>
</tr>
<tr>
<td>Corrections</td>
<td>1,419.0</td>
</tr>
<tr>
<td>Judicial</td>
<td>723.3</td>
</tr>
<tr>
<td>Military Staff</td>
<td>85.0</td>
</tr>
<tr>
<td>Public Safety</td>
<td>633.2</td>
</tr>
<tr>
<td>Office of the Public Defender</td>
<td>93.0</td>
</tr>
<tr>
<td>Emergency Management</td>
<td>32.0</td>
</tr>
<tr>
<td>Environmental Management</td>
<td>399.0</td>
</tr>
<tr>
<td>Coastal Resources Management Council</td>
<td>29.0</td>
</tr>
<tr>
<td>Transportation</td>
<td>752.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,086.0 15,100.7</strong></td>
</tr>
</tbody>
</table>

SECTION 5. Notwithstanding any public laws to the contrary, on or before June 30, 2015 six million, three hundred seventy five thousand, four hundred thirty one dollars ($6,375,431) of bond premium deposited into the Rhode Island Capital Plan Fund in FY 2015 shall be transferred to the Municipal Road and Bridge Revolving Fund on or before June 30, 2015.

SECTION 6. This article shall take effect upon passage.
ARTICLE 11

RELATING TO REVENUES

SECTION 1. Sections 42-64.3-3 and 42-64.3-6 of the General Laws in Chapter 42-64.3 entitled "Distressed Areas Economic Revitalization Act" are hereby amended to read as follows:

42-64.3-3. Definitions.-- As used in this chapter, the following words and terms shall have the following meanings unless the context shall indicate another or different meaning or intent:

(1) "Council" or "enterprise zone council" means the governmental agency created pursuant to § 42-64.3-3.1.

(2) "Enterprise zone," "economic revitalization zone," or "zone" means an economically distressed United States bureau of the census division or delineation in need of expansion of business and industry, and the creation of jobs, which is designated to be eligible for the benefits of this chapter.

(3) "Governing authority" means the governing body of a state, city or town within which a qualified United States bureau of the census division or delineation lies.

(4) (i) "Qualified business" or "business facility" means any business corporation, sole proprietorship, partnership, or limited partnership or limited liability company which:

(A) After the date of its original application for membership in the enterprise zone program or the date annual membership is renewed creates and hires a minimum of five percent (5%) new or additional enterprise jobs or in the case of a company having twenty (20) employees or less, this requirement shall be that the company create and hire one new or additional enterprise job, in the respective zone during the same certification year; and

(B) Whose total Rhode Island wages including those Rhode Island wages for additional enterprise jobs, exceeds the total Rhode Island wages paid to its employees in the prior calendar year; and

(C) Obtains certificates of good standing from the Rhode Island division of taxation, the corporations division of the Rhode Island secretary of state and the appropriate municipal authority at the time of certification; and

(D) Provides the council with an affidavit stating under oath that the entity seeking certification as a qualified business has not within the preceding twelve (12) months from the date
of application for certification changed its legal status for the purpose of gaining favorable
treatment under the provisions of chapter 64.3 of this title; and

(E) Meets certain other requirements as set forth by the council; and

(F) Has received certification from the council pursuant to the rules and regulations
promulgated by the council prior to July 1, 2015.

(ii) In the event that an applicant for certification meets the criteria of subdivisions
(4)(i)(A) and (4)(i)(C) to (F), but fails to meet the requirements of subdivision (4)(i)(B) solely
because the amount of wages paid to the owner or owners of the business has decreased from the
prior calendar year, the Council may, for good cause shown, certify the applicant as a qualified
business. The applicant shall have the burden to show, notwithstanding its failure to meet the
requirements of subdivision (4)(i)(B) above, that the applicant has met the intent of this chapter.

For the purposes of this provision, owner shall mean a person who has at least twenty percent
(20%) of the indicia of ownership of the applicant.

(5) "Effective date of certification" means the date upon which the qualified business
meets the tests imposed in subdivisions (4)(i)(A) through (F) above and applies to the calendar
year for which these tests were performed.

(6) "Enterprise job employees" means those full-time employees whose business activity
originates and terminates from within the enterprise zone business and facility on a daily basis,
and who are domiciled residents of the state (or who, in the case of employees of a high
performance manufacturer as that term is defined in § 44-31-1(b)(3)(i), pay personal income taxes
to the state) and hired (or transferred, in the case of existing out-of-state employees) and
employed by the qualified business in the enterprise zone after the effective date of certification
or annual recertification in excess of those full-time employees employed by the qualified
business in any Rhode Island enterprise zone in the prior calendar year. An employee who is
hired and terminated in the same certification period does not constitute an enterprise job
employee.

(7) "Wages" means wages, tips and other compensation as defined in the Internal

42-64.3-6. Business tax credits.-- A qualified business in an enterprise zone is allowed a
credit against the tax imposed pursuant to chapters 11, 13 (except the taxation of tangible
personal property under § 44-13-13), 14, 17, and 30 of title 44:

(1) A credit equal to fifty percent (50%) of the total amount of wages paid to those
enterprise job employees comprising the five percent (5%) new jobs referenced in § 42-64.3-
3(4)(i)(A). The wages subject to the credit shall be reduced by any direct state or federal wage
assistance paid to employers for the employee(s) in the taxable year. The maximum credit
allowed per taxable year under the provisions of this subsection shall be two thousand five
hundred dollars ($2,500), per employee. A taxpayer who takes this business tax credit shall not be
eligible for the resident business owner modification pursuant to § 42-64.3-7.

(2) A credit equal to seventy five percent (75%) of the total amount of wages paid to
those enterprise job employees who are domiciliaries of an enterprise zone comprising the five
percent (5%) new jobs referenced in § 42-64.3-3(4)(i)(A). The wages subject to the credit shall be
reduced by any direct state or federal wage assistance in the taxable year. The maximum credit
allowed per taxable year under the provisions of this subdivision shall be five thousand dollars
($5,000) per employee. A taxpayer who takes this business tax credit is not eligible for the
resident business owner modification. The council shall promulgate appropriate rules to certify
that the enterprise job employees are domiciliaries of an enterprise zone and shall advise the
qualified business and the tax administrator. A taxpayer taking a credit for employees pursuant to
this subdivision (2) shall not be entitled to a credit pursuant to subdivision (1) of this section for
the employees.

(3) Any tax credit as provided in subdivision (1) or (2) of this section shall not reduce the
tax below the minimum tax. Fiscal year taxpayers must claim the tax credit in the year into which
the December 31st of the certification year falls. The credit shall be used to offset tax liability
pursuant to the provisions of either chapters 11, 13, 14, 17, or 30 of title 44, but not more than
one chapter.

(4) In the case of a corporation, the credit allowed under this section is only allowed
against the tax of that corporation included in a consolidated return that qualifies for the credit
and not against the tax of other corporations that may join in the filing of a consolidated tax
return.

(5) In the case of multiple business owners, the credit provided in subdivision (1) or (2)
of this section is apportioned according to the ownership interests of the qualified business.

(6) The tax credits established pursuant to this section may be carried forward for a
period of three (3) years if in each of the three (3) calendar years a business which has qualified
for tax credits under this section: (a) does not reduce the number of its employees from the last
Effective Date of Certification; (b) obtains certificates of good standing from the Rhode Island
division of taxation, the corporations division of the Rhode Island secretary of state and the
appropriate municipal tax collector; (c) provides the council an affidavit stating under oath that
this business has not within the preceding twelve (12) months changed its legal status for the
purpose of gaining favorable treatment under the provisions of chapter 64.3 of this title; and (d)
meets any other requirements as may be established by the council in its rules and regulations.

(7) No new credits shall be issued on or after July 1, 2015 unless the business has received certification under this chapter prior to July 1, 2015.

SECTION 2. Sections 42-63.1-2, 42-63.1-3, 42-63.1-5 and 42-63.1-12 of the General Laws in Chapter 42-63.1 entitled “Tourism and Development” are hereby amended to read as follows:

**42-63.1-2. Definitions.** -- For the purposes of this chapter:

(1) "Consideration" means the monetary charge for the use of space devoted to transient lodging accommodations.

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

(3) "District" means the regional tourism districts set forth in § 42-63.1-5.

(4) "Hotel" means any facility offering a minimum of three (3) rooms for which the public may, for a consideration, obtain transient lodging accommodations. The term "hotel" shall include hotels, motels, tourist homes, tourist camps, lodging houses, and inns and shall exclude schools, hospitals, sanitariums, nursing homes and chronic care centers. The term "hotel" shall also include houses, condominiums or other residential dwelling units, regardless of the number of rooms, which are used and/or advertised for rent for occupancy. The term "hotel" shall not include schools, hospitals, sanitariums, nursing homes, and chronic care centers.

(5) "Hosting Platform" means an electronic or operating system in which a person or entity provides a means through which an owner may offer and accept payment for a residential unit for "tourist or transient" use. This service is usually, though not necessarily, provided through an online or web-based system which generally allows an owner to advertise the residential unit through a hosted website and provides a means for a person or entity to arrange tourist or transient use in exchange for payment, whether the person or entity pays rent directly to the owner or to the hosting platform. All hosting platforms are required to collect and remit the tax owed under this section.

(6) "Occupancy" means a person, firm or corporation's use of space ordinarily used for transient lodging accommodations not to exceed thirty (30) days. Excluded from "occupancy" is the use of space for which the occupant has a written lease for the space, which lease covers a rental period of twelve (12) months or more. Furthermore, any house, condominium or other residential dwelling rented, for which the occupant has a written lease for the space covering a rental period of more than thirty (30) consecutive days or for one calendar month is excluded from the definition of occupancy.

(7) "Tax" means the hotel tax imposed by subsection 44-18-36.1(a).
(8) "Owner" means any person who owns real property and is the owner of record. Owner shall also include a lessee where the lessee is offering a residential unit for "tourist or transient" use.

(9) "Residential unit" means a room or rooms, including a condominium or a room or a dwelling unit that forms part of a single, joint or shared tenant arrangement, in any building, or portion thereof, which is designed, built, rented, leased, let, or hired out to be occupied for non-commercial use.

(10) "Tour operator" means a person that derives a majority of his or her or its revenue by providing tour operator packages.

(11) "Tour operator packages" means travel packages that include the services of a tour guide and where the itinerary encompasses five (5) or more consecutive days.

(12) "Tourist or transient" means any use of a residential unit for occupancy for less than a thirty (30) consecutive day term of tenancy, or occupancy for less than thirty (30) consecutive days of a residential unit leased or owned by a business entity, whether on a short-term or long-terms basis, including any occupancy by employee or guests of a business entity for less than thirty (30) consecutive days where payment for the residential unit is contracted for or paid by the business entity.

42-63.1-3. Distribution of tax. – (a) For returns and tax payments received on or before December 31, 2015, except as provided in § 42-63.1-12, the proceeds of the hotel tax shall be distributed as follows by the division of taxation and the city of Newport:

(1) Forty-seven percent (47%) of the tax generated by the hotels in the district, except as otherwise provided in this chapter, shall be given to the regional tourism district wherein the hotel is located; provided, however, that from the tax generated by the hotels in the city of Warwick, thirty-one percent (31%) of that tax shall be given to the Greater Providence-Warwick Convention and Visitors' Bureau established by § 42-63.1-11, and thirty-one percent (31%) of that tax shall be given to the Convention Authority of the city of Providence established pursuant to the provisions of chapter 84 of the public laws of January, 1980; provided, however, that the receipts attributable to the district as defined in § 42-63.1-5(a)(7) shall be deposited as general revenues, and that the receipts attributable to the district as defined in § 42-63.1-5(a)(8) shall be given to the Rhode Island commerce corporation as established in Rhode Island General Law Chapter 42-64;
(2) Twenty-five percent (25%) of the hotel tax shall be given to the city or town where the hotel, which generated the tax, is physically located, to be used for whatever purpose the city or town decides.

(3) Twenty-one (21%) of the hotel tax shall be given to the Rhode Island commerce corporation established in chapter 42-64, deposited as general revenues and seven percent (7%) to the Greater Providence-Warwick Convention and Visitors' Bureau.

(b) For returns and tax payments received after December 31, 2015, except as provided in § 42-63.1-12, the proceeds of the hotel tax shall be distributed as follows by the division of taxation and the city of Newport:

(1) For the tax generated by the hotels in the Aquidneck Island district, as defined in § 42-63.1-5, forty-two percent (42%) of the tax shall be given to the Aquidneck Island district, twenty-five (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is physically located, seven percent (7%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-six percent (26%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 42-64.

(2) For the tax generated by the hotels in the Providence district as defined in § 42-63.1-5, twenty-eight percent (28%) of the tax shall be given to the Providence district, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is physically located, twenty-three (23%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four (24%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 42-64.

(3) For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5, twenty-eight percent (28%) of the tax shall be given to the Warwick District, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is physically located, twenty-three percent (23%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four (24%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 42-64.

(4) For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is physically located, seven percent (7%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and sixty-eight percent (68%) of the tax shall be given to the Rhode Island commerce corporation...
(5) With respect to the tax generated by hotels in districts other than those set forth in sections (1) through (4) above, forty-two percent (42%) of the tax shall be given to the regional tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is physically located, seven percent (7%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-six (26%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 42-64.

(6) The Rhode Island commerce corporation shall be required in each fiscal year to spend on the promotion and marketing of Rhode Island for tourists or businesses an amount of money of no less than the total proceeds of the hotel tax if receives pursuant to this chapter for such fiscal year.

42-63.1-5. Regional tourism districts. – (a) The state of Rhode Island is divided into eight (8) regional tourism districts to be administered by the tourism council, convention and visitor's bureau or the Rhode Island economic development corporation as designated in this section:

(1) South County district which shall include Westerly, Charlestown, Narragansett, South Kingstown, North Kingstown, Hopkinton, Exeter, Richmond, West Greenwich, East Greenwich, and Coventry to be administered by the South County tourism council, inc.;

(2) Providence district consists of the city of Providence to be administered by the Convention Authority of the City of Providence.

(3) Northern Rhode Island district consists of Pawtucket, Woonsocket, Lincoln, Central Falls, Cumberland, North Smithfield, Smithfield, Glocester and Burrillville to be administered by the Blackstone Valley tourism council, inc.;

(4) Aquidneck Island district consists of Barrington, Bristol, Warren, Newport, Jamestown, Middletown, Portsmouth, Tiverton and Little Compton to be administered by the Newport and Bristol County convention and visitors bureau;

(5) Warwick district consists of the city of Warwick to be administered by the city of Warwick department of economic development;

(6) Block Island district which shall consist of the town of New Shoreham to be administered by the New Shoreham tourism council, inc.;

(7) East Providence to be administered by an entity that shall be acceptable to the economic development corporation; provided that all funds generated in the city of East Providence shall be held by the Rhode Island division of taxation until such time as the city of
East Providence elects to become a member of a regional tourism district at which time the monies held by the Rhode Island division of taxation shall be transferred to the tourism district or convention visitors' bureau selected by the city of East Providence;

(8) Statewide district consists of all cities and towns not delineated in subdivisions (1) through (7) to be administered by the Rhode Island economic development corporation commerce corporation established in chapter 42-64.

(b) Before receiving any funds under this chapter, the organizations designated to receive the funds on behalf of the South County regional tourism district and the Northern Rhode Island regional tourism district shall be required to apply to and receive approval from the Rhode Island economic development corporation commerce corporation pursuant to guidelines promulgated by the Rhode Island economic development corporation commerce corporation. The corporation shall review the eligibility of the regional tourism district organizations to receive the funds at least annually.

(9) On or before January 1, 2016 and every January 1 thereafter, all regional tourism districts created under these sections shall be required to seek and obtain the approval of the executive office of commerce regarding the incorporation of common statewide marketing themes, logos, and slogans, among other features, prior to the release of lodging tax funds to the districts.

42-63.1-12. Distribution of tax to Rhode Island Convention Center Authority. – (a) For returns and tax received on or before December 31, 2015, the proceeds of the hotel tax generated by any and all hotels physically connected to the Rhode Island Convention Center shall be distributed as follows: twenty-seven percent (27%) shall be deposited as general revenues; thirty-one percent (31%) shall be given to the convention authority of the city of Providence; twelve percent (12%) shall be given to the greater Providence-Warwick convention and visitor's bureau; thirty percent (30%) shall be given to the Rhode Island convention center authority to be used in the furtherance of the purposes set forth in § 42-99-4.

(b) For returns and tax received after December 31, 2015, the proceeds of the hotel tax generated by any and all hotels physically connected to the Rhode Island Convention Center shall be distributed as follows: twenty-eight percent (28%) shall be given to the convention authority of the city of Providence; twelve percent (12%) shall be given to the greater Providence-Warwick convention and visitor's bureau; and sixty percent (60%) shall be given to the Rhode Island Commerce Corporation established in § 42-64.

(c) The Rhode Island Convention Center Authority is authorized and empowered to enter into contracts with the Greater Providence-Warwick Convention and Visitors' Bureau in the
furtherance of the purposes set forth in this chapter.

SECTION 3. Chapter 42-63.1 of the General Laws entitled "Tourism and Development" is hereby amended to read by adding thereto the following section:

42-63.1-14. Offering residential units through a hosting platform. – For any residential unit offered for tourist or transient use on a hosting platform that collects and remits the hotel tax revenues generated from such unit in compliance with § 44-18-7.3(b)(4)(i), cities, towns or municipalities shall not prohibit the owner of such residential unit from offering the unit for tourist or transient use through such hosting platform, or prohibit such hosting platform from providing a person or entity the means to rent, pay for or otherwise reserve a residential unit for tourist or transient use. The division of taxation shall at the request of a city, town, or municipality confirm whether a hosting platform is registered in compliance with § 44-18-7.3(b)(4)(i).

SECTION 4. Sections 44-18-7.3 and 44-18-36.1 of the General Laws in Chapter 44-18 entitled "Sales and Use Tax – Liability and Computation" are hereby amended to read as follows:

44-18-7.3. Services defined. – (a) "Services" means all activities engaged in for other persons for a fee, retainer, commission, or other monetary charge, which activities involve the performance of a service in this state as distinguished from selling property.

(b) The following businesses and services performed in this state, along with the applicable 2007 North American Industrial Classification System (NAICS) codes, are included in the definition of services:

(1) Taxicab and limousine services including but not limited to:

(i) Taxicab services including taxi dispatchers (485310); and

(ii) Limousine services (485320).

(2) Other road transportation service including but not limited to:

(i) Charter bus service (485510); and

(ii) All other transit and ground passenger transportation (485999).

(3) Pet care services (812910) except veterinary and testing laboratories services.

(4)(i) "Room reseller" or "reseller" means any person, except a tour operator as defined in § 42-63.1-2, having any right, permission, license, or other authority from or through a hotel as defined in § 42-63.1-2, to reserve, or arrange the transfer of occupancy of, accommodations the reservation or transfer of which is subject to this chapter, such that the occupant pays all or a portion of the rental and other fees to the room reseller or reseller, room reseller or reseller shall include, but not be limited to, sellers of travel packages as defined in this section.

Notwithstanding the provisions of any other law, where said reservation or transfer of occupancy
is done using a room reseller or reseller, the application of the sales and use under §§ 44-18-18 and 44-18-20, and the hotel tax under § 44-18-36.1 shall be as follows: The room reseller or reseller is required to register with and shall collect and pay to the tax administrator the sales and use and hotel taxes, with said taxes being calculated upon the amount of rental and other fees paid by the occupant to the room reseller or reseller, less the amount of any rental and other fees paid by the room reseller or reseller to the hotel. The hotel shall collect and pay to the tax administrator said taxes upon the amount of rental and other fees paid to the hotel by the room reseller or reseller and/or the occupant. No assessment shall be made by the tax administrator against a hotel because of an incorrect remittance of the taxes under this chapter by a room reseller or reseller. No assessment shall be made by the tax administrator against a room reseller or reseller because of an incorrect remittance of the taxes under this chapter by a hotel. If the hotel has paid the taxes imposed under this chapter, the occupant and/or room reseller or reseller, as applicable, shall reimburse the hotel for said taxes. If the room reseller or reseller has paid said taxes, the occupant shall reimburse the room reseller or reseller for said taxes. Each hotel and room reseller or reseller shall add and collect from the occupant or the room reseller or the reseller the full amount of the taxes imposed on the rental and other fees. When added to the rental and other fees, the taxes shall be a debt owed by the occupant to the hotel or room reseller or reseller, as applicable, and shall be recoverable at law in the same manner as other debts. The amount of the taxes collected by the hotel and/or room reseller or reseller from the occupant under this chapter shall be stated and charged separately from the rental and other fees, and shall be shown separately on all records thereof, whether made at the time the transfer of occupancy occurs, or on any evidence of the transfer issued or used by the hotel or the room reseller or the reseller. A room reseller or reseller shall not be required to disclose to the occupant the amount of tax charged by the hotel; provided, however, the room reseller or reseller shall represent to the occupant that the separately stated taxes charged by the room reseller or reseller include taxes charged by the hotel. No person shall operate a hotel in this state, or act as a room reseller or reseller for any hotel in the state, unless the tax administrator has issued a permit pursuant to § 44-19-1.

(ii) “Travel package” means a room or rooms bundled with one or more other, separate components of travel such as air transportation, car rental or similar items, which travel package is charged to the customer or occupant for a single retail price. When the room occupancy is bundled for a single consideration, with other property, services, amusement charges, or any other items, the separate sale of which would not otherwise be subject to tax under this chapter, the entire single consideration shall be treated as the rental or other fees for room occupancy subject
to tax under this chapter; provided, however, that where the amount of the rental or other fees for
room occupancy is stated separately from the price of such other property, services, amusement
charges, or other items, on any sales slip, invoice, receipt, or other statement given the occupant,
and such rental and other fees are determined by the tax administrator to be reasonable in relation
to the value of such other property, services, amusement charges or other items, only such
separately stated rental and other fees will be subject to tax under this chapter. The value of the
transfer of any room or rooms bundled as part of a travel package may be determined by the tax
administrator from the room reseller's and/or reseller’s and/or hotel’s books and records that are
kept in the regular course of business.

(c) The tax administrator is authorized to promulgate rules and regulations in accordance
with the provisions of chapter 42-35 to carry out the provisions, policies, and purposes of this
chapter.

44-18-36.1. Hotel tax. – (a) There is imposed a hotel tax of five percent (5%) upon the
total consideration charged for occupancy of any space furnished by any hotel, travel packages, or
room reseller or reseller as defined in § 44-18-7.3(b) in this state. A house, condominium, or
other resident dwelling shall be exempt from the five percent (5%) hotel tax under this subsection
if the house, condominium, or other resident dwelling is rented in its entirety. The hotel tax is in
addition to any sales tax imposed. This hotel tax is administered and collected by the division of
taxation and unless provided to the contrary in this chapter, all the administration, collection, and
other provisions of chapters 18 and 19 of this title apply. Nothing in this chapter shall be
construed to limit the powers of the convention authority of the city of Providence established
pursuant to the provisions of chapter 84 of the public laws of 1980, except that distribution of
hotel tax receipts shall be made pursuant to chapter 63.1 of title 42 rather than chapter 84 of the
public laws of 1980.

(b) There is hereby levied and imposed, upon the total consideration charged for
occupancy of any space furnished by any hotel in this state, in addition to all other taxes and fees
now imposed by law, a local hotel tax at a rate of one percent (1%). The local hotel tax shall be
administered and collected in accordance with subsection (a).

(c) All sums received by the division of taxation from the local hotel tax, penalties or
forfeitures, interest, costs of suit and fines shall be distributed at least quarterly, credited and paid
by the state treasurer to the city or town where the space for occupancy that is furnished by the
hotel is located. Unless provided to the contrary in this chapter, all of the administration,
collection, and other provisions of chapters 18 and 19 of this title shall apply.

(d) Notwithstanding the provisions of subsection (a) of this section, the city of Newport
shall have the authority to collect from hotels located in the city of Newport the tax imposed by subsection (a) of this section.

(1) Within ten (10) days of collection of the tax, the city of Newport shall distribute the tax as provided in § 42-63.1-3. No later than the first day of March and the first day of September in each year in which the tax is collected, the city of Newport shall submit to the division of taxation a report of the tax collected and distributed during the six (6) month period ending thirty (30) days prior to the reporting date.

(2) The city of Newport shall have the same authority as the division of taxation to recover delinquent hotel taxes pursuant to chapter 44-19, and the amount of any hotel tax, penalty and interest imposed by the city of Newport until collected constitutes a lien on the real property of the taxpayer.

In recognition of the work being performed by the Streamlined Sales and Use Tax Governing Board, upon any federal law which requires remote sellers to collect and remit taxes, effective the first (1st) day of the first (1st) state fiscal quarter following the change, the rate imposed under § 44-18-36.1(b) shall be one and one-half percent (1.5%).

SECTION 5. Chapter 44-1 of the General Laws entitled "State Tax Officials" is hereby amended by adding hereto the following section:

44-1-36. Contracts. - (a) Except as set forth in section (b) below, the division of taxation may enter into contracts with persons (defined herein as individuals, firms, fiduciaries, partnerships, corporations, trusts, or associations, however formed) to be paid on a contingent fee basis, for services rendered to the division of taxation where the contract is for the collection of taxes, interest, or penalty or the reduction of refunds claimed. Under such contracts the contingent fee shall be based on the actual amount of taxes, interest and/or penalties collected and/or the amount by which the claimed refund is reduced.

(b) The division of taxation may not enter into a contingent fee contract under which the person directly conducts a field audit.

(c) The division of taxation shall publish an annual report setting forth the number of contracts entered into under paragraph (a), the amount collected and the percentage of the contingency fee arrangement of each contract.

SECTION 6. Section 44-25-1 of the General Laws in Chapter 44-25 entitled "Real Estate Conveyance Tax" is hereby amended to read as follows:

44-25-1, Tax imposed -- Payment -- Burden. -- (a) There is imposed, on each deed, instrument, or writing by which any lands, tenements, or other realty sold is granted, assigned, transferred, or conveyed to, or vested in, the purchaser or purchasers, or any other person or
persons, by his or her or their direction, or on any grant, assignment, transfer, or conveyance or such vesting, by such persons which has the effect of making any real estate company an acquired real estate company, when the consideration paid exceeds one hundred dollars ($100), a tax at the rate of two dollars and thirty cents ($2.30) for each five hundred dollars ($500) or fractional part of it which is paid for the purchase of the property or the interest in an acquired real estate company (inclusive of the value of any lien or encumbrance remaining at the time of the sale, grant, assignment, transfer or conveyance or vesting occurs, or in the case of an interest in an acquired real estate company, a percentage of the value of such lien or encumbrance equivalent to the percentage interest in the acquired real estate company being granted, assigned, transferred, conveyed or vested), which tax is payable at the time of making, the execution, delivery, acceptance or presentation for recording of the any instrument affecting such transfer grant, assignment, transfer, conveyance or vesting. In the absence of an agreement to the contrary, the tax shall be paid by the grantor, assignor, transferor or person making the conveyance or vesting.

(b) In the event no consideration is actually paid for the lands, tenements, or realty, the instrument or interest in an acquired real estate company of conveyance shall contain a statement to the effect that the consideration is such that no documentary stamps are required.

c) The tax administrator shall contribute to the distressed community relief program the sum of thirty cents ($.30) per two dollars and thirty cents ($2.30) of the face value of the stamps to be distributed pursuant to § 45-13-12, and to the housing resources commission restricted receipts account the sum of thirty cents ($.30) per two dollars and thirty cents ($2.30) of the face value of the stamps. Funds will be administered by the department of administration, office of housing and community development, through the housing resources commission. The state shall retain sixty cents ($.60) for state use. The balance of the tax shall be retained by the municipality collecting the tax. Notwithstanding the above, in the case of the tax on the grant, transfer, assignment or conveyance or vesting with respect to an acquired real estate company, the tax shall be collected by the tax administrator and shall be distributed to the municipality where the real estate owned by the acquired real estate company is located, provided, however, in the case of any such tax collected by the tax administrator, if the acquired real estate company owns property located in more than one municipality, the proceeds of the tax shall be allocated amongst said municipalities in the proportion the assessed value of said real estate in each such municipality bears to the total of the assessed values of all of the real estate owned by the acquired real estate company in Rhode Island. Provided, however, in fiscal years 2004 and 2005, from the proceeds of this tax, the tax administrator shall deposit as general revenues the sum of
ninety cents ($0.90) per two dollars and thirty cents ($2.30) of the face value of the stamps. The
balance of the tax on the purchase of property shall be retained by the municipality collecting the
tax. The balance of the tax on the transfer with respect to an acquired real estate company, shall
be collected by the tax administrator and shall be distributed to the municipality where the
property for which interest is sold is physically located. Provided, however, that in the case of any
tax collected by the tax administrator with respect to an acquired real estate company where the
acquired real estate company owns property located in more than one municipality, the proceeds
of the tax shall be allocated amongst the municipalities in proportion that the assessed value in
any such municipality bears to the assessed values of all of the real estate owned by the acquired
real estate company in Rhode Island.

(d) For purposes of this Section, the term “acquired real estate company” means a real
estate company that has undergone a change in ownership interest if (i) such change does not
affect the continuity of the operations of the company; and (ii) the change, whether alone or
together with prior changes has the effect of granting, transferring, assigning or conveying or
vesting, transferring directly or indirectly, 50% or more of the total ownership in the company
within a period of three (3) years. For purposes of the foregoing subsection (ii) hereof, a grant,
transfer, assignment or conveyance or vesting, shall be deemed to have occurred within a period
of three (3) years of another grant(s), transfer(s), assignment(s) or conveyance(s) or vesting(s) if
during the period the granting, transferring, assigning or conveying or party provides the
receiving party a legally binding document granting, transferring, assigning or conveying or
vesting said realty or a commitment or option enforceable at a future date to execute the grant,
transfer, assignment or conveyance or vesting.

(e) A real estate company is a corporation, limited liability company, partnership or other
legal entity which meets any of the following:

(i) is primarily engaged in the business of holding, selling or leasing real estate, where
90% or more of the ownership of said real estate is held by 35 or fewer persons and which
company either (a) derives 60% or more of its annual gross receipts from the ownership or
disposition of real estate; or (b) owns real estate the value of which comprises 90% or more of the
value of the entity’s entire tangible asset holdings exclusive of tangible assets which are fairly
transferrable and actively traded on an established market; or

(ii) 90% or more of the ownership interest in such entity is held by 35 or fewer persons
and the entity owns as 90% or more of the fair market value of its assets a direct or indirect
interest in a real estate company. An indirect ownership interest is an interest in an entity 90% or
more of which is held by 35 or fewer persons and the purpose of the entity is the ownership of a
In the case of a grant, assignment, transfer or conveyance or vesting which results in a real estate company becoming an acquired real estate company, the grantor, assignor, transferor, or person making the conveyance or causing the vesting, shall file or cause to be filed with the division of taxation, at least five (5) days prior to the grant, transfer, assignment or conveyance or vesting, notification of the proposed grant, transfer, assignment, or conveyance or vesting, the price, terms and conditions of thereof, and the character and location of all of the real estate assets held by real estate company and shall remit the tax imposed and owed pursuant to subsection (a) hereof. Any such grant, transfer, assignment or conveyance or vesting which results in a real estate company becoming an acquired real estate company shall be fraudulent and void as against the state unless the entity notifies the tax administrator in writing of the grant, transfer, assignment or conveyance or vesting as herein required in subsection (f) hereof and has paid the tax as required in subsection (a) hereof. Upon the payment of the tax by the transferor, the tax administrator shall issue a certificate of the payment of the tax which certificate shall be recordable in the land evidence records in each municipality in which such real estate company owns real estate. Where the real estate company has assets other than interests in real estate located in Rhode Island, the tax shall be based upon the assessed value of each parcel of property located in each municipality in the state of Rhode Island.

SECTION 7. Section 44-18-30 of General Laws in Chapter 44-18 entitled “Sales and Use Taxes – Liability and Computation” is hereby amended to read as follows:

44-18-30. Gross receipts exempt from sales and use taxes. – There are exempted from the taxes imposed by this chapter the following gross receipts:

(1) Sales and uses beyond constitutional power of state. From the sale and from the storage, use, or other consumption in this state of tangible personal property the gross receipts from the sale of which, or the storage, use, or other consumption of which, this state is prohibited from taxing under the Constitution of the United States or under the constitution of this state.

(2) Newspapers.

(i) From the sale and from the storage, use, or other consumption in this state of any newspaper.

(ii) "Newspaper" means an unbound publication printed on newsprint, that contains news, editorial comment, opinions, features, advertising matter, and other matters of public interest.

(iii) "Newspaper" does not include a magazine, handbill, circular, flyer, sales catalog, or similar item unless the item is printed for and distributed as a part of a newspaper.

(3) School meals. From the sale and from the storage, use, or other consumption in this...
state of meals served by public, private, or parochial schools, school districts, colleges,
universities, student organizations, and parent-teacher associations to the students or teachers of a
school, college, or university whether the meals are served by the educational institutions or by a
food service or management entity under contract to the educational institutions.

(4) Containers.

(i) From the sale and from the storage, use, or other consumption in this state of:

(A) Non-returnable containers, including boxes, paper bags, and wrapping materials that
are biodegradable and all bags and wrapping materials utilized in the medical and healing arts,
when sold without the contents to persons who place the contents in the container and sell the
contents with the container.

(B) Containers when sold with the contents if the sale price of the contents is not required
to be included in the measure of the taxes imposed by this chapter.

(C) Returnable containers when sold with the contents in connection with a retail sale of
the contents or when resold for refilling.

(ii) As used in this subdivision, the term "returnable containers" means containers of a
kind customarily returned by the buyer of the contents for reuse. All other containers are "non-
returnable containers."

(5)(i) Charitable, educational, and religious organizations. From the sale to, as in
defined in this section, and from the storage, use, and other consumption in this state or any other
state of the United States of America of tangible personal property by hospitals not operated for a
profit; "educational institutions" as defined in subdivision (18) not operated for a profit; churches,
orphanages, and other institutions or organizations operated exclusively for religious or charitable
purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting
leagues and associations and bands for boys and girls under the age of nineteen (19) years; the
following vocational student organizations that are state chapters of national vocational students
organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of
America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future
Homemakers of America/Home Economics Related Occupations (FHA/HERD); Vocational
Industrial Clubs of America (VICA); organized nonprofit golden age and senior citizens clubs for
men and women; and parent-teacher associations.

(ii) In the case of contracts entered into with the federal government, its agencies or
instrumentalities, this state or any other state of the United States of America, its agencies, any
city, town, district, or other political subdivision of the states; hospitals not operated for profit;
educational institutions not operated for profit; churches, orphanages, and other institutions or
organizations operated exclusively for religious or charitable purposes; the contractor may purchase such materials and supplies (materials and/or supplies are defined as those that are essential to the project) that are to be utilized in the construction of the projects being performed under the contracts without payment of the tax.

(iii) The contractor shall not charge any sales or use tax to any exempt agency, institution, or organization but shall in that instance provide his or her suppliers with certificates in the form as determined by the division of taxation showing the reason for exemption and the contractor's records must substantiate the claim for exemption by showing the disposition of all property so purchased. If any property is then used for a nonexempt purpose, the contractor must pay the tax on the property used.

(6) Gasoline. From the sale and from the storage, use, or other consumption in this state of: (i) gasoline and other products taxed under chapter 36 of title 31 and (ii) fuels used for the propulsion of airplanes.

(7) Purchase for manufacturing purposes.

(i) From the sale and from the storage, use, or other consumption in this state of computer software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, and water, when the property or service is purchased for the purpose of being manufactured into a finished product for resale and becomes an ingredient, component, or integral part of the manufactured, compounded, processed, assembled, or prepared product, or if the property or service is consumed in the process of manufacturing for resale computer software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

(ii) "Consumed" means destroyed, used up, or worn out to the degree or extent that the property cannot be repaired, reconditioned, or rendered fit for further manufacturing use.

(iii) "Consumed" includes mere obsolescence.

(iv) "Manufacturing" means and includes manufacturing, compounding, processing, assembling, preparing, or producing.

(v) "Process of manufacturing" means and includes all production operations performed in the producing or processing room, shop, or plant, insofar as the operations are a part of and connected with the manufacturing for resale of tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, or water and all production operations performed insofar as the operations are a part of and connected with the manufacturing for resale of computer software.

(vi) "Process of manufacturing" does not mean or include administration operations such as general office operations, accounting, collection or sales promotion, nor does it mean or include distribution operations that occur subsequent to production operations, such as handling,
storing, selling, and transporting the manufactured products, even though the administration and
distribution operations are performed by, or in connection with, a manufacturing business.

(8) State and political subdivisions. From the sale to, and from the storage, use, or other
consumption by, this state, any city, town, district, or other political subdivision of this state.
Every redevelopment agency created pursuant to chapter 31 of title 45 is deemed to be a
subdivision of the municipality where it is located.

(9) Food and food ingredients. From the sale and storage, use, or other consumption in
this state of food and food ingredients as defined in § 44-18-7.1(l).

For the purposes of this exemption “food and food ingredients” shall not include candy,
soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending
machines, or prepared food, as those terms are defined in § 44-18-7.1, unless the prepared food is:

(i) Sold by a seller whose primary NAICS classification is manufacturing in sector 311,
except sub-sector 3118 (bakeries);

(ii) Sold in an unheated state by weight or volume as a single item;

(iii) Bakery items, including bread, rolls, buns, biscuits, bagels, croissants, pastries,
donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas; and is not sold with
utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or
straws.

(10) Medicines, drugs, and durable medical equipment. From the sale and from the
storage, use, or other consumption in this state, of:

(i) "Drugs" as defined in § 44-18-7.1(h)(i), sold on prescriptions, medical oxygen, and
insulin whether or not sold on prescription. For purposes of this exemption drugs shall not
include over-the-counter drugs and grooming and hygiene products as defined in § 44-18-
7.1(h)(iii).

(ii) Durable medical equipment as defined in § 44-18-7.1(k) for home use only,
including, but not limited to, syringe infusers, ambulatory drug delivery pumps, hospital beds,
convalescent chairs, and chair lifts. Supplies used in connection with syringe infusers and
ambulatory drug delivery pumps that are sold on prescription to individuals to be used by them to
dispense or administer prescription drugs, and related ancillary dressings and supplies used to
dispense or administer prescription drugs, shall also be exempt from tax.

(11) Prosthetic devices and mobility enhancing equipment. From the sale and from the
storage, use, or other consumption in this state, of prosthetic devices as defined in § 44-18-7.1(t),
sold on prescription, including, but not limited to: artificial limbs, dentures, spectacles,
eyeglasses, and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on
prescription; and mobility enhancing equipment as defined in § 44-18-7.1(p), including
wheelchairs, crutches and canes.

(12) **Coffins, caskets, and burial garments.** From the sale and from the storage, use, or
other consumption in this state of coffins or caskets, and shrouds or other burial garments that are
ordinarily sold by a funeral director as part of the business of funeral directing.

(13) **Motor vehicles sold to nonresidents.**

(i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide
nonresident of this state who does not register the motor vehicle in this state, whether the sale or
delivery of the motor vehicle is made in this state or at the place of residence of the nonresident.

A motor vehicle sold to a bona fide nonresident whose state of residence does not allow a like
exemption to its nonresidents is not exempt from the tax imposed under § 44-18-20. In that event,
the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate that
would be imposed in his or her state of residence not to exceed the rate that would have been
imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed motor vehicle
dealer shall add and collect the tax required under this subdivision and remit the tax to the tax
administrator under the provisions of chapters 18 and 19 of this title. When a Rhode Island
licensed, motor vehicle dealer is required to add and collect the sales and use tax on the sale of a
motor vehicle to a bona fide nonresident as provided in this section, the dealer in computing the
tax takes into consideration the law of the state of the nonresident as it relates to the trade-in of
motor vehicles.

(ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
require any licensed motor vehicle dealer to keep records of sales to bona fide nonresidents as the
tax administrator deems reasonably necessary to substantiate the exemption provided in this
subdivision, including the affidavit of a licensed motor vehicle dealer that the purchaser of the
motor vehicle was the holder of, and had in his or her possession a valid out of state motor
vehicle registration or a valid out of state driver's license.

(iii) Any nonresident who registers a motor vehicle in this state within ninety (90) days of
the date of its sale to him or her is deemed to have purchased the motor vehicle for use, storage,
or other consumption in this state, and is subject to, and liable for, the use tax imposed under the
provisions of § 44-18-20.

(14) **Sales in public buildings by blind people.** From the sale and from the storage, use, or
other consumption in all public buildings in this state of all products or wares by any person
licensed under § 40-9-11.1.

(15) **Air and water pollution control facilities.** From the sale, storage, use, or other
consumption in this state of tangible personal property or supplies acquired for incorporation into or used and consumed in the operation of a facility, the primary purpose of which is to aid in the control of the pollution or contamination of the waters or air of the state, as defined in chapter 12 of title 46 and chapter 25 of title 23, respectively, and that has been certified as approved for that purpose by the director of environmental management. The director of environmental management may certify to a portion of the tangible personal property or supplies acquired for incorporation into those facilities or used and consumed in the operation of those facilities to the extent that that portion has as its primary purpose the control of the pollution or contamination of the waters or air of this state. As used in this subdivision, "facility" means any land, facility, device, building, machinery, or equipment.

(16) **Camps.** From the rental charged for living quarters, or sleeping, or housekeeping accommodations at camps or retreat houses operated by religious, charitable, educational, or other organizations and associations mentioned in subdivision (5), or by privately owned and operated summer camps for children.

(17) **Certain institutions.** From the rental charged for living or sleeping quarters in an institution licensed by the state for the hospitalization, custodial, or nursing care of human beings.

(18) **Educational institutions.** From the rental charged by any educational institution for living quarters, or sleeping, or housekeeping accommodations or other rooms or accommodations to any student or teacher necessitated by attendance at an educational institution. "Educational institution" as used in this section means an institution of learning not operated for profit that is empowered to confer diplomas, educational, literary, or academic degrees; that has a regular faculty, curriculum, and organized body of pupils or students in attendance throughout the usual school year; that keeps and furnishes to students and others records required and accepted for entrance to schools of secondary, collegiate, or graduate rank; and no part of the net earnings of which inures to the benefit of any individual.

(19) **Motor vehicle and adaptive equipment for persons with disabilities.**

(i) From the sale of: (A) Special adaptations; (B) The component parts of the special adaptations; or (C) A specially adapted motor vehicle; provided that the owner furnishes to the tax administrator an affidavit of a licensed physician to the effect that the specially adapted motor vehicle is necessary to transport a family member with a disability or where the vehicle has been specially adapted to meet the specific needs of the person with a disability. This exemption applies to not more than one motor vehicle owned and registered for personal, noncommercial use.

(ii) For the purpose of this subsection the term "special adaptations" includes, but is not
limited to: wheelchair lifts, wheelchair carriers, wheelchair ramps, wheelchair securements, hand
controls, steering devices, extensions, relocations, and crossovers of operator controls, power-
assisted controls, raised tops or dropped floors, raised entry doors, or alternative signaling devices
to auditory signals.

(iii) From the sale of: (a) special adaptations, (b) the component parts of the special
adaptations, for a "wheelchair accessible taxicab" as defined in § 39-14-1, and/or a "wheelchair
accessible public motor vehicle" as defined in § 39-14.1-1.

(iv) For the purpose of this subdivision the exemption for a "specially adapted motor
vehicle" means a use tax credit not to exceed the amount of use tax that would otherwise be due
on the motor vehicle, exclusive of any adaptations. The use tax credit is equal to the cost of the
special adaptations, including installation.

(20) Heating fuels. From the sale and from the storage, use, or other consumption in this
state of every type of heating fuel used in the heating of homes and residential premises.

(21) Electricity and gas. From the sale and from the storage, use, or other consumption in
this state of electricity and gas furnished for domestic use by occupants of residential premises.

(22) Manufacturing machinery and equipment.

(i) From the sale and from the storage, use, or other consumption in this state of tools,
dies, molds, machinery, equipment (including replacement parts), and related items to the extent
used in an industrial plant in connection with the actual manufacture, conversion, or processing of
tangible personal property, or to the extent used in connection with the actual manufacture,
conversion, or processing of computer software as that term is utilized in industry numbers 7371,
7372, and 7373 in the standard industrial classification manual prepared by the Technical
Committee on Industrial Classification, Office of Statistical Standards, Executive Office of the
President, United States Bureau of the Budget, as revised from time to time, to be sold, or that
machinery and equipment used in the furnishing of power to an industrial manufacturing plant.
For the purposes of this subdivision, "industrial plant" means a factory at a fixed location
primarily engaged in the manufacture, conversion, or processing of tangible personal property to
be sold in the regular course of business;

(ii) Machinery and equipment and related items are not deemed to be used in connection
with the actual manufacture, conversion, or processing of tangible personal property, or in
connection with the actual manufacture, conversion, or processing of computer software as that
term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification
manual prepared by the Technical Committee on Industrial Classification, Office of Statistical
Standards, Executive Office of the President, United States Bureau of the Budget, as revised from
time to time, to be sold to the extent the property is used in administration or distribution operations;

(iii) Machinery and equipment and related items used in connection with the actual manufacture, conversion, or processing of any computer software or any tangible personal property that is not to be sold and that would be exempt under subdivision (7) or this subdivision if purchased from a vendor or machinery and equipment and related items used during any manufacturing, converting, or processing function is exempt under this subdivision even if that operation, function, or purpose is not an integral or essential part of a continuous production flow or manufacturing process;

(iv) Where a portion of a group of portable or mobile machinery is used in connection with the actual manufacture, conversion, or processing of computer software or tangible personal property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under this subdivision even though the machinery in that group is used interchangeably and not otherwise identifiable as to use.

(23) Trade-in value of motor vehicles. From the sale and from the storage, use, or other consumption in this state of so much of the purchase price paid for a new or used automobile as is allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller, or of the proceeds applicable only to the automobile as are received from the manufacturer of automobiles for the repurchase of the automobile whether the repurchase was voluntary or not towards the purchase of a new or used automobile by the buyer. For the purpose of this subdivision, the word "automobile" means a private passenger automobile not used for hire and does not refer to any other type of motor vehicle.

(24) Precious metal bullion.

(i) From the sale and from the storage, use, or other consumption in this state of precious metal bullion, substantially equivalent to a transaction in securities or commodities.

(ii) For purposes of this subdivision, "precious metal bullion" means any elementary precious metal that has been put through a process of smelting or refining, including, but not limited to, gold, silver, platinum, rhodium, and chromium, and that is in a state or condition that its value depends upon its content and not upon its form.

(iii) The term does not include fabricated precious metal that has been processed or manufactured for some one or more specific and customary industrial, professional, or artistic uses.

(25) Commercial vessels. From sales made to a commercial ship, barge, or other vessel of fifty (50) tons burden or over, primarily engaged in interstate or foreign commerce, and from the...
repair, alteration, or conversion of the vessels, and from the sale of property purchased for the use
of the vessels including provisions, supplies, and material for the maintenance and/or repair of the
vessels.

(26) Commercial fishing vessels. From the sale and from the storage, use, or other
consumption in this state of vessels and other water craft that are in excess of five (5) net tons and
that are used exclusively for "commercial fishing", as defined in this subdivision, and from the
repair, alteration, or conversion of those vessels and other watercraft, and from the sale of
property purchased for the use of those vessels and other watercraft including provisions,
supplies, and material for the maintenance and/or repair of the vessels and other watercraft and
the boats nets, cables, tackle, and other fishing equipment appurtenant to or used in connection
with the commercial fishing of the vessels and other watercraft. "Commercial fishing" means
taking or attempting to take any fish, shellfish, crustacea, or bait species with the intent of
disposing of it for profit or by sale, barter, trade, or in commercial channels. The term does not
include subsistence fishing, i.e., the taking for personal use and not for sale or barter; or sport
fishing; but shall include vessels and other watercraft with a Rhode Island party and charter boat
license issued by the department of environmental management pursuant to § 20-2-27.1 that meet
the following criteria: (i) The operator must have a current U.S.C.G. license to carry passengers
for hire; (ii) U.S.C.G. vessel documentation in the coast wide fishery trade; (iii) U.S.C.G. vessel
documentation as to proof of Rhode Island home port status or a Rhode Island boat registration to
prove Rhode Island home port status; and (iv) The vessel must be used as a commercial passenger
carrying fishing vessel to carry passengers for fishing. The vessel must be able to demonstrate
that at least fifty percent (50%) of its annual gross income derives from charters or provides
documentation of a minimum of one hundred (100) charter trips annually; and (v) The vessel
must have a valid Rhode Island party and charter boat license. The tax administrator shall
implement the provisions of this subdivision by promulgating rules and regulations relating
thereto.

(27) Clothing and footwear. From the sales of articles of clothing, including footwear,
intended to be worn or carried on or about the human body for sales prior to October 1, 2012.
Effective October 1, 2012, the exemption will apply to the sales of articles of clothing, including
footwear, intended to be worn or carried on or about the human body up to two hundred and fifty
dollars ($250) of the sales price per item. For the purposes of this section, "clothing or footwear"
does not include clothing accessories or equipment or special clothing or footwear primarily
designed for athletic activity or protective use as these terms are defined in section 44-18-7.1(f).
In recognition of the work being performed by the streamlined sales and use tax governing board,
upon passage of any federal law that authorizes states to require remote sellers to collect and 
remit sales and use taxes, this unlimited exemption will apply as it did prior to October 1, 2012. 
The unlimited exemption on sales of clothing and footwear shall take effect on the date that the 
state requires remote sellers to collect and remit sales and use taxes.

(28) Water for residential use. From the sale and from the storage, use, or other 
consumption in this state of water furnished for domestic use by occupants of residential 
premises.

(29) Bibles. [Unconstitutional; see Ahlburn v. Clark, 728 A.2d 449 (R.I. 1999); see Notes 
to Decisions.] From the sale and from the storage, use, or other consumption in the state of any 
canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited 
to, the Old Testament and the New Testament versions.

(30) Boats.

(i) From the sale of a boat or vessel to a bona fide nonresident of this state who does not 
register the boat or vessel in this state or document the boat or vessel with the United States 
government at a home port within the state, whether the sale or delivery of the boat or vessel is 
made in this state or elsewhere; provided, that the nonresident transports the boat within thirty 
(30) days after delivery by the seller outside the state for use thereafter solely outside the state.

(ii) The tax administrator, in addition to the provisions of §§ 44-19-17 and 44-19-28, may 
require the seller of the boat or vessel to keep records of the sales to bona fide nonresidents as the 
tax administrator deems reasonably necessary to substantiate the exemption provided in this 
subdivision, including the affidavit of the seller that the buyer represented himself or herself to be 
a bona fide nonresident of this state and of the buyer that he or she is a nonresident of this state.

(31) Youth activities equipment. From the sale, storage, use, or other consumption in this 
state of items for not more than twenty dollars ($20.00) each by nonprofit Rhode Island 
eleemosynary organizations, for the purposes of youth activities that the organization is formed to 
sponsor and support; and by accredited elementary and secondary schools for the purposes of the 
schools or of organized activities of the enrolled students.

(32) Farm equipment. From the sale and from the storage or use of machinery and 
equipment used directly for commercial farming and agricultural production; including, but not 
limited to: tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors, 
balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment, 
greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and 
other farming equipment, including replacement parts appurtenant to or used in connection with 
commercial farming and tools and supplies used in the repair and maintenance of farming
equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or the production within this state of agricultural products, including, but not limited to, field or orchard crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or production provides at least two thousand five hundred dollars ($2,500) in annual gross sales to the operator, whether an individual, a group, a partnership, or a corporation for exemptions issued prior to July 1, 2002. For exemptions issued or renewed after July 1, 2002, there shall be two (2) levels. Level I shall be based on proof of annual, gross sales from commercial farming of at least twenty-five hundred dollars ($2,500) and shall be valid for purchases subject to the exemption provided in this subdivision except for motor vehicles with an excise tax value of five thousand dollars ($5,000) or greater. Level II shall be based on proof of annual gross sales from commercial farming of at least ten thousand dollars ($10,000) or greater and shall be valid for purchases subject to the exemption provided in this subdivision including motor vehicles with an excise tax value of five thousand dollars ($5,000) or greater. For the initial issuance of the exemptions, proof of the requisite amount of annual gross sales from commercial farming shall be required for the prior year; for any renewal of an exemption granted in accordance with this subdivision at either level I or level II, proof of gross annual sales from commercial farming at the requisite amount shall be required for each of the prior two (2) years. Certificates of exemption issued or renewed after July 1, 2002, shall clearly indicate the level of the exemption and be valid for four (4) years after the date of issue. This exemption applies even if the same equipment is used for ancillary uses, or is temporarily used for a non-farming or a non-agricultural purpose, but shall not apply to motor vehicles acquired after July 1, 2002, unless the vehicle is a farm vehicle as defined pursuant to § 31-1-8 and is eligible for registration displaying farm plates as provided for in § 31-3-31.

(33) Compressed air. From the sale and from the storage, use, or other consumption in the state of compressed air.

(34) Flags. From the sale and from the storage, consumption, or other use in this state of United States, Rhode Island or POW-MIA flags.

(35) Motor vehicle and adaptive equipment to certain veterans. From the sale of a motor vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or the loss of use of a leg, foot, hand, or arm, or any veteran who is a double amputee, whether service connected or not. The motor vehicle must be purchased by and especially equipped for use by the qualifying veteran. Certificate of exemption or refunds of taxes paid is granted under rules or regulations that the tax administrator may prescribe.

(36) Textbooks. From the sale and from the storage, use, or other consumption in this
state of textbooks by an "educational institution", as defined in subdivision (18) of this section, and any educational institution within the purview of § 16-63-9(4), and used textbooks by any purveyor.

(37) Tangible personal property and supplies used in on-site hazardous waste recycling, reuse, or treatment. From the sale, storage, use, or other consumption in this state of tangible personal property or supplies used or consumed in the operation of equipment, the exclusive function of which is the recycling, reuse, or recovery of materials (other than precious metals, as defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes", as defined in § 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely by the same taxpayer and where the personal property is located at, in, or adjacent to a generating facility of the taxpayer in Rhode Island. The taxpayer shall procure an order from the director of the department of environmental management certifying that the equipment and/or supplies as used or consumed, qualify for the exemption under this subdivision. If any information relating to secret processes or methods of manufacture, production, or treatment is disclosed to the department of environmental management only to procure an order, and is a "trade secret" as defined in § 28-21-10(b), it is not open to public inspection or publicly disclosed unless disclosure is required under chapter 21 of title 28 or chapter 24.4 of title 23.

(38) Promotional and product literature of boat manufacturers. From the sale and from the storage, use, or other consumption of promotional and product literature of boat manufacturers shipped to points outside of Rhode Island that either: (i) Accompany the product that is sold; (ii) Are shipped in bulk to out-of-state dealers for use in the sale of the product; or (iii) Are mailed to customers at no charge.

(39) Food items paid for by food stamps. From the sale and from the storage, use, or other consumption in this state of eligible food items payment for which is properly made to the retailer in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of 1977, 7 U.S.C. § 2011 et seq.

(40) Transportation charges. From the sale or hiring of motor carriers as defined in § 39-12-2(l) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed with the Rhode Island public utilities commission on the number of miles driven or by the number of hours spent on the job.

(41) Trade-in value of boats. From the sale and from the storage, use, or other consumption in this state of so much of the purchase price paid for a new or used boat as is allocated for a trade-in allowance on the boat of the buyer given in trade to the seller or of the proceeds applicable only to the boat as are received from an insurance claim as a result of a stolen
or damaged boat, towards the purchase of a new or used boat by the buyer.

(42) Equipment used for research and development. From the sale and from the storage, use, or other consumption of equipment to the extent used for research and development purposes by a qualifying firm. For the purposes of this subdivision, “qualifying firm” means a business for which the use of research and development equipment is an integral part of its operation and “equipment” means scientific equipment, computers, software, and related items.

(43) Coins. From the sale and from the other consumption in this state of coins having numismatic or investment value.

(44) Farm structure construction materials. Lumber, hardware, and other materials used in the new construction of farm structures, including production facilities such as, but not limited to, farrowing sheds, free stall and stanchion barns, milking parlors, silos, poultry barns, laying houses, fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing rooms, machinery storage, seasonal farm worker housing, certified farm markets, bunker and trench silos, feed storage sheds, and any other structures used in connection with commercial farming.

(45) Telecommunications carrier access service. Carrier access service or telecommunications service when purchased by a telecommunications company from another telecommunications company to facilitate the provision of telecommunications service.

(46) Boats or vessels brought into the state exclusively for winter storage, maintenance, repair or sale. Notwithstanding the provisions of §§ 44-18-10, 44-18-11 and 44-18-20, the tax imposed by § 44-18-20 is not applicable for the period commencing on the first day of October in any year up to and including the 30th day of April next succeeding with respect to the use of any boat or vessel within this state exclusively for purposes of: (i) Delivery of the vessel to a facility in this state for storage, including dry storage and storage in water by means of apparatus preventing ice damage to the hull, maintenance, or repair; (ii) The actual process of storage, maintenance, or repair of the boat or vessel; or (iii) Storage for the purpose of selling the boat or vessel.

(47) Jewelry display product. From the sale and from the storage, use, or other consumption in this state of tangible personal property used to display any jewelry product; provided that title to the jewelry display product is transferred by the jewelry manufacturer or seller and that the jewelry display product is shipped out of state for use solely outside the state and is not returned to the jewelry manufacturer or seller.

(48) Boats or vessels generally. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-18-20 and 44-18-18 shall not apply with respect to the sale and to the storage,
use, or other consumption in this state of any new or used boat. The exemption provided for in
this subdivision does not apply after October 1, 1993, unless prior to October 1, 1993, the federal
ten percent (10%) surcharge on luxury boats is repealed.

(49) Banks and regulated investment companies interstate toll-free calls.
Notwithstanding the provisions of this chapter, the tax imposed by this chapter does not apply to
the furnishing of interstate and international, toll-free terminating telecommunication service that
is used directly and exclusively by or for the benefit of an eligible company as defined in this
subdivision; provided that an eligible company employs on average during the calendar year no
less than five hundred (500) "full-time equivalent employees“ as that term is defined in § 42-64.5-
2. For purposes of this section, an "eligible company” means a "regulated investment company”
as that term is defined in the Internal Revenue Code of 1986, 26 U.S.C. § 1 et seq., or a
corporation to the extent the service is provided, directly or indirectly, to or on behalf of a
regulated investment company, an employee benefit plan, a retirement plan or a pension plan or a
state-chartered bank.

(50) Mobile and manufactured homes generally. From the sale and from the storage, use,
or other consumption in this state of mobile and/or manufactured homes as defined and subject to
taxation pursuant to the provisions of chapter 44 of title 31.

(51) Manufacturing business reconstruction materials.
(i) From the sale and from the storage, use, or other consumption in this state of lumber,
hardware, and other building materials used in the reconstruction of a manufacturing business
facility that suffers a disaster, as defined in this subdivision, in this state. "Disaster” means any
occurrence, natural or otherwise, that results in the destruction of sixty percent (60%) or more of
an operating manufacturing business facility within this state. "Disaster” does not include any
damage resulting from the willful act of the owner of the manufacturing business facility.
(ii) Manufacturing business facility includes, but is not limited to, the structures housing
the production and administrative facilities.
(iii) In the event a manufacturer has more than one manufacturing site in this state, the
sixty percent (60%) provision applies to the damages suffered at that one site.
(iv) To the extent that the costs of the reconstruction materials are reimbursed by
insurance, this exemption does not apply.

(52) Tangible personal property and supplies used in the processing or preparation of
floral products and floral arrangements. From the sale, storage, use, or other consumption in this
state of tangible personal property or supplies purchased by florists, garden centers, or other like
producers or vendors of flowers, plants, floral products, and natural and artificial floral
arrangements that are ultimately sold with flowers, plants, floral products, and natural and
artificial floral arrangements or are otherwise used in the decoration, fabrication, creation,
processing, or preparation of flowers, plants, floral products, or natural and artificial floral
arrangements, including descriptive labels, stickers, and cards affixed to the flower, plant, floral
product, or arrangement, artificial flowers, spray materials, floral paint and tint, plant shine,
flower food, insecticide and fertilizers.

(53) Horse food products. From the sale and from the storage, use, or other consumption
in this state of horse food products purchased by a person engaged in the business of the boarding
of horses.

(54) Non-motorized recreational vehicles sold to nonresidents.

(i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to
a bona fide nonresident of this state who does not register the non-motorized recreational vehicle
in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this
state or at the place of residence of the nonresident; provided that a non-motorized recreational
vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption
to its nonresidents is not exempt from the tax imposed under § 44-18-20; provided, further, that in
that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the
rate that would be imposed in his or her state of residence not to exceed the rate that would have
been imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed, non-
motorized recreational vehicle dealer shall add and collect the tax required under this subdivision
and remit the tax to the tax administrator under the provisions of chapters 18 and 19 of this title.
Provided, that when a Rhode Island licensed, non-motorized recreational vehicle dealer is
required to add and collect the sales and use tax on the sale of a non-motorized recreational
vehicle to a bona fide nonresident as provided in this section, the dealer in computing the tax
takes into consideration the law of the state of the nonresident as it relates to the trade-in of motor
vehicles.

(ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
require any licensed, non-motorized recreational vehicle dealer to keep records of sales to bona
fide nonresidents as the tax administrator deems reasonably necessary to substantiate the
exemption provided in this subdivision, including the affidavit of a licensed, non-motorized
recreational vehicle dealer that the purchaser of the non-motorized recreational vehicle was the
holder of, and had in his or her possession a valid out-of-state non-motorized recreational vehicle
registration or a valid out-of-state driver's license.

(iii) Any nonresident who registers a non-motorized recreational vehicle in this state
within ninety (90) days of the date of its sale to him or her is deemed to have purchased the non-
motorized recreational vehicle for use, storage, or other consumption in this state, and is subject
to, and liable for, the use tax imposed under the provisions of § 44-18-20.

(iv) “Non-motorized recreational vehicle” means any portable dwelling designed and
constructed to be used as a temporary dwelling for travel, camping, recreational, and vacation use
that is eligible to be registered for highway use, including, but not limited to, "pick-up coaches"
or "pick-up campers," "travel trailers," and "tent trailers" as those terms are defined in chapter 1
of title 31.

(55) Sprinkler and fire alarm systems in existing buildings. From the sale in this state of
sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials
necessary and attendant to the installation of those systems that are required in buildings and
occupancies existing therein in July 2003 in order to comply with any additional requirements for
such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003
and that are not required by any other provision of law or ordinance or regulation adopted
pursuant to that Act. The exemption provided in this subdivision shall expire on December 31,
2008.

(56) Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-
18-18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other
consumption in this state of any new or used aircraft or aircraft parts.

(57) Renewable energy products. Notwithstanding any other provisions of Rhode Island
general laws, the following products shall also be exempt from sales tax: solar photovoltaic
modules or panels, or any module or panel that generates electricity from light; solar thermal
collectors, including, but not limited to, those manufactured with flat glass plates, extruded
plastic, sheet metal, and/or evacuated tubes; geothermal heat pumps, including both water-to-
water and water-to-air type pumps; wind turbines; towers used to mount wind turbines if
specified by or sold by a wind turbine manufacturer; DC to AC inverters that interconnect with
utility power lines; and manufactured mounting racks and ballast pans for solar collector, module,
or panel installation. Not to include materials that could be fabricated into such racks; monitoring
and control equipment, if specified or supplied by a manufacturer of solar thermal, solar
photovoltaic, geothermal, or wind energy systems or if required by law or regulation for such
systems but not to include pumps, fans or plumbing or electrical fixtures unless shipped from the
manufacturer affixed to, or an integral part of, another item specified on this list; and solar storage
tanks that are part of a solar domestic hot water system or a solar space heating system. If the tank
comes with an external heat exchanger it shall also be tax exempt, but a standard hot water tank is
not exempt from state sales tax.

(58) Returned property. The amount charged for property returned by customers upon rescission of the contract of sale when the entire amount exclusive of handling charges paid for the property is refunded in either cash or credit, and where the property is returned within one hundred twenty (120) days from the date of delivery.

(59) Dietary Supplements. From the sale and from the storage, use, or other consumption of dietary supplements as defined in § 44-18.7.1(l)(v), sold on prescriptions.

(60) Blood. From the sale and from the storage, use, or other consumption of human blood.

(61) Agricultural products for human consumption. From the sale and from the storage, use, or other consumption of livestock and poultry of the kinds of products that ordinarily constitute food for human consumption and of livestock of the kind the products of which ordinarily constitutes fibers for human use.

(62) Diesel emission control technology. From the sale and use of diesel retrofit technology that is required by § 31-47.3-4.

(63) Feed for certain animals used in commercial farming. From the sale of feed for animals as described in § 44-18.30(61).

(64) Alcoholic beverages. From the sale and storage, use, or other consumption in this state by a Class A licensee of alcoholic beverages, as defined in § 44-18.7.1, excluding beer and malt beverages from December 1, 2013, through June 30, 2015; provided, further, notwithstanding § 6-13-1 or any other general or public law to the contrary, alcoholic beverages, as defined in § 44-18.7.1, shall not be subject to minimum markup from December 1, 2013, through June 30, 2015.

SECTION 8. Section 10 of Article 12 of Chapter 145 of the 2014 Public Laws entitled "AN ACT RELATING TO MAKING APPROPRIATIONS FOR THE SUPPORT OF THE STATE FOR THE FISCAL YEAR ENDING JUNE 30, 2014" is hereby amended to read as follows:

Section 10. Section 3-10-1 of the General Laws in Chapter 3-10 entitled “Taxation of Beverages” is hereby amended to read as follows:

3-10-1. Manufacturing tax rates -- Exemption of religious uses. -- (a) There shall be assessed and levied by the tax administrator on all beverages manufactured, rectified, blended, or reduced for sale in this state a tax of three dollars ($3.00) on every thirty-one (31) gallons, and a tax at a like rate for any other quantity or fractional part. On any beverage manufactured, rectified, blended, or reduced for sale in this state consisting in
whole or in part of wine, whiskey, rum, gin, brandy spirits, ethyl alcohol, or other strong liquors
(as distinguished from beer or other brewery products), the tax to be assessed and levied is as
follows:

(1) Still wines (whether fortified or not), sixty cents ($.60) one dollar and forty cents
($1.40) per gallon;

(2) Still wines (whether fortified or not) made entirely from fruit grown in this state,
thirty cents ($.30) per gallon;

(3) Sparkling wines (whether fortified or not), seventy five cents ($.75) per gallon;

(4) Whiskey, rum, gin, brandy spirits, cordials, and other beverages consisting in whole
or in part of alcohol which that is the product of distillation, three dollars and seventy-five cents
($3.75) five dollars and forty cents ($5.40) per gallon, except that whiskey, rum, gin, brandy
spirits, cordials, and other beverages consisting in whole or in part of alcohol which that is the
product of distillation but which that contains alcohol measuring thirty (30) proof or less, one
dollar and ten cents ($1.10) per gallon;

(5) Ethyl alcohol to be used for beverage purposes, seven dollars and fifty cents ($7.50)
per gallon; and

(6) Ethyl alcohol to be used for nonbeverage purposes, eight cents ($.08) per gallon.

(b) Sacramental wines are not subject to any tax if sold directly to a member of the
clergy for use by the purchaser or his or her congregation for sacramental or other religious
purposes.

(c) A brewer who brews beer in this state which that is actively and directly owned,
managed, and operated by an authorized legal entity which that has owned, managed, and
operated a brewery in this state for at least twelve (12) consecutive months, shall receive a tax
exemption on the first one hundred thousand (100,000) barrels of beer that it produces and
distributes in this state in any calendar year. A barrel of beer is thirty one (31) gallons.

Enforcement and Collection" is hereby amended by adding hereto the following section:

44-19-43. Managed Audit Program. - (a) The tax administrator may, in a written
agreement with a taxpayer, authorize a taxpayer to conduct a managed audit pursuant to this
section. The agreement shall specify the period to be audited and the procedure to be followed,
and shall be signed by an authorized representative of the tax administrator and the taxpayer.

(b) For purposes of this section, the term "managed audit" means a review and analysis of
invoices, checks, accounting records, or other documents or information to determine the correct
amount of tax. A managed audit may include, but is not required to include, the following
categories of liability under this Chapter, including tax on:

(i) Sales of one or more types of taxable items.

(ii) Purchases of assets.

(iii) Purchases of expense items.

(iv) Purchases under a direct payment permit.

(v) Any other category specified in an agreement authorized by this section. It shall be in
the tax administrator’s sole discretion as to which categories of liability shall be included in any
managed audit.

(c) The decision to authorize a managed audit rests solely with the tax administrator. In
determining whether to authorize a managed audit, the tax administrator may consider, in
addition to other facts the tax administrator may consider relevant, any of the following:

(i) The taxpayer's history of tax compliance.

(ii) The amount of time and resources the taxpayer has available to dedicate to the
managed audit.

(iii) The extent and availability of the taxpayer's records.

(iv) The taxpayer's ability to pay any expected liability.

(d) The tax administrator may examine records and perform reviews that (s)he determines
are necessary before the managed audit is finalized to verify the results of the managed audit.

Unless the managed audit or information reviewed by the tax administrator discloses fraud or
willful evasion of the tax, the tax administrator may not assess a penalty and may waive all or a
part of the interest that would otherwise accrue on any amount identified as due in a managed
audit. This subsection (d) does not apply to any amount collected by the taxpayer that was a tax
or represented to be a tax that was not remitted to the state.

SECTION 10. Sections 44-20-12 and 44-20-13 of the General Laws in Chapter 44-20
entitled "Cigarette Tax" are hereby amended to read as follows:

44-20-12. Tax imposed on cigarettes sold. -- A tax is imposed on all cigarettes sold or
held for sale in the state. The payment of the tax to be evidenced by stamps, which may be
affixed only by licensed distributors to the packages containing such cigarettes. Any cigarettes on
which the proper amount of tax provided for in this chapter has been paid, payment being
evidenced by the stamp, is not subject to a further tax under this chapter. The tax is at the rate of

one hundred seventy-five (175) one hundred eighty-seven and one half (187.5) mills for each
cigarette.

44-20-13. Tax imposed on unstamped cigarettes. -- A tax is imposed at the rate of one
hundred seventy-five (175) one hundred eighty-seven and one half (187.5) mills for each cigarette.
upon the storage or use within this state of any cigarettes not stamped in accordance with the
provisions of this chapter in the possession of any consumer within this state.

SECTION 11. Chapter 44-20 of the General Laws entitled "Cigarette Tax" is hereby
amended by adding hereto the following section:

44-20-12.5. Floor stock tax on cigarettes and stamps. – (a) Whenever used in this
section, unless the context requires otherwise:

(1) "Cigarette" means any cigarette as defined in § 44-20-1(2);

(2) "Person" means each individual, firm, fiduciary, partnership, corporation, trust, or
association, however formed.

(b) Each person engaging in the business of selling cigarettes at retail in this state shall
pay a tax or excise to the state for the privilege of engaging in that business during any part of the
calendar year 2015. In calendar year 2015, the tax shall be measured by the number of cigarettes
held by the person in this state at 12:01 a.m. on August 1, 2015 and is computed at the rate of
twelve and one half (12.5) mills for each cigarette on August 1, 2015.

(c) Each distributor licensed to do business in this state pursuant to this chapter shall pay
a tax or excise to the state for the privilege of engaging in that business during any part of the
calendar year 2015. The tax is measured by the number of stamps, whether affixed or to be
affixed to packages of cigarettes, as required by § 44-20-28. In calendar year 2015 the tax is
measured by the number of stamps, as defined in § 44-20-1(10), whether affixed or to be affixed,
held by the distributor at 12:01 a.m. on August 1, 2015, and is computed at the rate of twelve and
one half (12.5) mills per cigarette in the package to which the stamps are affixed or to be affixed.

(d) Each person subject to the payment of the tax imposed by this section shall, on or
before August 15, 2015, file a return, under oath or certified under the penalties of perjury, with
the tax administrator on forms furnished by him or her, showing the amount of cigarettes and
under subsection (b) above the number of stamps under subsection (c) above, in that person's
possession in this state at 12:01 a.m. on August 1, 2015, and the amount of tax due, and shall at
the time of filing the return pay the tax to the tax administrator. Failure to obtain forms shall not
be an excuse for the failure to make a return containing the information required by the tax
administrator.

(e) The tax administrator may prescribe rules and regulations, not inconsistent with law,
with regard to the assessment and collection of the tax imposed by this section.

SECTION 12. Section 44-30-2.6 and 44-30-12 of General Laws in Chapter 44-30 entitled
"Personal Income Tax' is hereby amended to read as follows:

44-30-2.6. Rhode Island taxable income – Rate of tax. – (a) "Rhode Island taxable
income” means federal taxable income as determined under the Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic standard deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

(b) Notwithstanding the provisions of §§ 44-30-1 and 44-30-2, for tax years beginning on or after January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island taxable income of residents and nonresidents, including estates and trusts, at the rate of twenty-five and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year 2002 and thereafter of the federal income tax rates, including capital gains rates and any other special rates for other types of income, except as provided in § 44-30-2.7, which were in effect immediately prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA); provided, rate schedules shall be adjusted for inflation by the tax administrator beginning in taxable year 2002 and thereafter in the manner prescribed for adjustment by the commissioner of Internal Revenue in 26 U.S.C. § 1(f). However, for tax years beginning on or after January 1, 2006, a taxpayer may elect to use the alternative flat tax rate provided in § 44-30-2.10 to calculate his or her personal income tax liability.

(c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by multiplying the federal tentative minimum tax without allowing for the increased exemptions under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal form 6251 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing the product to the Rhode Island tax as computed otherwise under this section. The excess shall be the taxpayer's Rhode Island alternative minimum tax.

(1) For tax years beginning on or after January 1, 2005 and thereafter the exemption amount for alternative minimum tax, for Rhode Island purposes, shall be adjusted for inflation by the tax administrator in the manner prescribed for adjustment by the commissioner of Internal Revenue in 26 U.S.C. § 1(f).

(2) For the period January 1, 2007 through December 31, 2007, and thereafter, Rhode Island taxable income shall be determined by deducting from federal adjusted gross income as defined in 26 U.S.C. § 62 as modified by the modifications in § 44-30-12 the Rhode Island itemized deduction amount and the Rhode Island exemption amount as determined in this section.
(A) Tax imposed.

(1) There is hereby imposed on the taxable income of married individuals filing joint returns and surviving spouses a tax determined in accordance with the following table:

<table>
<thead>
<tr>
<th>If taxable income is:</th>
<th>The tax is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $53,150</td>
<td>3.75% of taxable income</td>
</tr>
<tr>
<td>Over $53,150 but not over $128,500</td>
<td>$1,993.13 plus 7.00% of the excess over $53,150</td>
</tr>
<tr>
<td>Over $128,500 but not over $195,850</td>
<td>$7,267.63 plus 7.75% of the excess over $128,500</td>
</tr>
<tr>
<td>Over $195,850 but not over $349,700</td>
<td>$12,487.25 plus 9.00% of the excess over $195,850</td>
</tr>
<tr>
<td>Over $349,700</td>
<td>$26,333.75 plus 9.90% of the excess over $349,700</td>
</tr>
</tbody>
</table>

(2) There is hereby imposed on the taxable income of every head of household a tax determined in accordance with the following table:

<table>
<thead>
<tr>
<th>If taxable income is:</th>
<th>The tax is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $42,650</td>
<td>3.75% of taxable income</td>
</tr>
<tr>
<td>Over $42,650 but not over $110,100</td>
<td>$1,599.38 plus 7.00% of the excess over $42,650</td>
</tr>
<tr>
<td>Over $110,100 but not over $178,350</td>
<td>$6,320.88 plus 7.75% of the excess over $110,100</td>
</tr>
<tr>
<td>Over $178,350 but not over $349,700</td>
<td>$11,610.25 plus 9.00% of the excess over $178,350</td>
</tr>
<tr>
<td>Over $349,700</td>
<td>$27,031.75 plus 9.90% of the excess over $349,700</td>
</tr>
</tbody>
</table>

(3) There is hereby imposed on the taxable income of unmarried individuals (other than surviving spouses and heads of households) a tax determined in accordance with the following table:

<table>
<thead>
<tr>
<th>If taxable income is:</th>
<th>The tax is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $31,850</td>
<td>3.75% of taxable income</td>
</tr>
<tr>
<td>Over $31,850 but not over $77,100</td>
<td>$1,194.38 plus 7.00% of the excess over $31,850</td>
</tr>
<tr>
<td>Over $77,100 but not over $160,850</td>
<td>$4,361.88 plus 7.75% of the excess over $77,100</td>
</tr>
<tr>
<td>Over $160,850 but not over $349,700</td>
<td>$10,852.50 plus 9.00% of the excess over $160,850</td>
</tr>
<tr>
<td>Over $349,700</td>
<td>$27,849.00 plus 9.90% of the excess over $349,700</td>
</tr>
</tbody>
</table>

(4) There is hereby imposed on the taxable income of married individuals filing separate returns and bankruptcy estates a tax determined in accordance with the following table:

<table>
<thead>
<tr>
<th>If taxable income is:</th>
<th>The tax is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $26,575</td>
<td>3.75% of taxable income</td>
</tr>
<tr>
<td>Over $26,575 but not over $64,250</td>
<td>$996.56 plus 7.00% of the excess over $26,575</td>
</tr>
<tr>
<td>Over $64,250 but not over $97,925</td>
<td>$3,633.81 plus 7.75% of the excess over $64,250</td>
</tr>
<tr>
<td>Over $97,925 but not over $174,850</td>
<td>$6,243.63 plus 9.00% of the excess over $97,925</td>
</tr>
<tr>
<td>Over $174,850</td>
<td>$13,166.88 plus 9.90% of the excess over $174,850</td>
</tr>
</tbody>
</table>
(5) There is hereby imposed a taxable income of an estate or trust a tax determined in accordance with the following table:

If taxable income is: The tax is:

7. Not over $2,150  3.75% of taxable income
8. Over $2,150 but not over $5,000  $80.63 plus 7.00% of the excess over $2,150
9. Over $5,000 but not over $7,650  $280.13 plus 7.75% of the excess over $5,000
10. Over $7,650 but not over $10,450  $485.50 plus 9.00% of the excess over $7,650
11. Over $10,450  $737.50 plus 9.90% of the excess over $10,450

(6) Adjustments for inflation. The dollars amount contained in paragraph (A) shall be increased by an amount equal to:

(a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;
(b) The cost-of-living adjustment determined under section (J) with a base year of 1993;
(c) The cost-of-living adjustment referred to in subparagraph (a) and (b) used in making adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall be determined under section (J) by substituting "1994" for "1993."

(B) Maximum capital gains rates

(1) In general If a taxpayer has a net capital gain for tax years ending prior to January 1, 2010, the tax imposed by this section for such taxable year shall not exceed the sum of:
(a) 2.5 % of the net capital gain as reported for federal income tax purposes under section 26 U.S.C. 1(h)(1)(a) and 26 U.S.C. 1(h)(1)(b).
(b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C. 1(h)(1)(c).
(c) 6.25% of the net capital gain as reported for federal income tax purposes under 26 U.S.C. 1(h)(1)(d).
(d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C. 1(h)(1)(e).
(2) For tax years beginning on or after January 1, 2010 the tax imposed on net capital gain shall be determined under subdivision 44-30-2.6(c)(2)(A).

(C) Itemized deductions.

(1) In general
For the purposes of section (2) "itemized deductions" means the amount of federal itemized deductions as modified by the modifications in § 44-30-12.
(2) Individuals who do not itemize their deductions In the case of an individual who does not elect to itemize his deductions for the taxable year, they may elect to take a standard...
(3) Basic standard deduction. The Rhode Island standard deduction shall be allowed in accordance with the following table:

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$5,350</td>
</tr>
<tr>
<td>Married filing jointly or qualifying widow(er)</td>
<td>$8,900</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$4,450</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$7,850</td>
</tr>
</tbody>
</table>

(4) Additional standard deduction for the aged and blind. An additional standard deduction shall be allowed for individuals age sixty-five (65) or older or blind in the amount of $1,300 for individuals who are not married and $1,050 for individuals who are married.

(5) Limitation on basic standard deduction in the case of certain dependents. In the case of an individual to whom a deduction under section (E) is allowable to another taxpayer, the basic standard deduction applicable to such individual shall not exceed the greater of:

(a) $850;

(b) The sum of $300 and such individual's earned income;

(6) Certain individuals not eligible for standard deduction. In the case of:

(a) A married individual filing a separate return where either spouse itemizes deductions;

(b) Nonresident alien individual;

(c) An estate or trust;

The standard deduction shall be zero.

(7) Adjustments for inflation. Each dollar amount contained in paragraphs (3), (4) and (5) shall be increased by an amount equal to:

(a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988, multiplied by

(b) The cost-of-living adjustment determined under section (J) with a base year of 1988.

(D) Overall limitation on itemized deductions

(1) General rule.

In the case of an individual whose adjusted gross income as modified by § 44-30-12 exceeds the applicable amount, the amount of the itemized deductions otherwise allowable for the taxable year shall be reduced by the lesser of:

(a) Three percent (3%) of the excess of adjusted gross income as modified by § 44-30-12 over the applicable amount; or

(b) Eighty percent (80%) of the amount of the itemized deductions otherwise allowable.
for such taxable year.

(2) Applicable amount.
(a) In general.

For purposes of this section, the term "applicable amount" means $156,400 ($78,200 in the case of a separate return by a married individual)

(b) Adjustments for inflation. Each dollar amount contained in paragraph (a) shall be increased by an amount equal to:

(i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by

(3) Phase-out of Limitation.
(a) In general.

In the case of taxable year beginning after December 31, 2005, and before January 1, 2010, the reduction under section (1) shall be equal to the applicable fraction of the amount which would be the amount of such reduction.

(b) Applicable fraction.

For purposes of paragraph (a), the applicable fraction shall be determined in accordance with the following table:

For taxable years beginning in calendar year The applicable fraction is
2006 and 2007 2/3
2008 and 2009 1/3

(E) Exemption amount

(1) In general.

Except as otherwise provided in this subsection, the term "exemption amount” mean $3,400.

(2) Exemption amount disallowed in case of certain dependents.

In the case of an individual with respect to whom a deduction under this section is allowable to another taxpayer for the same taxable year, the exemption amount applicable to such individual for such individual's taxable year shall be zero.

(3) Adjustments for inflation.

The dollar amount contained in paragraph (1) shall be increased by an amount equal to:

(a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by
(b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

(4) Limitation.
(a) In general.
In the case of any taxpayer whose adjusted gross income as modified for the taxable year exceeds the threshold amount shall be reduced by the applicable percentage.

(b) Applicable percentage. In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the threshold amount, the exemption amount shall be reduced by two (2) percentage points for each $2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds the threshold amount. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting "$1,250" for "$2,500." In no event shall the applicable percentage exceed one hundred percent (100%).

(c) Threshold Amount. For the purposes of this paragraph, the term "threshold amount" shall be determined with the following table:

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$156,400</td>
</tr>
<tr>
<td>Married filing jointly of qualifying widow(er)</td>
<td>$234,600</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$117,300</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$195,500</td>
</tr>
</tbody>
</table>

(d) Adjustments for inflation.

Each dollars amount contain in paragraph (b) shall be increased by an amount equal to:

(i) Such dollar amount contained in paragraph (b) in the year 1991, multiplied by


(5) Phase-out of Limitation.

(a) In general.

In the case of taxable years beginning after December 31, 2005, and before January 1, 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which would be the amount of such reduction.

(b) Applicable fraction.

For the purposes of paragraph (a), the applicable fraction shall be determined in accordance with the following table:

<table>
<thead>
<tr>
<th>For taxable years beginning in calendar year</th>
<th>The applicable fraction is</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 and 2007</td>
<td>2/3</td>
</tr>
<tr>
<td>2008 and 2009</td>
<td>1/3</td>
</tr>
</tbody>
</table>

(F) Alternative minimum tax

(1) General rule. - There is hereby imposed (in addition to any other tax imposed by this subtitle) a tax equal to the excess (if any) of:

(a) The tentative minimum tax for the taxable year, over
(b) The regular tax for the taxable year.

(2) The tentative minimum tax for the taxable year is the sum of:

(a) 6.5 percent of so much of the taxable excess as does not exceed $175,000, plus

(b) 7.0 percent of so much of the taxable excess above $175,000.

(3) The amount determined under the preceding sentence shall be reduced by the

alternative minimum tax foreign tax credit for the taxable year.

(4) Taxable excess. - For the purposes of this subsection the term "taxable excess" means

so much of the federal alternative minimum taxable income as modified by the modifications in §

44-30-12 as exceeds the exemption amount.

(5) In the case of a married individual filing a separate return, subparagraph (2) shall be

applied by substituting "$87,500" for $175,000 each place it appears.

(6) Exemption amount. For purposes of this section "exemption amount" means:

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$39,150</td>
</tr>
<tr>
<td>Married filing jointly or qualifying widow(er)</td>
<td>$53,700</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$26,850</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$39,150</td>
</tr>
<tr>
<td>Estate or trust</td>
<td>$24,650</td>
</tr>
</tbody>
</table>

(7) Treatment of unearned income of minor children

(a) In general.

In the case of a minor child, the exemption amount for purposes of section (6) shall not

exceed the sum of:

(i) Such child's earned income, plus

(ii) $6,000.

(8) Adjustments for inflation.

The dollar amount contained in paragraphs (6) and (7) shall be increased by an amount

equal to:

(a) Such dollar amount contained in paragraphs (6) and (7) in the year 2004, multiplied

by

(b) The cost-of-living adjustment determined under section (J) with a base year of 2004.

(9) Phase-out.

(a) In general.

The exemption amount of any taxpayer shall be reduced (but not below zero) by an

amount equal to twenty-five percent (25%) of the amount by which alternative minimum taxable
income of the taxpayer exceeds the threshold amount.

(b) Threshold amount. For purposes of this paragraph, the term "threshold amount" shall be determined with the following table:

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$123,250</td>
</tr>
<tr>
<td>Married filing jointly or qualifying widow(er)</td>
<td>$164,350</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$82,175</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$123,250</td>
</tr>
<tr>
<td>Estate or Trust</td>
<td>$82,150</td>
</tr>
</tbody>
</table>

(c) Adjustments for inflation

Each dollar amount contained in paragraph (9) shall be increased by an amount equal to:

(i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by

(ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.

(G) Other Rhode Island taxes

(1) General rule. - There is hereby imposed (in addition to any other tax imposed by this subtitle) a tax equal to twenty-five percent (25%) of:

(a) The Federal income tax on lump-sum distributions.

(b) The Federal income tax on parents' election to report child's interest and dividends.

(c) The recapture of Federal tax credits that were previously claimed on Rhode Island return.

(H) Tax for children under 18 with investment income

(1) General rule. – There is hereby imposed a tax equal to twenty-five percent (25%) of:

(a) The Federal tax for children under the age of 18 with investment income.

(I) Averaging of farm income

(1) General rule. - At the election of an individual engaged in a farming business or fishing business, the tax imposed in section 2 shall be equal to twenty-five percent (25%) of:

(a) The Federal averaging of farm income as determined in IRC section 1301.

(J) Cost-of-living adjustment

(1) In general.

The cost-of-living adjustment for any calendar year is the percentage (if any) by which:

(a) The CPI for the preceding calendar year exceeds

(b) The CPI for the base year.

(2) CPI for any calendar year. For purposes of paragraph (1), the CPI for any calendar year is the average of the Consumer Price Index as of the close of the twelve (12) month period
(3) Consumer Price Index

For purposes of paragraph (2), the term "consumer price index" means the last consumer price index for all urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1986 shall be used.

(4) Rounding.

(a) In general.

If any increase determined under paragraph (1) is not a multiple of $50, such increase shall be rounded to the next lowest multiple of $50.

(b) In the case of a married individual filing a separate return, subparagraph (a) shall be applied by substituting "$25" for $50 each place it appears.

(K) Credits against tax. - For tax years beginning on or after January 1, 2001, a taxpayer entitled to any of the following federal credits enacted prior to January 1, 1996 shall be entitled to a credit against the Rhode Island tax imposed under this section:

(1) [Deleted by P.L. 2007, ch. 73, art. 7, § 5].

(2) Child and dependent care credit;

(3) General business credits;

(4) Credit for elderly or the disabled;

(5) Credit for prior year minimum tax;

(6) Mortgage interest credit;

(7) Empowerment zone employment credit;

(8) Qualified electric vehicle credit.

(L) Credit against tax for adoption. - For tax years beginning on or after January 1, 2006, a taxpayer entitled to the federal adoption credit shall be entitled to a credit against the Rhode Island tax imposed under this section if the adopted child was under the care, custody, or supervision of the Rhode Island department of children, youth and families prior to the adoption.

(M) The credit shall be twenty-five percent (25%) of the aforementioned federal credits provided there shall be no deduction based on any federal credits enacted after January 1, 1996, including the rate reduction credit provided by the federal Economic Growth and Tax Reconciliation Act of 2001 (EGTRRA). In no event shall the tax imposed under this section be reduced to less than zero. A taxpayer required to recapture any of the above credits for federal tax purposes shall determine the Rhode Island amount to be recaptured in the same manner as prescribed in this subsection.
(N) Rhode Island earned income credit

(1) In general.
For tax years beginning on or after January 1, 2015 and before January 1, 2016, a taxpayer entitled to a federal earned income credit shall be allowed a Rhode Island earned income credit equal to ten percent (10%) of the federal earned income credit. Such credit shall not exceed the amount of the Rhode Island income tax.

For tax years beginning on or after January 1, 2016, a taxpayer entitled to a federal earned income credit shall be allowed a Rhode Island earned income credit equal to twelve and one-half percent (12.5%) of the federal earned income credit. Such credit shall not exceed the amount of the Rhode Island income tax.

(2) Refundable portion.
In the event the Rhode Island earned income credit allowed under section (J) exceeds the amount of Rhode Island income tax, a refundable earned income credit shall be allowed.

(a) For purposes of paragraph (2) refundable earned income credit means one hundred percent (100%) of the amount by which the Rhode Island earned income credit exceeds the Rhode Island income tax.

(O) The tax administrator shall recalculate and submit necessary revisions to paragraphs (A) through (J) to the general assembly no later than February 1, 2010 and every three (3) years thereafter for inclusion in the statute.

(3) For the period January 1, 2011 through December 31, 2011, and thereafter, "Rhode Island taxable income" means federal adjusted gross income as determined under the Internal Revenue Code, 26 U.S.C. 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant of subparagraph 44-30-2.6(c)(3)(C).

(A) Tax imposed.

(I) There is hereby imposed on the taxable income of married individuals filing joint returns, qualifying widow(er), every head of household, unmarried individuals, married individuals filing separate returns and bankruptcy estates, a tax determined in accordance with the following table:

<table>
<thead>
<tr>
<th>RI Taxable Income</th>
<th>RI Income Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $0 but not Over $55,000</td>
<td>$0 + 3.75% of the Amount Over $0</td>
</tr>
<tr>
<td>$55,000 - 125,000</td>
<td>2,063 + 4.75% of the Amount Over $55,000</td>
</tr>
</tbody>
</table>
There is hereby imposed on the taxable income of an estate or trust a tax determined in accordance with the following table:

<table>
<thead>
<tr>
<th>RI Taxable Income</th>
<th>RI Income Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $0 - $2,230</td>
<td>$0 + 3.75%</td>
</tr>
<tr>
<td>2,230 - 7,022</td>
<td>84 + 4.75%</td>
</tr>
<tr>
<td>7,022 -</td>
<td>7,022 + 5.99%</td>
</tr>
</tbody>
</table>

(B) Deductions:

(I) Rhode Island Basic Standard Deduction. Only the Rhode Island standard deduction shall be allowed in accordance with the following table:

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$7,500</td>
</tr>
<tr>
<td>Married filing jointly or qualifying widow(er)</td>
<td>$15,000</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$7,500</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$11,250</td>
</tr>
</tbody>
</table>

(II) Nonresident alien individuals, estates and trusts are not eligible for standard deductions.

(III) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand dollars ($175,000), the standard deduction amount shall be reduced by the applicable percentage. The term "applicable percentage" means twenty (20) percentage points for each five thousand dollars ($5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds one hundred seventy-five thousand dollars ($175,000).

(C) Exemption Amount:

(I) The term "exemption amount" means three thousand five hundred dollars ($3,500) multiplied by the number of exemptions allowed for the taxable year for federal income tax purposes.

(II) Exemption amount disallowed in case of certain dependents. In the case of an individual with respect to whom a deduction under this section is allowable to another taxpayer for the same taxable year, the exemption amount applicable to such individual for such individual's taxable year shall be zero.

(D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island purposes pursuant to § 33-30-12, for the taxable year exceeds one hundred seventy-five thousand dollars ($175,000), the standard deduction amount shall be reduced by the applicable percentage. The term "applicable percentage" means twenty (20) percentage points for each five thousand dollars ($5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds one hundred seventy-five thousand dollars ($175,000).
thousand dollars ($175,000), the exemption amount shall be reduced by the applicable percentage. The term "applicable percentage" means twenty (20) percentage points for each five thousand dollars ($5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds one hundred seventy-five thousand dollars ($175,000).

(E) Adjustment for inflation. - The dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount equal to:

(I) Such dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) adjusted for inflation using a base tax year of 2000, multiplied by;


(III) For the purposes of this section the cost-of-living adjustment for any calendar year is the percentage (if any) by which the consumer price index for the preceding calendar year exceeds the consumer price index for the base year. The consumer price index for any calendar year is the average of the consumer price index as of the close of the twelve (12) month period ending on August 31, of such calendar year.

(IV) For the purpose of this section the term "consumer price index" means the last consumer price index for all urban consumers published by the department of labor. For the purpose of this section the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1986 shall be used.

(V) If any increase determined under this section is not a multiple of fifty dollars ($50.00), such increase shall be rounded to the next lower multiple of fifty dollars ($50.00). In the case of a married individual filing separate return, if any increase determined under this section is not a multiple of twenty-five dollars ($25.00), such increase shall be rounded to the next lower multiple of twenty-five dollars ($25.00).

(E) Credits against tax.

(I) Notwithstanding any other provisions of Rhode Island Law, for tax years beginning on or after January 1, 2011, the only credits allowed against a tax imposed under this chapter shall be as follows:

(a) Rhode Island Earned Income Credit: Credit shall be allowed for earned income credit pursuant to subparagraph 44-30-2.6(c)(2)(N).

(b) Property Tax Relief Credit: Credit shall be allowed for property tax relief as provided in § 44-33-1 et seq.

(c) Lead Paint Credit: Credit shall be allowed for residential lead abatement income tax
credit as provided in § 44-30.3-1 et seq.

d) Credit for income taxes of other states. - Credit shall be allowed for income tax paid
to other states pursuant to § 44-30-74.

e) Historic Structures Tax Credit: Credit shall be allowed for historic structures tax
credit as provided in § 44-33.2-1 et seq.

(f) Motion Picture Productions Tax Credit: Credit shall be allowed for motion picture
production tax credit as provided in § 44-31.2-1 et seq.

(g) Child and Dependent Care: Credit shall be allowed for twenty-five percent (25%) of
the federal child and dependent care credit allowable for the taxable year for federal purposes;
provided, however, such credit shall not exceed the Rhode Island tax liability.

(h) Tax credits for contributions to Scholarship Organizations: Credit shall be allowed for
contributions to scholarship organizations as provided in § 44-62 et seq.

(i) Credit for tax withheld. - Wages upon which tax is required to be withheld shall be
taxable as if no withholding were required, but any amount of Rhode Island personal income tax
actually deducted and withheld in any calendar year shall be deemed to have been paid to the tax
administer on behalf of the person from whom withheld, and the person shall be credited with
having paid that amount of tax for the taxable year beginning in that calendar year. For a taxable
year of less than twelve (12) months, the credit shall be made under regulations of the tax
administrator.

(j) Stay Invested in RI Wavemaker Fellowship: Credit shall be allowed for stay invested
in RI wavemaker fellowship program as provided in § 42-64.26-1 et seq.

(k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in
§ 42-64.20-1 et seq.

(l) Rhode Island Qualified Jobs Incentive Program: Credit shall be allowed for Rhode
Island new qualified jobs incentive program credit as provided in § 44-48.3-1 et seq.

(2) Except as provided in section 1 above, no other state and federal tax credit shall be
available to the taxpayers in computing tax liability under this chapter.

44-30-12. Rhode Island income of a resident individual. -- (a) General. The Rhode
Island income of a resident individual means his or her adjusted gross income for federal income
tax purposes, with the modifications specified in this section.

(b) Modifications increasing federal adjusted gross income. There shall be added to
federal adjusted gross income:

(1) Interest income on obligations of any state, or its political subdivisions, other than
Rhode Island or its political subdivisions;
(2) Interest or dividend income on obligations or securities of any authority, commission, or instrumentality of the United States, but not of Rhode Island or its political subdivisions, to the extent exempted by the laws of the United States from federal income tax but not from state income taxes;

(3) The modification described in § 44-30-25(g);

(4)(i) The amount defined below of a nonqualified withdrawal made from an account in the tuition savings program pursuant to § 16-57-6.1. For purposes of this section, a nonqualified withdrawal is:

(A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-6.1; and

(B) A withdrawal or distribution which is:

(I) Not applied on a timely basis to pay "qualified higher education expenses" as defined in § 16-57-3(12) of the beneficiary of the account from which the withdrawal is made;

(II) Not made for a reason referred to in § 16-57-6.1(e); or

(III) Not made in other circumstances for which an exclusion from tax made applicable by Section 529 of the Internal Revenue Code, 26 U.S.C. § 529, pertains if the transfer, rollover, withdrawal or distribution is made within two (2) taxable years following the taxable year for which a contributions modification pursuant to subdivision (c)(4) of this section is taken based on contributions to any tuition savings program account by the person who is the participant of the account at the time of the contribution, whether or not the person is the participant of the account at the time of the transfer, rollover, withdrawal or distribution;

(ii) In the event of a nonqualified withdrawal under subparagraphs (i)(A) or (i)(B) of this subdivision, there shall be added to the federal adjusted gross income of that person for the taxable year of the withdrawal an amount equal to the lesser of:

(A) The amount equal to the nonqualified withdrawal reduced by the sum of any administrative fee or penalty imposed under the tuition savings program in connection with the nonqualified withdrawal plus the earnings portion thereof, if any, includible in computing the person's federal adjusted gross income for the taxable year; and

(B) The amount of the person's contribution modification pursuant to subdivision (c)(4) of this section for the person's taxable year of the withdrawal and the two (2) prior taxable years less the amount of any nonqualified withdrawal for the two (2) prior taxable years included in computing the person's Rhode Island income by application of this subsection for those years.

Any amount added to federal adjusted gross income pursuant to this subdivision shall constitute
Rhode Island income for residents, nonresidents and part-year residents; and


(6) The amount equal to any unemployment compensation received but not included in federal adjusted gross income.

(7) The amount equal to the deduction allowed for sales tax paid for a purchase of a qualified motor vehicle as defined by the Internal Revenue Code § 164(a)(6).

(c) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Any interest income on obligations of the United States and its possessions to the extent includible in gross income for federal income tax purposes, and any interest or dividend income on obligations, or securities of any authority, commission, or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States; provided, that the amount to be subtracted shall in any case be reduced by any interest on indebtedness incurred or continued to purchase or carry obligations or securities the income of which is exempt from Rhode Island personal income tax, to the extent the interest has been deducted in determining federal adjusted gross income or taxable income;

(2) A modification described in § 44-30-25(f) or § 44-30-1.1(c)(1);

(3) The amount of any withdrawal or distribution from the "tuition savings program" referred to in § 16-57-6.1 which is included in federal adjusted gross income, other than a withdrawal or distribution or portion of a withdrawal or distribution that is a nonqualified withdrawal;

(4) Contributions made to an account under the tuition savings program, including the "contributions carryover" pursuant to paragraph (iv) of this subdivision, if any, subject to the following limitations, restrictions and qualifications:

(i) The aggregate subtraction pursuant to this subdivision for any taxable year of the taxpayer shall not exceed five hundred dollars ($500) or one thousand dollars ($1,000) if a joint return;

(ii) The following shall not be considered contributions:

(A) Contributions made by any person to an account who is not a participant of the account at the time the contribution is made;

(B) Transfers or rollovers to an account from any other tuition savings program account or from any other "qualified tuition program" under section 529 of the Internal Revenue Code, 26 U.S.C. § 529; or
(C) A change of the beneficiary of the account;

(iii) The subtraction pursuant to this subdivision shall not reduce the taxpayer's federal
    adjusted gross income to less than zero (0);

(iv) The contributions carryover to a taxable year for purpose of this subdivision is the
    excess, if any, of the total amount of contributions actually made by the taxpayer to the tuition
    savings program for all preceding taxable years for which this subsection is effective over the
    sum of:

    (A) The total of the subtractions under this subdivision allowable to the taxpayer for all
        such preceding taxable years; and

    (B) That part of any remaining contribution carryover at the end of the taxable year
        which exceeds the amount of any nonqualified withdrawals during the year and the prior two (2)
        taxable years not included in the addition provided for in this subdivision for those years. Any
        such part shall be disregarded in computing the contributions carryover for any subsequent
        taxable year;

(v) For any taxable year for which a contributions carryover is applicable, the taxpayer
    shall include a computation of the carryover with the taxpayer's Rhode Island personal income
    tax return for that year, and if for any taxable year on which the carryover is based the taxpayer
    filed a joint Rhode Island personal income tax return but filed a return on a basis other than
    jointly for a subsequent taxable year, the computation shall reflect how the carryover is being
    allocated between the prior joint filers; and

    (5) The modification described in § 44-30-25.1(d)(1).

(6) Amounts deemed taxable income to the taxpayer due to payment or provision of
    insurance benefits to a dependent, including a domestic partner pursuant to chapter 12 of title 36
    or other coverage plan.

(7) Modification for organ transplantation. (i) An individual may subtract up to ten
    thousand dollars ($10,000) from federal adjusted gross income if he or she, while living, donates
    one or more of his or her human organs to another human being for human organ transplantation,
    except that for purposes of this subsection, “human organ” means all or part of a liver, pancreas,
    kidney, intestine, lung, or bone marrow. A subtract modification that is claimed hereunder may be
    claimed in the taxable year in which the human organ transplantation occurs.

    (ii) An individual may claim that subtract modification hereunder only once, and the
    subtract modification may be claimed for only the following unreimbursed expenses that are
    incurred by the claimant and related to the claimant's organ donation:

    (A) Travel expenses.
(B) Lodging expenses.

(C) Lost wages.

(iii) The subtract modification hereunder may not be claimed by a part-time resident or a nonresident of this state.

(8) Modification for taxable Social Security income. (i) For a person who has attained the age used for calculating full or unreduced social security retirement benefits who files a return as an unmarried individual, head of household or married filing separate whose federal adjusted gross income for such taxable year is less than eighty thousand dollars ($80,000), or

(ii) A married individual filing jointly or individual filing qualifying widow(er) who has age used for calculating full or unreduced social security retirement benefits whose federal adjusted gross income for such taxable year is less than one hundred thousand dollars ($100,000),

(iii) Adjustment for inflation. The dollar amount contained in subparagraphs 44-30-12(c)(8)(i) and 44-30-12(c)(8)(ii) shall be increased annually by an amount equal to:

(I) Such dollar amount contained in subparagraphs 44-30-12(c)(8)(i) and 44-30-12(c)(8)(ii) adjusted for inflation using a base tax year of 2000, multiplied by;


(III) For the purposes of this section the cost-of-living adjustment for any calendar year is the percentage (if any) by which the consumer price index for the preceding calendar year exceeds the consumer price index for the base year. The consumer price index for any calendar year is the average of the consumer price index as of the close of the twelve (12) month period ending on August 31, of such calendar year.

(IV) For the purpose of this section the term "consumer price index" means the last consumer price index for all urban consumers published by the department of labor. For the purpose of this section the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1986 shall be used.

(V) If any increase determined under this section is not a multiple of fifty dollars ($50.00), such increase shall be rounded to the next lower multiple of fifty dollars ($50.00). In the case of a married individual filing separate return, if any increase determined under this section is not a multiple of twenty-five dollars ($25.00), such increase shall be rounded to the next lower multiple of twenty-five dollars ($25.00).

(d) Modification for Rhode Island fiduciary adjustment. There shall be added to or subtracted from federal adjusted gross income (as the case may be) the taxpayer's share, as beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under § 44-
(e) Partners. The amounts of modifications required to be made under this section by a partner, which relate to items of income or deduction of a partnership, shall be determined under § 44-30-15.

SECTION 13. Section 44-64-3 of General Laws in Chapter 44-64 entitled “The Outpatient Health Care Facility Surcharge” is hereby repealed.

44-64-3. Imposition of surcharge – Outpatient health care facility. – (a) For the purposes of this section, an “outpatient health care facility” means a person or governmental unit that is licensed to establish, maintain, and operate a free-standing ambulatory surgery center or a physician ambulatory surgery center or a podiatry ambulatory surgery center, in accordance with chapter 17 of title 23.

(b) A surcharge at a rate of two percent (2.0%) shall be imposed upon the net patient services revenue received each month by every outpatient health care facility. Every provider shall pay the monthly surcharge no later than the twenty-fifth (25th) day of the month following the month that the gross patient revenue is received. This surcharge shall be in addition to any other authorized fees that have been assessed upon outpatient facilities.

SECTION 14. Section 44-65-3 of General Laws in Chapter 44-64 entitled “Imaging Services Surcharge” is hereby repealed.

44-65-3. Imposition of surcharge. – (a) A surcharge shall be imposed upon the net patient revenue received by every provider in each month at a rate of two percent (2.0%). Every provider shall pay the monthly surcharge no later than the twenty-fifth (25th) day of each month following the month of receipt of net patient services revenue. This surcharge shall be in addition to any other fees or assessments upon the provider allowable by law.

SECTION 15. Section 44-11-2 of the General Laws in Chapter 44-11 entitled “Business Corporation Tax” is hereby amended to read as follows:

44-11-2. Imposition of tax. – (a) Each corporation shall annually pay to the state a tax equal to nine percent (9%) of net income, as defined in § 44-11-11, qualified in § 44-11-12, and apportioned to this state as provided in §§ 44-11-13 -- 44-11-15, for the taxable year. For tax years beginning on or after January 1, 2015, each corporation shall annually pay to the state a tax equal to seven percent (7.0%) of net income, as defined in § 44-11-13 - 44-11-15, for the taxable year.

(b) A corporation shall pay the amount of any tax as computed in accordance with subsection (a) of this section after deducting from “net income,” as used in this section, fifty percent (50%) of the excess of capital gains over capital losses realized during the taxable year, if
for the taxable year:

(1) The corporation is engaged in buying, selling, dealing in, or holding securities on its own behalf and not as a broker, underwriter, or distributor;

(2) Its gross receipts derived from these activities during the taxable year amounted to at least ninety percent (90%) of its total gross receipts derived from all of its activities during the year. "Gross receipts" means all receipts, whether in the form of money, credits, or other valuable consideration, received during the taxable year in connection with the conduct of the taxpayer's activities.

(c) A corporation shall not pay the amount of the tax computed on the basis of its net income under subsection (a) of this section, but shall annually pay to the state a tax equal to ten cents ($0.10) for each one hundred dollars ($100) of gross income for the taxable year or a tax of one hundred dollars ($100), whichever tax shall be the greater, if for the taxable year the corporation is either a "personal holding company" registered under the federal Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., "regulated investment company", or a "real estate investment trust" as defined in the federal income tax law applicable to the taxable year. "Gross income" means gross income as defined in the federal income tax law applicable to the taxable year, plus:

(1) Any interest not included in the federal gross income; minus

(2) Interest on obligations of the United States or its possessions, and other interest exempt from taxation by this state; and minus

(3) Fifty percent (50%) of the excess of capital gains over capital losses realized during the taxable year.

(d) (1) A small business corporation having an election in effect under subchapter S, 26 U.S.C. § 1361 et seq., shall not be subject to the Rhode Island income tax on corporations, except that the corporation shall be subject to the provisions of subsection (a), to the extent of the income that is subjected to federal tax under subchapter S. Effective for tax years beginning on or after January 1, 2015, a small business corporation having an election in effect under subchapter S, 26 U.S.C. § 1261 et seq., shall be subject to the minimum tax under § 44-11-2(e).

(2) The shareholders of the corporation who are residents of Rhode Island shall include in their income their proportionate share of the corporation's federal taxable income.

(3) [Deleted by P.L. 2004, ch. 595, art. 29, § 1.]

(4) [Deleted by P.L. 2004, ch. 595, art. 29, § 1.]

(e) Minimum tax. - The tax imposed upon any corporation under this section, including a small business corporation having an election in effect under subchapter S, 26 U.S.C. § 1361 et
seq., shall not be less than five hundred dollars ($500).

SECTION 16. Unless otherwise amended by this act, Chapter 151, Article 25 of the Public Laws of 2011, Chapter 289 of the Public Laws of 2012 or Chapter 145, Article 13 of the Public Laws of 2014, the terms, conditions, provisions and definitions of Chapter 16 of the Public Laws of 2010 are hereby incorporated by reference and shall remain in full force and effect.

SECTION 17. Chapter 16 of the Public Laws of 2010, entitled "An Act Relating to Authorizing the First Amendments to the Master Video Lottery Terminal Contracts," as amended, is hereby further amended as follows: Part B, Section 4(a)(i) is hereby amended to read as follows:

(i) to provide for a Newport Grand Term commencing on the effective date of the Newport Grand Master Contract and continuing through and including the fifth (5th) anniversary of such effective date; provided that Newport Grand shall have two (2) successive five (5) years extension options with the First Extension Term, as defined in the Newport Grand Master Contract, commencing on November 23, 2010 and the Second Extension Term, commencing on November 23, 2015. Except as otherwise provided herein in section 4(a)(vii), the exercise of the option to extend said Master Contract shall be subject to the terms and conditions of section 2.3 of the Newport Grand Master Contract; provided however, section 2.3B of the Newport Grand's Master Contract shall be amended such that with respect to UTGR, Newport Grand's exercise of its option to extend for the Second Extension Term, Newport Grand shall be required to certify to the Division that (i) there are 180 one hundred (100) full-time equivalent employees at the Newport Grand facility on the date of the exercise of the option for the Second Extension Term; and (ii) for the one-year period preceding the date said Second Extension Term option is exercised, there had been 180 one hundred (100) full-time equivalent employees on average, as the term full-time equivalent employee is defined in section 2.3B of the Newport Grand Master Contract and as confirmed by the Rhode Island department of labor and training. In the event that Newport Grand is licensed to host video lottery games and table games at a facility relocated to a location outside the City of Newport and actually offers video lottery games and table games to patrons at such relocated facility, then Newport Grand shall, no later than the six (6) month anniversary of all such events occurring, certify to the Division that there are one hundred eighty (180) full-time equivalent employees at the relocated Newport Grand facility on such date, and in the event Newport Grand is unable to timely make the foregoing certification, the Newport Grand Master Contract shall automatically terminate as of the one year anniversary of all such events occurring.

SECTION 18. Authorized Procurement of Fourth Amendment to the Newport Grand
Master Contract. Notwithstanding any provision of the general or Public Laws to the contrary, the Division is hereby expressly authorized and directed to enter into with Newport Grand a Fourth Amendment to the Newport Grand Master Contract to make the Newport Grand Master Contract consistent with the provisions of this act, as follows:

(a) To require that Newport Grand, in connection with exercising its option to extend for the Second Extension Term, certify to the Division that: (i) There are one hundred (100) full-time equivalent employees at the Newport Grand facility on the date of the exercise of the option for the Second Extension Term; and (ii) For the one-year period preceding the date said Second Extension Term option is exercised, there had been one hundred (100) full-time equivalent employees on average, as the term full-time equivalent employee is defined in section 2.3B of the Newport Grand Master Contract and as confirmed by the Rhode Island Department of Labor and Training. In the event that Newport Grand is licensed to host video lottery games and table games at a facility relocated to a location outside the City of Newport and actually offers video lottery games and table games to patrons at such relocated facility, then Newport Grand shall, no later than the six (6) month anniversary of all such events occurring, certify to the Division that there are one hundred eighty (180) full-time equivalent employees at the relocated Newport Grand facility on such date, and in the event Newport Grand is unable to timely make the foregoing certification, the Newport Grand Master Contract shall automatically terminate as of the one year anniversary of all such events occurring.

SECTION 19. Section 41-7-3 of the General Laws in Chapter 41-7 entitled “Jai Alai” is hereby amended to read as follows:

41-7-3. Regulation of operations -- Licensing. -- (a) The division of racing and athletics is hereby authorized to license jai alai in the city of Newport. The operation of a fronton shall be under the division’s supervision. The division is hereby authorized to issue rules and regulations for the supervision of the operations.

(b) Any license granted under the provisions of this chapter shall be subject to the rules and regulations promulgated by the division and shall be subject to suspension or revocation for any cause which the division shall deem sufficient after giving the licensee a reasonable opportunity for a hearing at which he or she shall have the right to be represented by counsel. If any license is suspended or revoked, the division shall state the reasons for the suspension or revocation and cause an entry of the reasons to be made on the record books of the division.

(c) Commencing July 1, 2003, the division of racing and athletics shall be prohibited to license jai alai in the city of Newport. Any license having been issued and in effect as of that date shall be null and void and any licensee shall be prohibited from operating thereunder; provided,
however, that any entity having been issued a license to operate a jai alai fronton prior to July 1, 2003, and any successor in interest to such entity by reason of acquiring the stock or substantially all of the assets of such entity, shall be deemed a pari-mutuel licensee as defined in § 42-61.2-1 et seq., and a licensee as defined in § 41-11-1 et seq.

SECTION 20. Section 42-61.2-1 of the General Laws in Chapter 42-61.2 entitled "Video Lottery Terminal" is hereby amended to read as follows:

42-61.2-1. Definitions. -- For the purpose of this chapter, the following words shall mean:

1. "Central communication system" means a system approved by the lottery division, linking all video lottery machines at a licensee location to provide auditing program information and any other information determined by the lottery. In addition, the central communications system must provide all computer hardware and related software necessary for the establishment and implementation of a comprehensive system as required by the division. The central communications licensee may provide a maximum of fifty percent (50%) of the video lottery terminals.

2. "Licensed video lottery retailer" means a pari-mutuel licensee specifically licensed by the director subject to the approval of the division to become a licensed video lottery retailer.

3. "Net terminal income" means currency placed into a video lottery terminal less credits redeemed for cash by players.

4. "Pari-mutuel licensee" means an entity licensed and authorized to conduct:
   (i) Dog racing, pursuant to chapter 3.1 of title 41; and/or
   (ii) Jai-alai games, pursuant to chapter 7 of title 41.

5. "Technology provider" means any individual, partnership, corporation, or association that designs, manufactures, installs, maintains, distributes, or supplies video lottery machines or associated equipment for the sale or use in this state.

6. "Video lottery games" means lottery games played on video lottery terminals controlled by the lottery division.

7. "Video lottery terminal" means any electronic computerized video game machine that, upon the insertion of cash or any other representation of value that has been approved by the division of lotteries, is available to play a video game authorized by the lottery division, and that uses a video display and microprocessors in which, by chance, the player may receive free games or credits that can be redeemed for cash. The term does not include a machine that directly dispenses coins, cash, or tokens.

8. "Casino gaming" means any and all table and casino-style games played with cards,
dice, or equipment, for money, credit, or any representative of value; including, but not limited to,
roulette, blackjack, big six, craps, poker, baccarat, pai gow, any banking or percentage game, or
any other game of device included within the definition of Class III gaming as that term is
defined in Section 2703(8) of Title 25 of the United States Code and that is approved by the state
through the division of state lottery.

(9) "Net table game revenue" means win from table games minus counterfeit currency.

(10) "Rake" means a set fee or percentage of cash and chips representing cash wagered
in the playing of a nonbanking table game assessed by a table games retailer for providing the
services of a dealer, gaming table or location, to allow the play of any nonbanking table game.

(11) "Table game" or "Table gaming" means that type of casino gaming in which table
games are played for cash or chips representing cash, or any other representation of value that has
been approved by the division of lotteries, using cards, dice, or equipment and conducted by one
or more live persons.

(12) "Table game retailer" means a retailer authorized to conduct table gaming pursuant
to §§ 42-61.2-2.1 and 42-61.2-2.2.

(13) "Credit facilitator" means any employee of Twin River approved in writing by the
division whose responsibility is to, among other things, review applications for credit by players,
verify information on credit applications, grant, deny and suspend credit, establish credit limits,
increase and decrease credit limits, and maintain credit files, all in accordance with this chapter
and rules and regulations approved by the division.

(14) "Newport Grand" means Newport Grand, LLC, a Rhode Island limited liability
company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and
assignee of Newport Grand, LLC under the Newport Grand Master Contract, provided it is a pari-
mutuel licensee as defined in § 42-61.2-1 et seq.; provided, however, where the context indicates
that the term is referring to the physical facility, then it shall mean the gaming and entertainment
facility located at 150 Admiral Kalbfus Road, Newport, Rhode Island.

(15) "Newport Grand Marketing Year" means each fiscal year of the state or a portion
thereof between November 23, 2010 and the termination date of the Newport Grand Master
Contract.

(16) "Newport Grand Master Contract" means that certain master video lottery terminal
contract made as of November 23, 2005 by and between the Division of Lotteries of the Rhode
Island Department of Administration and Newport Grand, as amended and extended from time to
time as authorized therein and/or as such Newport Grand Master Contract may be assigned as
permitted therein.
SECTION 21. Section 42-61.2-7 of the General Laws in Chapter 42-61.2 entitled "Video Lottery Terminal" is hereby amended to read as follows:

42-61.2-7. Division of revenue. [Contingent effective date; see note.] -- (a) Notwithstanding the provisions of § 42-61-15, the allocation of net, terminal income derived from video lottery games is as follows:

(1) For deposit in the general fund and to the state lottery division fund for administrative purposes: Net, terminal income not otherwise disbursed in accordance with subdivisions (a)(2) -- (a)(6) inclusive;

(i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one percent (0.19%), up to a maximum of twenty million dollars ($20,000,000), shall be equally allocated to the distressed communities as defined in § 45-13-12 provided that no eligible community shall receive more than twenty-five percent (25%) of that community's currently enacted municipal budget as its share under this specific subsection. Distributions made under this specific subsection are supplemental to all other distributions made under any portion of general laws § 45-13-12. For the fiscal year ending June 30, 2008, distributions by community shall be identical to the distributions made in the fiscal year ending June 30, 2007, and shall be made from general appropriations. For the fiscal year ending June 30, 2009, the total state distribution shall be the same total amount distributed in the fiscal year ending June 30, 2008, and shall be made from general appropriations. For the fiscal year ending June 30, 2010, the total state distribution shall be the same total amount distributed in the fiscal year ending June 30, 2009, and shall be made from general appropriations, provided, however, that seven hundred eighty-four thousand four hundred fifty-eight dollars ($784,458) of the total appropriation shall be distributed equally to each qualifying distressed community. For each of the fiscal years ending June 30, 2011, June 30, 2012, and June 30, 2013, seven hundred eighty-four thousand four hundred fifty-eight dollars ($784,458) of the total appropriation shall be distributed equally to each qualifying distressed community.

(ii) Five one hundredths of one percent (0.05%), up to a maximum of five million dollars ($5,000,000), shall be appropriated to property tax relief to fully fund the provisions of § 44-33-2.1. The maximum credit defined in subdivision 44-33-9(2) shall increase to the maximum amount to the nearest five dollar ($5.00) increment within the allocation until a maximum credit of five hundred dollars ($500) is obtained. In no event shall the exemption in any fiscal year be less than the prior fiscal year.

(iii) One and twenty-two one hundredths of one percent (1.22%) to fund § 44-34.1-1, entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum
amount to the nearest two hundred fifty dollar ($250) increment within the allocation. In no event shall the exemption in any fiscal year be less than the prior fiscal year.

(iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent (0.10%), to a maximum of ten million dollars ($10,000,000), for supplemental distribution to communities not included in subsection (a)(1)(i) above distributed proportionately on the basis of general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008, distributions by community shall be identical to the distributions made in the fiscal year ending June 30, 2007, and shall be made from general appropriations. For the fiscal year ending June 30, 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010, and thereafter, funding shall be determined by appropriation.

(2) To the licensed, video-lottery retailer:

(a) (i) Prior to the effective date of the NGJA Newport Grand Master Contract, Newport Jai Ali Grand twenty-six percent (26%), minus three hundred eighty-four thousand nine hundred ninety-six dollars ($384,996);

(ii) On and after the effective date of the NGJA Newport Grand Master Contract, to the licensed, video-lottery retailer who is a party to the NGJA Newport Grand Master Contract, all sums due and payable under said Master Contract, minus three hundred eighty four thousand nine hundred ninety-six dollars ($384,996).

(iii) Effective July 1, 2013, the rate of net, terminal income payable to Newport Grand, LLC under the Newport Grand master contract shall increase by two and one quarter percent (2.25%) points. The increase herein shall sunset and expire on June 30, 2015, and the rate in effect as of June 30, 2013, shall be reinstated.

(iv)(A) Effective July 1, 2015, the rate of net, terminal income payable to Newport Grand, under the Newport Grand Master Contract shall increase by one and nine-tenths (1.9%) percentage points. (i.e., x% plus 1.9 percentage points equals (x + 1.9)%, where "x%" is the current rate of net terminal income payable to Newport Grand). The dollar amount of additional net terminal income paid to Newport Grand with respect to any Newport Grand Marketing Year as a result of such increase in rate shall be referred to as "Additional Newport Grand Marketing NTL."

(B) The excess, if any, of Newport Grand's marketing expenditures with respect to a Newport Grand Marketing Year over one million four hundred thousand dollars ($1,400,000) shall be referred to as the "Newport Grand Marketing Incremental Spend." Beginning with the Newport Grand Marketing Year that starts on July 1, 2015, after the end of each Newport Grand Marketing Year, Newport Grand shall pay to the Division the amount, if any, by which the

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Additional Newport Grand Marketing NTI for such Newport Grand Marketing Year exceeds the Newport Grand Marketing Incremental Spend for such Newport Grand Marketing Year; provided however, that Newport Grand's liability to the Division hereunder with respect to any Newport Grand Marketing Year shall never exceed the Additional Newport Grand Marketing NTI paid to Newport Grand with respect to such Newport Grand Marketing Year.

The increase herein shall sunset and expire on June 30, 2017, and the rate in effect as of June 30, 2013 shall be reinstated.

(b) (i) Prior to the effective date of the UTGR master contract, to the present licensed, video-lottery retailer at Lincoln Park, which is not a party to the UTGR, master contract, twenty-eight and eighty-five one hundredths percent (28.85%), minus seven hundred sixty-seven thousand six hundred eighty-seven dollars ($767,687);

(ii) On and after the effective date of the UTGR master contract, to the licensed, video-lottery retailer that is a party to the UTGR master contract, all sums due and payable under said master contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars ($767,687).

(3) (i) To the technology providers that are not a party to the GTECH Master Contract as set forth and referenced in Public Law 2003, Chapter 32, seven percent (7%) of the net, terminal income of the provider's terminals; in addition thereto, technology providers that provide premium or licensed proprietary content or those games that have unique characteristics, such as 3D graphics; unique math/game play features; or merchandising elements to video lottery terminals; may receive incremental compensation, either in the form of a daily fee or as an increased percentage, if all of the following criteria are met:

(A) A licensed, video-lottery retailer has requested the placement of premium or licensed proprietary content at its licensed, video-lottery facility;

(B) The division of lottery has determined in its sole discretion that the request is likely to increase net, terminal income or is otherwise important to preserve or enhance the competitiveness of the licensed, video-lottery retailer;

(C) After approval of the request by the division of lottery, the total number of premium or licensed, propriety-content video-lottery terminals does not exceed ten percent (10%) of the total number of video-lottery terminals authorized at the respective licensed, video-lottery retailer; and

(D) All incremental costs are shared between the division and the respective licensed, video-lottery retailer based upon their proportionate allocation of net terminal income. The division of lottery is hereby authorized to amend agreements with the licensed, video-lottery
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retailers, or the technology providers, as applicable, to effect the intent herein.

(ii) To contractors that are a party to the master contract as set forth and referenced in Public Law 2003, Chapter 32, all sums due and payable under said master contract; and

(iii) Notwithstanding paragraphs (i) and (ii) above, there shall be subtracted proportionately from the payments to technology providers the sum of six hundred twenty-eight thousand seven hundred thirty-seven dollars ($628,737).

(4) (A) To the city of Newport one and one hundredth percent (1.01%) of net terminal income of authorized machines at Newport Grand, except that:

(i) Effective November 9, 2009 until June 30, 2013, the allocation shall be one and two tenths percent (1.2%) of net terminal income of authorized machines at Newport Grand for each week the facility operates video lottery games on a twenty-four-hour (24) basis for all eligible hours authorized; and

(ii) Effective July 1, 2015, provided that both:

(I) The referendum measure authorizing casino gaming at Newport Grand is approved statewide and by the city of Newport at the statewide general election to be held in November of 2014; and

(II) The proposed amendment to the Rhode Island Constitution requiring that prior to a change in location where casino gaming is permitted in any city or town, there must be a referendum in said city or town and approval by the majority of those electors voting in said referendum on said proposed change in location in said city or town, is approved statewide at the statewide general election to be held in November of 2014, then then the allocation shall be one and forty-five hundredths percent (1.45%) of net terminal income of authorized video lottery terminals at Newport Grand.

(iii) If, effective July 1, 2015, the conditions established in subsections (4)(A)(ii)(I and II) are met, and the following conditions in subsections (4)(A)(iii)(I through III) are met:

(I) NGJA or its successor has made an investment of no less than forty million dollars ($40,000,000) exclusive of acquisition costs within three (3) years, and a certificate of completion and final approval from the city building inspector has been issued for the facility upgraded through this investment; and

(II) The number of video lottery terminals in operation is no fewer than those in operation as of January 1, 2014; and

(III) Table gaming has commenced in Newport;

Then in such event the allocation shall be the greater of one million dollars ($1,000,000), or one and forty-five hundredths percent (1.45%) of net terminal income of authorized video
lottery terminals at Newport Grand, except that for six (6) consecutive, full-fiscal years immediately thereafter, the allocation shall be the greater of one million five hundred thousand dollars ($1,500,000), or one and forty-five hundredths percent (1.45%) of net-terminal income of authorized video lottery terminals at Newport Grand. Such minimum distribution shall be distributed in twelve (12) equal payments during the fiscal year.

(B) To the town of Lincoln one and twenty-six hundredths percent (1.26%) of net terminal income of authorized machines at Twin River except that;

(i) Effective November 9, 2009 until June 30, 2013, the allocation shall be one and forty-five hundredths percent (1.45%) of net terminal income of authorized machines at Twin River for each week video lottery games are offered on a twenty-four-hour (24) basis for all eligible hours authorized; and

(ii) Effective July 1, 2013, provided that the referendum measure authorized by Article 25, Chapter 151, Section 4 of the Public Laws of 2011 is approved statewide and in the Town of Lincoln, the allocation shall be one and forty-five hundredths percent (1.45%) of net terminal income of authorized video lottery terminals at Twin River; and

(5) To the Narragansett Indian Tribe, seventeen hundredths of one percent (0.17%) of net terminal income of authorized machines at Lincoln Park, up to a maximum of ten million dollars ($10,000,000) per year, that shall be paid to the Narragansett Indian Tribe for the account of a Tribal Development Fund to be used for the purpose of encouraging and promoting: home ownership and improvement; elderly housing; adult vocational training; health and social services; childcare; natural resource protection; and economic development consistent with state law. Provided, however, such distribution shall terminate upon the opening of any gaming facility in which the Narragansett Indians are entitled to any payments or other incentives; and provided further, any monies distributed hereunder shall not be used for, or spent on, previously contracted debts; and

(6) Unclaimed prizes and credits shall remit to the general fund of the state; and

(7) Payments into the state's general fund specified in subdivisions (a)(1) and (a)(6) shall be made on an estimated monthly basis. Payment shall be made on the tenth day following the close of the month except for the last month when payment shall be on the last business day.

(b) Notwithstanding the above, the amounts payable by the division to UTGR related to the marketing program shall be paid on a frequency agreed by the division, but no less frequently than annually.

(c) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director is authorized to fund the marketing program as described above in regard to the first amendment
to the UTGR master contract.

(d) Notwithstanding the above, the amounts payable by the division to Newport Grand related to the marketing program shall be paid on a frequency agreed by the division, but no less frequently than annually.

(e) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director is authorized to fund the marketing program as described above in regard to the first amendment to the Newport Grand master contract.

(f) Notwithstanding the provisions of § 42-61-15, the allocation of net, table-game revenue derived from table-games at Twin River is as follows:

(1) For deposit into the state lottery fund for administrative purposes and then the balance remaining into the general fund:

   (i) Sixteen percent (16%) of net, table-game revenue, except as provided in § 42-61.2-7(f)(1)(ii);

   (ii) An additional two percent (2%) of net, table-game revenue generated at Twin River shall be allocated starting from the commencement of table games activities by such table-game retailer and ending, with respect to such table-game retailer, on the first date that such table-game retailer's net terminal income for a full state fiscal year is less than such table-game retailer's net terminal income for the prior state fiscal year, at which point this additional allocation to the state shall no longer apply to such table-game retailer.

(2) To UTGR, net, table-game revenue not otherwise disbursed pursuant to above subsection (f)(1); provided, however, on the first date that such table-game retailer's net terminal income for a full state fiscal year is less than such table-game retailer's net terminal income for the prior state fiscal year, as set forth in subsection (f)(1)(ii) above, one percent (1%) of this net, table-game revenue shall be allocated to the town of Lincoln for four (4), consecutive state fiscal years.

(g) Notwithstanding the provisions of § 42-61-15, the allocation of net, table-game revenue derived from table games at Newport Grand is as follows:

(1) For deposit into the state lottery fund for administrative purposes and then the balance remaining into the general fund: eighteen percent (18%) of net, table-game revenue.

(2) [Deleted by P.L. 2014, ch. 436, § 1].SECTION 22. This act shall take effect upon passage.

SECTION 22. Sections 6 and 11 shall take effect as of August 1, 2015. Sections 13 and 15 shall take effect for the tax year beginning January 1, 2016. The remainder of this article shall take effect as of July 1, 2015.
ARTICLE 12

RELATING TO STATE POLICE PENSIONS

SECTION 1. Section 42-28-22.1 of the General Laws in Chapter 42-28 entitled “State Police” is hereby amended to read as follows:

42-28-22.1 Retirement contribution. -- (a) Legislative findings. The general assembly finds that:

(1) A trust was created for retirement purposes for members of the state police who were hired after July 1, 1987; however, as of January 1, 2015, there was an unfunded liability of approximately $200 million attributable to the retirement benefits for members of the state police hired on or before July 1, 1987, and no trust had been created for them.

(2) Unless a trust is established, these members’ benefits will continue to be funded on a pay-as-you-go basis and would not be recognized as a liability on the state’s financial statements under generally accepted accounting purposes.

(3) An investigation of Google, Inc., conducted by the Rhode Island U.S. attorney’s office and the Rhode Island task force of the U.S. food and drug administration’s office of criminal investigations, the department of the attorney general, and state and local police netted settlement amounts of approximately $230 million to the state, of which $45.0 million has been allocated for use by the state police.

(4) The allocation of Google settlement monies to the state police presents a unique opportunity to reduce the amount of the unfunded liability attributable to the retirement benefits for members of the state police hired on or before July 1, 1987.

(5) It is in the best interests of the members of the state police and the taxpayers of this state to reduce the amount of the unfunded liability attributable to retirement benefits for these police officers by creating a separate trust and to fund those benefits on an actuarial basis.

(b) Each member of the state police initially hired after July 1, 1987 shall have deducted from "compensation" as defined in § 36-8-1(8) beginning July 1, 1989, an amount equal to a rate percent of such compensation of eight and three quarters percent (8.75%). The receipts collected from members of the state police shall be deposited in a restricted revenue account entitled "state police retirement benefits". The proceeds deposited in this account shall be held in trust for the purpose of paying retirement benefits under this section to participating members of
the state police or their beneficiaries. The retirement board shall establish rules and regulations to
govern the provisions of this section.

(c) A member of the state police initially hired after July 1, 1987 who withdraws from
service or ceases to be a member for any reason other than death or retirement, will, at the
member's request, be paid on demand a refund consisting of the accumulated contributions
standing to his or her credit in his or her individual account in the state police retirement benefits
account. Any member receiving a refund shall thereby forfeit and relinquish all accrued rights as
a member of the system together with credits for total service previously granted to the member;
provided, however, that if any member who has received a refund shall subsequently reenter the
service and again become a member of the system, he or she shall have the privilege of restoring
all moneys previously received or disbursed to his or her credit as refund of contributions, plus
regular interest for the period from the date of refund to the date of restoration.

(d) Upon the repayment of the refund as herein provided in subsection (c) above, the
member shall again receive credit for the amount of total service which he or she had previously
forfeited by the acceptance of the refund.

(e) The state shall deposit contributions for members of the state police initially hired on
or before July 1, 1987, from time to time (as provided in § 42-28-22.2) to be held in trust. The
proceeds of this trust shall pay retirement benefits under this section to participating members of
the state police or their beneficiaries. The retirement board shall establish rules and regulations to
govern the provisions of this section.

Police” is hereby amended to read as follows:

42-28-22.2 State contributions. -- The state of Rhode Island shall make its contribution
for the maintaining of the system established by § 42-28-22.1 and providing the annuities,
benefits, and retirement allowances in accordance with the provisions of this chapter by (a)
annually appropriating an amount which will pay a rate percent of the compensation paid after
July 1, 1989 to members of the state police hired after July 1, 1987 and (b) appropriating an
amount which will amortize the unfunded liability associated with the benefits payable to
members of the state police hired on or before July 1, 1987. This rate percent The dollar amount
specified in subsection (b) above shall be computed on an actuarial basis using an eighteen (18)
year amortization schedule commencing on July 1, 2015, taking into account an initial
supplemental contribution from the state, and certified in accordance with the procedures set forth
in §§ 36-8-13 and 36-10-2 under rules and regulations promulgated by the retirement board
pursuant to § 36-8-3.
SECTION 3. Section 36-8-1 of the General Laws in Chapter 36-8 entitled “Retirement System – Administration” is hereby amended to read as follows:

36-8-1 Definition of terms. – The following words and phrases as used in chapters 8 to 10 of this title unless a different meaning is plainly required by the context, shall have the following meanings:

(1) "Accumulated contributions" shall mean the sum of all the amounts deducted from the compensation of a member and credited to his or her individual pension account.

(2) "Active member" shall mean any employee of the state of Rhode Island as defined in this section for whom the retirement system is currently receiving regular contributions pursuant to §§ 36-10-1 and 36-10-1.1.

(3) "Actuarial equivalent" shall mean an allowance or benefit of equal value to any other allowance or benefit when computed upon the basis of the actuarial tables in use by the system.

(4) "Annuity reserve" shall mean the present value of all payments to be made on account of any annuity, benefit, or retirement allowance granted under the provisions of chapter 10 of this title computed upon the basis of such mortality tables as shall be adopted from time to time by the retirement board with regular interest.

(5)(a) "Average compensation" for members eligible to retire as of September 30, 2009 shall mean the average of the highest three (3) consecutive years of compensation, within the total service when the average compensation was the highest. For members eligible to retire on or after October 1, 2009, "Average compensation" shall mean the average of the highest five (5) consecutive years of compensation within the total service when the average compensation was the highest.

(b) For members who become eligible to retire on or after July 1, 2012, if more than one half (1/2) of the member's total years of service consist of years of service during which the member devoted less than thirty (30) business hours per week to the service of the state, but the member's average compensation consists of three (3) or more years during which the member devoted more than thirty (30) business hours per week to the service of the state, such member's average compensation shall mean the average of the highest ten (10) consecutive years of compensation within the total service when the average compensation was the highest.

(6) "Beneficiary" shall mean any person in receipt of a pension, an annuity, a retirement allowance, or other benefit as provided by chapter 10 of this title.

(7) "Casual employee" shall mean those persons hired for a temporary period, a period of emergency or an occasional period.

(8) "Compensation" as used in chapters 8 – 10 of this title, chapters 16 and 17 of title 16,
and chapter 21 of title 45 shall mean salary or wages earned and paid for the performance of
duties for covered employment, including regular longevity or incentive plans approved by the
board, but shall not include payments made for overtime or any other reason other than
performance of duties, including but not limited to the types of payments listed below:

(i) Payments contingent on the employee having terminated or died;
(ii) Payments made at termination for unused sick leave, vacation leave, or compensatory
time;
(iii) Payments contingent on the employee terminating employment at a specified time in
the future to secure voluntary retirement or to secure release of an unexpired contract of
employment;
(iv) Individual salary adjustments which are granted primarily in anticipation of the
employee's retirement;
(v) Additional payments for performing temporary or extra duties beyond the normal or
regular work day or work year.

(9) "Employee" shall mean any officer or employee of the state of Rhode Island whose
business time is devoted exclusively to the services of the state, but shall not include one whose
duties are of a casual or seasonal nature. The retirement board shall determine who are employees
within the meaning of this chapter. The governor of the state, the lieutenant governor, the
secretary of state, the attorney general, the general treasurer, and the members of the general
assembly, ex officio, shall not be deemed to be employees within the meaning of that term unless
and until they elect to become members of the system as provided in § 36-9-6, but in no case shall
it deem as an employee, for the purposes of this chapter, any individual who devotes less than
twenty (20) business hours per week to the service of the state, and who receives less than the
equivalent of minimum wage compensation on an hourly basis for his or her services, except as
provided in § 36-9-24. Any commissioner of a municipal housing authority or any member of a
part-time state, municipal or local board, commission, committee or other public authority shall
not be deemed to be an employee within the meaning of this chapter.

(10) "Full actuarial costs" or "full actuarial value" shall mean the lump sum payable by a
member claiming service credit for certain employment for which that payment is required which
is determined according to the age of the member and the employee's annual rate of compensation
at the time he or she applies for service credit and which is expressed as a rate percent of the
employee's annual rate of compensation to be multiplied by the number of years for which he or
she claims service credit as prescribed in a schedule adopted by the retirement board from time to
time on the basis of computation by the actuary. Except as provided in §§ 16-16-7.1, 36-5-3, 36-
(i) all service credit purchases requested after June 16, 2009 and prior to July 1, 2012, shall be at full actuarial value; and
(ii) all service credit purchases requested after June 30, 2012 shall be at full actuarial value which shall be determined using the system's assumed investment rate of return minus one percent (1%).

The rules applicable to a service credit purchase shall be the rules of the retirement system in effect at the time the purchase application is submitted to the retirement system.

(11) "Inactive member" shall mean a member who has withdrawn from service as an employee but who has not received a refund of contributions.

(12) "Members" shall mean any person included in the membership of the retirement system as provided in §§ 36-9-1–36-9-7.

(13) "Prior service" shall mean service as a member rendered before July 1, 1936, certified on his or her prior service certificate and allowable as provided in § 36-9-28.

(14) "Regular interest" shall mean interest at the assumed investment rate of return, compounded annually, as may be prescribed from time to time by the retirement board.

(15) "Retirement allowance" shall mean annual payments for life made after retirement under and in accordance with chapters 8 to 10 of this title. All allowances shall be paid in equal monthly installments beginning as of the effective date thereof; provided, that a smaller pro rata amount may be paid for part of a month where separation from service occurs during the month in which the application was filed, and when the allowance ceases before the last day of the month.

(16) "Retirement board" or "board" shall mean the board provided in § 36-8-3 to administer the retirement system.

(17) "Retirement system" shall mean the employees' retirement system of the state of Rhode Island as defined in § 36-8-2.

(18) "Service" shall mean service as an employee of the state of Rhode Island as described in subdivision (9) of this section.

(19) "Social Security retirement age" shall mean a member's full retirement age as determined in accordance with the federal Old Age, Survivors and Disability Insurance Act, not to exceed age sixty-seven (67).

(20) "Total service" shall mean prior service as defined above, plus service rendered as a member on or after July 1, 1936.
SECTION 4. This article shall take effect upon passage.
ARTICLE 13
RELATING TO BUDGET ACCOUNTS

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

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

- Executive Office of Health and Human Services
- Organ Transplant Fund
- HIV Care Grant Drug Rebates
- Department of Human Services
- Veterans’ home – Restricted account
- Veterans’ home – Resident benefits
- Pharmaceutical Rebates Account
- Demand Side Management Grants
- Veteran’s Cemetery Memorial Fund
- Donations- New Veterans' Home Construction
- Department of Health
- Providence Water Lead Grant
- Pandemic medications and equipment account
- Miscellaneous Donations/Grants from Non-Profits
- State Loan Repayment Match
- Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
- Eleanor Slater non-Medicaid third-party payor account
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Department of Children, Youth and Families
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Defined Contribution – Administration - RR
Violent Crimes Compensation – Refunds
Treasury Research Fellowship
Business Regulation
Banking Division Reimbursement Account
Office of the Health Insurance Commissioner Reimbursement Account
Securities Division Reimbursement Account
Commercial Licensing and Racing and Athletics Division Reimbursement Account
Insurance Division Reimbursement Account
Historic Preservation Tax Credit Account.
Judiciary
Arbitration Fund Restricted Receipt Account
Third Party Grants
RI Judiciary Technology Surcharge Account
Department of Elementary and Secondary Education
Statewide Student Transportation Services Account
School for the Deaf Fee for Service Account
Davies Career and Technical School Local Education Aid Account
Davies – National School Breakfast & Lunch Program
Department of Labor and Training
Job Development Fund
Department of Transportation
Rhode Island Highway Maintenance Account
SECTION 2. Section 35-6-1 of the General Laws in Chapter 35-6 entitled “Accounts and Control” is hereby amended to read as follows:

35-6-1. Controller – Duties in general. – (a) Within the department of administration
there shall be a controller who shall be appointed by the director of administration pursuant to chapter 4 of title 36. The controller shall be responsible for accounting and expenditure control and shall be required to:

1. Administer a comprehensive accounting and recording system which will classify the transactions of the state departments and agencies in accordance with the budget plan;
2. Maintain control accounts for all supplies, materials, and equipment for all departments and agencies except as otherwise provided by law;
3. Prescribe a financial, accounting, and cost accounting system for state departments and agencies;
4. Preaudit all state receipts and expenditures;
5. Prepare financial statements required by the several departments and agencies, by the governor, or by the general assembly;
6. Approve the orders drawn on the general treasurer; provided, that the preaudit of all expenditures under authority of the legislative department and the judicial department by the state controller shall be purely ministerial, concerned only with the legality of the expenditure and availability of the funds, and in no event shall the state controller interpose his or her judgment regarding the wisdom or expediency of any item or items of expenditure;
7. Prepare and timely file, on behalf of the state, any and all reports required by the United States, including, but not limited to, the internal revenue service, or required by any department or agency of the state, with respect to the state payroll; and
8. Prepare a preliminary closing statement for each fiscal year. The controller shall forward the statement to the chairpersons of the house finance committee and the senate finance committee, with copies to the house fiscal advisor and the senate fiscal and policy advisor, by September 1 following the fiscal year ending the prior June 30 or thirty (30) days after enactment of the appropriations act, whichever is later. The report shall include but is not limited to:
   i. A report of all revenues received by the state in the completed fiscal year, together with the estimates adopted for that year as contained in the final enacted budget, and together with all deviations between estimated revenues and actual collections. The report shall also include cash collections and accrual adjustments;
   ii. A comparison of actual expenditures with each of the actual appropriations, including supplemental appropriations and other adjustments provided for in the Rhode Island General Laws;
   iii. A statement of the opening and closing surplus in the general revenue account; and
   iv. A statement of the opening surplus, activity, and closing surplus in the state budget...
reserve and cash stabilization account and the state bond capital fund.

(b) The controller shall provide supporting information on revenues, expenditures, capital projects, and debt service upon request of the house finance committee chairperson, senate finance committee chairperson, house fiscal advisor, or senate fiscal and policy advisor.

(c) Upon issuance of the audited annual financial statement, the controller shall provide a report of the differences between the preliminary financial report and the final report as contained in the audited annual financial statement.

(d) Upon issuance of the audited annual financial statement, the controller shall transfer all general revenues received in the completed fiscal year, net of transfer to the state budget reserve and cash stabilization account as required by § 35-3-20, in excess of those estimates adopted for that year as contained in the final enacted budget to the employees’ retirement system of the state of Rhode Island as defined in § 36-8-2.

(e) The controller shall create a special fund not part of the general fund and shall deposit amounts equivalent to all deferred contributions under this act into that fund. Any amounts remaining in the fund on June 15, 2010, shall be transferred to the general treasurer who shall transfer such amounts into the retirement system as appropriate.

(f) The controller shall implement a direct deposit payroll system for state employees.

(i) There shall be no service charge of any type paid by the state employee at any time which shall decrease the net amount of the employee’s salary deposited to the financial institution of the personal choice of the employee as a result of the use of direct deposit.

(ii) Employees hired after September 30, 2014, shall participate in the direct deposit system. At the time the employee is hired, the employee shall identify a financial institution that will serve as a personal depository agent for the employee.

(iii) No later than June 30, 2016, each employee hired before September 30, 2014, who is not a participant in the direct deposit system, shall identify a financial institution that will serve as a personal depository agent for the employee.

(iv) The controller shall promulgate rules and regulations as necessary for implementation and administration of the direct deposit system, which shall include limited exceptions to required participation.

SECTION 3. Section 1 shall take effect upon passage. Section 2 shall take effect as of July 1, 2014.
ARTICLE 14

RELATING TO INFRASTRUCTURE BANK

SECTION 1. Title 23 of the General Laws entitled "HEALTH AND SAFETY" is hereby amended by adding thereto the following chapter:

CHAPTER 19.16

BROWNFIELDS REVOLVING LOAN FUND

23-19.16-1. Legislative findings. -- The general assembly finds and declares that:

(1) Promotion of, and investment in, energy efficient infrastructure will result in the reduction of energy costs for commercial, residential and municipal users which is necessary to maintain and grow Rhode Island's economy; and

(2) There exists the Rhode Island clean water finance agency which can be expanded to assist businesses, residents and municipalities with the coordination and financing of necessary infrastructure improvements and renamed as the Rhode Island infrastructure bank; and

(3) In addition to reducing energy cost, energy efficient infrastructure improvements will result in less pollution, the remediation of Brownfields, coastal nourishment and restoration, safer drinking water and an overall sound environment; and

(4) Cities, towns and other owners of properties designated as Brownfields sites can reduce the costs of borrowing for remediation and/or development of those sites through cooperation with the Rhode Island infrastructure bank; and

(5) Remediation and/or development of Brownfields sites will generate economic activity and utilize properties which were otherwise dormant or underutilized; and

(6) Greater coordination among state and municipal agencies will enable a more efficient allocation of infrastructure resources by the state of Rhode Island.

23-19.16-2. Definitions. -- As used in this chapter, the following terms, unless the context requires a different interpretation, shall have the following meanings:

(1) "Agency" means the Rhode Island infrastructure bank as set forth in chapter 12.2 of title 46;

(2) "Approved project" means any project approved by the agency for financial assistance;

(3) "Brownfields project" means a project proposed by a city, town, person or corporation...
that would provide for the remediation and/or development of a site within the state of Rhode Island defined as a Brownfields site pursuant to § 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended;

(4) "Corporation" means any corporate person, including, but not limited to, bodies politic and corporate, corporations, societies, associations, partnerships, limited liability companies, sole proprietorships and subordinate instrumentalities of any one or more political subdivisions of the state;

(5) "Department" means, for purposes of this chapter, the department of environmental management;

(6) "Eligible borrower" or "borrower" means a person, corporation, city, town, or other political subdivision or instrumentality of the state;

(7) "Eligible project" means a brownfields project, or portion of a brownfields project, that meets the project evaluation criteria;

(8) "Financial assistance" means any form of financial assistance provided by the agency to an eligible borrower in accordance with this chapter for all or any part of the cost of an approved project, including, without limitation, temporary and permanent loans, with or without interest, grants, guarantees, insurance, subsidies for the payment of debt service on loans, lines of credit, and similar forms of financial assistance;

(9) "Person" means any natural person;

(10) "Project evaluation criteria" means the criteria used by the department to evaluate and rank eligible projects and shall include the extent to which the project generates economic benefits, the extent to which the project would be able to proceed, the cost effectiveness of the project; and

(11) "Revolving fund" means the brownfields revolving fund established under this chapter.

23-19.16-3, Establishment of the brownfields revolving fund. -- (a) There is hereby established a brownfields revolving fund. The agency shall establish and set up on its books the brownfields revolving fund, to be held in trust and to be administered by the agency solely as provided in this section and in any trust agreement securing bonds of the agency. The agency shall deposit the following monies into the fund:

(1) Amounts appropriated, transferred, or designated to the agency by the state or federal government or any political subdivision thereof for the purposes of this chapter;

(2) Loan repayments and other payments received by the agency pursuant to loan agreements with eligible borrowers executed in accordance with this chapter;
(3) Investment earnings on amounts credited to the fund;

(4) Proceeds of bonds of the agency to the extent required by any trust agreement for such bonds;

(5) Administrative fees levied by the agency;

(6) Other amounts required by provisions of this chapter or agreement, or any other law or any trust agreement pertaining to bonds to be credited to the revolving fund; and

(7) Any other funds permitted by law which the agency in its discretion shall determine to credit thereto.

(b) The agency shall establish and maintain fiscal controls and accounting procedures conforming to generally accepted government accounting standards sufficient to ensure proper accounting for receipts in and disbursements from the brownfields revolving fund.

23-19.16-4. Administration. -- (a) The agency shall have all the powers necessary and convenient to carry out and effectuate the purposes and provisions of this chapter including, without limiting the generality of the preceding statement, the authority:

(1) To receive and disburse such funds from the state and federal government as may be available for the purpose of the revolving fund subject to the provisions of this chapter;

(2) To make and enter into binding commitments to provide financial assistance to eligible borrowers from amounts on deposit in the revolving fund;

(3) To levy administrative fees on eligible borrowers as necessary to effectuate the provisions of this chapter, provided the fees have been previously authorized by an agreement between the agency and the eligible borrower;

(4) To engage the services of third-party vendors to provide professional services;

(5) To establish one or more accounts within the revolving fund; and

(6) Such other authority as granted to the agency under chapter 12.2 of title 46.

(b) Subject to the provisions of this chapter, to the provisions of any agreement with the state authorized by § 23-19.16-5; and to any agreements with the holders of any bonds of the agency or any trustee therefor, amounts held by the agency for the account of the revolving fund shall be applied by the agency, either by direct expenditure, disbursement, or transfer to one or more other funds and accounts held by the agency or maintained under any trust agreement pertaining to bonds, either alone or with other funds of the agency, to the following purposes:

(1) To provide financial assistance to eligible borrowers to finance costs of approved projects, and to refinance the costs of the projects, subject to such terms and conditions, if any, as are determined by the departments and/or the agency in accordance with § 23-19.16-6;

(2) To fund reserves for bonds of the agency and to purchase insurance and pay the
premiums therefor, and pay fees and expenses of letters or lines of credit and costs of
reimbursement to the issuers thereof for any payments made thereon or on any insurance, and to
otherwise provide security for, and a source of payment for obligations of the agency, by pledge,
lien, assignment, or otherwise as provided in chapter 12.2 of title 46;

(3) To pay expenses of the agency and the department in administering the revolving
fund. As part of the annual appropriations bill, the department shall set forth the gross amount of
expenses received from the agency and a complete, specific breakdown of the sums retained
and/or expended for administrative expenses;

(4) To provide a reserve for, or to otherwise secure, amounts payable by borrowers on
loans and obligations outstanding in the event of default thereof; amounts in any account in the
revolving fund may be applied to defaults on loans outstanding to the borrower for which the
account was established and, on a parity basis with all other accounts, to defaults on any loans or
obligations outstanding; and

(5) To provide a reserve for, or to otherwise secure, by pledge, lien, assignment, or
otherwise as provided in chapter 12.2 of title 46, any bonds of the agency.

(c) In addition to other remedies of the agency under any loan agreement or otherwise
provided by law, the agency may also recover from a borrower, in an action in superior court, any
amount due the agency together with any other actual damages the agency shall have sustained
from the failure or refusal of the borrower to make the payments or abide by the terms of the loan
agreement.

(d) Within ninety (90) days after the end of each fiscal year, the agency shall submit an
annual report to the governor, the speaker of the house of representatives, the president of the
senate, and the secretary of state of its activities during that fiscal year. The report shall provide: a
summary of the agency's meetings including when the agency met, subjects addressed, decisions
rendered and meeting minutes; a summary of the agency's actions including a listing of rules,
regulations, or procedures adopted or amended, applications received for financial assistance for
contracts or agreements entered into, applications and intended use plans submitted to federal
agencies for capitalization grants, properties acquired or leased, and bonds issued; a synopsis of
any complaints, suspensions, or other legal matters related to the authority of the agency; a
consolidated financial statement of all funds received and disbursed by the agency including the
source of and recipient of the funds which shall be audited by an independent certified public
accountant firm; copies of audits or reports required under federal law; a listing of the staff and/or
consultants employed by the agency; a listing of findings and recommendation derived from
agency activities; and a summary of performance during the previous fiscal year including
accomplishments, shortcomings and remedies. The report shall be posted as prescribed in § 42-20.8.2. The director of the department of administration shall be responsible for the enforcement of this provision. The initial report shall be due no later than January 1, 2017.

23-19.16-5. Payment of state funds. -- (a) Subject to the provisions of subsection (b), upon the written request of the agency, the general treasurer shall pay to the agency, from time to time, from the proceeds of any bonds or notes issued by the state for the purposes of this chapter or funds otherwise lawfully payable to the agency for the purposes of this chapter, such amounts as shall have been appropriated or lawfully designated for the revolving fund. All amounts so paid shall be credited to the revolving fund in addition to any other amounts credited or expected to be credited to the revolving fund.

(b) The agency and the state shall enter into, execute, and deliver one or more agreements setting forth or otherwise determining the terms, conditions, and procedures for, and the amount, time, and manner of payment of, all amounts available from the state to the agency under this section.

23-19.16-6. Procedure for project approval. -- The department of environmental management, in consultation with the Rhode Island commerce corporation, shall promulgate rules and regulations establishing the project evaluation criteria and a project priority list and the process through which an eligible borrower may submit an application for inclusion of a brownfields project on the project priority list. Upon issuance of the project priority list by the department of environmental management, the project priority list shall be used by the Rhode Island infrastructure bank to determine the order in which financial assistance shall be awarded. The Rhode Island infrastructure bank shall promulgate rules and regulations to effectuate the provisions of this section which may include, without limitation, forms for financial assistance applications, loan agreements, and other instruments. All rules and regulations promulgated pursuant to this chapter shall be promulgated in accordance with the provisions of chapter 35 of title 42.

23-19.16-7. Expenses incurred by the department. -- In order to provide for the expenses of the department under this chapter, the agency shall transfer to the department an amount from the revolving fund equal to the amount authorized by the general assembly.

23-19.16-8. Severability. -- If any provision of this chapter or the application of this chapter to any person, corporations, or circumstances is held invalid, the 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 2. Sections 24-18-2 and 24-18-3 of the General Laws in Chapter 24-18 entitled "Municipal Road and Bridge Revolving Fund" are hereby amended to read as follows:

**24-18-2. Legislative findings.** -- The general assembly finds and declares that:

1. Transportation plays a critical role in enabling economic activity in the state of Rhode Island;
2. Cities and towns can lower the costs of borrowing for road and bridge projects through cooperation with the Clean Water Finance Agency Rhode Island infrastructure bank;
3. The clean water and drinking water fund programs administered by the Clean Water Finance Agency Rhode Island infrastructure bank benefit from the highest bond rating of any public entity in the state of Rhode Island; and
4. Greater coordination among cities and towns will enable more efficient allocation of infrastructure resources by the state of Rhode Island.

**24-18-3. Definitions.** -- As used in this chapter, the following terms, unless the context requires a different interpretation, shall have the following meanings:

1. "Agency" means the Clean Water Finance Agency Rhode Island infrastructure bank as set forth in chapter 46-12.2;
2. "Annual construction plan" means the finalized list of approved projects to commence construction each calendar year;
3. "Approved project" means any project approved by the agency for financial assistance;
4. "Department" means the department of transportation, or, if the department shall be abolished, the board, body, or commission succeeding to the principal functions thereof or upon whom the powers given by chapter 5 of title 37 to the department shall be given by law;
5. "Eligible project" means an infrastructure plan, or portion of an infrastructure plan, that meets the project evaluation criteria;
6. "Financial assistance" means any form of financial assistance other than grants provided by the agency to a city or town in accordance with this chapter for all or any part of the cost of an approved project, including, without limitation, temporary and permanent loans, with or without interest, guarantees, insurance, subsidies for the payment of debt service on loans, lines of credit, and similar forms of financial assistance;
7. "Infrastructure plan" means a project proposed by a city or town that would make capital improvements to roads, bridges and appurtenances thereto consistent with project evaluation criteria;
8. "Market rate" means the rate the city or town would receive in the open market at the
time of the original loan agreement as determined by the agency in accordance with its rules and regulations;

(9) "Project evaluation criteria" means the criteria used by the department to evaluate infrastructure plans and rank eligible projects and shall include the extent to which the project generates economic benefits, the extent to which the project would be able to proceed at an earlier date, the likelihood that the project would provide mobility benefits, the cost effectiveness of the project, the likelihood that the project would increase safety, and the project’s readiness to proceed within the forthcoming calendar year;

(10) "Project priority list" means the list of eligible projects ranked in the order in which financial assistance shall be awarded by the agency pursuant to section 7 of this chapter;

(11) "Revolving fund" means the municipal road and bridge revolving fund established under section 4 of this chapter; and

(12) "Subsidy assistance" means credit enhancements and other measures to reduce the borrowing costs for a city or town.

SECTION 3. Section 35-3-7.2 of the General Laws in Chapter 35-3 entitled “State Budget” is hereby amended to read as follows:

35-3-7.2. Budget officer as capital development officer. -- The budget officer shall be a capital development program officer who shall be responsible for:

(1) The review of all capital development requests submitted by the various state departments, as set forth in chapter 6 of title 42, which shall include all independent boards and commissions and the capital development plans of the Narragansett Bay Commission, Rhode Island Clean Water Finance Agency, Rhode Island infrastructure bank, the Lottery Commission, and all other public corporations, as defined in chapter 18 of this title which plans would be subject to the provisions of § 35-18-3; provided, that, except as provided for in this section, nothing in this section shall be construed to limit the powers of the board of governors for higher education as outlined in chapter 59 of title 16. Capital development requests and plans shall be submitted in such form, with such explanation, in such number of copies, and by such date as the budget officer may require. Copies shall also be provided directly to the house fiscal advisor and the senate fiscal advisor.

(2) Preparation of a capital budget which shall specify which capital items are proposed for presentation to the electorate at the next general election.

(3) The activities which will promote capital development planning and develop criteria which can be used to determine appropriate levels of bonded indebtedness.

(4) Acting as chairperson of the capital development planning and oversight commission...
which is to be appointed by the governor. The commission, in addition to recommending to the
governor the biennial capital budget, shall implement a long range capital development planning
process and shall be responsible for the development of an inventory of state assets to determine
the need and prioritization of capital improvements.

(5) Working with the board of governors for higher education in the development by the
board of that portion of the board's capital development program involving annual general
revenues.

Corporation Debt Management” is hereby amended to read as follows:

  35-18-3. Approval by the general assembly.-- (a) No elected or appointed state official
may enter into any financing lease or into any guarantee with any person without the prior
approval of the general assembly unless:

  (1) The governor certifies that federal funds will be available to make all of the payments
which the state is or could be obligated to make under the financing lease or guarantee; or

  (2) The general assembly has adjourned for the year with the expectation that it will not
meet again until the following year and the governor certifies that action is necessary, because of
events occurring after the general assembly has adjourned, to protect the physical integrity of an
essential public facility, to ensure the continued delivery of essential public services, or to
maintain the credit worthiness of the state in the financial markets.

  (b) No bonds may be issued or other obligation incurred by any public corporation to
finance, in whole or in part, the construction, acquisition, or improvement of any essential public
facility without the prior approval of the general assembly, unless:

  (1) The governor certifies that federal funds will be available to make all of the payments
required to be made by the public corporation in connection with the bond or obligation. The
certification shall be transmitted to the speaker of the house and the president of the senate with
copies to the chairpersons of the respective finance committees and fiscal advisors; or

  (2) The general assembly has adjourned for the year with the expectation that it will not
meet again until the following year and the governor certifies that action is necessary, because of
events occurring after the general assembly has adjourned, to protect the physical integrity of an
essential public facility, to ensure the continued delivery of essential public services, or to
maintain the credit worthiness of the state in the financial markets. The certification shall be
transmitted to the speaker of the house and the president of the senate, with copies to the
chairpersons of the respective finance committees and fiscal advisors.

  (c) In addition to, and not by way of limitation on, the exemptions provided in
subsections (a) and (b), prior approval by the general assembly shall not be required under this chapter for bonds or other obligations issued by, or financing leases or guarantee agreements entered into by:

(1) The Rhode Island industrial facilities corporation; provided financing leases, bonds or other obligations are being issued for an economic development project;

(2) The Rhode Island Clean Water Finance Agency; Rhode Island infrastructure bank;

(3) The Rhode Island housing and mortgage finance corporation;

(4) The Rhode Island student loan authority;

(5) Any public corporation to refund any bond or other obligation issued by the public corporation to finance the acquisition, construction, or improvement of an essential public facility provided that the governor certifies to the speaker of the house and the president of the senate, with copies to the chairpersons of the respective finance committees and fiscal advisors that the refunding shall provide a net benefit to the issuer; provided, however, obligations of the Rhode Island resource recovery corporation outstanding on July 31, 1999, may be refunded by the issuance of obligations on or before August 1, 1999;

(6) The Narragansett Bay water quality management district commission;

(7) The Rhode Island health and educational building corporation, except bonds or other obligations issued in connection with the acquisition, construction, or improvement of any facility used by any state agency, department, board, or commission, including the board of governors for higher education, to provide services to the public pursuant to the requirements of state or federal law, and all fixtures for any of those facilities; and

(8) The state to refund any financing leases entered into with the authorization of the general assembly, provided that the governor certifies to the speaker of the house and the president of the senate, with copies to the chairpersons of the respective finance committees and fiscal advisors, that the refunding shall provide a net benefit to the state.

(d) Nothing contained in this section applies to any loan authorized to be borrowed under Article VI, § 16 or 17 of the Rhode Island Constitution.

(e) Nothing in this section is intended to expand in any way the borrowing authority of any public corporation under its charter.

(f) Any certification made by the governor under subsection (a), (b), or (c) of this section may be relied upon by any person, including without limitation, bond counsel.

(2) The certifications shall be transmitted to the speaker of the house and the president of the senate with copies to the chairpersons of the respective finance committees and fiscal advisors.
(g) Except as provided for in this chapter, the requirements of this chapter supersede any other special or general provision of law, including any provision which purports to exempt sales or leases between the state and a public corporation from the operation of any law.

SECTION 5. 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 § 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 plan 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)(i) 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 of energy resources.

(ii) Beginning on November 1, 2012 or before, each electric distribution company shall support the installation and investment in clean and efficient combined heat and power installations at commercial, institutional, municipal, and industrial facilities. This support shall be documented annually in the electric distribution company's energy efficiency program plans. In order to effectuate this provision, the energy efficiency and resource management council shall seek input from the public, the gas and electric distribution company, the economic development corporation, and commercial and industrial users, and make recommendations regarding services to support the development of combined heat and power installations in the electric distribution company's annual and triennial energy efficiency program plans.

(iii) The energy efficiency annual plan shall include, but not be limited to, a plan for identifying and recruiting qualified combined heat and power projects, incentive levels, contract terms and guidelines, and achievable megawatt targets for investments in combined heat and power systems. In the development of the plan, the energy efficiency and resource management council and the electric distribution company shall factor into the combined heat and power plan and program, the following criteria: (A) Economic development benefits in Rhode Island, including direct and indirect job creation and retention from investments in combined heat and power systems; (B) Energy and cost savings for customers; (C) Energy supply costs; (D) Greenhouse gas emissions standards and air quality benefits; and (E) System reliability benefits.

(iv) The energy efficiency and resource management council shall conduct at least one public review meeting annually, to discuss and review the combined heat and power program, with at least seven (7) business day's notice, prior to the electric and gas distribution utility submitting the plan to the commission. The commission shall evaluate the submitted combined
heat and power program as part of the annual energy efficiency plan. The commission shall issue an order approving the energy efficiency plan and programs within sixty (60) days of the filing.  

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

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

(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) twenty-one (21) years thereafter, each electric distribution company shall include a charge per kilowatt-hour delivered to fund demand side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy programs shall remain in effect until December 31, 2017. The electric distribution company shall establish and, after July 1, 2007, maintain two (2) separate accounts, one for demand side management programs (the "demand side account"), which shall be funded by the electric demand side charge and 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 Rhode Island commerce corporation pursuant to § 42-64-13.2 and, shall be held and disbursed by the distribution company as directed by the economic development corporation Rhode Island commerce corporation for the purposes of developing, promoting and supporting renewable energy programs.

During the ten (10) year period time periods established in § 39-2-1.2(b), the commission may, in its discretion, after notice and public hearing, increase the sums for demand side management and renewable resources; thereafter, in addition, the commission shall, after notice and public hearing, determine the appropriate charges 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 § 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. 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.

(1) The renewable energy investment programs shall be administered pursuant to rules established by the economic development corporation Rhode Island commerce corporation. Said rules shall provide transparent criteria to rank qualified 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.
(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.

(e) Effective January 1, 2007, and for a period of eleven (11) twenty-two (22) years thereafter, each gas distribution company shall include, with the approval of the commission, a charge per deca therm delivered to fund demand side management programs (the "gas demand side charge"), 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.

(f) Each gas company shall establish a separate account for demand side management programs (the "gas demand side account"), which shall be funded by the gas demand side charge and 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.

(g) The commission may, if reasonable and feasible, except from this demand side management charge:

(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.

(h) 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.

(i) 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 administration costs of the energy efficiency and resources management council 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 council, which allocation may by mutual agreement, be used in coordination with the office of energy resources to support such activities.

(j) Effective January 1, 2014, 2016, the commission shall annually allocate from the administrative funding amount allocated in (i) from the demand-side management program as described in subsection (i) as follows: sixty percent (60%) fifty percent (50%) for the purposes identified in subsection (i) and forty percent (40%), fifty percent (50%) 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.

(l) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank, each electric distribution company, except for the Pascoag Utility District and Block Island Power Company, shall remit two percent (2%) of the amount of the 2014 electric demand side charge collections to the Rhode Island infrastructure bank in accordance with the terms of § 46-12.2-14.1.

(m) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank,
1 each gas distribution company shall remit two percent (2%) of the amount of the 2014 gas
2 demand side charge collections to the Rhode Island infrastructure bank in accordance with the
3 terms of § 46-12.2-14.1.
4 
5 SECTION 7. Section 39-26-7 of the General Laws in Chapter 39-26 entitled "Renewable
6 Energy Standard" is hereby amended to read as follows:
7
8 39-26-7. Renewable energy development fund -- (a) There is hereby authorized and
9 created within the economic development corporation Rhode Island commerce corporation a
10 renewable energy development fund for the purpose of increasing the supply of NE-GIS
11 certificates available for compliance in future years by obligated entities with renewable energy
12 standard requirements, as established in this chapter. The fund shall be located at and
13 administered by the Rhode Island economic development corporation the Rhode Island
14 commerce corporation in accordance with § 42-64-13.2. The economic development corporation
15 Rhode Island commerce corporation shall:
16
17 (b) The economic development corporation Rhode Island commerce corporation shall
18 enter into agreements with obligated entities to accept alternative compliance payments,
19 consistent with rules of the commission and the purposes set forth in this section; and alternative
20 compliance payments received pursuant to this section shall be trust funds to be held and applied
21 solely for the purposes set forth in this section.
22
23 (c) The uses of the fund shall include but not be limited to:
24
25 (1) Stimulating investment in renewable energy development by entering into
26 agreements, including multi-year agreements, for renewable energy certificates;
27
28 (2) Establishing and maintaining a residential renewable energy program using eligible
29 technologies in accordance with § 39-26-5;
30
31 (3) Providing technical and financial assistance to municipalities for interconnection and
32 feasibility studies, and/or the installation of renewable energy projects;
33
34 (4) Implementing and supporting commercial and residential property assessed clean
35 energy projects;
36
37 (45) Issuing assurances and/or guarantees to support the acquisition of renewable energy
38 certificates and/or the development of new renewable energy sources for Rhode Island;
39
40 (56) Establishing escrows, reserves, and/or acquiring insurance for the obligations of the
41 fund;
Paying administrative costs of the fund incurred by the Rhode Island commerce corporation, economic development corporation, the board of trustees, or the Rhode Island infrastructure bank and 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 Rhode Island commerce corporation to support the office of energy resources' administrative costs shall be deposited as restricted receipts.

(d) All applications received for the use of the fund shall be reviewed by the Rhode Island commerce corporation in consultation with the office of energy resources and the Rhode Island infrastructure bank.

(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 8. The title of Chapter 39-26.5 of the General Laws entitled “Property Assessed Clean Energy - Residential Program” is hereby amended to read as follows:

CHAPTER 39-26.5

Property Assessed Clean Energy - Residential Program

CHAPTER 39-26.5

PROPERTY ASSESSED CLEAN ENERGY PROGRAM


39-26.5-1. Legislative findings. -- It is hereby found and declared:

(1) Investing in energy efficiency and renewable energy improvements is financially beneficial over time, as well as good for the environment;

(2) Upfront costs are a barrier to investments in major energy improvements for both commercial and residential property owners;

(3) There are few financing options available that combine easy qualification, an attractive interest rate, and a relatively long repayment term;

(4) Property-assessed clean energy, hereinafter referred to as PACE, is a voluntary financing mechanism which allows homeowners both residential and commercial property...
owners to access affordable, long-term financing for renewable energy and energy efficiency upgrades including, but not limited to, system reliability upgrades, alternative fuel infrastructure upgrades, and other eligible environmental health and environmental safety upgrades on their property;

(5) PACE financing offers incremental special assessment payments that are low and fixed for up to twenty (20) years, with no upfront costs; the PACE special assessment fees transfer to the new owner when a property is sold, or the assessment obligation can be paid in full at transfer; and electricity and fuel bills are lower than they would be without the improvements; and

(6) PACE financing will allow create a means for Rhode Island cities and towns to contribute in order to provide a mechanism to help meet increase community sustainability, greenhouse gas emissions reductions, and meet other energy goals and will also provide a valuable service to the citizens of their communities.

39-26.5-2. Definitions. -- As used in this chapter, the following definitions apply:

(1) "Commercial property" means a property operated for commercial purposes, or a residential property which contains five (5) or more housing units.

(2) "Distributed generation system" means an electrical generation facility located in the electric distribution company's load zone with a nameplate capacity no greater than five megawatts (5 MW), using eligible renewable energy resources as defined by § 39-26-5, including biogas created as a result of anaerobic digestion, but, specifically excluding all other listed eligible biomass fuels, and connected to an electrical power system owned, controlled, or operated by the electric distribution company.

(3) "Dwelling" means a residential structure or mobile home which contains one to four (4) family housing units, or individual units of condominiums or cooperatives.

(4) "Eligible net metering system" means a facility generating electricity as defined in § 39-26.4-2.

(5) "Eligible renewable energy resources" means resources as defined in § 39-26-5.

(6) "Energy efficient projects" means those projects that are eligible under § 39-1-27.7 or projects that have been defined as eligible in the PACE rules and regulations.

(7) "Institution" means a private entity or quasi-state agency.

(8) "Loan loss reserve fund" or "LRF" means funds set aside to cover losses in the event of loan defaults.

(9) "Municipality" and or towns and cities" means any Rhode Island town or city with powers set forth in title 45 of the general laws.
"Net metering" means using electricity as defined in section 39-26.4-2.

"Office of energy resources" or "office" means the Rhode Island office of energy resources within the department of administration.

"PACE assessment" or "assessment" means the special assessment placed on a PACE property in accordance with § 39-26.5-4 owner's property tax bill in accordance with this chapter, to be collected by the PACE municipality in which that PACE property is located and remitted to the lender that has financed that PACE project. The PACE assessment shall be owed by the current owner of the related PACE property as of the time each PACE assessment comes due. In the event of a transfer of ownership, all PACE assessments coming due after the date of the transfer, by foreclosure or otherwise, shall be owed by the transferee.

"PACE lien" means the non-accelerating lien placed on a PACE property in accordance with the rules and regulations promulgated by the Rhode Island infrastructure bank pursuant to this chapter, in order to secure the repayment of a PACE assessment made in connection with that PACE property and to secure the repayment of each PACE assessment to be made by that PACE property owner as each assessment comes due.

"PACE municipality" means a municipality voluntarily designated by its city or town council as a property-assessed clean energy municipality.

"PACE property" means any property which is the subject of a written agreement entered into pursuant to section 39-26.5-4.

"PACE project" or "Project" means a distinct installation of an eligible energy efficiency system, renewable energy net metering system, distributed generation system, alternative fuel infrastructure upgrade, and/or other eligible environmental health and environmental safety upgrades.

"PACE property" or "property" means any residential property or commercial property which is the subject of an approved application for a PACE project filed pursuant to this chapter.

"Past due balances" means the sum of the due and unpaid assessments on a PACE Property as of the time the ownership of that PACE property is transferred. "Past due balances" does not mean the unaccelerated balance of the PACE loan at the time that property is transferred.

"Property-assessed clean energy" or "PACE" is a voluntary financing mechanism which allows both residential and commercial property owners to access affordable, long-term financing for energy efficiency and renewable energy improvements to upgrades, and other eligible environmental health and environmental safety upgrades on their property.

"Rhode Island infrastructure bank" means the Rhode Island infrastructure bank
("RIIB"). For the purposes of this chapter, Rhode Island infrastructure bank shall include other related state agencies and/or third party administrators, as may be engaged by the Rhode Island infrastructure bank for the purposes of providing the services envisioned by the rules and regulations promulgated in accordance with § 39-26.5-11.

39-26.5-3. Property-Assessed Clean Energy Municipality. -- A town or city council by resolution may designate the municipality as a property-assessed clean energy municipality, also referred to as a "PACE municipality."

39-26.5-4. Written agreements, consent of dwelling owners, energy savings analysis

Financing agreements -- PACE assessments -- PACE liens. -- (a) The Rhode Island infrastructure bank may enter into a financing agreement with a qualifying PACE property owner. After such agreement is entered into, and upon notice from the Rhode Island infrastructure bank, the PACE municipality shall: (i) place a caveat on the land records indicating that a PACE assessment and lien is anticipated upon completion of the PACE project for such property; or (ii) at the direction of the Rhode Island infrastructure bank, levy the PACE assessment and file a lien on the land records on the estimated costs of the PACE Project prior to the completion or upon the completion of said PACE project.

(b) PACE assessments levied pursuant to this chapter and the interest, fees and any penalties thereon shall constitute a lien against the qualifying PACE property on which they are made until they are paid. Such lien shall be collected in the same manner as the property taxes of the PACE municipality on real property, including, in the event of default or delinquency, with respect to any penalties, fees and remedies. Each such lien may be recorded and released in the manner provided for property tax liens.

(c) Any PACE municipality may assign to the Rhode Island infrastructure bank any and all liens filed by the PACE municipality, as provided in the written agreement between the participating municipality and the Rhode Island infrastructure bank. The Rhode Island infrastructure bank may sell or assign, for consideration, any and all liens received from the participating municipality. The consideration received by the Rhode Island infrastructure bank shall be negotiated between the Rhode Island Infrastructure bank and the assignee. The assignee or assignees of such liens shall have and possess the same powers and rights at law or in equity as the Rhode Island infrastructure bank and the participating municipality and its tax collector would have had if the lien had not been assigned with regard to the precedence and priority of such lien, the accrual of interest and the fees and expenses of collection. The assignee shall have the same rights to enforce such liens as any private party holding a lien on real property, including, but not limited to, foreclosure and a suit on the debt. Costs and reasonable attorneys’ fees incurred by the
assignee as a result of any foreclosure action or other legal proceeding brought pursuant to this
section and directly related to the proceeding shall be taxed in any such proceeding against each
person having title to any property subject to the proceedings. Such costs and fees may be
collected by the assignee at any time after demand for payment has been made by the assignee.

After January 1, 2014, a PACE municipality may enter into a written agreement with any
dwelling owner within the municipality who has:

(1) An energy savings analysis approved by the office or an analysis performed under
plans approved by the commission pursuant to § 39-1-27.7;

(2) An energy efficiency and/or renewable energy project description approved by the
office; and

(3) A commitment from a financial institution to provide funds to complete the project.

The agreement will require the dwelling owner to consent to be subject to the terms of
the lien as set forth in § 39-26.5-6.

39-26.5-5. Rights of dwelling owners PACE Property Owners Rights of PACE
Property Owners. Rights of PACE property owners. -- A dwelling PACE property owner who
has entered into a written agreement with a municipality under section 39-26.5-4 may enter into a
contract for the installation or construction of a project relating to renewable energy as defined in
section 39-26-5, or relating to energy efficiency as defined in section 39-1-27.7 or as defined by
the office Rhode Island infrastructure bank pursuant to regulations authorized under this chapter
under subsection 39-26.5-8(a).

39-26.5-6. Priority of PACE assessment lien Priority of PACE lien. -- (a) A lien for a
PACE assessment lien on a residential property shall be: subordinate to all liens on the residential
property in existence at the time the lien for the assessment in filed residential PACE lien is filed;
subordinate to a first mortgage on the residential property recorded after such filing PACE lien is
filed; and superior to any other lien on the residential property recorded after such filing PACE
lien is filed. This subsection shall not affect the status or priority of any other municipal or
statutory lien.

(b) At the time of a transfer of property ownership of a residential property, including by
foreclosure, the past due balances of any special assessment under this chapter shall be due for
payment. In the event of a foreclosure action, the past due balances shall include all payments on
a PACE assessment that are due and unpaid as of the date of the foreclosure. Unless otherwise
agreed by the PACE lender, all payments on the PACE assessment that become due after the date
of transfer by foreclosure or otherwise shall continue to be secured by a PACE lien on the PACE
property and shall be the responsibility of the transferee.
(c) A PACE lien on a commercial property shall be: senior to all liens on the commercial property in existence at the time the PACE lien is filed, subject to the consent of the senior mortgage holder on the property; senior to all liens filed or recorded after the time the PACE lien is created; but junior to a municipal tax lien.

(d) At the time of a transfer of property ownership of a commercial property, including by foreclosure, the past due balances of any PACE assessment under this chapter shall be due for payment. Unless otherwise agreed by the PACE lender, all payments on the of PACE assessment assessments that become due after the date of transfer by foreclosure or otherwise shall remain be secured by a PACE lien on the PACE property and shall be the responsibility of the transferee.

39-26.5-7 Loan loss reserve fund
Administration of PACE -- Loan loss reserve fund.

(a) The Rhode Island infrastructure bank is hereby authorized to create, set up on its books, and administer one or more PACE funds for the purpose of providing financial assistance to residential and commercial property owners for PACE projects. Additionally, the office shall Rhode Island infrastructure bank may enter into an agreement contract with an one or more approved institutions, approved financial institution to create one or more Loan Loss Reserve Funds, loan loss reserve funds (LRF) or other financing mechanisms to provide financial incentives or additional security for PACE projects.

(b) In the event that there is a foreclosure of a PACE property and the proceeds resulting from such a foreclosure are insufficient to pay the past due balances on the associated PACE assessment, after all superior liens have been satisfied, then payment from the LRF shall be made from the LRF in the amount of the past due balances on the PACE assessment. The LRF shall be administered by the Rhode Island infrastructure bank or by the financial institution selected by the office Rhode Island infrastructure bank; in the latter case with the office Rhode Island infrastructure bank shall providing provide oversight of the LRF.

39-26.5-8. Assistance to municipalities. -- The office Rhode Island infrastructure bank shall:

(1)(a) Commencing on/or before July 1, 2014 and thereafter publish on its website a list of the types of PACE eligible energy efficiency, and renewable energy, and other projects as defined in rules and regulations promulgated under 39-26.5-11;

(2)(b) Provide information concerning implementation of this chapter to each municipality that requests such information;

(3)(c) Offer administrative and technical assistance to and offer to manage the PACE program on behalf of any PACE municipality that voluntarily participates in the PACE program; and
(d) Develop and offer informational resources to help residents make best use of the PACE program.

39-26.5-9. Monitoring, reporting, compliance, underwriting criteria. -- The Rhode Island infrastructure bank shall determine compliance with the underwriting criteria, standards, and procedures established within the rules and regulations promulgated in accordance with this chapter and shall include an accounting of the PACE program in the annual report due on April 15th of each year to the general assembly under subsection 39-2-1.2(k) under § 46-12.2-24.1. The report shall describe the implementation and operation of the PACE program receipts, disbursements and earnings.

39-26.5-11. Rules and regulations. -- (a) The Rhode Island infrastructure bank shall consult with the office of energy resources to promulgate rules and regulations, in accordance with this section, and in accordance with chapter 42-35. The office is authorized to promulgate necessary rules and regulations, in order to assure that PACE programs shall be successfully instituted in Rhode Island; such rules and regulations should ensure that the PACE program does not adversely affect the implementation of any other energy program in whose coordination the office Rhode Island infrastructure bank or the office of energy resources is involved. Such rules and regulations shall include, but not be limited to, the following:

(1) The necessary application requirements and procedures for any residential property owner or commercial property owner seeking PACE financing;

(2) The necessary qualifications and requirements for a proposed PACE projects;

(3) The underwriting criteria to be applied in determining the eligibility of properties and property owners for PACE projects; and

(4) Requirements that all existing lien holders on a property be given notice prior to a PACE assessment and lien being filed in connection with that property and that all commercial property owners seeking a commercial PACE loan receive consent of the primary mortgage holder on that property prior to being eligible.

(b) The Rhode Island infrastructure bank shall be responsible for promulgating agreements, forms and other documents necessary for the efficient administration of the PACE program.

SECTION 10. Section 39-26.5-4 of Chapter 39-26.5 in the General Laws entitled "Property Assessed Clean Energy – Residential Program" is hereby repealed.

39-26.5-4. Written agreements, consent of dwelling owners, energy savings analysis. -- After January 1, 2014, a PACE municipality may enter into a written agreement with any dwelling owner within the municipality who has
(1) An energy savings analysis approved by the office or an analysis performed under plans approved by the commission pursuant to section 39-1-27.7;

(2) An energy efficiency and/or renewable energy project description approved by the office; and

(3) A commitment from a financial institution to provide funds to complete the project.

The agreement will require the dwelling owner to consent to be subject to the terms of the lien as set forth in Section 39-26.5-6.

SECTION 11. Section 42-64-13.2 of chapter 42-64 of the General Laws entitled "Rhode Island Commerce 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 commerce 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) 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.

(d) 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.

(e) 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.

(f) 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 § 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 12. Section 42-155-3 of the General Laws in Chapter 42-155 entitled "Quasi-Public Corporations Accountability and Transparency Act" is hereby amended to read as follows:

42-155-3. Definitions. [Effective January 1, 2015.]. -- (a) As used in this chapter, "quasi-public corporation" means any body corporate and politic created, or to be created, pursuant to the general laws, including, but not limited to, the following:

(1) Capital center commission;
(2) Rhode Island convention center authority;
(3) Rhode Island industrial facilities corporation;
(4) Rhode Island industrial-recreational building authority;
(5) Rhode Island small business loan fund corporation;
(6) Quonset development corporation;
(7) Rhode Island airport corporation;
(8) I-195 redevelopment district commission;
(9) Rhode Island health and educational building corporation;
(10) Rhode Island housing and mortgage finance corporation;
(11) Rhode Island higher education assistance authority;
(12) Rhode Island student loan authority;
(13) Narragansett bay commission;
(14) Rhode Island Clean Water Finance Agency; Rhode Island infrastructure bank;
(15) Rhode Island water resources board;
(16) Rhode Island resource recovery corporation;
(17) Rhode Island public rail corporation;
(18) Rhode Island public transit authority;
(19) Rhode Island turnpike and bridge authority;
(20) Rhode Island tobacco settlement financing corporation; and
(21) Any subsidiary of the Rhode Island commerce corporation.

(b) Cities, towns, and any corporation created that is an instrumentality and agency of a
city or town, and any corporation created by a state law that has been authorized to transact
business and exercise its powers by a city or town pursuant to ordinance or resolution, and fire
and water districts are not subject to the provisions of this chapter.

(c) The Rhode Island commerce corporation, being subject to similar transparency and
accountability requirements set forth in chapter 64 of title 42; the Rhode Island public rail
corporation established in chapter 64.2 of title 42; Block Island power authority; and the Pascoag
utility district shall not be subject to the provisions of this chapter.

SECTION 13. Section 45-12-33 of the General Laws in Chapter 45-12 entitled
"Indebtedness of Towns and Cities" is hereby amended to read as follows:

45-12-33. Borrowing for road and bridge projects financed through the "municipal
road and bridge revolving fund". -- (a) In addition to other authority previously granted, during
calendar year 2014 a city or town may authorize the issuance of bonds, notes, or other evidences
of indebtedness to evidence loans from the municipal road and bridge revolving fund
administered by the Rhode Island Clean Water Finance Agency Rhode Island infrastructure bank

in accordance with chapter 18 of title 24 of the general laws.

(b) These bonds, notes, or other evidences of indebtedness are subject to the maximum aggregate indebtedness permitted to be issued by any city or town under § 45-12-2.

(c) The denominations, maturities, interest rates, methods of sale, and other terms, conditions, and details of any bonds or notes issued under the provisions of this section may be fixed by resolution of the city or town council authorizing them, or if no provision is made in the resolution, by the treasurer or other officer authorized to issue the bonds, notes or evidences of indebtedness; provided, that the payment of principal shall be by sufficient annual payments that will extinguish the debt at maturity, the first of these annual payments to be made not later than three (3) years, and the last payment not later than twenty (20) years after the date of the bonds.

The bonds, notes, or other evidences of indebtedness may be issued under this section by any political subdivision without obtaining the approval of its electors, notwithstanding the provisions of §§ 45-12-19 and 45-12-20 and notwithstanding any provision of its charter to the contrary.

SECTION 14. Sections 46-6.1-3 and 46-6.1-9 of the General Laws in Chapter 46-6.1 entitled “Maintenance of Marine Waterways and Boating Facilities” are hereby amended to read as follows:

46-6.1-3. Purpose. -- The purposes of this chapter are:

(1) To establish an integrated, coherent plan for dredging and dredge material management, which includes beneficial use, dewatering, in-water disposal, and upland disposal as appropriate, that sets forth the state's program for these activities and provides guidance to persons planning to engage in these activities and to designate the council as the lead agency for implementing the purposes of this chapter.

(2) To provide for coordinated, timely decision-making by state agencies on applications for dredging, dewatering, and for the beneficial use and in-water and upland disposal of dredged materials, with the goals of providing action, following a determination that the application is complete, on applications for these activities within one hundred eighty (180) days for applications pertaining to maintenance dredging projects and within five hundred forty (540) days for expansion projects.

(3) To establish, for the purposes of this chapter and consistent with the requirements of the Marine Infrastructure Maintenance Act of 1996, the following in order of priority in planning for and management of dredged material, depending on the nature and characteristics of the dredged material and on reasonable cost.
(i) Beneficial use, including specifically beach nourishment and habitat restoration and creation, in the coastal zone;

(ii) Beneficial use in upland areas;

(iii) Disposal.

(4) To encourage the development of the infrastructure needed to dewater dredged materials, and to facilitate beneficial use of dredged materials in upland areas.

(5) To encourage and facilitate the beneficial use of dredged materials by private parties.

(6) To authorize the establishment of a means of supporting projects for dewatering dredged material and for beneficial use and disposal of dredged material at sites above mean high water by the Rhode Island Clean Water Finance Agency Rhode Island infrastructure bank.

46-6.1-9. Cooperation of other agencies.--(a) In order to accomplish the purposes of this chapter to provide for beneficial use, dewatering, and disposal of dredged material:

(1) State agencies, departments, corporations, authorities, boards, commissions, including, but not limited to, the department of administration, the department of transportation, the Rhode Island Clean Water Finance Agency Rhode Island infrastructure bank, the economic development Rhode Island commerce corporation, the Narragansett Bay commission, and the Rhode Island resource recovery corporation, and political subdivisions, shall cooperate with the council in developing and implementing the comprehensive plan for dredged material management;

(2) The council shall seek federal acceptance of the comprehensive plan for dredged material management as an element of the state's coastal zone management program and shall pursue such federal approvals and general permits as may facilitate expeditious action on dredging applications that are consistent with the plan;

(3) The economic development corporation shall:

(i) Make available by October 31, 2004, a site to use as a dewatering site for dredged material, which site shall be available for dewatering dredged material until at least September 30, 2012, and may continue to be available thereafter for periods of not less than six (6) months, upon the request of the council and the approval of the corporation; and

(ii) With advice from the council and the department, develop and implement a program to market dredged material for beneficial use by private persons, including but limited to brownfield reclamation projects; and

(4) The council, with the cooperation of the department and the Clean Water Finance Agency Rhode Island infrastructure bank, shall develop a proposal for a fund, which may be used as provided for in § 46-12.2-4.1, to support projects for dewatering dredged material for
beneficial use and disposal of dredged material at sites above mean high water and for confined
aquatic disposal of dredged materials, which proposal shall be submitted to the general assembly
not later than February 15, 2002.

(b) The fund shall not be established or go into effect unless it has been approved by the
general assembly.

SECTION 15. Section 46-12.10-1 of the General Laws in Chapter 46-12.10 entitled
“Commission to Study Feasibility and Funding of Homeowners Assistance Fund for Septic
Systems” is hereby amended to read as follows:

46-12.10-1, Legislative findings. -- The General Assembly hereby recognizes and
declares that:

(a) There exists and will continue to exist within the state of Rhode Island the need to
construct, maintain and repair facilities and projects for the abatement of pollution caused by
domestic wastewater discharges, including, but not limited to, septic systems and cesspools.

(b) It is found that there are presently ninety thousand (90,000) cesspools within the State
of Rhode Island.

(c) Failed and poorly functioning ISDS systems contribute directly to pollution in such
environmentally sensitive areas as Greenwich Bay, coastal salt ponds and other water resources.

(d) It is further found that there is a need to establish a fund that shall provide to
communities financial assistance to create and adopt a community septic system management
plan and provide the corpus of a fund within the existing State SRF as administered by the Clean
Water Finance Agency Rhode Island infrastructure bank that shall enable communities to offer to
homeowners within those communities the opportunity to access low-cost loans for repair or
replacement of failed or poorly functioning septic systems.

SECTION 16. The title of Chapter 46-12.2 of the General Laws entitled "Rhode Island
Clean Water Finance Agency” is hereby amended to read as follows:

CHAPTER 46-12.2
Rhode Island Clean Water Finance Agency

CHAPTER 46-12.2
RHODE ISLAND INFRASTRUCTURE BANK

SECTION 17. Sections 46-12.2-1, 46-12.2-2, 46-12.2-3, 46-12.2-4, 46-12.2-6, 46-12.2-8,
46-12.2-9, 46-12.2-10, 46-12.2-11, 46-12.2-13, 46-12.2-14, 46-12.2-17 and 46-12.2-25 of the
General Laws in Chapter 46-12.2 entitled "Rhode Island Clean Water Finance Agency” are
hereby amended to read as follows:

46-12.2-1, Legislative findings. -- (a) It is hereby found that there exists and will in the
future exist within the state of Rhode Island the need to construct facilities and to facilitate projects for the abatement of pollution caused by wastewater and for the enhancement of the waters of the state, and for the completion of renewable energy and energy efficiency projects in order to save property owners money and to encourage job and business growth in Rhode Island.

And that the traditional source for funding construction of such facilities and projects under the grant program of title II of the Clean Water Act, 33 U.S.C. §§1281-1299, will terminate at the end of fiscal year 1990.

(b) It is hereby further found that to meet water quality goals under federal and state law, and to secure maximum benefit of funding programs available under federal and state law pertaining to wastewater pollution abatement projects, it is necessary to establish a revolving loan fund program in accordance with federal and state law to provide a perpetual source of low cost financing for water pollution abatement projects.

(c) It is hereby further found that to secure maximum benefit to the state from funding programs available under federal and state law and, to the extent permissible to attract private capital, for water pollution abatement projects, for safe drinking water projects, for municipal road and bridge projects, and other infrastructure related projects, it is necessary to establish a finance agency to administer the revolving loan funds and other financing mechanisms, and for the finance agency to work with the department of environmental management, Rhode Island department of transportation, the Rhode Island office of energy resources and other federal and state agencies for proper administration of the revolving loan funds and other financing mechanisms.

(d) It is hereby further found that cities and towns can lower the costs of borrowing for road and bridge projects through cooperation with the Rhode Island infrastructure bank and that greater coordination among cities and towns will enable more efficient allocation of infrastructure resources by the state of Rhode Island.

(e) It is hereby further found that the geographic size of and population of Rhode Island, while often derided as an impediment to economic growth, are potential assets, not handicaps, to better infrastructure development.

(f) It is hereby further found that initiatives for infrastructure finance can best be accomplished through a new, streamlined entity that seeks to foster and develop a public-private sector partnership that takes advantage of all of Rhode Island's strengths.

(g) It is hereby further found that expanding the Rhode Island clean water finance agency and renaming it the Rhode Island infrastructure bank provides the best avenue for reducing ongoing pollution to the waters of the state and emissions that degrade air quality and contribute
to climate change while fostering the creation of jobs and the realization of energy cost savings through the facilitation of infrastructure improvements.

46-12.2-2. Definitions. -- As used in this chapter, unless the context clearly indicates otherwise, the following words and phrases shall have the following meanings:

(1) "Agency" means the Rhode Island clean water finance agency Rhode Island infrastructure bank.

(2) "Approved project" means any project or portion thereof that has been issued a certificate of approval by the department for financial assistance from the agency and also includes any project approved for financial assistance from the agency in accordance with state law, and, furthermore, shall include water pollution abatement projects funded outside of the water pollution control revolving fund, the Rhode Island water pollution control revolving fund, or the local interest subsidy trust fund, without the requirement of the issuance of a certificate of approval;

(3) "Board" means board of directors of the agency;

(4) "Bond act" means any general or special law authorizing a local governmental unit to incur indebtedness for all or any part of the cost of projects coming within the scope of a water pollution abatement project, or for other projects related to this chapter, including but not limited to § 45-12-2;

(5) "Bonds" means bonds, notes, or other evidence of indebtedness of the agency;

(6) "Certificate of approval" means the certificate of approval contemplated by § 46-12.2-8;

(7) "Chief executive officer" means the mayor in any city, the president of the town council in any town, and the executive director of any authority or commission, unless some other officer or body is designated to perform the functions of a chief executive officer under any bond act or under the provisions of a local charter or other law;


(9) "Corporation" means any corporate person, including, but not limited to, bodies politic and corporate, public departments, public offices, public agencies, public authorities, political subdivisions of the state, corporations, societies, associations, limited liability companies, partnerships and sole proprietorships;

(10) "Cost" as applied to any approved project, means any or all costs, whenever
incurred, approved by the agency in accordance with section eight of this chapter, of planning, designing, acquiring, constructing, and carrying out and placing the project in operation, including, without limiting the generality of the foregoing, amounts for the following: planning, design, acquisition, construction, expansion, improvement and rehabilitation of facilities; acquisition of real or personal property; demolitions and relocations; labor, materials, machinery and equipment; services of architects, engineers, and environmental and financial experts and other consultants; feasibility studies, plans, specifications, and surveys; interest prior to and during the carrying out of any project and for a reasonable period thereafter; reserves for debt service or other capital or current expenses; costs of issuance of local governmental obligations or non-governmental obligations issued to finance the obligations including, without limitation, fees, charges, and expenses and costs of the agency relating to the loan evidenced thereby, fees of trustees and other depositories, legal and auditing fees, premiums and fees for insurance, letters or lines of credit or other credit facilities securing local governmental obligations or non-governmental obligations and other costs, fees, and charges in connection with the foregoing; and working capital, administrative expenses, legal expenses, and other expenses necessary or incidental to the aforesaid, to the financing of a project and to the issuance therefor of local government obligations under the provisions of this chapter;

(1) "Department" means the department of environmental management;

(2) "Projected energy efficiency savings" means, at the time a loan agreement is entered into between the agency and a local governmental unit, the savings projected to be derived from the implementation of energy efficient and renewable energy upgrades to public buildings, as determined in accordance with the rules and regulations promulgated by the Rhode Island infrastructure bank pursuant to this chapter;

(3) "Financial assistance" means any form of financial assistance other than grants provided by the agency to a local governmental unit, person or corporation in accordance with this chapter for all or any part of the cost of an approved project, including, without limitation, grants, temporary and permanent loans, with or without interest, guarantees, insurance, subsidies for the payment of debt service on loans, lines of credit, and similar forms of financial assistance; provided, however, notwithstanding the foregoing, for purposes of capitalization grant awards made available to the agency, pursuant to the American Recovery and Reinvestment Act of 2009 (P.L. 111-5), or as otherwise required in connection with other capitalization grant awards made available to the agency, financial assistance shall also include principal forgiveness and negative interest loans;

(4) "Fully marketable form" means a local governmental obligation in form
satisfactory to the agency duly executed and accompanied by an opinion of counsel of recognized
standing in the field of municipal law whose opinions have been and are accepted by purchasers
of like obligations to the effect that the obligation is a valid and binding obligation of the local
governmental unit issuing the obligation, enforceable in accordance with its terms;

(12) (15) “General revenues” , when used with reference to a local governmental unit,
means revenues, receipts, assessments, and other moneys of the local governmental unit received
from or on account of the exercise of its powers and all rights to receive the same, including
without limitation:

(i) Taxes,

(ii) Wastewater system revenues,

(iii) Assessments upon or payments received from any other local governmental unit
which is a member or service recipient of the local governmental unit, whether by law, contract,
or otherwise,

(iv) Proceeds of local governmental obligations and loans and grants received by the
local governmental unit in accordance with this chapter,

(v) Investment earnings,

(vi) Reserves for debt service or other capital or current expenses,

(vii) Receipts from any tax, excise, or fee heretofore or hereafter imposed by any general
or special law all or a part of the receipts of which are payable or distributable to or for the
account of the local governmental unit,

(viii) Local aid distributions, and

(ix) Receipts, distributions, reimbursements, and other assistance received by or for the
account of the local governmental unit from the United States or any agency, department, or
instrumentality thereof;

(14) (16) “Loan” means a loan by the agency to a local governmental unit, or person, or
corporation for costs of an approved project, including, without limitation, temporary and
permanent loans, and lines of credit;

(15) (17) “Loan agreement” means any agreement entered into by the agency with a local
governmental unit, person, or corporation pertaining to a loan, other financial assistance, or
local governmental obligations, or non-governmental obligations, including, without limitation, a loan
agreement, trust agreement, security agreement, reimbursement agreement, guarantee agreement,
financing lease agreement, appropriate agreement, or similar instrument;

(16) (18) “Local aid distributions” means receipts, distributions, reimbursements, and
other assistance payable by the state to or for the account of a local governmental unit, except
such receipts, distributions, reimbursements, and other assistance restricted by law to specific statutory defined purposes;

(19) "Local governmental obligations" means bonds, notes, financing lease obligations, appropriation obligations, and other evidences of indebtedness in fully marketable form issued by a local governmental unit to evidence a loan or other financial assistance, from the agency in accordance with this chapter or otherwise as provided herein;

(20) "Local governmental unit" means any town, city, district, commission, agency, authority, board, or other political subdivision or instrumentality of the state or of any political subdivision thereof responsible for the ownership or operation of a water pollution abatement project, including the Narragansett Bay water quality management district commission; and, for purposes of dam safety or dam maintenance projects, any person seeking financial assistance as a joint applicant with any of the above entities;

(21) "Local interest subsidy trust fund" means the local interest subsidy trust fund established under § 46-12.2-6;

(22) "Non-governmental obligations" means bonds, notes, or other evidences of indebtedness in fully marketable form issued by a person or corporation to evidence a loan, or other financial assistance, from the agency in accordance with this chapter or otherwise as provided herein.

(23) "Person" means any natural or corporate person, including bodies politic and corporate, public departments, offices, agencies, authorities, and political subdivisions of the state, corporations, societies, associations, and partnerships, and subordinate instrumentalities of any one or more political subdivisions of the state;

(24) "Priority determination system" means the system by which water pollution abatement projects are rated on the basis of environmental benefit and other criteria for funding assistance pursuant to rules and regulations promulgated by the department as they may be amended from time to time;

(25) "Qualified energy conservation bond" or "QECB" means those bonds designated by 26 USC 54D,

(26) "Revenues", when used with reference to the agency, means any receipts, fees, payments, moneys, revenues, or other payments received or to be received by the agency in the exercise of its corporate powers under this chapter, including, without limitation, loan repayments, payments on local governmental obligations, non-governmental obligations, grants, aid, appropriations, and other assistance from the state, the United States, or any agency, department, or instrumentality of either or of a political subdivision thereof, bond proceeds,
investment earnings, insurance proceeds, amounts in reserves, and other funds and accounts
established by or pursuant to this chapter or in connection with the issuance of bonds, including,
without limitation, the water pollution control revolving fund, the Rhode Island water pollution
control revolving fund, and the local interest subsidy fund, and any other fees, charges or other
income received or receivable by the agency;

(22)/(27) “Rhode Island water pollution control revolving fund” means the Rhode Island
water pollution control revolving fund established pursuant to § 46-12.2-6;

(24)/(28) “Trust agreement” means a trust agreement, loan agreement, security agreement,
reimbursement agreement, currency or interest rate exchange agreement, or other security
instrument, and a resolution, loan order, or other vote authorizing, securing, or otherwise
providing for the issue of bonds, loans, or local governmental obligations or non-governmental
obligations;

(25)/(29) “Wastewater system revenues” means all rates, rents, fee assessments, charges,
and other receipts derived or to be derived by a local governmental unit from wastewater
collection and treatment facilities and water pollution abatement projects under its ownership or
control, or from the services provided thereby, including, without limitation, proceeds of grants,
gifts, appropriations, and loans, including the proceeds of loans or grants awarded by the agency
or the department in accordance with this chapter, investment earnings, reserves for capital and
current expenses, proceeds of insurance or condemnation, and the sale or other disposition of
property; wastewater system revenues may also include rates, rents, fees, charges, and other
receipts derived by the local governmental unit from any water supply of distribution facilities or
other revenue producing facilities under its ownership or control; wastewater system revenues
shall not include any ad valorem taxes levied directly by the local governmental unit on any real
and personal property;

(26)/(30) “Water pollution abatement project” or “project” means any project eligible
pursuant to Title VI of the Clean Water Act including, but not limited to, wastewater treatment or
conveyance project that contributes to removal, curtailment, or mitigation of pollution of the
surface water of the state, and conforms with any applicable comprehensive land use plan which
has been adopted or any dam safety, removal or maintenance project; it also means a project to
enhance the waters of the state, which the agency has been authorized by statute to participate in;
it also means any other project to which the agency has been authorized to provide financial
assistance;

(22)/(31) “Water pollution control revolving fund” means the water pollution control
revolving fund contemplated by title VI of the Water Quality Act and established under § 46-
12.2-6;


46-12.2-3. Establishment of agency --. Composition of agency --. Appointment of directors of the Rhode Island infrastructure bank

Appointment of directors of the Rhode Island infrastructure bank. -- (a) There is hereby created a body politic and corporate and public instrumentality of the state having distinct legal existence from the state and not constituting a department of the state government, to be known as the Rhode Island clean water finance agency, and, effective September 1, 2015 and thereafter, to be known as the Rhode Island infrastructure bank. Effective September 1, 2015, whenever, in any general law, public law, rule, regulation, bylaw and/or otherwise, any reference is made to the Rhode Island clean water finance agency, by name or otherwise, the reference shall be deemed to refer to and mean the "Rhode Island infrastructure bank." The agency shall take all necessary actions to effectuate this name change, including, but not limited to, changing the name of the agency on file with any government office. The exercise by the agency of the powers conferred by this chapter shall be deemed to be the performance of an essential public function.

(b) Nothing in this act shall be construed to change or modify the corporate existence of the former Rhode Island clean water finance agency, or to change or modify any contracts or agreements of any kind by, for, or to which the Rhode Island clean water finance agency is a party thereto.

(b)(c) The powers of the agency shall be exercised by or under the supervision of a board of directors consisting of five (5) members, four (4) of whom shall be members of the public appointed by the governor, with the advice and consent of the senate. The governor in making these appointments shall give due consideration to persons skilled and experienced in law, finance, and public administration and give further due consideration to a recommendation by the general treasurer for one of those appointments. The newly appointed member will serve for a limited term to expire in March of 2006. All appointments made by the governor shall serve for a term of two (2) years. No one shall be eligible for appointment unless he or she is a resident of this state. The members of the board of directors as of the effective date of this act [July 15, 2005] who were appointed to the board of directors by members of the general assembly shall cease to be members of the board of directors on the effective date of this act. As of the effective date of this act, the general treasurer or his or her designee, who shall be a subordinate within the general treasurer's department, shall serve on the board of directors as an ex-officio member. Those members of the board of directors as of the effective date of this act who were appointed to the
board of directors by the governor shall continue to serve the balance of their current terms.  

Each member of the board of directors shall serve until his or her successor is appointed and qualified. The appointed member of the board of directors shall be eligible for reappointment. Any member of the board of directors appointed to fill a vacancy of a public member on the board shall be appointed by the governor, with the advice and consent of the senate, for the unexpired term of the vacant position in the same manner as the member's predecessor as set forth in subsection 46-12.2-3(b). The public members of the board of directors shall be removable by the governor, pursuant to § 36-1-7 and for cause only, and removal solely for partisan or personal reasons unrelated to capacity or fitness for the office shall be unlawful. The governor shall designate one member of the board of directors to be the chairperson of the agency to serve in such capacity during his or her term as a member. The board of directors may elect from among its members such other officers as they deem necessary. Three (3) members of the board of directors shall constitute a quorum. A majority vote of those present shall be required for action. No vacancy in the membership of the board of directors shall impair the right of a quorum to exercise the powers of the board of directors. The members of the board of directors shall serve without compensation, but each member shall be reimbursed for all reasonable expenses incurred in the performance of his or her duties.  

Notwithstanding any other provision of general or special law to the contrary, any member of the board of directors, who is also an officer or employee of the state or of a local governmental unit or other public body, shall not thereby be precluded from voting for or acting on behalf of the agency, the state, or local governmental unit or other public body on any matter involving the agency, the state, or that local governmental unit or other public body, and any director, officer, employee, or agent of the agency shall not be precluded from acting for the agency on any particular matter solely because of any interest therein which is shared generally with a substantial segment of the public.  

In addition to the board of directors, there is hereby created a green infrastructure strategic advisory council (the "advisory council"). The advisory council shall exist to advise the board of directors on advances related to green infrastructure, energy efficiency, and renewable energy and to make recommendations on potential opportunities for new programs and/or updates to existing programs. The advisory council shall consist of: the executive director of the Rhode Island Infrastructure Bank, or designee, the chairperson of the Rhode Island Infrastructure Bank board of directors, or designee, the secretary of commerce, or designee, the director of the department of environmental management, or designee, the commissioner of the office of energy resources, or designee, the director of the department of health, or designee, the director of the...
department of transportation, or designee and the executive director of Rhode Island housing, or
designee. The chairperson of the Rhode Island Infrastructure Bank, or designee, shall serve as
chairperson of the advisory council.

46-12.2-4 General powers and duties of agency. -- (a) The agency shall have all powers
necessary or convenient to carry out and effectuate the purposes and provisions of this chapter
and chapter 24-18 and chapter 39-26.5, including, without limiting the generality
of the foregoing, the powers and duties:

1. To adopt and amend bylaws, rules, regulations, and procedures for the governance of
its affairs, the administration of its financial assistance programs, and the conduct of its business;
2. To adopt an official seal;
3. To maintain an office at such place or places as it may determine;
4. To adopt a fiscal year;
5. To adopt and enforce procedures and regulations in connection with the performance
of its functions and duties;
6. To sue and be sued;
7. To employ personnel as provided in § 46-12.2-5, and to engage accounting,
management, legal, financial, consulting and other professional services;
8. Except as provided in this chapter, to receive and apply its revenues to the purposes
of this chapter without appropriation or allotment by the state or any political subdivision thereof;
9. To borrow money, issue bonds, and apply the proceeds thereof, as provided in this
chapter, chapter 19.16 of title 23, and chapter 24-18 chapter 18 of title 24 and chapter 26.5 of title
39, and to pledge or assign or create security interests in revenues, funds, and other property of
the agency and otherwise as provided in this, chapter 19.16 of title 23, and chapter 24-18 chapter
18 of title 24 and chapter 26.5 of title 39, to pay or secure the bonds; and to invest any funds held
in reserves or in the water pollution control revolving fund, the Rhode Island water pollution
control revolving fund, the municipal road and bridge fund established under chapter 24-18, any
other funds established in accordance with this chapter, or the local interest subsidy trust fund, or
any revenues or funds not required for immediate disbursement, in such investments as may be
legal investments for funds of the state;
10. To obtain insurance and to enter into agreements of indemnification necessary or
convenient to the exercise of its powers under this, chapter 19.16 of title 23, and chapter 24-18
chapter 18 of title 24 and chapter 26.5 of title 39;
11. To apply for, receive, administer, and comply with the conditions and requirements
respecting any grant, gift, or appropriation of property, services, or moneys;
(12) To enter into contracts, arrangements, and agreements with other persons, and
eexecute and deliver all instruments necessary or convenient to the exercise of its powers under
this, chapter 19.16 of title 23, and chapter 24-18 chapter 18 of title 24 and chapter 26.5 of title 39;
such contracts and agreements may include without limitation, loan agreements with a local
governmental unit, person or corporation, capitalization grant agreements, intended use plans,
operating plans, and other agreements and instruments contemplated by title VI of the Clean
Water Act, 33 U.S.C. § 1381 et seq., or this chapter, agreement and instruments contemplated by
chapter 24-18, grant agreements, contracts for financial assistance or other forms of assistance
from the state or the United States, and trust agreements and other financing agreements and
instruments pertaining to bonds;

(13) To authorize a representative to appear on its own behalf before other public bodies,
including, without limiting the generality of the foregoing, the congress of the United States, in
all matters relating to its powers and purposes;

(14) To provide financial assistance to a local governmental unit, person, or, to a
corporation to finance costs of approved projects, and to thereby acquire and hold local
governmental obligations and non-governmental obligations at such prices and in such manner as
the agency shall deem advisable, and sell local governmental obligations and non-governmental
obligations acquired or held by it at prices without relation to cost and in such manner as the
agency shall deem advisable, and to secure its own bonds with such obligations all as provided in
this chapter, chapter 19.16 of title 23, and chapter 24-18 chapter 18 of title 24 and chapter 26.5 of
title 39. Furthermore, in connection with a recommendation by the Rhode Island commerce
corporation, this power shall include the power to designate a commercial project as a high
priority, and to provide that project with financial assistance as soon as practicable;

(15) To establish and collect such fees and charges as the agency shall determine to be
reasonable;

(16) To acquire, own, lease as tenant, or hold real, personal or mixed property or any
interest therein for its own use; and to improve, rehabilitate, sell, assign, exchange, lease as
landlord, mortgage, or otherwise dispose of or encumber the same;

(17) To do all things necessary, convenient, or desirable for carrying out the purposes of
this chapter and chapter 24-18 or the powers expressly granted or necessarily implied by this
chapter, chapter 19.16 of title 23, and chapter 24-18 chapter 18 of title 24 and chapter 26.5 of title
39;

(18) To 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 executive director, approved by the board of directors, and
corrected by the executive director. The board of directors may approve the use of any board of
directors or staff members or other individuals to assist with training. The training course shall
include instruction in the following areas: the provisions of chapters 46-12.2, 42-46, 36-14, and
38-2; and the agency’s rules and regulations. The director of the department of administration
shall, within ninety (90) days of the effective date of this act [July 15, 2005], prepare and
disseminate, training materials relating to the provisions of chapters 42-46, 36-14 and 38-2; and

(19) Upon the dissolution of the water resources board (corporate) pursuant to § 46-15.1-
22, to have all the powers and duties previously vested with the water resources board
(corporate), as provided pursuant to chapter 46-15.1.

(20) To meet at the call of the chair at least eight (8) times per year. All meetings shall be
held consistent with chapters 42-46.

(21) To be the sole issuer of QECBs from the state of Rhode Island’s allocation, including
any portions of which have been reallocated to the state by local governments, for any project
authorized to be financed with the proceeds thereof under the applicable provisions of 26 USC
54D.

(b) Notwithstanding any other provision of this chapter, the agency shall not be
authorized or empowered:

(1) To be or to constitute a bank or trust company within the jurisdiction or under the
control of the department of banking and insurance of the state, or the commissioner thereof, the
comptroller of the currency of the United States of America, or the Treasury Department thereof;
or

(2) To be or constitute a bank, banker or dealer in securities within the meaning of, or
subject to the provisions of, any securities, securities exchange, or securities dealers’ law of the
United States or the state.

46-12.2-6. Establishment of the water pollution control revolving fund, the Rhode
Island water pollution control revolving fund and the local interest subsidy trust fund –
Sources of funds – Permitted uses. -- (a) The agency shall be the instrumentality of the state for
administration of the water pollution control revolving fund, the Rhode Island water pollution
control revolving fund, and the local interest subsidy trust fund, and such other funds it holds or
for which it is responsible, and, in conjunction with the department, is empowered to and shall
take all action necessary or appropriate to secure to the state the benefits of title VI of the Clean
Water Act, 33 U.S.C. § 1381 et seq., and other federal or state legislation pertaining to the funds
and to the financing of approved projects. Without limiting the generality of the foregoing and
other powers of the agency provided in this chapter, the agency is empowered to and shall:

(1) Cooperate with appropriate federal agencies in all matters related to administration of the water pollution control revolving fund and, pursuant to the provisions of this chapter, administer the fund and receive and disburse such funds from any such agencies and from the state as may be available for the purpose of the fund.

(2) Administer the Rhode Island water pollution control revolving fund and the local interest subsidy trust fund, and receive and disburse such funds from the state as may be available for the purpose of the funds subject to the provisions of this chapter.

(3) In cooperation with the department, prepare, and submit to appropriate federal agencies applications for capitalization grants under title VI of the Clean Water Act, 33 U.S.C. § 1381 et seq., and enter into capitalization grant agreements, operating agreements, and other agreements with appropriate federal and state agencies, and accept and disburse, as provided herein, any capitalization grant awards made under title VI of the Clean Water Act, 33 U.S.C. § 1381 et seq.

(4) Cooperate with the department in the preparation and submission to appropriate federal and state agencies of intended use plans identifying the use of capitalization grant awards and other moneys in the water pollution control revolving fund.

(5) In cooperation with the department, prepare and submit to appropriate federal agencies, the department and the governor, annual and other reports and audits required by law.

(6) Subject to the provisions of this chapter both to make, and enter into binding commitments to provide financial assistance to a local governmental units persons or corporations from amounts on deposit in the water pollution control revolving fund, the Rhode Island water pollution control revolving fund and from other funds of the agency; and to provide, and enter into binding commitments to provide subsidy assistance for loans and local governmental obligations and non-governmental obligations from amounts on deposit in the local interest subsidy trust fund.

(7) Establish and maintain fiscal controls and accounting procedures conforming to generally accepted government accounting standards sufficient to ensure proper accounting for receipts in and disbursements from the water pollution control revolving fund, the Rhode Island water pollution control revolving fund, the local interest subsidy trust fund and other funds it holds or for which it is responsible and, adopt such rules, regulations, procedures, and guidelines which it deems necessary to assure that local governmental units persons and corporations administer and maintain approved project accounts and other funds and accounts relating to financial assistance in accordance with generally accepted government accounting standards.
(b) The agency shall establish and set up on its books a special fund, designated the water pollution control revolving fund, to be held in trust and to be administered by the agency solely as provided in this chapter and in any trust agreement securing bonds of the agency. The agency shall credit to the water pollution control revolving fund or one or more accounts therein:

(1) All federal capitalization grant awards received under title VI of the Clean Water Act, 33 U.S.C. § 1381 et seq., provided the agency shall transfer to the department the amount allowed by § 603(d)(7) of the Water Quality Act, 33 U.S.C. § 1383(d)(7), to defray administration expenses;

(2) All amounts appropriated or designated to the agency by the state for purposes of the fund;

(3) To the extent required by federal law, loan repayments and other payments received by the agency on any loans, and local governmental obligations and non-governmental obligations;

(4) All investment earnings on amounts credited to the fund to the extent required by federal law;

(5) All proceeds of bonds of the agency to the extent required by any trust agreement for such bonds;

(6) All other monies which are specifically designated for this fund, including, amounts from the Rhode Island Clean Water Act environmental trust fund, gifts, bequests, administrative, civil and criminal penalties, or other funds from any public or private sources; and

(7)(i) Any other amounts required by the provisions of this chapter, agreement, or any other law or by any trust agreement pertaining to bonds to be credited to the fund or which the agency in its discretion shall determine to credit thereto.

(ii) At the request of the governor, the agency shall take all action necessary to transfer the state's allotment under title II of the Clean Water Act, 33 U.S.C. § 1281 et seq., for federal fiscal year 1989 and each federal fiscal year thereafter, to the purposes of the water pollution control revolving fund, provided that any portion of any allotment which, under the provisions of the Clean Water Act, 33 U.S.C. § 1251 et seq., may not be transferred to or used for the purposes of the water pollution control revolving fund, shall continue to be received and administered by the department as provided by law.

(c) The agency shall establish and set up on its books a special fund, designated the Rhode Island water pollution control revolving fund, to be held in trust and to be administered by the agency solely as provided in this chapter and in any trust agreement securing bonds of the agency. The agency shall credit to the Rhode Island water pollution control revolving fund or one
or more accounts therein:

1. All amounts appropriated or designated to the agency by the state for purposes of the fund;
2. At its discretion, and to the extent allowed by law, loan repayments and other payments received by the agency on any loans, local governmental obligations and non-governmental obligations;
3. At its discretion, all investment earnings and amounts credited to the fund;
4. All proceeds of bonds of the agency to the extent required by any trust agreement for such bonds;
5. All other monies which are specifically designated for this fund, including, amounts from the Rhode Island Clean Water Act environmental trust fund, gifts, bequests, administrative, civil and criminal penalties, or other funds from any public or private sources; and
6. Any other amounts required by provisions of this chapter or agreement, or any other law or any trust agreement pertaining to bonds to be credited to the fund or which the agency in its discretion shall determine to credit thereto.

(d) Except to the extent limited by federal law, and subject to the provisions of this chapter, to the provisions of any agreement with the state authorized by § 46-12.2-7, and to any agreements with the holders of any bonds of the agency or any trustee therefor, amounts held by the agency for the account of either the water pollution control revolving fund or the Rhode Island water pollution control revolving fund shall be applied by the agency, either by direct expenditure, disbursement, or transfer to one or more other funds and accounts held by the agency or maintained under any trust agreement pertaining to bonds, either alone or with other funds of the agency, to the following purposes:

1. To provide financial assistance to a local governmental unit or corporation to finance costs of approved projects, and to refinance the costs of the projects, subject to such terms and conditions, if any, as are determined by the department and/or the agency in accordance with § 46-12.2-8;
2. To purchase or refinance debt obligations of the a local governmental unit or corporation, or to provide guarantees, insurance or similar forms of financial assistance for the obligations;
3. To fund reserves for bonds of the agency and to purchase insurance and pay the premiums therefor, and pay fees and expenses of letters or lines of credit and costs of reimbursement to the issuers thereof for any payments made thereon or on any insurance, and to otherwise provide security for, and a source of payment for, by pledge, lien, assignment, or
otherwise as provided in § 46-12.2-14, bonds of the agency issued in accordance with this chapter; and

(4)(i) To pay expenses of the agency and the department in administering the funds and the financial assistance programs of the agency authorized by this chapter. As part of the annual appropriations bill, the department shall set forth the gross amount of expenses received from the agency and a complete, specific breakdown of the sums retained and/or expended for administrative expenses.

(ii) By way of illustration, not by limitation, in the personnel area, the breakdown of administrative expenses should contain the number of personnel paid, the position numbers of the personnel, and whether or not the position is a new position or a position which had been funded previously by federal funds or a position which had been previously created but unfunded.

(e) The agency shall also establish and set up on its books a special fund, designated the local interest subsidy trust fund, to be held in trust and to be administered by the agency solely as provided in this chapter and in any trust agreement securing bonds of the agency. The agency may maintain a separate account in the local interest subsidy trust fund for each local governmental unit or corporation which has received a loan from the agency, in accordance with this chapter, to separately account for or otherwise segregate all or any part of the amounts credited to the fund and receipts in and disbursements from the fund. To the extent that the agency is required by this chapter, by any loan agreement or by any trust agreement, it shall, and, to the extent that it is permitted, it may in its discretion, credit to the local interest subsidy trust fund, and to one or more of the accounts or subaccounts therein:

(1) All amounts appropriated or designated to the agency by the state for purposes of the fund;

(2) Loan repayments and other payments received on loans, and local governmental obligations, and non-governmental obligations;

(3) Investment earnings on amounts credited to the local interest subsidy trust fund;

(4) Proceeds of agency bonds;

(5) All other monies which are specifically designated for this fund including, amounts from the Rhode Island Clean Water Act environmental trust fund, gifts, bequests, administrative, civil and criminal penalties, or other funds from any public or private sources; and

(6) Any other amounts permitted by law.

(f) Subject to any agreement with the state authorized by § 46-12.2-7, to the provisions of § 46-12.2-8, and to any agreement with the holders of any bonds of the agency or any trustee thereof, amounts held by the agency for the account of the local interest subsidy trust fund shall
be applied by the agency, either by direct expenditure, disbursement, or transfer to one or more other funds and accounts held by the agency or maintained under any trust agreement pertaining to bonds, either alone or with other funds of the agency, to the following purposes:

(1) To pay or provide for all or a portion of the interest otherwise payable by a local governmental units persons or corporations on loans, and local governmental obligations, and non-governmental obligations, in the amounts and on terms determined by the agency in accordance with § 46-12.2-8;

(2) To provide a reserve for, or to otherwise secure, amounts payable by a local governmental units persons or corporations on loans, and local governmental obligations and non-governmental obligations outstanding in the event of default thereof; amounts in any account in the local interest subsidy trust fund may be applied to defaults on loans outstanding to the local governmental unit person or corporation for which the account was established and, on a parity basis with all other accounts, to defaults on any loans, or local governmental obligations, or non-governmental obligations outstanding; and

(3) To provide a reserve for, or to otherwise secure, by pledge, lien, assignment, or otherwise as provided in § 46-12.2-14, any bonds of the agency.

(g) Subject to any express limitation of this chapter pertaining to expenditure or disbursement of funds or accounts held by the agency, funds or accounts held by the agency may be transferred to any other fund or account held by the agency and expended or disbursed for purposes permitted by the fund or account.

46-12.2-8. Procedures for application, approval, and award of financial assistance. --

(a) Any local governmental unit, person or corporation may apply to the agency for financial assistance in accordance with this chapter to finance all or any part of the cost of a water pollution abatement project. The agency shall not award financial assistance to a local governmental unit person or corporation until and unless the department shall have issued a certificate of approval of the project or portion thereof. Notwithstanding the foregoing, for water pollution abatement projects funded outside of the water pollution control revolving fund, the Rhode Island water pollution control revolving fund, or the local interest subsidy trust fund, the agency may provide financial assistance without the requirement of the issuance of a certificate of approval, and such projects shall not be required to be listed on the department's priority list as set forth in this chapter.

(b) If the department shall determine, in accordance with rules and regulations promulgated pursuant to this chapter, that an application for financial assistance or portion thereof shall be approved, it shall deliver to the agency a certificate of approval of the project or a portion
thereof which shall specify the project or portion thereof eligible for financial assistance and such
other terms, conditions and limitations with respect to the construction and operation of the
project as the department shall determine. The agency shall specify, among other things, the type
and amount of financial assistance to be provided, the costs thereof eligible for financial
assistance, the amounts, if any, of the financial assistance, to be provided from the water pollution
control revolving fund and/or the Rhode Island water pollution control revolving fund, the
amount, if any, of subsidy assistance to be granted from the local interest subsidy trust fund, the
amount, if any, of other financial assistance permitted by this chapter to be provided, and such
other terms, conditions, and limitations on the financial assistance, the expenditure of loan
proceeds, and the construction and operation of the project as the agency shall determine or
approve.

(c) Any water pollution abatement project or portion thereof included on the priority list
established by the department for federal fiscal year 1989 or any federal fiscal year thereafter
shall be eligible for financial assistance in accordance with this chapter.

(d) In addition to the authority provided by law, the department shall be responsible for,
and shall have all requisite power to, review and approve reports and plans for water pollution
abatement projects and approved projects, or any part thereof, for which financial assistance has
been applied or granted in accordance with this chapter, to enter into contracts with a local
governmental units persons or corporations relative to approved projects, including, without
limiting the generality of the foregoing, the costs of approved projects eligible for financial
assistance, grants, and other terms, conditions and limitations with respect to the construction and
operation of the project, and to inspect the construction and operation thereof of projects in
compliance with approved plans. Without limiting the generality of the foregoing, in connection
with the exercise of its powers and performance of its duties under this chapter, the department
shall have all the powers provided by law to the department and its director. The department shall
adopt rules, regulations, procedures, and guidelines to carry out the purposes of this chapter and
for the proper administration of its powers and duties under this chapter. The rules, regulations,
procedures, and guidelines shall include among other things, criteria for determining those water
pollution abatement projects to be approved for financial assistance (the criteria shall include the
priority determination system), specification of eligible costs of the projects, and provisions for
compliance by projects constructed in whole or in part with funds directly made available under
this chapter by federal capitalization grants with the requirements of the Clean Water Act, 33
U.S.C. § 1351 et seq., and other federal laws applicable to the project. The department shall
cooperate with the agency in the development of capitalization grant applications, operating
plans, and intended use plans for federal capitalization grant awards under title VI of the Clean
Water Act, 33 U.S.C. § 1381 et seq., and may enter into such agreements and other undertakings
with the agency and federal agencies as necessary to secure to the state the benefits of title VI of
the Clean Water Act, 33 U.S.C. § 1381 et seq. In order to provide for the expenses of the
department under this chapter, the agency shall transfer to the department for application to the
expenses an amount from the water pollution control revolving fund equal to the maximum
amount authorized by federal law, and such additional amounts as may be needed from the Rhode
Island water pollution control fund and from any other monies available. The agency and the
department shall enter into an operating agreement and amend the same, from time to time,
allocating their respective rights, duties, and obligations with respect to the award of financial
assistance and grants to finance approved projects under this chapter and establishing procedures
for the application, approval, and oversight of projects, financial assistance, and grants.

(e) Upon issuance of a certificate of approval, the agency shall award as soon as
practicable the financial assistance to the local governmental unit, person or corporation for any
approved project specified in the certificate; provided, however, the agency may decline to award
any financial assistance which the agency determines will have a substantial adverse effect on the
interests of holders of bonds or other indebtedness of the agency or the interests of other
participants in the financial assistance program, or for good and sufficient cause affecting the
finances of the agency. All financial assistance shall be made pursuant to a loan agreement
between the agency and the local governmental unit, person or corporation, acting by and through
the officer or officers, board, committee, or other body authorized by law, or otherwise its chief
executive officer, according to the terms and conditions of the certificate of approval and such
other terms and conditions as may be established by the agency, and each loan shall be evidenced
and secured by the issue to the agency of local governmental obligations or non-governmental
obligations in fully marketable form in principal amount, bearing interest at the rate or rates
specified in the applicable loan agreement, and shall otherwise bear such terms and conditions as
authorized by this chapter and the loan agreement.

(f) The agency shall adopt rules, regulations, procedures, and guidelines for the proper
administration of its financial assistance programs and the provision of financial assistance under
this chapter. The rules, regulations, procedures, and guidelines shall be consistent with the
requirements of title VI of the Clean Water Act, 33 U.S.C. § 1381 et seq., and any rules,
regulations, procedures, and guidelines adopted by the department, and may include, without
limitation, forms of financial assistance applications, loan agreements, and other instruments, and
provision for submission to the agency and the department by a local governmental unit, person
or corporation of the information regarding the proposed water pollution abatement project, the wastewater system of which it is a part, and the local governmental unit or corporation as the agency or the department shall deem necessary, to determine the eligibility of a project for financial assistance under this chapter, the financial feasibility of a project, and the sufficiency of general revenues or wastewater system revenues to secure and pay the loan and the local governmental obligations or non-governmental obligations issued to evidence the project. The agency shall, no later than December 31, 2015, enter into an agreement with the Rhode Island commerce corporation to ensure collaboration for brownfields and energy efficiency related projects to which the agency provides financial assistance to corporations.

(g) Subject to the provisions of any trust agreement securing bonds of the agency, when the agency shall have awarded a loan eligible for subsidy assistance from funds held by the agency for the credit of the local interest subsidy trust fund, the agency shall credit to the applicable account in the fund maintained in accordance with § 46-12.2-6(e), the amount, if any, as provided in the loan agreement to defray all or a portion of the interest otherwise payable by the local governmental unit, person or corporation on the loan.

(h) In addition to other remedies of the agency under any loan agreement or otherwise provided by law, the agency may also recover from a local governmental unit, person or corporation, in an action in superior court, any amount due the agency together with any other actual damages the agency shall have sustained from the failure or refusal of the local governmental unit or corporation to make the payments.

46-12.2-9. Authorization to expend funds available for local grants. -- In addition to the financial assistance provided by the agency to a local governmental unit, persons or corporations for approved projects in accordance with this chapter, the department is hereby authorized to expend funds otherwise available for grants to local governmental units, persons or corporations to the extent permitted by federal and state law.

46-12.2-10. Powers of local governmental units. -- Notwithstanding any provision of general law, special law or municipal charter to the contrary:

(1) In addition to authority granted otherwise by this chapter and in any bond act or other law, a local governmental unit, acting by and through the officer or officers, board, committee, or other body authorized by law, if any, or otherwise the chief executive officer, shall have the power to:

(i) Issue local governmental obligations as provided herein: (A) if and to the amount authorized by a bond act; or (B) without limitation as to the amount, if issued as limited obligations, pursuant to §46-12.2-12 or § 46-12.2-12.1; or (C) without limitation as to the
amount, if issued as a financing lease or other appropriation obligation;

(ii) Plan, design, acquire, construct, operate, maintain, and otherwise undertake any water pollution abatement project subject to the rules, regulations, procedures, and guidelines of the department, if applicable, in effect from time to time and the requirements of any other applicable law;

(iii) Apply for, accept, and expend, financial assistance and grants for the purpose of financing costs of water pollution abatement projects subject to the rules, regulations, procedures, and guidelines of the agency and the department, if applicable, in effect from time to time, the provisions of the applicable loan agreement, and the requirements of other applicable law;

(iv) Authorize, execute, deliver, and comply with loan agreements, trust agreements, grant agreements, financing leases, appropriation agreements, and other agreements, and instruments with the agency, the department, and other persons relating to financial assistance and grants hereunder, and the issue of local governmental obligations to evidence loans, and perform the same;

(v) Receive, apply, pledge, assign, and grant security interests in its general revenues and wastewater system revenues to secure its obligations under local governmental obligations and other financial assistance; and

(vi) Fix, revise, charge, and collect such fees, rates, rents, assessments, and other charges of general or special application for the costs and/or use of any approved project, the any wastewater system of which it is a part, and any other revenue producing facilities from which the local governmental unit may derive wastewater system revenues, or for the services provided thereby, as it shall deem necessary to meet its obligations under any loan agreement or local governmental obligations outstanding or otherwise to provide for the costs and/or operation of the project and any wastewater the system.

(2) In order to provide for the collection and enforcement of fees, rates, rents, assessments, and other charges for the operation of any approved project, any the wastewater system of which it is a part, and any other revenue producing facilities from which the local governmental units may derive wastewater system revenues, in addition to any other authority provided by law or any bond act applicable to a particular local governmental unit, local governmental units are hereby granted all the powers and privileges granted to them by the general laws of the state with respect to any similar fee, rate, rent, assessment, or other charge.

All unpaid fees, rates, rents, assessments, and other charges shall be a lien upon the real estate served for which the unpaid fees, rates, rents, assessments, or other charges have been made. A lien shall arise and attach as of the due date of each unpaid fee, rate, rent, assessment, or other
charge. Subject to the provisions of § 39-26.5-6, the lien shall be superior to any other lien on other than a tax lien, encumbrance, or interest in the real estate, whether by way of mortgage, attachment, or otherwise, except easements and restrictions. In the case of a life estate, the interest of the tenant for life shall first be liable for the unpaid fees, rates, rents, assessments, or other charges. The local governmental unit may enforce the lien by advertising and selling any real estate liable for unpaid fees, rents, assessments, and other charges in the manner provided for the enforcement of liens for unpaid taxes by chapter 9 of title 44, as amended from time to time.

(3) Any city or town and any other local governmental unit acting by and through the officer or officers, board, committee, other body authorized by law, or otherwise the chief executive officer, may enter into agreements with the agency or the department, if applicable, regarding the operation of a pricing system adopted under any applicable law for the services provided by any approved project, the wastewater system of which it is a part, and any other revenue producing facilities from which the local governmental unit may derive wastewater system revenues. The agreements may include, without limitation, provisions defining the costs of services, the approved project, and the wastewater system and other facilities, and covenants or agreements, regarding the fixing and collection of fees, rates, rents, assessments and other charges for the costs and the maintenance of the pricing system at levels sufficient to pay or provide for all the costs and any payments due the agency under any loan agreement or local governmental obligations.

(4) Any city or town and any other local governmental unit acting by and through the officer or officers, board, committee, or other body authorized by law, or otherwise the chief executive officer, may enter into agreements with the agency and the department, if applicable, regarding the operation of an enterprise fund established for any approved project, any wastewater system of which it is a part, and any other revenue producing facilities from which the local governmental unit may derive wastewater system revenues. The agreements may include, without limitation, fiscal and accounting controls and procedures, provisions regarding the custody, safeguarding, and investment of wastewater system revenues, and other amounts credited thereto, the establishment of reserves and other accounts and funds, and the application of any surplus funds.

(5) The provisions of any charter, other laws or ordinances, general, special, or local, or of any rule or regulation of the state or any municipality, restricting or regulating in any manner the power of any municipality to lease (as lessee or lessor) or sell property, real, personal, or mixed, shall not apply to leases and sales made with the agency pursuant to this chapter.

(6) Any municipality, notwithstanding any contrary provision of any charter, other laws
or ordinances, general, special or local, or of any rule or regulations of the state or any municipality, is authorized and empowered to lend, pledge, grant, convey to, or lease from the agency, at its request, upon terms and conditions that the chief executive officer, if any, or where no chief executive officer exists, the city or town council of the municipality, may deem reasonable and fair and without the necessity for any advertisement, order of court, or other action or formality, any real property or personal property which may be necessary or convenient to effectuation of the authorized purpose of the agency, including other real property already devoted to public use.

46-12.2-11 Authority of local governmental units to issue obligations -- Terms. -- (a)

In addition to the powers of any local governmental unit provided in any bond act, whenever a local governmental unit has applied for and accepted a loan from the agency and entered into a loan agreement therefor, any local governmental obligations issued by the local governmental unit to evidence the loan may be issued in accordance with, and subject to the limitations of this chapter, notwithstanding the provisions of the bond act authorizing the obligation or any other general or special law or provision of municipal charter to the contrary. The provisions of this chapter shall apply to the issuance of local governmental obligations under authority of any bond act heretofore enacted and under authority of any bond act expressly provides that the provisions of this chapter shall not so apply. Notwithstanding the foregoing, no local governmental obligation issued as a general obligation bond shall be issued unless authorized by a vote of the body or bodies required by the charter, ordinances, or laws governing the local governmental unit, or the applicable bond act for the authorization of indebtedness of the local governmental unit.

(b) Local governmental obligations issued by any local governmental unit shall be dated, may bear interest at such rate or rates, including rates variable, from time to time, subject to such minimum or maximum rate, if any, as may be determined by such index or other method of determination provided in the applicable loan agreement, shall mature in such amount or amounts and at such time or times, not later than the maximum dates, if any, provided herein, and may be made redeemable in whole or in part before maturity at the option of the local governmental unit or at the option of the agency, at such price or prices and under such terms and conditions as may be fixed in the loan agreement prior to the issue of the local governmental obligations. Local governmental obligations may be issued as serial bonds or term bonds or any combination thereof with such provision, if any, for sinking funds for the payment of bonds as the local governmental unit and the agency may agree. The local governmental obligations may be sold at private sale and may be in such form, payable to the bearer thereof or the registered owner, whether
certificated or uncertificated, be in such denominations, payable at such place or places, within or
without the state, and otherwise bear such terms and conditions, not inconsistent with this
chapter, as provided in the applicable loan agreement or as the agency and the local governmental
unit shall otherwise agree. The local governmental obligations may be issued in principal amount
equal to the loan evidenced thereby or at such discount as the agency and the local governmental
unit shall agree.

(c) Local governmental obligations shall be payable within a period not exceeding the
greater of the period, if any, specified in the applicable bond act or the useful life of the approved
project financed by such obligations as determined by the department, or, if incurred to finance
more than one project, the average useful life of the projects. Except as otherwise provided in this
chapter, the local governmental obligations shall be payable by such equal, increasing, or
decreasing installments of principal, annual or otherwise, as will extinguish the obligations at
maturity, the first installment to be payable no later than one three (3) years after the date of
issuance of the obligations or one year after the date of completion of the approved project
financed by the obligations, as determined by the department, whichever date is later, and the
remaining installments of principal, if any, to be in such amounts and payable on such dates as
the agency and the local governmental unit shall agree.

(d) If a local governmental unit has authorized borrowing in accordance with this chapter
and the issuance of local governmental obligations to evidence the borrowing under any bond act,
the local governmental unit may, subject to the applicable loan agreement and with the approval
of the agency, issue notes to the agency to evidence the loan. The issuance of the notes shall be
governed by the provisions of this chapter relating to the issue of bonds other than notes, to the
extent applicable, provided the maturity date of the notes shall not exceed five (5) years from the
date of issue of the notes, or the expected date of completion of the approved project financed
thereby as determined by the department, if later. Notes issued for less than the maximum
maturity date may be renewed by the issue of other notes maturing no later than the maximum
maturity date.

(e) A local governmental unit may issue local governmental obligations to refund or pay
at maturity or earlier redemption any local governmental obligations outstanding under any loan
agreement, or to refund or pay any other debt of the local governmental unit issued to finance the
approved project to which the loan agreement pertains. The refunding local governmental
obligations may be issued in sufficient amounts to pay or provide for the principal of the
obligations refunded, any redemption premium thereon, any interest accrued and to accrue to the
date of payment of the obligations, the costs of issuance of the refunding obligations and any
reserves required by the applicable loan agreement. The issue of refunding local governmental
obligations, the amount and dates of maturity or maturities and other details thereof, the security
therefor, and the rights, duties, and obligations of the local governmental unit in respect to the
same shall be governed by the provisions of this chapter relating to the issue of local
governmental obligations other than refunding obligations as this chapter may be applicable.

(f) Except as otherwise provided in § 46-12.2-12 and § 46-12.2-12.1, the applicable bond
act, or by agreement between the agency and a local governmental unit, all local governmental
obligations issued in accordance with this section shall be general obligations of the local
governmental unit issuing the obligations for which its full faith and credit are pledged and for the
payment of which all taxable property in the local governmental unit shall be subject to ad
valorem taxation without limit as to rate or amount except as otherwise provided by law.

46-12.2-13 Trust agreements pertaining to local governmental obligations. -- (a)
Notwithstanding any general or special law to the contrary, local governmental obligations issued
in accordance with this chapter may be secured by one or more trust agreements, including, or in
addition to the applicable loan agreement, between the local governmental unit and a corporate
trustee, which may be a trust company or bank having the powers of a trust company within or
without the state, or directly between the agency and the local governmental unit. Any trust
agreement shall be in such form and shall be executed as provided in the applicable loan
agreement or as otherwise agreed to between the agency and the local governmental unit.

(b) Any trust agreement directly or indirectly securing local governmental obligations
may, in addition to other security provided by law, pledge or assign, and create security interests
in, all or any part of the general revenues of the local governmental unit. Any trust agreement
may contain such provisions for protecting and enforcing the rights, security, and remedies of the
agency, or other holders of the local governmental obligations, as may be determined by the
agency including, without limitation, provisions defining defaults and providing for remedies in
the event thereof, which may include the acceleration of maturities to the extent permitted by law,
and covenants setting forth the duties of, and limitations on, the local governmental unit in
relation to the custody, safeguarding, investment, and application of moneys, including general
revenues and wastewater system revenues, the issue of additional and refunding local
governmental obligations and other bonds, notes, or obligations on a parity or superior thereto,
the establishment of reserves, the establishment of sinking funds for the payment of local
governmental obligations, and the use of surplus proceeds of local governmental obligations. A
trust agreement securing local governmental obligations issued in accordance with § 46-12.2-12
may also include covenants and provisions not in violation of law regarding the acquisition,
construction, operation, and carrying out of the approved project financed by the local governmental obligations, the wastewater system of which it is a part, and any other revenue producing facilities from which the local governmental unit may derive wastewater system revenues or other general revenues, the fixing and collection of wastewater system revenues or other general revenues, and the making and amending of contracts relating thereto.

(c) In addition to other security provided herein or otherwise by law, any local governmental obligations issued under authority of this chapter may be secured, in whole or in part, by insurance or by letters or lines of credit or other credit facilities issued by any insurance company, bank, trust company, or other financial institution, within or without the state, and a local governmental unit may pledge subject to applicable voter approval requirements, or assign, or appropriate any of its general revenues or wastewater system revenues, as appropriate, as security for the reimbursement to the issuers of insurance, letters, or lines of credit or other credit facilities of any payments made thereunder.

(d) Any trust agreement may set forth the rights and remedies of the agency or other holders of the local governmental obligations secured thereby and of any trustee or other fiduciary thereunder.

(e) In addition to any other remedies provided under the applicable loan agreement or otherwise by law, the agency and any other holder of local governmental obligations issued under the provisions of this chapter, and any trustee under any trust agreement securing the obligations may bring suit in the superior court upon the local governmental obligations, and may, either at law or in equity, by suit, action, mandamus, or other proceeding for legal or equitable relief, including, in the case of local governmental obligations issued in accordance with § 46-12.2-12, proceedings for the appointment of a receiver to take possession and control of the approved project financed thereby, the wastewater system of which it is a part, or any other revenue producing facilities from which the local governmental unit may derive wastewater system revenues or other general revenues, to operate and maintain the system or facility in compliance with law, to make any necessary repairs, renewals, and replacements and to fix, revise, and collect wastewater system revenues, protect, and enforce any and all rights under the laws of the state or granted in this chapter or under any trust agreement, and may enforce and compel the performance of all duties required by this chapter, the loan agreement, the applicable bond act, or the trust agreement to be performed by the local governmental unit or any officer thereof.

(f) A pledge of general revenues or wastewater system revenues in accordance with this chapter shall constitute a sufficient appropriation thereof for the purposes of any provision for appropriation for so long as the pledge shall be in effect, and, notwithstanding any general or

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1 special law or municipal charter to the contrary, the revenues shall be applied as required by the
2 pledge and the trust agreement evidencing the revenues without further appropriation.
3
4 (g) A pledge or assignment of general revenues, other than wastewater system revenues,
5 may be made only to secure general obligations of a local governmental unit.

46-12.2-14. Bonds of the agency. — (a) The agency may provide by resolution of the
1 board of directors for the issuance, from time to time, of bonds of the agency for any of its
2 corporate purposes, including those set forth in this chapter and chapter 19.16 of title 23, 24-18
3 chapter 18 of title 24, and chapter 26.5 of title 39, or for the borrowing of money in anticipation
4 of the issuance of the bonds. Bonds issued by the agency may be issued as general obligations of
5 the agency or as special obligations payable solely from particular revenues or funds as may be
6 provided for in any trust agreement or other agreement securing bonds. The agency may also
7 provide by resolution of the board of directors for the issuance, from time to time, of temporary
8 notes in anticipation of the revenues to be collected or received by the agency, including, without
9 limitation, in anticipation of any payments to the agency from the state pursuant to § 46-12.2-7,
10 or in anticipation of the receipt of other grants or aid. The issue of notes shall be governed by the
11 provisions of this chapter and chapter 19.16 of title 23, 24-18 chapter 18 of title 24, and chapter
12 26.5 of title 39, as applicable, relating to the issue of bonds of the agency other than temporary
13 notes as these chapters may be applicable; provided, however, that notes issued in anticipation of
14 revenues shall mature no later than one year from their respective dates, or the date of expected
15 receipt of the revenues, if later, and notes issued in anticipation of grants, or other aid and
16 renewals thereof, shall mature no later than six (6) months after the expected date of receipt of the
17 grant or aid.

18 (b) The bonds of each issue shall be dated, may bear interest at such rate or rates,
19 including rates variable from time to time as determined by such index, banker's loan rate, or
20 other method determined by the agency, and shall mature or otherwise be payable at such time or
21 times, as may be determined by the agency, and may be made redeemable before maturity at the
22 option of the agency or the holder thereof at such price or prices and under such terms and
23 conditions as may be fixed by the agency. The agency shall determine the form of bonds, and the
24 manner of execution of the bonds, and shall fix the denomination or denominations of the bonds,
25 and the place or places of payment of principal, redemption premium, if any, and interest, which
26 may be paid at any bank or trust company within or without the state. In case any officer whose
27 signature or a facsimile of whose signature shall appear on any bonds shall cease to be the officer
28 before the delivery thereof, the signature or facsimile shall nevertheless be valid and sufficient for
29 all purposes as if the officer had remained in office until delivery. The agency may provide for
authentication of bonds by a trustee, fiscal agent, registrar, or transfer agency. Bonds may be
issued in bearer or in registered form, or both, and, if notes, may be made payable to the bearer or
to order, as the agency may determine. The agency may also establish and maintain a system of
registration for any bonds whereby the name of the registered owner, the rights evidenced by the
bonds, the transfer of the bonds, and the rights and other similar matters, are recorded in books or
other records maintained by or on behalf of the agency, and no instrument evidencing the bond or
rights need be delivered to the registered owner by the agency. A copy of the books or other
records of the agency pertaining to any bond registered under a registration system certified by an
authorized officer of the agency or by the agent of the agency maintaining the system shall be
admissible in any proceeding without further authentication. The board of directors may by
resolution delegate to any member or officer of the agency, or any combination thereof, the
power to determine any of the matters set forth in this section. In the discretion of the agency,
bonds of the agency may be issued with such terms as will cause the interest thereon to be subject
to federal income taxation. The agency may sell its bonds in such manner, either at public or
private sale, for the price, at the rate or rates of interest, or at discount in lieu of interest, as it may
determine will best effect the purposes of this chapter or chapter 24-18, as applicable. (.c) The agency may issue interim receipts or temporary bonds, exchangeable for
definitive bonds, when the bonds shall have been executed and are available for delivery. The
agency may also provide for the replacement of any bonds which shall have become mutilated or
shall have been destroyed or lost. The agency, by itself or through such agency as it may select,
may purchase and invite offers to tender for purchase any bonds of the agency at any time
outstanding; provided, however, that no purchase by the agency shall be made at a price,
exclusive of accrued interest, if any, exceeding the principal amount thereof or, if greater, the
redemption price of the bonds when next redeemable at the option of the agency, and may resell
any bonds so purchased in such manner and for such price as it may determine will best effect the
purposes of this chapter or chapter 19.16 of title 23, 24-18 chapter 18 of title 24, and chapter 26.5
of title 39, as applicable. (.d) In the discretion of the board of directors, any bonds issued under this section may be
secured by a trust agreement in such form and executed in such manner as may be determined by
the board of directors, between the agency and the purchasers or holders of the bonds, or between
the agency and a corporate trustee which may be any trust company or bank having the powers of
a trust company within or without the state. The trust agreement may pledge or assign, in whole
or in part, any loan agreements, and local governmental obligations and non-governmental
obligations, and the revenues, funds, and other assets or property held or to be received by the
agency, including without limitation all moneys and investments on deposit from time to time in
the water pollution control revolving fund, the Rhode Island water pollution control revolving
fund, and the local interest subsidy trust fund, or the municipal road and bridge revolving fund, as
applicable, and any contract or other rights to receive the same, whether then existing or
thereafter coming into existence and whether then held or thereafter acquired by the agency, and
the proceeds thereof. The trust agreement may contain such provisions for protecting and
enforcing the rights, security, and remedies of the bondholders as may be reasonable and proper
including, without limiting the generality of the foregoing, provisions defining defaults and
providing for remedies in the event thereof which may include the acceleration of maturities,
restrictions on the individual right of action by bondholders, and covenants setting forth the duties
of and limitations on the agency in relation to the custody, safeguarding, investment, and
application of moneys, the enforcement of loan and local governmental obligations and non-
governmental obligations, the issue of additional or refunding bonds, the fixing, revision,
charging, and collection of charges, the use of any surplus bond proceeds, the establishment of
reserves, and the making and amending of contracts.

(e) In the discretion of the board of directors, any bonds issued under authority of this
chapter or chapter 19.16 of title 23, chapter 18 of title 24, and chapter 26.5 of title 39 may
be issued by the agency in the form of lines of credit or other banking arrangements under terms
and conditions, not inconsistent with this chapter or chapter 19.16 of title 23, chapter 18 of
title 24, and chapter 26.5 of title 39, and under such agreements with the purchasers or makers
thereof or any agent or other representative of such purchasers or makers, as the board of
directors may determine to be in the best interests of the agency. In addition to other security
provided herein or otherwise by law, bonds issued by the agency under any provision of this
chapter or chapter 19.16 of title 23, chapter 18 of title 24, and chapter 26.5 of title 39 may
be secured, in whole or in part, by financial guarantees, by insurance, or by letters or lines of
credit issued to the agency or a trustee or any other person, by any bank, trust company, insurance
or surety company, or other financial institution, within or without the state, and the agency may
pledge or assign, in whole or in part, any loan, and local governmental obligations and non-
governmental obligations, and the revenues, funds, and other assets and property held or to be
received by the agency, and any contract or other rights to receive the same, whether then existing
or thereafter coming into existence and whether then held or thereafter acquired by the agency,
and the proceeds thereof, as security for the guarantees or insurance or for the reimbursement by
the agency to any issuer of the line or letter of credit.

(f) It shall be lawful for any bank or trust company to act as a depository or trustee of the
proceeds of bonds, revenues, or other moneys under a trust agreement of the agency, and to furnish indemnification and to provide security as may be required by the agency. It is hereby declared that any pledge or assignment made by the agency under this chapter or chapter 19.16 of title 23, 24-18 chapter 18 of title 24, and chapter 26.5 of title 39 is an exercise of the governmental powers of the agency, and loan agreements, and local governmental obligations and non-governmental obligations, revenues, funds, assets, property, and contract or other rights to receive the same and the proceeds thereof, which are subject to the lien of a pledge or assignment created under this chapter or chapter 19.16 of title 23, 24-18 chapter 18 of title 24, and chapter 26.5 of title 39, shall not be applied to any purposes not permitted by the pledge or assignment.

(g) Any holder of a bond issued by the agency under the provisions of this chapter or chapter 19.16 of title 23, 24-18 chapter 18 of title 24, and chapter 26.5 of title 39 and any trustee or other representative under a trust agreement securing the trustee or representative, except to the extent the rights herein given may be restricted by the trust agreement, may bring suit upon the bonds in the superior court and may, either at law or in equity, by suit, action, mandamus, or other proceeding for legal or equitable relief, protect and enforce any and all rights under the laws of the state or granted hereunder or under the trust agreement, and may enforce and compel performance of all duties required by this chapter, chapter 19.16 of title 23, 24-18 chapter 18 of title 24, and chapter 26.5 of title 39, or by the trust agreement, to be performed by the agency or by any officer thereof.

46-12.2-17. No additional consent required. -- Except as provided in this section, bonds and local governmental obligations, and non-governmental obligations may be issued under this chapter or chapter 24-18 without obtaining the consent of any executive office, department, division, commission, board, bureau, or agency of the state or any political subdivision thereof, and without any other proceedings or the happening of any condition, or acts other than those proceedings, conditions, or acts which are specifically required therefor hereunder or under any applicable bond act, and the validity of and security for any bonds issued by the agency pursuant to this chapter or chapter 24-18, and any local governmental obligations, and non-governmental obligations issued in accordance herewith, shall not be affected by the existence or nonexistence of any consent or other proceedings, conditions, or acts. Nothing in this chapter or chapter 24-18 shall exempt the agency from the provisions of chapter 10.1 of title 42 entitled "Public Finance Management Board," and the Narragansett Bay water quality management district commission shall not issue any bonds, notes, or other indebtedness without the approval of the division of public utilities as required by § 39-3-15.

46-12.2-25. Supplemental powers -- Inconsistent laws. -- The provisions of this chapter
and chapter 19.16 of title 23, chapter 18 of title 24, and chapter 26.5 of title 39 shall be
deemed to provide an additional, alternative, and complete method for accomplishing the
purposes of these chapters, and shall be deemed and construed to be supplemental and additional
to, and not in derogation of, powers conferred upon the agency, the department, and local
governmental units by other laws; provided, however, that insofar as the provisions of these
chapters are inconsistent with the provisions of any general or special law, municipal charter,
administrative order or regulations, the provisions of these chapters shall be controlling. Any
amounts appropriated by these chapters to the agency or the department shall be in addition to
any other amounts appropriated to the agency or the department by any other law.

SECTION 18. Chapter 46-12.2 of the General Laws entitled "Rhode Island Clean Water
Financing Agency" is hereby amended by adding thereto the following sections:

46-12.2-4.2 Establishment of the efficient buildings fund. -- (a) There is hereby
authorized and created within the Rhode Island infrastructure bank an efficient buildings fund for
the purpose of providing technical, administrative and financial assistance to local governmental
units for energy efficient and renewable energy upgrades to public buildings and infrastructure,
including, but not limited to, streetlights. The Rhode Island infrastructure bank shall review and
approve all applications for projects to be financed through the efficient buildings fund.

The office of energy resources shall promulgate rules and regulations establishing a
project priority list for efficient buildings fund and the process through which a local
governmental unit may submit an application for inclusion of a project on the project priority list.
Upon issuance of the project priority list by the office of energy resources, the project priority list
shall be used by the Rhode Island infrastructure bank to determine the order in which financial
assistance shall be awarded. The Rhode Island infrastructure bank shall promulgate rules and
regulations to effectuate the provisions of this section which may include, without limitation,
forms for financial assistance applications, loan agreements, and other instruments. All rules and
regulations promulgated pursuant to this chapter shall be promulgated in accordance with the
provisions of chapter 35 of title 42. Eligibility for receipt of this financial assistance by a local
governmental unit shall be conditioned upon that local governmental unit reallocating their
remaining proportional QECB allocation to the state of Rhode Island.

(b) The Rhode Island infrastructure bank shall have all the powers necessary and
convenient to carry out and effectuate the purposes and provisions of this section including,
without limiting the generality of the preceding statement, the authority:

(1) To receive and disburse such funds from the state and federal government as may be
available for the purpose of the fund subject to the provisions of this section;
(2) To make and enter into binding commitments to provide financial assistance to eligible borrowers from amounts on deposit in the fund;

(3) To levy administrative fees on eligible borrowers as necessary to effectuate the provisions of this section, provided the fees have been previously authorized by an agreement between the Rhode Island infrastructure bank and the eligible borrower;

(4) To engage the services of third-party vendors to provide professional services;

(5) To establish one or more accounts within the fund; and

(6) Such other authority as granted to the Rhode Island infrastructure bank under this chapter.

(c) Subject to the provisions of this section and to any agreements with the holders of any bonds of the Rhode Island infrastructure bank or any trustee therefor, amounts held by the Rhode Island infrastructure bank for the account of the fund shall be applied by the Rhode Island infrastructure bank, either by direct expenditure, disbursement, or transfer to one or more other funds and accounts held by the Rhode Island infrastructure bank or maintained under any trust agreement pertaining to bonds, either alone or with other funds of the Rhode Island infrastructure bank, to the following purposes:

(1) To provide financial assistance to local governmental units to finance costs of approved projects, as set forth in subsection (a), and to refinance the costs of the projects, subject to such terms and conditions, if any, as are determined by the Rhode Island infrastructure bank;

(2) To fund reserves for bonds of the Rhode Island infrastructure bank and to purchase insurance and pay the premiums therefor, and pay fees and expenses of letters or lines of credit and costs of reimbursement to the issuers thereof for any payments made thereon or on any insurance, and to otherwise provide security for, and a source of payment for obligations of the Rhode Island infrastructure bank, by pledge, lien, assignment, or otherwise as provided in this chapter;

(3) To pay expenses of the Rhode Island infrastructure bank in administering the fund;

(4) To provide a reserve for, or to otherwise secure, amounts payable by borrowers on loans and obligations outstanding in the event of default thereof; amounts in any account in the fund may be applied to defaults on loans outstanding to the borrower for which the account was established and, on a parity basis with all other accounts, to defaults on any loans or obligations outstanding; and

(5) To provide a reserve for, or to otherwise secure, by pledge, lien, assignment, or otherwise as provided in this chapter, any bonds of the Rhode Island infrastructure bank.

(d) In addition to other remedies of the Rhode Island infrastructure bank under any loan
agreement or otherwise provided by law, the Rhode Island infrastructure bank may also recover
from a borrower, in an action in superior court, any amount due the Rhode Island infrastructure
bank together with any other actual damages the Rhode Island infrastructure bank shall have
sustained from the failure or refusal of the borrower to make the payments or abide by the terms
of the loan agreement.

(e) The Rhode Island infrastructure bank may create one or more loan loss reserve funds
to serve as further security for any loans made by the Rhode Island infrastructure bank or any
bonds of the Rhode Island infrastructure bank issued to fund energy efficiency improvements in
public buildings in accordance with this section.

(f) To the extent possible, and in accordance with law, the infrastructure bank shall
encourage the use of project labor agreements for projects over ten million dollars ($10,000,000)
and local hiring on projects funded under this section.

(g) Any financial assistance provided by the Rhode Island infrastructure bank to a public
entity for the purpose of retrofitting a school building shall not be subject to the match established
by Rhode Island general laws §§ 16-7-35 to 16-7-47, and shall be made subject to coordination
with the Rhode Island department of education.

46-12.2-12.1 Power of local governmental units to issue limited obligations payable
from energy efficiency savings. – (a) If required by the applicable loan agreement, and
notwithstanding any general or special law or municipal charter to the contrary, local
governmental obligations shall be issued as limited obligations payable solely from an
appropriation of general revenues in an amount not to exceed the projected energy savings of the
project. Notwithstanding § 45-12.2-2 or any general or special law or municipal charter to the
contrary, all local governmental units shall have the power to issue such local governmental
obligations pursuant to this section without limit as to amount, and the amount of principal and
premium, if any, and interest on the obligations shall not be included in the computation of any
limit on the indebtedness of the local governmental unit or on the total taxes which may be levied
or assessed by the local governmental unit in any year or on any assessment, levy, or other charge
made by the local governmental unit on any other political subdivision or instrumentality of the
state. This section shall constitute the bond act for the issuance of such local governmental
obligations by local governmental units. Any local governmental obligations issued in accordance
with this section shall recite on its face that it is a limited obligation payable solely from an
appropriation of general revenues in an amount not to exceed the projected energy savings
pledged to its payment.

(b) The issuance of local governmental obligations in accordance with this section, the
maturity or maturities and other terms thereof, the security therefor, the rights of the holders thereof, and the rights, duties, and obligation of the local governmental unit in respect of the same shall be governed by the provisions of this chapter relating to the issue of local governmental obligations to the extent applicable and not inconsistent with this section.

(c) A local government unit may appropriate general revenues on an annual basis to pay any local governmental obligation provided that an event of non-appropriation shall not be an event of default under any local governmental obligation.

46-12.2-14.1 Electric and gas demand side charge proceeds as further security for debt funding energy efficiency improvements in public buildings. -- (a) Upon receipt of the electric and gas demand side charge proceeds identified in §§ 39-2-1.2(l) and 39-2-1.2 (m), the Rhode Island infrastructure bank shall deposit the electric and gas demand side charge proceeds in a loan loss reserve fund to provide security for any loans made by the Rhode Island infrastructure bank or any bonds of the Rhode Island infrastructure bank issued to fund energy efficiency improvements in public buildings pursuant to § 46-12.2-4.2. The funds in the loan loss reserve fund described therein shall only be used after all other available loan loss reserve funds have been applied.

(b) After all loans and bonds in connection with the efficient buildings fund have been repaid in full, the balance of the loan loss reserve fund, including any accrued interest, shall be remitted to the electric and gas utilities described in § 39-2-1.2, to be used for energy efficiency programmatic purposes.

SECTION 19. Sections 46-12.8-1, 46-12.8-2 and 46-12.8-5 of the General Laws in Chapter 46-12.10 entitled “Water Projects Revolving Loan Fund” are hereby amended to read as follows:

46-12.8-1 Legislative findings. -- (a) It is hereby found that there exists and will in the future exist within the state of Rhode Island the need to construct and reconstruct facilities related to and acquire watershed protection land in connection with the provision of safe drinking water throughout the state of Rhode Island.

(b) It is hereby further found that to provide financial assistance for the acquisition, design, planning, construction, enlargement, repair, protection or improvement of public drinking water supplies or treatment facilities, including any of those actions required under the federal Safe Drinking Water Act of 1974, 42 U.S.C., §§ 300f – 300j-9, including the Safe Drinking Water Act (SDWA) amendments of 1996 (Pub. L. 104-182) and any amendments thereto, it is necessary to establish a revolving loan fund program to provide a perpetual source of low cost financing for safety drinking water projects.
(c) It is hereby further found that to secure maximum benefit to the state from a safe
drinking water revolving loan fund, it is necessary to place such fund within the jurisdiction and
control of the Rhode Island clean water finance agency infrastructure bank, which agency
presently runs the state's revolving fund with respect to the state's wastewater pollution abatement
program, which agency shall exclusively administer the financing portion of the safe drinking
water revolving loan fund, but which shall nevertheless work, as necessary, with the department
of environmental management, the water resources board, the Rhode Island department of health,
the division of public utilities and carriers and any other agency or instrumentality of the state or
federal government with responsibility for the development or supervision of water supply
facilities within the state.

46-12.8-2 Definitions. -- (a) "Agency" means the Rhode Island clean water finance
department. "Approved project" means any project or portion thereof of a governmental unit or
privately organized water supplier that has been issued a certificate of approval by the department
for assistance through the agency; and, notwithstanding the foregoing, shall include safe drinking
water projects funded outside of the drinking water state revolving fund without the requirement
of the issuance of a certificate of approval.

(c) "Department" means the department of health.

(d) "Local governmental obligations" means bonds, notes or other evidences of
indebtedness in fully marketable form issued by a governmental unit to evidence a loan from the
agency in accordance with this chapter or otherwise as provided herein.

(e) "Local governmental unit" means any town, city, district, commission, agency,
authority, board of other political subdivision or instrumentality of the state or of any political
subdivision thereof responsible for the ownership or operation of water supply facilities within
the state.

(f) "Obligations of private water companies" means bonds, notes or other evidences of
indebtedness, of private water companies, in fully marketable form.

(g) "Privately organized water supplier" means any water company not owned or
operated by a local governmental unit, existing under the laws of the state, and in the business of
operating a safe drinking water facility.

(h) "Water supply facility or facilities" means water reservoirs, wells and well sites,
transmission or distribution system, any and all real estate or interests in real estate held in
connection therewith, all equipment and improvements held in connection therewith, and any
property or interests therein, real, personal or mixed, used or held on to be used in connection
(i) "Financial assistance" means any form of financial assistance other than grants provided by the agency to a local governmental unit or private water company in accordance with this chapter for all or any part of the cost of an approved project, including, without limitation, temporary and permanent loans, with or without interest, grants, guarantees, insurance, subsidies for the payment of debt service on loans, lines of credit, and similar forms of financial assistance; provided, however, notwithstanding the foregoing, for purposes of capitalization grant awards made available to the agency pursuant to the American Recovery and Reinvestment Act of 2009 (P.L. 111-5), or as otherwise required in connection with other capitalization grant awards made available to the agency, financial assistance shall also include principal forgiveness and negative interest loans.

### 46-12.8-5. Procedure for application, approval, and award of financial assistance.

(a) Any local governmental unit or privately organized water supplier may apply to the agency for financial assistance in accordance with this chapter to finance all or any part of the cost of an approved project. The agency shall not award financial assistance to such local government unit or privately organized water supplier hereunder until and unless the department shall have issued a certificate of approval of the project or portion thereof for which such financial assistance has been sought. Notwithstanding the foregoing, for safe drinking water projects funded outside of the drinking water state revolving fund, the Agency may provide financial assistance without the requirement of the issuance of a certificate of approval.

(b) If the department shall determine, in accordance with rules and regulations promulgated pursuant to this chapter, that an application for financial assistance or portion thereof shall be approved, it shall deliver to the agency a certificate of approval of the project or a portion thereof which shall specify the project or portion thereof eligible for financial assistance and such other terms, conditions and limitations with respect to the construction and operation of the project as the department shall determine. The agency shall specify, among other things, the type and amount of financial assistance to be provided from the safe drinking water revolving loan fund, the amount, if any, of subsidy assistance to be granted, the amount, if any, of other financial assistance permitted by this chapter to be provided, and such other terms, conditions, and limitations on the financial assistance, the expenditure of loan proceeds, and the construction and operation of the project as the agency shall determine or approve.

(c) In addition to the authority provided by law, the department shall be responsible for, and shall have all requisite power to, review and approve reports and plans for safe drinking water projects and approved projects, or any part thereof, for which financial assistance has been provided therewith.
applied or granted in accordance with this chapter from the safe drinking water revolving fund, to enter into contracts with local governmental units and private water companies relative to approved projects, including, without limiting the generality of the foregoing, the costs of approved projects eligible for financial assistance, grants, and other terms, conditions and limitations with respect to the construction and operation of the project, and to inspect the construction and operation of approved projects in compliance with approved plans. Without limiting the generality of the foregoing, in connection with the exercise of its powers and performance of its duties under this chapter, the department shall have all the powers provided by law to the department and its director. The department shall adopt rules, regulations, procedures, and guidelines to carry out the purposes of this chapter and for the proper administration of its powers and duties under this chapter. The rules, regulations, procedures, and guidelines shall include among other things, criteria for determining those safe drinking water projects, to be approved for financial assistance from the safe drinking water revolving fund and specification of eligible costs of the projects. In order to provide for the expenses of the department under this chapter, the agency shall transfer to the department for application to the expenses an amount from the safe drinking water revolving loan fund equal to an amount as the agency and the department shall reasonably determine. The agency and the department shall enter into an operating agreement and amend the same, from time to time, allocating their respective rights, duties, and obligations with respect to the award of financial assistance and grants to finance approved projects under this chapter and establishing procedures for the application, approval, and oversight of projects, financial assistance, and grants. (d) Upon issuance of a certificate of approval, the agency shall award as soon as practicable the financial assistance from the safe drinking water revolving fund to the local governmental unit or privately organized water supplies for any approved project specified in the certificate; provided, however, the agency may decline to award any financial assistance which the agency determines will have a substantial adverse effect on the interests of holders of bonds, notes or other evidences of indebtedness of the agency or the interests of other participants in the financial assistance program, or for other good and sufficient cause affecting the finances of the agency. All financial assistance shall be made pursuant to a loan agreement between the agency and the local governmental unit or privately organized water supplier, acting by and through the officer or officers, board, committee, or other body authorized by law, or otherwise its chief executive officer, according to the terms and conditions of the certificate of approval and such other terms and conditions as may be established by the agency, and each loan shall be evidenced and secured by the issue to the agency of the local governmental obligations or obligations of the
privately organized water supplier, in fully marketable form in principal amount, bearing interest
at the rate or rates specified in the applicable loan agreement, and shall otherwise bear such terms
and conditions as authorized by this chapter and the loan agreement.

(e) The agency shall adopt rules, regulations, procedures, and guidelines for the proper
administration of its financial assistance programs and the provision of financial assistance under
this chapter. The rules, regulations, procedures, and guidelines shall be consistent with any rules,
regulations, procedures, and guidelines adopted by the department, and may include, without
limitation, forms of financial assistance applications, loan agreements, and other instruments, and
provisions for submission to the agency and the department by a local governmental unit or a
privately organized water supplier of the information regarding the proposed safe drinking water
project, the distribution system of which it is a part, and the local governmental unit or privately
organized water supplies as the agency or the department shall deem necessary to determine the
eligibility of a project, for financial assistance under this chapter, the financial feasibility of a
project, and the sufficiency of general revenues or system revenues to secure and pay the loan and
the local governmental obligations or obligations of the privately organized water supplier issued
to evidence the same.

(f) In addition to other remedies of the agency under any loan agreement or otherwise
provided by law, the agency may also recover from a local governmental unit or privately
organized water supplier, in an action in superior court, any amount due the agency together with
any other actual damages the agency shall have sustained from the failure or refusal of the local
governmental unit or privately organized water supplier to make the payments.

"Water Supply Facilities" is hereby amended to read as follows:

46-15.1-22 Discontinuation of borrowing authority and abolition of water
resources board (corporate). — (a) Notwithstanding any law to the contrary, including, but not
limited to, § 46-15.1-10, upon the effective date of this section, the water resources board
(corporate), established as a body politic and corporate and public instrumentality pursuant to this
chapter, shall be prohibited from borrowing money or issuing bonds for any purpose.

(b) The water resources board (corporate) shall continue to repay existing debt until all
such debt is fully repaid. Upon the repayment by the water resources board (corporate) of all such
existing obligations, the water resources board (corporate) shall be dissolved and all existing
functions and duties of the water resources board (corporate) shall be transferred to the Rhode
Island clean water finance agency infrastructure bank, a body politic and corporate and public
instrumentality of the state established pursuant to chapter 46-12.2.
SECTION 21. Section 46-15.3-25 of the General Laws in Chapter 46-15.3 entitled "Public Drinking Water Supply System Protection" is hereby amended to read as follows:


Rhode Island infrastructure bank. Transfer of charges to Rhode Island infrastructure bank.

Notwithstanding any law, rule or regulation to the contrary, upon the dissolution of the water resources board (corporate) pursuant to § 46-15.1-22, any charges remitted to the water resources board (corporate) pursuant to this chapter shall be remitted to the Rhode Island clean water finance agency infrastructure bank, a body politic and corporate and public instrumentality of the state established pursuant to chapter 46-12-2.

SECTION 22. This article shall take effect upon passage.
ARTICLE 15

RELATING TO GOVERNMENT ORGANIZATION

SECTION 1. Section 8-8-1 of the General Laws in Chapter 8-8 entitled "District Court" is hereby amended to read as follows:

8-8-1. District Court established -- Chief and associate justices. — There is established a district court for the state of Rhode Island which shall consist of a chief judge and twelve (12) associate judges. The district court shall be a court of record and shall have a seal with such words and devices as it shall adopt.

SECTION 2. Chapter 8-8 of the General Laws entitled "District Court" is hereby amended by adding thereto the following section:

8-8-1.1. Veterans’ treatment calendar. — (a) Findings and declarations. The general assembly finds and declares as follows:

(1) Veterans and active military, Reserve and National Guard service members have provided or are currently providing an invaluable service to our country. In doing so, many return and suffer from mental health injuries, including, but not limited to, post-traumatic stress disorder, depression, anxiety, acute stress and other injuries that may affect brain function and may also suffer drug and alcohol dependency or co-occurring mental illness and substance abuse problems.

(2) The call back to active duty status rate of Rhode Island’s National Guard is the second highest in the entire United States with over ten thousand (10,000) unit deployments.

(3) The number of veterans living in Rhode Island who have served in the Gulf Wars is three (3) times higher than the national per capita average and is expected to grow as troops continue to withdraw from Afghanistan.

(4) While the vast majority of returning military do not have contact with the justice system and are well adjusted, contributing members of society, there exists a growing number of defendants appearing in the district court who have served in the United States armed forces and are involved in the criminal justice system as a result of the above referenced diagnoses.

(5) As a grateful state, we must continue to honor the service of these participants by providing them an alternative to incarceration when feasible, permitting them instead to obtain proper treatment for mental health and substance abuse problems that have resulted from military
service through a jail diversion program/treatment program that recognizes their special set of
circumstances while at the same time providing accountability for their wrong-doing and
providing for the safety of the public.

(b) Declaration of policy. It is hereby declared to be the policy of the state of Rhode
Island to successfully rehabilitate participants by providing the tools and skills necessary to
address their unique challenges and to develop the insight to reintegrate successfully into society
and maintain a productive and law abiding lifestyle within the community.

(c) Establishment. To accomplish this purpose in an effort to direct defendants who have
served in the United States armed forces into a court program which integrates support and
treatment plans with the judicial process that will result in potential jail diversion, possible
reduction of charges or alternatives in sentencing, there shall be established a separate calendar
within the jurisdiction of the district court for hearing, trial and disposition of certain offenses.

(d) Veterans' treatment calendar. The chief judge of the district court shall create a
veterans' treatment calendar in the district court and shall assign personnel to the extent warranted
to exclusively hear and decide all criminal actions involving offenses committed by defendants
accepted into the program, and the calendar shall be referred to as the "veterans' treatment court".

(e) Use of section. Under no circumstances shall the defendant(s) be permitted to use this
section as a basis for a dismissal of an action, as this section is enacted for the benefit and
convenience of the district court.

SECTION 3. Sections 36-4-2 and 36-4-16.4 of the General Laws in Chapter 36-4 entitled
"Merit System" are hereby amended to read as follows:

36-4-2. Positions in unclassified service. -- (a) 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, deputy director, chief of staff, public information officer and legislative/policy director; and within the health benefits exchange: director, deputy director, administrative assistant, senior policy analyst, and chief strategic planning monitoring and evaluation;

(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, executive director, and deputy director;

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

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

(viii) In the department of transportation: director, chief operating officer, administrator/division of project management, chief of staff, communications director, legislative director and policy 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, and a chief of staff;

(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) 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.

(b) Provided however that, if any position added to the unclassified service by legislative
act after January 1, 2015, is occupied by a classified employee on June 30, 2015, such position
shall remain in the classified service until such position becomes vacant.

36-4-16.4. Salaries of directors. -- (a) In the month of March of each year, the
department of administration shall conduct a public hearing to determine salaries to be paid to
directors of all state executive departments for the following year, at which hearing all persons
shall have the opportunity to provide testimony, orally and in writing. In determining these
salaries, the department of administration will take into consideration the duties and
responsibilities of the aforenamed officers, as well as such related factors as salaries paid
executive positions in other states and levels of government, and in comparable positions
anywhere which require similar skills, experience, or training. Consideration shall also be given
to the amounts of salary adjustments made for other state employees during the period that pay
for directors was set last.

(b) Each salary determined by the department of administration will be in a flat amount,
exclusive of such other monetary provisions as longevity, educational incentive awards, or other
fringe additives accorded other state employees under provisions of law, and for which directors
are eligible and entitled.

(c) In no event will the department of administration lower the salaries of existing
directors during their term of office.

(d) Upon determination by the department of administration, the proposed salaries of
directors will be referred to the general assembly by the last day in April of that year to go into
effect thirty (30) days hence, unless rejected by formal action of the house and the senate acting
concurrently within that time.

(e) Notwithstanding the provisions of this section, for 2015 only, the time period for the
Department of Administration to conduct the public hearing shall be extended to July and the
proposed salaries shall be referred to the general assembly by August 30. The salaries may take
effect before next year, but all other provisions of this section shall apply.

of Transportation" is hereby amended to read as follows:

42-13-2. Organization and functions of the department. -- (a) The department shall be
organized into such divisions as are described in this section and such other divisions,
subdivisions, and agencies as the director shall find are necessary to carry out the responsibilities
of the department.

(1) Division of administration. -- This division shall be headed by an assistant director for
administration. The division shall provide assistance to the director in managing and controlling
the work of the department, shall collect bridge tolls and administer any financial support made
available to support railroad passenger or freight service. The division of administration shall
include:

(i) A business management office which shall provide central personnel, financial
programming, payroll, and other management services to all divisions and agencies of the
department.

(ii) A legal counsel who shall prepare or review any legislation pertaining to the
department, assist in preparing contracts, handle claims against the department, and provide other
legal services as required.

(iii) A public information office which shall inform the public of the programs and
projects of the department, answer inquiries by the public, prepare and release progress reports
and other publications, and provide photographic services.

(iv) An audits office which shall continuously audit all of the activities of the department
and insure compliance with state and federal laws and administrative regulations.

(v) A property management office which shall acquire all real property for the
department, make appraisals of property, manage real property under the department's
jurisdiction, and operate a family and business relocation program. The property management
office shall manage those state piers and related facilities which are used for port or waterways
transportation purposes.

(2) Planning division. -- This division shall be headed by a chief of transportation
planning. The division shall assist the division of planning in the department of administration to
prepare transportation elements of the long-range state guide plan. The division will prepare
functional and area plans, project plans, improvement programs, and implementation programs
which are consistent with the long-range state guide plan. The division will undertake corridor,
route location, feasibility, facility needs, and other studies as required to support the work of the
department. The division shall collect and analyze statistical and other data on all types of
transportation needs and facilities.

(3) Public works division. This division shall be headed by a chief engineer. The
division shall be responsible for the design and engineering of roads, bridges, transit facilities,
airport facilities, port and waterways facilities, and all other transportation facilities. The division
shall prepare contracts and specifications for all construction projects undertaken by the
department. The division shall supervise the execution of all construction projects. The division
shall perform traffic engineering functions, make surveys and soil studies, test materials, and
perform other functions necessary to support the department’s design and construction activities.

(4) Maintenance division. This division shall be headed by a maintenance engineer.
The division shall maintain all roads, bridges, airports, piers, port terminal facilities, and other
transportation facilities and landscaped areas which are under the jurisdiction of the department
of transportation. The division shall install and maintain traffic control signs and signals.

(5) Airports division. This division shall be headed by an assistant director for airports.
The division shall operate all state-owned airports, heliports, and other facilities for air
transportation, including passenger and cargo terminals, parking facilities and other supporting
facilities, emergency services, and security services. The division shall regulate aeronautical
matters and shall supervise the location, maintenance, operation, and use of privately-owned civil
airports, landing areas, navigation facilities, air schools, and flying clubs.

(b) The director may assign such other responsibilities to the divisions and agencies as
he or she shall find appropriate and may reassign functions to divisions and agencies other than as
set out in this section if he or she shall find this reassignment necessary to the proper and efficient
functioning of the department or of the state’s transportation system. (a) The department shall be
organized in accordance with a project management-based program and shall utilize an asset
management system.

(1) A project management-based program, manages the delivery of the department’s
portfolio of transportation improvement projects from project conception to the project
completion. Project management activities include:

(i) Managing and reporting on the delivery status of portfolio projects;
(ii) Developing overall workload and budget for the portfolio;
(iii) Developing and implementing the tools to estimate the resources necessary to deliver
the projects; and
(iv) Developing and implementing processes and tools to improve the management of the
(2) Asset management is the process used for managing transportation infrastructure by improving decision making for resource allocation. Asset management activities include a systemic process based on economic, engineering and business principles which includes the following functions:

(i) Completing a comprehensive inventory of system assets;

(ii) Monitoring system performance; and

(iii) Performing analysis utilizing accurate data for managing various assets within the transportation network.

(b) The director of transportation shall appoint a chief operating officer to oversee the day-to-day operations of the department.

(c) The department shall be organized into such divisions as are described in this section and such other divisions, subdivision, and agencies as the director shall find are necessary to carry out the responsibilities of the department, including: division of finance; division of planning; division of project management; division of operations and maintenance; division of civil rights; office of safety; office of external affairs; office of legal; office of personal; office of information services.

(d) The director may assign such other responsibilities as he or she shall find appropriate and may reassign functions other than as set out in this section if he or she finds the reassignment necessary to the proper and efficient functioning of the department or of the state’s transportation system.

(e) The department shall submit a report annually no later than March 31 to the speaker of the house, the president of the senate, and the house and senate fiscal advisors concerning the status of the ten (10) year transportation plan.

SECTION 5. This article shall take effect upon passage.
ARTICLE 16

RELATING TO BAYS, RIVERS AND WATERSHEDS

SECTION 1. Chapter 46-31 of the General Laws entitled “The Rhode Island Bays, Rivers and Watersheds Coordination Team” is hereby repealed in its entirety:

46-31.1-10. Legislative findings.—The general assembly hereby finds and declares as follows:

(1) The bays, rivers, and associated watersheds of Rhode Island are unique and unparalleled natural resources that provide significant cultural, ecological, and economic benefit to the state.

(2) Pursuant to the provisions of R.I. Const., art. 1, § 17, it is the duty of the general assembly to provide for the conservation of the air, land, water, plant, animal, mineral, and other natural resources of the state, and to adopt all means necessary and proper by law to protect the natural environment of the people of the state by providing adequate resource planning for the control and regulation of the use of the natural resources of the state; and for the preservation, regeneration, and restoration of the natural environment of the state.

(3) It is in the best interest of the state and its citizens to preserve, protect, and restore our bays, rivers, and associated watersheds.

(4) Sixty percent (60%) of the watershed of Narragansett Bay is within Massachusetts, almost all of the watershed of Mount Hope Bay is within Massachusetts, and five percent (5%) of the watershed of Little Narragansett Bay is within Connecticut; further, a cluster of water-related economic interests spans the three (3) states.

(5) There are a number of separate agencies of the state defined by statute, granted statutory authority, and appropriated state resources for the performance of distinct functions, the development of various programs, and the execution of diverse regulatory powers that affect the bays, rivers, and watersheds of Rhode Island including management, preservation, restoration, and monitoring of the natural resources, and promotion of sustainable economic development of the water cluster. It is important to retain these various agencies as separate and distinct entities. Each agency has essential and distinct responsibilities. However, each of these agencies has limited responsibilities and jurisdictions. No one agency has the statutory authority to adequately address the full range of issues that pertain to the bays, rivers, and watersheds.
(6) The formation of an interagency group for the coordination of the functions, programs, and regulations that affect the bays, rivers, and watersheds is the most effective way to transcend the limited responsibilities and jurisdictions of each agency, address complex issues using an ecosystem-based approach, and provide for continuity over time.

(7) There is a need for coordination of the development and implementation of policies and plans for the management, preservation, restoration, and monitoring of the bays, rivers, and watersheds; and the promotion of sustainable economic development of businesses that rely directly or indirectly on the bays, rivers, and watersheds.

(8) There is a need for the development of a systems-level plan that synthesizes individual plans and coordinates separate authorities. The systems-level plan must establish overall goals and priorities, set forth a strategy for obtaining goals which delineates specific responsibilities among agencies, identify funding sources and a timetable for obtaining goals, provide an estimate of the total projected cost of implementation, and oversee a monitoring strategy to evaluate progress in implementing the plan and to provide the necessary information to adapt the plan in response to changing conditions.

(9) The implementation of a systems-level plan needs to include the preparation of coordinated annual work plans, annual work plan budgets, and multi-year funding plans in order to identify areas of duplicative or insufficient effort or funding.

(10) The development and implementation of a systems-level plan must be coordinated with local and federal efforts and efforts in Massachusetts and Connecticut and in some cases with other states in the region that have connections with the ecosystem and/or the water cluster. It must be accomplished with input from scientists, policy-makers, non-governmental organizations, and the general public.

(11) There is a need for a structure and process that enhances the efficiency of the goal setting and oversight roles of the legislature including fiscal and performance accountability.

46-31-2. Definitions. As used in this chapter, unless the context clearly indicates otherwise:

(1) “Bays” means the estuaries including Narragansett Bay, Mount Hope Bay, Greenwich Bay, Little Narragansett Bay, the coastal ponds, the Sakonnet River, and Rhode Island territorial waters that extend seaward three geographical miles from the shoreline including the area around Block Island.

(2) “Chair” means the chairperson of the coordination team.

(3) “Coordination” means to harmonize in a common action or effort and/or to function in a complementary manner.
(4) “Coordination team” or “team” means the Rhode Island Bays, Rivers, and Watersheds Coordination Team that is the group of senior executive officials created in § 46-31-3.

(5) “Ecosystem-based plan” means a plan that addresses the complex interrelationships among the ocean, land, air, and all living creatures, including humans, and considers the interactions among multiple activities that affect entire systems.

(6) “River” means a flowing body of water or estuary or a section, portion, or tributary thereof, including, but not limited to, streams, creeks, brooks, ponds, and small lakes.

(7) “Systems-level plan” means an interagency ecosystem-based plan for the bays, rivers, and watersheds that:

(i) Establishes overall goals and priorities for the management, preservation, and restoration of bays, rivers, and watersheds and the promotion of sustainable economic development of the water cluster;

(ii) Sets forth a strategy for attaining goals which delineates specific responsibilities among agencies;

(iii) Identifies funding sources and a timetable for attaining goals;

(iv) Provides an estimate of the total projected cost of implementing the plan including capital improvements; and

(v) Guides a strategy for a monitoring program that evaluates progress in implementing the plan and to provide the necessary information to adapt the plan in response to changing conditions.

(8) “Water cluster” means an economically interconnected grouping of businesses, institutions, and people relying directly or indirectly on the bays, rivers, and watersheds including, but not limited to, the following sectors:

(i) Recreation, tourism, and public events;

(ii) Fisheries and aquaculture;

(iii) Boat and ship building;

(iv) Boating-related businesses;

(v) Transportation;

(vi) Military;

(vii) Research; and

(viii) Technology development and education.

(9) “Watershed” means a land area which because of its topography, soil type, and drainage patterns acts as a collector of raw waters which reaggregate or replenish rivers and existing or planned public water supplies.
46-31-3. Coordination team and chair position created. (a) There is hereby created and established within the office of the governor the “Rhode Island bays, rivers, and watersheds coordination team”. The coordination team shall include the senior executive official of the following agencies of the state: the coastal resources management council; the Rhode Island department of environmental management; the department of administration; the Rhode Island water resources board; the Rhode Island rivers council; the Rhode Island economic development corporation; and the Narragansett Bay commission.

(b) A member of the coordination team may designate in writing a designee of that member's agency to act in the place of that member.

(c) The members of the coordination team shall serve on said team without additional compensation.

(d) The governor shall appoint a chair of the coordination team, with the advice and consent of the senate, within four (4) months of the passage of this act. The chair shall serve at the pleasure of the governor. Provided, in making the appointment of said chair, the governor shall select an individual from outside of those agencies listed in subsection (a) herein. The governor shall further provide the coordination team with suitable quarters and resources so as to enable it to perform its functions.

(e) The chair of the coordination team may request the involvement of other state agencies as may be appropriate to carry out the duties of the team as set forth in this chapter.

(f) The coordination team shall meet initially at the call of the governor until the chair has been appointed and qualified. The team shall remain in existence until such time as it is terminated by action of the general assembly.

46-31-4. Purpose and duties of the coordination team. (a) The purpose and duties of the coordination team shall include:

(1) Preparing and adopting by rule a systems level plan as provided for pursuant to the provisions of § 46-31-5;

(2) Coordinating the projects, programs, and activities carried out by the members of the team and its committees that pertain to the implementation of such plan pursuant to the provisions of § 46-31-6; and

(3) Coordinating with other state agencies, local governments, federal agencies, other states, and non-government entities, as necessary, to accomplish the purpose of preparing and implementing a systems level plan.

(b) The coordination team shall be responsible for recommending to the governor and the general assembly actions necessary to effectuate the coordination of projects, programs, and
activities described in this chapter.

e) The coordination team shall provide information to the general assembly on such projects, programs, and activities to assist the general assembly in the general assembly’s exercise of oversight, in order to maximize the efficient use of state and available resources.

d) The coordination team shall meet on a quarterly basis or more often if deemed necessary by its members. In order to constitute a quorum for the transaction of any business, at least two-thirds of the membership of the team must be present.

e) Within the first six (6) months after the passage of this act, the coordination team shall meet monthly at the call of the governor, and shall be chaired by the governor or a designee of the governor until such time when the chair of the team is appointed and qualified.

(f) The team shall convene a joint meeting with the scientific advisory committee and the public advisory committee established pursuant to the provisions of this chapter, at least once per year.

46-31-5. Preparation of a systems-level plan—(a) The coordination team shall be responsible for the preparation of a systems-level plan and may recommend adoption of all or portions of said plan by the state planning council as elements of the state guide plan. Nothing in this chapter shall be interpreted to contravene the statutory authority of the state planning council to adopt a state guide plan and elements thereof.

(b) The systems-level plan shall establish overall goals and priorities for the management, preservation, and restoration of the state’s bays, rivers, and watersheds, and the promotion of sustainable economic development of the water cluster.

e) The systems-level plan shall include a strategy for attaining goals, shall delineate specific responsibilities among agencies, and shall identify funding sources and a timetable for attaining goals.

(d) The systems-level plan shall include an estimate of the total projected cost of implementing the plan including capital improvements.

(e) The systems-level plan shall include, but not be limited to, planning for:

(1) Reduction of pollution from point source discharges, including, but not limited to, municipal and industrial discharges, and storm water and combined sewer overflows;

(2) Reduction of pollution from non-point sources, including, but not limited to, on-site individual sewage disposal systems, residential and agricultural fertilizing practices, animal wastes, recreational boating, and land use practices;

(3) Protection and restoration of shellfish and finfish;

(4) Protection and restoration of aquatic and terrestrial habitat;
(5) Conservation of open space and promotion of smart growth practices;

(6) Management of aquatic nuisance species;

(7) Management of dredging and dredged material disposal;

(8) Identification of research needs and priorities;

(9) Promotion of education and outreach;

(10) Promotion of equitable public access; and

(11) Promotion of sustainable economic development of the water cluster.

(f) The systems-level plan shall include the development of strategies for both environmental and economic monitoring programs. The monitoring programs shall evaluate progress in implementing the plan and provide the necessary information to adapt the plan in response to changing conditions. The implementation of said programs shall be accomplished by the economic monitoring collaborative created by § 46-31-9(d) and the environmental monitoring collaborative created by § 46-31-9(e).

(g) A scope of work for the systems-level plan shall be completed within six (6) months of the passage of this act. A copy of said scope of work shall be submitted for review to the governor, the speaker of the house of representatives, and the president of the senate.

(h) A draft of the systems-level plan shall be completed on or before January 31, 2006. A copy of such draft shall be submitted for review to the governor, the speaker of the house of representatives, and the president of the senate.

(i) The systems-level plan shall be completed on or before June 30, 2006. A copy of such plan shall be submitted for review to the governor, the speaker of the house of representatives, and the president of the senate.

46-31-6. Implementation of the systems-level plan. — (a) The team shall be responsible for coordinating the projects, programs, and activities necessary to implement the systems-level plan.

(b) In order to facilitate the coordination of the implementation of the systems-level plan, the team shall prepare an annual work plan. The annual work plan shall prescribe the necessary projects, programs, and activities each member of the team shall perform for the following fiscal year to implement the systems-level plan. It shall include, but not be limited to, the systems-level plan priorities, individual work plan elements, and significant program products including proposed regulations, grant solicitations, schedules for production of environmental documents, and project selection processes. The preparation of the annual work plan shall include an evaluation of any needed revisions to the systems-level plan including changes to the timetable for attaining goals or adaptations in response to the results of the monitoring programs.
The first annual work plan shall be prepared for work to be completed during fiscal year 2007 and each year thereafter.

(c) In preparing an annual work plan the team shall coordinate the annual work plan activities with other relevant activities including, but not limited to, those prescribed by other state, local, federal, and non-governmental organization programs.

(d) The team shall prepare a proposed annual work plan budget for inclusion in the governor's annual budget as submitted to the general assembly and for submittal to the speaker of the house of representatives, and the president of the senate which shall identify the total funds necessary to implement the annual work plan, including any proposed capital improvements. It shall also include any recommendations for the allocation of appropriated funds among agencies to achieve the purpose of this chapter. The first annual work plan budget shall be prepared for inclusion in the governor's annual budget for 2007, as submitted to the general assembly, and each year thereafter.

(e) The team shall hold a minimum of one public hearing each year to solicit public comment on the annual work plan and annual work plan budget.

(f) The team shall coordinate with federal agencies to develop proposed federal agreements to support the implementation of the systems-level plan.

(g) The team, in consultation with the scientific advisory committee, shall be responsible for coordinating the work of any entity that receives grants or other funding from the state of Rhode Island for research related to bay, river, and watershed management. The team shall seek to prioritize and direct areas of research in order to meet the goals and policies established by the systems-level plan.

(h) The team may facilitate the resolution of programmatic conflicts that may arise during the implementation of the systems-level plan between or among members of the team.

(i) The team shall develop a regulatory coordination and streamlining process for the issuance of permits and approvals required under local, state, and federal law as necessary to implement the systems-level plan that reduces or eliminates duplicative permitting processes.

(j) Within ninety (90) days after the end of each fiscal year, the team shall submit a written progress report that describes and evaluates the successes and shortcomings of the implementation of the annual work plan from the previous fiscal year to the governor, the speaker of the house of representatives, and the president of the senate. Where prescribed actions have not been accomplished in accordance with the annual work plan, the responsible members of the team shall include in the report written explanations for the shortfalls, together with their proposed remedies. The report shall also include an evaluation of the progress of the coordinative...
efforts and shall include any recommendations regarding modifications to the composition of the team, including, but not limited to, the proposed addition of any new members to the team.

(k) Within six (6) months of the completion of the systems-level plan, the team shall prepare a report and convene a public forum in order to disseminate information about the current condition of the environmental health of Rhode Island’s bays, rivers, and watersheds; and the economic vitality of the water cluster using information collected by the economic and environmental monitoring collaboratives.

(l) Within four (4) years after the completion of the systems-level plan and every four (4) years thereafter, the team shall prepare a report and convene a public forum in order to disseminate information about the current condition of the environmental health of Rhode Island’s bays, rivers, and watersheds; and the economic vitality of the water cluster using information collected by the economic and environmental monitoring collaboratives. The report shall include an evaluation of the progress made towards attaining the systems-level plan’s goals, and an evaluation of any updates necessary for the strategies for the economic and environmental monitoring programs.

46-31.7. Duties of chairperson. (a) In addition to calling the meetings of the team, the chair shall facilitate the coordination necessary for the team to develop the systems-level plan, and to prepare annual work plans, annual work plan budgets, reports, and any other documents requested under the provisions of this chapter.

(b) The chair shall be responsible for presenting the systems-level plan, annual work plans, annual work plan budgets, reports, and other documents to the governor, the speaker of the house of representatives, and the president of the senate.

(c) The chair shall be responsible for the administration of all functions of the team including hiring support staff with appropriations, terminating staff when necessary, preparing budgets, contracting, and delegating administrative functions to support staff.

46-31.8. Powers of the coordination team. (a) In order to accomplish the purposes of this chapter and to effectuate the coordination required by this chapter, the coordination team is authorized and directed to exercise the following powers:

(1) Adopt procedures for the conduct of business as needed to carry out the provisions of this chapter;

(2) Request reports from local, state, and federal entities or agencies in order to perform their duties as provided for in this chapter;

(3) Make application for grants, services or other aids as may be available from public or private sources to finance or assist in effectuating any purposes or duties as set forth in this
chapter, and receive and accept the same on such terms and conditions as may be required by
general laws;

(4) Employ the services of other public, nonprofit or private entities;

(5) Enter into agreements and into contracts consistent with existing contracting practices
of the department of administration;

(6) Request assistance from state employees provided that such assistance does not
adversely impact the operation of affected agencies; and

(7) Such other powers as may be necessary or convenient to the performance of those
functions.

(b) The coordination team may:

(1) Collect, compile, analyze, interpret, summarize, and distribute any information
relative to Rhode Island’s bays, rivers, and watersheds and the duties of the team, subject to any
privileges or legal requirements of privacy;

(2) Within available funding, employ any technical experts, other agents, and employees,
permanent and temporary, that it may require to carry out its functions pursuant to this chapter,
and determine their qualifications, duties, and compensation.

(c) The team may have additional powers granted to it from time to time by the
legislature as deemed necessary to perform its duties.

(d) Nothing in this statute shall be construed to grant the coordination team the authority
to impair, derogate or supersede constitutional, statutory, regulatory or adjudicatory authority or
public trust responsibilities of any local, state or federal entity.

46-31-9. Committees. – (a) The coordination team may appoint such subcommittees,
task forces or advisory committees to make recommendations to the team as it deems necessary
to carry out the provisions of this chapter. The coordination team shall annually review the work
done by, and the need for, any such subcommittees, task forces, and/or advisory committees, and
shall terminate the existence of such entities that are deemed to have fulfilled their purpose and/or
are no longer deemed necessary by the team.

(b) A "scientific advisory committee" shall be established to advise the coordination team
on research priorities, technical matters, and best management practices. The members of the
scientific advisory committee shall be appointed by the governor to serve for terms of two (2)
years. The members of said committee shall consist of members of the academic community as
well as non-government organizations. The members of the scientific advisory committee shall
receive no additional compensation for their services on the committee. The scientific advisory
committee shall assist the coordination team in:
(1) Ensuring that peer review is employed in the development of an environmental monitoring strategy;

(2) Providing the team with unbiased reviews of current validated scientific knowledge relevant to their work; and

(3) Assisting with the review of existing or future plans.

The scientific advisory committee shall elect annually from among their members a chair and a vice-chair.

(c) A "public advisory committee" shall be established to advise the coordination team on the development and implementation of the systems-level plan, and the preparation of annual work plans and annual work plan budgets. The members of the public advisory committee shall be appointed by the governor for terms of two (2) years each. The members of said public advisory committee shall include, but not be limited to, representatives from the following groups: commercial fishers, recreational fishers, environmental advocacy organizations, and economic advocacy organizations. The members of the public advisory committee shall receive no additional compensation for their services to the committee. The public advisory committee shall elect annually from among their members a chair and a vice-chair.

(d) An "economic monitoring collaborative" shall be established for the purpose of developing and implementing a strategy for an economic monitoring program as specified by this section. The members of the economic monitoring collaborative shall be appointed by the governor to serve for two (2) years and shall include, but not be limited to, a representative from the Rhode Island economic policy council and a representative from the Department of Environment and Natural Resource Economics at the University of Rhode Island. From among the members, the governor shall appoint a chair. Members of the economic monitoring collaborative shall serve without additional salary but may be paid expenses incurred in the performance of their duties. The strategy for the economic monitoring program shall include baselines, protocols, guidelines, and quantifiable indicators for assessing the economic health and performance of the water cluster. Economic indicators shall include, but not be limited to, the following aspects where or when appropriate and/or available:

(1) Total gross state product originating in the water cluster;

(2) Direct and indirect employment in the water cluster; and

(3) Public expenditures for infrastructure to support the water cluster. The strategy for said economic monitoring program shall be developed by the economic monitoring collaborative and adopted by the coordination team within six (6) months of passage of this act; and shall be reviewed and updated every four (4) years, and included in the reports described in § 46-31-6(1).
(e) An "environmental monitoring collaborative" shall be established for the purpose of
developing and implementing a strategy for an environmental monitoring program as specified by
this section or as otherwise provided for by statute. The environmental monitoring collaborative
shall include, but not be limited to, one representative from each of the following: Coastal
Institute at the University of Rhode Island (URI) Bay Campus (Chair); coastal resources
management council; department of environmental management; department of health; URI
Watershed Watch; URI Graduate School of Oceanography; Narragansett Bay commission;
statewide planning program (RIGIS) division; and URI Environmental Data Center. Members of
the environmental monitoring collaborative shall serve without additional salary but may be paid
expenses incurred in the performance of their duties. The strategy for the environmental
monitoring program shall be developed in consultation with the scientific advisory committee and
shall include baselines, protocols, guidelines, and quantifiable environmental indicators.
Environmental indicators shall include, but not be limited to, the following aspects where
appropriate for rivers and bays:

(1) Land cover or uses within the shoreline buffers;
(2) Water temperature, salinity, and pH;
(3) Concentrations of nitrogen, phosphorous, dissolved oxygen, and bacteria;
(4) Water flows and circulation;
(5) Species assemblages and relative abundances of finfish, shellfish, and benthic
macroinvertebrates; and
(6) Presence of aquatic nuisance species. The strategy for said monitoring program shall
be developed by the environmental monitoring collaborative and adopted by the coordination
team within six (6) months of passage of this act; and shall be reviewed and updated every four
(4) years, and included in the reports described in § 46-31-6(1).

(f) The data collected as part of the economic and environmental monitoring programs
shall be analyzed, synthesized, and made accessible to the governor, the general assembly, and
the general public.

(g) The committees and collaboratives established pursuant to this chapter shall remain in
existence so long as the coordination team is in existence. All committees shall expire and
dissolve upon the expiration and/or dissolution of the coordination team.

46-31-10. Compliance with plans by local municipalities. The statewide planning
program established pursuant to the provisions of chapter 11 of title 42 shall advise the
coordination team on issues of planning in general and also on local comprehensive plans, and
shall consider recommendations for revisions to the state guide plan from the coordination team.
as necessary to achieve consistency with the systems level plan for Rhode Island’s bays, rivers, and watersheds. As provided for in chapter 22.2 of title 45, cities and towns shall amend their comprehensive plans to conform with the state guide plan elements adopted or amended to effectuate this chapter, but not later than within one year.

46-31-11. Plans, reports, budgets, and other documents. — All plans, reports, budgets or other documents required to be produced pursuant to this chapter shall be submitted to the speaker of the house of representatives, president of the senate, the chairpersons of the house of representatives and senate finance committees, and the chairpersons of the appropriate house of representatives and senate oversight entities; further, all plans, reports, budgets or other documents required to be produced pursuant to this chapter shall be considered by the house of representatives and senate finance committees in their current and future budget processes. Adherence to such plans, reporting requirements, and budgets and the timely achievement of goals contained therein shall be considered by the finance committees and the oversight entities of the house of representatives and senate, among other relevant factors, in determining appropriations or other systemic changes.

46-31-12. Staff and budget. — (a) The coordination team may employ staff and make such expenditures as may be authorized by the general assembly from time to time. The coordination team shall annually prepare an operating budget for inclusion in the governor's annual budget as submitted to the general assembly and for submittal to the speaker of the house of representatives and the president of the senate.

(b) The office of the governor is authorized and directed to establish a position in the unclassified service for the chair of the coordination team, and to perform such administrative support functions as may be required.

46-31-12.1. Bays, Rivers and Watersheds Fund. — (a) There is hereby established a restricted receipt account within the Department of Environmental Management to be called the Bays, Rivers and Watersheds Fund.

(b) The fund shall consist of any funds which the state may from time to time appropriate, as well as money received as gifts, grants, bequests, donations or other funds from any public or private sources, as well as all fees collected pursuant to § 46-23-1(f)(2) for the leasing of submerged lands for transatlantic cables, and all fees collected pursuant to chapter 46-12.11 for the disposal of septage;

(c) All funds, money, and fees collected pursuant to this section shall be deposited in the Bays, Rivers and Watersheds Fund, and shall be disbursed by the Rhode Island Bays, Rivers, and Watersheds Coordination Team consistent with the purposes and duties of the team as set forth in
chapter 46-31. All expenditures from the fund shall be subject to appropriation by the general assembly.

46-31.1-10. Legislative findings. – The general assembly hereby finds and declares as follows:

(1) The bays, rivers, and associated watersheds of Rhode Island are unique and unparalleled natural resources that provide significant cultural, ecological, and economic benefit to the state.

(2) Pursuant to the provisions of R.I. Const., art. 1, § 17, it is the duty of the general assembly to provide for the conservation of the air, land, water, plant, animal, mineral, and other natural resources of the state; and to adopt all means necessary and proper by law to protect the natural environment of the people of the state by providing adequate resource planning for the control and regulation of the use of the natural resources of the state; and for the preservation, regeneration, and restoration of the natural environment of the state.

(3) It is in the best interest of the state and its citizens to preserve, protect, and restore our bays, rivers, and associated watersheds.

(4) Sixty percent (60%) of the watershed of Narragansett Bay is within Massachusetts, almost all of the watershed of Mount Hope Bay is within Massachusetts, and five percent (5%) of the watershed of Little Narraganset Bay is within Connecticut; further, a cluster of water-related economic interests spans the three (3) states.

(5) There is a need to foster effective management, preservation, restoration, and
monitoring of the bays, rivers, and watersheds; and the promotion of sustainable economic
development of businesses that rely directly or indirectly on the bays, rivers, and watersheds; and
the promotion of sustainable economic development of businesses that rely directly or indirectly
on the bays, rivers, and watersheds.

46-31.1-2. Definitions. – As used in this chapter, unless the context clearly indicates
otherwise:

(1) "Bays" means the estuaries including Narragansett Bay, Mount Hope Bay, Greenwich
Bay, Little Narragansett Bay, the coastal ponds, the Sakonnet River, and Rhode Island territorial
waters that extend seaward three geographical miles from the shoreline including the area around
Block Island.

(2) "Coordination" means to harmonize in a common action or effort and/or to function in
a complementary manner.

(3) "River" means a flowing body of water or estuary or a section, portion, or tributary
thereof, including, but not limited to, streams, creeks, brooks, ponds, and small lakes.

(4) “Water cluster” means an economically interconnected grouping of businesses,
institutions, and people relying directly or indirectly on the bays, rivers, and watersheds
including, but not limited to, the following sectors:

(i) Recreation, tourism, and public events;

(ii) Fisheries and aquaculture;

(iii) Boat and ship building;

(iv) Boating-related businesses;

(v) Transportation;

(vi) Military;

(vii) Technology development and education.

(5) "Watershed" means a land area which because of its topography, soil type, and
drainage patterns acts as a collector of raw waters which regorge or replenish rivers and existing
or planned public water supplies.

46-31.1-3. Bays, Rivers and Watersheds Fund. – (a) There is hereby established a
restricted receipt account within the Department of Environmental Management to be called the
Bays, Rivers and Watersheds Fund;

(b) The fund shall consist of any funds which the state may from time to time
appropriate, as well as money received as gifts, grants, bequests, donations or other funds from
any public or private sources, as well as all fees collected pursuant to § 46-23-1(f)(2) for the
leasing of submerged lands for transatlantic cables, and all fees collected pursuant to chapter 46-12.11 for the disposal of septage;

(c) All funds, monies, and fees collected pursuant to this section shall be deposited in the Bays, Rivers and Watersheds Fund, and shall be utilized by the Department of Environmental Management consistent with the purposes of §46-23.2-1 entitled, “The Comprehensive Watershed and Marine Monitoring Act of 2004”, §46-12, “Water Pollution” and §46-6.2 entitled “Resilient Rhode Island Act of 2014 – Climate Change Coordination Council”. All expenditures from the fund shall be subject to appropriation by the general assembly.

46-31.4-4. Severability. – If any provision of this chapter or the application thereof to any person or circumstances 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 3. Section 46-12.7-13 of the General Laws in Chapter entitled “Oil Spill Prevention, Administration and Response Fund” is hereby amended to read as follows:

46-12.7-13. Preventative uses of the fund. – (a) Recognizing the importance of the development of readiness and response programs, the legislature may allocate not more than two hundred fifty thousand dollars ($250,000) per annum of the amount then currently in the fund to be devoted to research and development in the causes, effects and removal of pollution caused by oil, petroleum products and their by-products on the marine environment and the monitoring of baseline environmental and economic conditions.

(b) The two hundred fifty thousand dollars ($250,000) per annum allocated for research, development, and monitoring shall be allocated to the Department of Environmental Management Coordination Team established pursuant to chapter 31 of this title and expended by the Coordination Team consistent with the purposes of subsections 46-21.9(d) and 46-31.9(e), §46-23.2-3 entitled “The Comprehensive Watershed and Marine Monitoring Act of 2004”;

(c) The remaining moneys in the fund which the legislature may allocate to research, development, and monitoring shall be used for purposes approved by the director. Such purpose may include, but shall not be limited to:

(1) Sensitive area data management and mapping;

(2) Scientific research and monitoring which is directly relevant to state legislation; and

(3) Development of more effective removal and containment technologies, appropriate for the cleanup and containment of refined fuel oils.

hereby amended to read as follows:

46-23.2-2. Legislative findings. – (a) The general assembly finds and declares that there
is a need for an environmental marine monitoring system in the state that is capable of:

(1) Measuring the changing conditions in the functionality and health of the waters of the
state, including, but not limited to, Narragansett Bay and its watersheds, with one purpose being
identifying and predicting potential problems in the marine and freshwater habitats;

(2) Providing a data-based management system that employs central database via the
internet to store an internet-based electronic system to monitor, store and monitoring data and
disseminate the analysis of this data to decision-makers and the public;

(3) Establishing a mechanism to coordinate and make consistent, monitoring efforts
between government agencies, municipalities, nonprofit organizations and universities; and

(4) Providing the comprehensive data needed to assess a sudden perturbation in the
marine and freshwater environments and to contribute to efforts of disaster prevention,
preparedness, response and recovery as defined in chapter 15 of title 30 entitled “The Rhode
Island Emergency Management Act.”

(b) The general assembly recognizes and declares that the health of the waters of the
state, including, but not limited to, Narragansett Bay and its watersheds needs to be monitored
comprehensively on a long-term basis in order to be proactive in planning and responsive to
potential problems in the marine environment, including those that may arise due to a changing
climate. The availability of consistent environmental data supports systems level planning and
management and provides resource managers, decision-makers and citizens with information on
how marine and freshwater habitats are responding to management programs and what
adjustments need to be made to existing programs or what new programs must be implemented to
achieve a healthy marine and freshwater environment environments.

(c) The general assembly recognizes the need for an integrated mechanism by which
individual monitoring efforts can be coordinated and managed as a system in which the
functionality of Narragansett Bay, and its watersheds and other watersheds are measured and
individual planning and management efforts are adjusted to respond to support effective
environmental management, the needs of this marine environment.

46-23.2-5. The Rhode Island environmental monitoring collaborative – Creation. –

(a) There is hereby authorized, created and established the “Rhode Island environmental
monitoring collaborative” (also known as the “collaborative”) with such powers as are set forth
in this chapter, for the purposes of organizing, coordinating, maintaining and supporting the
environmental monitoring systems within Narragansett Bay and its watersheds and other
The collaborative shall consist of ten (10) members, one representative from each of the following: Coastal Institute at the University of Rhode Island ("URI") Bay Campus (chair); coastal resources management council; department of environmental management, water quality; department of environmental management, fisheries; department of health; URI Watershed Watch; URI Graduate School of Oceanography; Narragansett Bay commission; Statewide Planning Program (RIGIS) Division; and URI Environmental Data Center. Members of the collaborative shall serve without salary but may be paid expenses incurred in the performance of their duties.

(b) The collaborative shall work with other organizations and agencies that monitor Narragansett Bay and its watersheds to perform the powers and duties established herein. These include, but are not limited to, the Environmental Protection Agency, National Oceanic and Atmospheric Agency, Natural Resources Conservation Service, U.S. Fish and Wildlife, U.S. Geological Survey, Massachusetts Executive Office of Environmental Affairs, Narragansett Bay Estuary Program, Brown University, Roger Williams University, Rhode Island Natural History Survey, Save the Bay, Rhode Island Sea Grant, URI Cooperative Extension, and the Rhode Island Rivers Council.

46-23.2-6. Powers and duties. – The collaborative shall have the following powers:

(1) To effectuate and implement a state monitoring strategy that addresses critical state resource management needs, including, but not limited to, water quality protection, water pollution control, fisheries and wildlife management, habitat restoration, coastal management, public health protection and emergency response and that assesses and tracks environmental health and function. Within six (6) months of its enactment, the collaborative shall adopt a statewide monitoring strategy that will provide cost-effective and useful policies, standards, protocols and guidelines for monitoring programs undertaken for the waters of the state that will support system level planning. This strategy shall be reviewed and updated every three (3) to five (5) years. This strategy shall include the following elements:

(i) An inventory of existing monitoring programs;

(ii) An outline of additional monitoring programs the state needs;

(iii) A list of indicators that will be used to measure the health of the marine and freshwater habitats of the state;

(iv) A list of data standards and protocols that will be used on a reasonable and consistent basis by monitoring programs that contribute data to the state monitoring system;

(v) A mechanism plan for data sharing among all monitoring programs that optimizes the ability of both monitors and users to securely access monitoring data via the Internet and
to retain the integrity of such data;

   (vi) A plan to provide data from the state marine environmental monitoring system for
disaster prevention, preparedness, response and recovery efforts in the marine environment; and

   (vii) A communications strategy to provide for public access to monitoring data.

(2) To assist with the development and implementation of a state water monitoring and
assessment program, developed consistent with guidance issued by the United States
Environmental Protection Agency, and to augment and implement such a program to achieve the
purposes of this strategy set forth in subdivision (1).

(3) To prepare an annual report in the month of January to the governor and general
assembly on the activities for the preceding year as well as the predicted financial needs of the
system for the upcoming fiscal year.

(4) To enter into data sharing agreements with federal and state agencies, municipalities
and nongovernmental organizations for the purposes of coordination and management of
monitoring data and programs.

(5) To accept grants, donations and contributions in money, services, materials, or
otherwise, from the United States or any of its agencies, from this state and its agencies, or from
any other source, and to use or expend those moneys, services, materials or other contributions in
carrying out the purposes of this chapter.

(6) To enter into agreements for staff support that it deems necessary for its work, and to
contract with consultants for the services it may require to the extent permitted by its financial
resources.

SECTION 5. This article shall take effect as of July 1, 2015.
ARTICLE 17

RELATING TO HUMAN SERVICES -- CHILD CARE--STATE SUBSIDIES

SECTION 1. Section 40-6.2-1.1 of the General Laws in Chapter 40-6.2 entitled "Child Care-State Subsidies" is hereby amended to read as follows:

40-6.2-1.1. Rates established. -- (a) Through June 30, 2015, subject to the payment limitations in section (b), the maximum reimbursement rates to be paid by the departments of human services and children, youth and families for licensed child care centers and certified family-child care providers shall be based on the following schedule of the 75th percentile of the 2002 weekly market rates adjusted for the average of the 75th percentile of the 2002 and the 2004 weekly market rates:

<table>
<thead>
<tr>
<th>LICENSED CHILD CARE CENTERS</th>
<th>75th PERCENTILE OF WEEKLY MARKET RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>INFANT</td>
<td>$182.00</td>
</tr>
<tr>
<td>PRESCHOOL</td>
<td>$150.00</td>
</tr>
<tr>
<td>SCHOOL-AGE</td>
<td>$135.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CERTIFIED FAMILY-CHILD CARE PROVIDERS</th>
<th>75th PERCENTILE OF WEEKLY MARKET RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>INFANT</td>
<td>$150.00</td>
</tr>
<tr>
<td>PRESCHOOL</td>
<td>$150.00</td>
</tr>
<tr>
<td>SCHOOL-AGE</td>
<td>$135.00</td>
</tr>
</tbody>
</table>

Effective July 1, 2015, subject to the payment limitations in subsection (b), the maximum reimbursement rates to be paid by the departments of human services and children, youth and families for licensed child care centers and certified family-child care providers shall be based on the above schedule of the 75th percentile of the 2002 weekly market rates adjusted for the average of the 75th percentile of the 2002 and the 2004 weekly market rates. These rates shall be increased by ten dollars ($10.00) per week for infant/toddler care provided by certified family-child care providers and license-exempt providers and then the rates for all providers for all age groups shall be increased by three percent (3%).

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

(c) By June 30, 2004 and biennially thereafter through June 30, 2014, the department of labor and training shall conduct an independent survey or certify an independent survey of the then current weekly market rates for child care in Rhode Island and shall forward such weekly market rate survey to the department of human services. The next survey shall be conducted by June 30, 2016, and triennially thereafter. The departments of human services and labor and training will jointly determine the survey criteria including, but not limited to, rate categories and sub-categories. The 75th percentile of weekly market rates in the table in subsection (a) shall be adjusted by the surveys conducted under this subsection, beginning January 1, 2006 and for the purposes of this section, and until adjusted in accordance with this subsection, the 75th percentile of weekly market rate shall be the average of the 2002 and 2004 weekly market rate surveys.

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

(e) On or before January 1, 2007, all child care providers have the option to be paid every two (2) weeks and have the option of automatic direct deposit and/or electronic funds transfer of reimbursement payments.

SECTION 2. Section 40-5.2-20 of the General Laws in Chapter 40-5.2 entitled "The Rhode Island Works Program" is hereby amended to read as follows:

40-5.2-20. Child care assistance. -- Families or assistance units eligible for childcare assistance.

(a) The department shall provide appropriate child care to every participant who is eligible for cash assistance and who requires child care in order to meet the work requirements in accordance with this chapter.

(b) Low-Income child care. - The department shall provide child care to all other working families with incomes at or below one hundred eighty percent (180%) of the federal poverty level if, and to the extent, such other families require child care in order to work at paid employment as defined in the department's rules and regulations. Beginning October 1, 2013, and until June 30, 2015, subject to available funding, the department shall also provide child care to families with income below one hundred eighty percent (180%) of the federal poverty level if, and to the extent, such families require child care to participate on a short-term basis, as defined in the department's rules and regulations, in training, apprenticeship, internship, on-the-job
training, work experience, work immersion, or other job readiness/job attachment program
sponsored or funded by the human resource investment council (governor's workforce board) or
state agencies that are part of the coordinated program system pursuant to §§ 42-102-9 and 42-
102-11.

(c) No family/assistance unit shall be eligible for child care assistance under this chapter
if the combined value of its liquid resources exceeds ten thousand dollars ($10,000). Liquid
resources are defined as any interest(s) in property in the form of cash or other financial
instruments or accounts that are readily convertible to cash or cash equivalents. These include,
but are not limited to, cash, bank, credit union, or other financial institution savings, checking,
and money market accounts; certificates of deposit or other time deposits; stocks; bonds; mutual
funds; and other similar financial instruments or accounts. These do not include educational
savings accounts, plans, or programs; retirement accounts, plans, or programs; or accounts held
jointly with another adult, not including a spouse. The department is authorized to promulgate
rules and regulations to determine the ownership and source of the funds in the joint account.

(d) As a condition of eligibility for child care assistance under this chapter, the parent or
caretaker relative of the family must consent to, and must cooperate with, the department in
establishing paternity, and in establishing and/or enforcing child support and medical support
orders for all children in the family in accordance with title 15, as amended, unless the parent or
caretaker relative is found to have good cause for refusing to comply with the requirements of this
subsection.

(e) For purposes of this section "appropriate child care" means child care, including
infant, toddler, pre-school, nursery school, school-age, that is provided by a person or
organization qualified, approved, and authorized to provide such care by the department of
children, youth, and families, or by the department of elementary and secondary education, or
such other lawful providers as determined by the department of human services, in cooperation
with the department of children, youth and families and the department of elementary and
secondary education.

(f) (1) Families with incomes below one hundred percent (100%) of the applicable
federal poverty level guidelines shall be provided with free childcare. Families with incomes
greater than one hundred percent (100%) and less than one hundred eighty (180%) of the
applicable federal poverty guideline shall be required to pay for some portion of the childcare
they receive, according to a sliding-fee scale adopted by the department in the department's rules.

(2) For a thirty-six (36) month period beginning October 1, 2013, the child care subsidy
transition program shall function within the department of human services. Under this program,
families who are already receiving childcare assistance and who become ineligible for childcare
assistance as a result of their incomes exceeding one hundred eighty percent (180%) of the
applicable federal poverty guidelines shall continue to be eligible for childcare assistance from
October 1, 2013, to September 30, 2016 or until their incomes exceed two hundred twenty-five
percent (225%) of the applicable federal poverty guidelines, whichever occurs first. To be
eligible, such families must continue to pay for some portion of the childcare they receive, as
indicated in a sliding-fee scale adopted in the department's rules and in accordance with all other
eligibility standards.

(g) In determining the type of childcare to be provided to a family, the department shall
take into account the cost of available childcare options; the suitability of the type of care
available for the child; and the parent's preference as to the type of child care.

(h) For purposes of this section “income” for families receiving cash assistance under §
40-5.2-11 means gross earned income and unearned income, subject to the income exclusions in
subdivisions 40-5.2-10(g)(2) and 40-5.2-10(g)(3), and income for other families shall mean gross
earned and unearned income as determined by departmental regulations.

(i) The caseload estimating conference established by chapter 17 of title 35 shall forecast
the expenditures for childcare in accordance with the provisions of § 35-17-1.

(j) In determining eligibility for child care assistance for children of members of reserve
components called to active duty during a time of conflict, the department shall freeze the family
composition and the family income of the reserve component member as it was in the month prior
to the month of leaving for active duty. This shall continue until the individual is officially
discharged from active duty.

SECTION 3. This article shall take effect upon passage.
ARTICLE 18

RELATING TO HEALTH REFORM ASSESSMENT AND HEALTH BENEFIT EXCHANGE

SECTION 1. Section 42-11-2 of the General Laws in Chapter 42-11 entitled "Department of Administration" is hereby amended to read as follows:

42-11-2. Powers and duties of department. -- The department of administration shall have the following powers and duties:

(1) To prepare a budget for the several state departments and agencies, subject to the direction and supervision of the governor;

(2) To administer the budget for all state departments and agencies, except as specifically exempted by law;

(3) To devise, formulate, promulgate, supervise, and control accounting systems, procedures, and methods for the state departments and agencies, conforming to such accounting standards and methods as are prescribed by law;

(4) To purchase or to contract for the supplies, materials, articles, equipment, printing, and services needed by state departments and agencies, except as specifically exempted by law;

(5) To prescribe standard specifications for those purchases and contracts and to enforce compliance with specifications;

(6) To supervise and control the advertising for bids and awards for state purchases;

(7) To regulate the requisitioning and storage of purchased items, the disposal of surplus and salvage, and the transfer to or between state departments and agencies of needed supplies, equipment, and materials;

(8) To maintain, equip, and keep in repair the state house, state office building, and other premises owned or rented by the state for the use of any department or agency, excepting those buildings, the control of which is vested by law in some other agency;

(9) To provide for the periodic inspection, appraisal or inventory of all state buildings and property, real and personal;

(10) To require reports from state agencies on the buildings and property in their custody;

(11) To issue regulations to govern the protection and custody of the property of the state;
(12) To assign office and storage space and to rent and lease land and buildings for the use of the several state departments and agencies in the manner provided by law;

(13) To control and supervise the acquisition, operation, maintenance, repair, and replacement of state-owned motor vehicles by state agencies;

(14) To maintain and operate central duplicating and mailing service for the several state departments and agencies;

(15) To furnish the several departments and agencies of the state with other essential office services;

(16) To survey and examine the administration and operation of the state departments and agencies, submitting to the governor proposals to secure greater administrative efficiency and economy, to minimize the duplication of activities, and to effect a better organization and consolidation of functions among state agencies;

(17) To operate a merit system of personnel administration and personnel management as defined in § 36-3-3 in connection with the conditions of employment in all state departments and agencies within the classified service;

(18) To assign or reassign, with the approval of the governor, any functions, duties, or powers established by this chapter to any agency within the department;

(19) To establish, maintain, and operate a data processing center or centers, approve the acquisition and use of electronic data processing services by state agencies, furnish staff assistance in methods, systems and programming work to other state agencies, and arrange for and effect the centralization and consolidation of punch card and electronic data processing equipment and services in order to obtain maximum utilization and efficiency;

(20) To devise, formulate, promulgate, supervise, and control a comprehensive and coordinated statewide information system designed to improve the data base used in the management of public resources, to consult and advise with other state departments and agencies and municipalities to assure appropriate and full participation in this system, and to encourage the participation of the various municipalities of this state in this system by providing technical or other appropriate assistance toward establishing, within those municipalities, compatible information systems in order to obtain the maximum effectiveness in the management of public resources;

(i) The comprehensive and coordinated statewide information system may include a Rhode Island geographic information system of land-related economic, physical, cultural and natural resources.

(ii) In order to ensure the continuity of the maintenance and functions of the geographic
information system, the general assembly may annually appropriate such sum as it may deem necessary to the department of administration for its support.

(21) To administer a statewide planning program including planning assistance to the state departments and agencies;

(22) To administer a statewide program of photography and photographic services;

(23) To negotiate with public or private educational institutions in the state, in cooperation with the department of health, for state support of medical education;

(24) To promote the expansion of markets for recovered material and to maximize their return to productive economic use through the purchase of materials and supplies with recycled content by the state of Rhode Island to the fullest extent practically feasible;

(25) To approve costs as provided in § 23-19-32; and

(26) To provide all necessary civil service tests for child protective investigators and social workers at least twice each year and to maintain an adequate hiring list for these positions at all times.

(27) (a) To prepare a report every three (3) months by all current property leases or rentals by any state or quasi-state agency to include the following information:

(i) Name of lessor;

(ii) Description of the lease (purpose, physical characteristics, and location);

(iii) Cost of the lease;

(iv) Amount paid to date;

(v) Date initiated;

(vi) Date covered by the lease.

(b) To prepare a report by October 31, 2014 of all current property owned by the state or leased by any state agency or quasi-state agency to include the following information:

(i) Total square feet for each building or leased space;

(ii) Total square feet for each building and space utilized as office space currently;

(iii) Location of each building or leased space;

(iv) Ratio and listing of buildings owned by the state versus leased;

(v) Total occupancy costs which shall include capital expenses, provided a proxy should be provided to compare properties that are owned versus leased by showing capital expenses on owned properties as a per square foot cost at industry depreciation rates;

(vi) Expiration dates of leases;

(vii) Number of workstations per building or leased space;

(viii) Total square feet divided by number of workstations;
(ix) Total number of vacant workstations;
(x) Percentage of vacant workstations versus total workstations available;
(xi) Date when an action is required by the state to renew or terminate a lease;
(xii) Strategic plan for leases commencing or expiring by June 30, 2016;
(xiii) Map of all state buildings which provides: cost per square foot to maintain, total
number of square feet, total operating cost, date each lease expires, number of persons per
building and total number of vacant seats per building; and
(xiv) Industry benchmark report which shall include total operating cost by full-time
equivalent employee, total operating cost by square foot and total square feet divided by full-time
equivalent employee.

(28) To provide by December 31, 1995 the availability of automatic direct deposit to any
recipient of a state benefit payment, provided that the agency responsible for making that
payment generates one thousand (1,000) or more such payments each month.

(29) To encourage municipalities, school districts, and quasi-public agencies to achieve
cost savings in health insurance, purchasing, or energy usage by participating in state contracts, or
by entering into collaborative agreements with other municipalities, districts, or agencies. To
assist in determining whether the benefit levels including employee cost sharing and unit costs of
such benefits and costs are excessive relative to other municipalities, districts, or quasi-public
agencies as compared with state benefit levels and costs.

(30) To administer a health benefit exchange in accordance with chapter 157 of title 42.

SECTION 2. Title 42 of the General Laws entitled "STATE AFFAIRS AND
GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 157
RHODE ISLAND HEALTH BENEFIT EXCHANGE

42-157-1. Establishment of exchange. -- Purpose. - The department of administration is
hereby authorized to establish the Rhode Island health benefit exchange, to be known as
HealthSource RI, to exercise the powers and authority of a state-based exchange which shall meet
the minimum requirements of the federal act.

42-157-2. Definitions. -- As used in this section, the following words and terms shall
have the following meanings, unless the context indicates another or different meaning or intent:
(1) "Director" means the director of the department of administration.
(2) "Federal act" means the Federal Patient Protection and Affordable Care Act (Public
Law 111-148), as amended by the Federal Health Care and Education Reconciliation Act of 2010
(Public Law 111-152), and any amendments to, or regulations or guidance issued under, those
acts.

(3) "Health plan" and "qualified health plan" have the same meanings as those terms are defined in § 1301 of the Federal Act.

(4) "Insurer" means every medical service corporation, hospital service corporation, accident and sickness insurer, dental service corporation, and health maintenance organization licensed under title 27, or as defined in § 42-62-4.

(5) "Secretary" means the secretary of the Federal Department of Health and Human Services.

(6) "Qualified dental plan" means a dental plan as described in § 1311(d)(2)B)(ii) of the Federal Act.

(7) "Qualified individuals" and "qualified employers" shall have the same meaning as defined in federal law.

42-157-3. General requirements. -- (a) The exchange shall make qualified health plans available to qualified individuals and qualified employers. The exchange shall not make available any health benefit plan that has not been certified by the exchange as a qualified health plan in accordance with federal law.

(b) The exchange shall allow an insurer to offer a plan that provides limited scope dental benefits meeting the requirements of § 9832 (c)(2)(A) of the Internal Revenue Code of 1986 through the exchange, either separately or in conjunction with a qualified health plan, if the plan provides pediatric dental benefits meeting the requirements of § 1302(b)(1)(J) of the Federal Act.

(c) Any health plan that delivers a benefit plan on the exchange that covers abortion services, as defined in 45 CFR § 156.280(d)(1), shall comply with segregation of funding requirements, as well as an annual assurance statement to the Office of the Health Insurance Commissioner, in accordance with 45 C.F.R. §§ 156.680(e)(3) and (5).

(d) At least one plan variation for individual market plan designs offered on the exchange at each level of coverage, as defined by section 1302(d)(1) of the federal act, at which the carrier is offering a plan or plans, shall exclude coverage for abortion services as defined in 45 CFR § 156.280(d)(1). If the health plan proposes different rates for such plan variations, each listed plan design shall include the associated rate.

(e) Health plans that offer a plan variation that excludes coverage for abortion services as defined in 45 CFR § 156.280(d)(1) for a religious exemption variation in the small group market shall treat such a plan as a separate plan offering with a corresponding rate.

42-157-4. Financing. -- (a) The department is authorized to assess insurers offering qualified health plans and qualified dental plans. The revenue raised in accordance with this
subsection shall not exceed the revenue able to be raised through the federal government assessment and shall be established in accordance and conformity with the federal government assessment upon those insurers offering products on the Federal Health Benefit exchange. Revenues from the assessment shall be deposited in a restricted receipt account for the sole use of the exchange and shall be exempt from the indirect cost recovery provisions of § 35-4-27 of the general laws.

(b) The general assembly may appropriate general revenue to support the annual budget for the exchange in lieu of or to supplement revenues raised from the assessment under § 42-157-4(a).

(c) If the director determines that the level of resources obtained pursuant to § 42-157-4(a) will be in excess of the budget for the exchange, the department shall provide a report to the governor, the speaker of the house and the senate president identifying the surplus and detailing how the assessment established pursuant to § 42-157-4(a) may be offset in a future year to reconcile with impacted insurers and how any future supplemental or annual budget submission to the general assembly may be revised accordingly.

42-157.5. Regional purchasing, efficiencies, and innovation.-- To take advantage of economies of scale and to lower costs, the exchange is hereby authorized to pursue opportunities to jointly negotiate, procure or otherwise purchase exchange services with or partner with another state or multiple states and to pursue a Federal Affordable Care Act 1332 Waiver.

42-157.6. Audit.-- (a) Annually, the exchange shall cause to have a financial and/or performance audit of its functions and operations performed in compliance with the generally accepted governmental auditing standards and conducted by the state bureau of audits or a certified public accounting firm qualified in performance audits.

(b) If the audit is not directly performed by the state bureau of audits, the selection of the auditor and the scope of the audit shall be subject to the approval of the state bureau of audits.

(c) The results of the audit shall be made public upon completion, posted on the department's website and otherwise made available for public inspection.

42-157.7. Exchange advisory board.-- The exchange shall maintain an advisory board which shall be appointed by the director. The director shall consider the expertise of the members of the board and make appointments so that the board's composition reflects a range and diversity of skills, backgrounds and stakeholder perspectives.

42-157.8. Reporting.-- HealthSource RI shall provide a monthly report to the chairpersons of the house finance committee and the senate finance committee by the fifteenth day of each month beginning in July 2015. The report shall include, but not be limited to, the
following information: actual enrollment data by market and insurer, total new and renewed
customers, number of paid customers, actual average premium costs by market and insurer,
number of enrollees receiving financial assistance as defined in the Federal Act, as well as the
number of inbound calls and the number of walk-ins received. The data on inbound calls shall be
segregated by type of call.

42-157-9. Relation to other laws. Nothing in this chapter, and no action taken by the
exchange pursuant to this chapter, shall be construed to preempt or supersede the authority of the
health insurance commissioner to regulate the business of insurance within this state, the director
of the department of health to oversee the licensure of health care providers, the certification of
health plans under chapter 17.13 of title 23, or the licensure of utilization review agents wider
chapter 17.13 of title 23, or the director of the department of human services to oversee the
provision of medical assistance under chapter 8 of title 40. In addition to the provisions of this
chapter, all insurers offering qualified health plans or qualified dental plans in this state shall
comply fully with all applicable health insurance laws and regulations of this state.

42-157-10. Severability. The provisions of this chapter are severable, and if any
provision hereof shall be held invalid in any circumstances, any invalidity shall not affect any
other provisions or circumstances. This chapter shall be construed in all respects so as to meet
any constitutional requirements. In carrying out the purposes and provisions of this chapter, all
steps shall be taken which are necessary to meet constitutional requirements.

SECTION 3. This article shall be effective as of January 1, 2015.
ARTICLE 19

RELATING TO COMMERCE CORPORATION AND ECONOMIC DEVELOPMENT

SECTION 1. Section 42-64-13 of the General Laws in Chapter 42-64 entitled "Rhode Island Commerce Corporation" is hereby amended to read as follows:

42-64-13. Relations with municipalities. -- (a) (1) With respect to projects situated on federal land, the Rhode Island commerce corporation is authorized to plan, construct, reconstruct, rehabilitate, alter, improve, develop, maintain, and operate projects: (i) in conformity with the applicable provisions of chapter 1 of title 2 except that the projects shall not require the approval of a town or city council provided for in § 2-1-21, and (ii) without regard to the zoning or other land use ordinances, codes, plans, or regulations of any municipality or political subdivision; provided, however, that the exemption from the zoning or other land use ordinances, codes, plans, or regulations shall be subject to the corporation's compliance with the provisions of this subsection. Projects which are planned, constructed, reconstructed, rehabilitated, altered, improved, or developed by the corporation on federal land in accordance with the provisions of this subsection may be maintained and operated by lessees from and successors in interest to the corporation in the same manner as if the projects had been in existence prior to the enactment of the zoning or other land use ordinances, codes, plans, or regulations which, but for this chapter, would otherwise be applicable. With respect to other projects of the commerce corporation, or projects receiving state incentives as administered by the commerce corporation, developers are authorized to plan, construct, reconstruct, rehabilitate, alter, improve, develop, maintain, and operate a project subject only to the state building code and the state fire code, and all inspections regarding any such project shall be conducted by the state building commissioner or his designee without regard to the building and fire codes of any municipality or political subdivision; provided, however, that the exemption from the building and fire codes shall be subject to the corporation's compliance with the provisions of this subsection.

(2) As used in this section, "the comprehensive plan" means a comprehensive plan adopted pursuant to chapter 22 of title 45 by a planning board or commission; "the applicable comprehensive plan" shall mean the comprehensive plan of any municipality within which any project is to be situated, in whole or in part; and "the project plan" shall mean a general description of a proposed project situated on federal land, describing in reasonable detail its...
location, nature, and size. A zoning ordinance adopted by a municipality pursuant to chapter 24 of
title 45 shall not be deemed to be a comprehensive plan nor a statement of the land use goals,
objectives, and standards.

(3) If any project plan of the corporation with respect to projects situated on federal land
conforms to the land use goals, objectives, and standards of the applicable comprehensive plan as
of the time of the corporation's adoption of the project plan, or if there is no applicable
comprehensive plan, then before proceeding with the project described in the project plan, the
corporation shall refer the project plan to the appropriate community advisory committee which
may thereafter hold any public hearings as it may deem to be desirable for the purpose of
permitting the public to comment on the project plan. The community advisory committee shall
not later than forty-five (45) days after its receipt of the project plan, transmit its comments on the
project plan, in either written or oral form, to the corporation and thereupon, or upon the
community advisory committee's failure to take any action within the time specified, the
corporation shall be authorized to proceed with the project described in the project plan without
regard to the zoning or other land use ordinances, codes, plans, or regulations of a municipality
within which the project is to be situated in whole or in part.

(4) If any project plan of the corporation with respect to projects situated on federal land
does not conform to the land use goals, objectives, and standards of the applicable comprehensive
plan as of the time of the corporation's adoption of the project plan, then, before proceeding with
the project described in the project plan, the corporation shall refer the project plan to the local
governing body of any municipality within which any project is to be situated, in whole or in part.
The local governing body may thereafter hold any public hearings as it may deem to be desirable
for the purpose of permitting the public to comment on the project plan. The local governing
body shall, not later than forty-five (45) days after its receipt of the project plan, advise the
corporation of its approval or disapproval of that plan. If it shall disapprove the project plan, the
corporation shall nevertheless be authorized to proceed with the project described in the project
plan (without regard to the zoning or other land use ordinances, codes, plans, or regulations of a
municipality within which the project is to be situated in whole or in part) upon the subsequent
affirmative vote of a majority of the members of the board of directors then holding office as
directors taken at a meeting open to the public. If the local governing body approves the project
plan or fails to take any action within the time specified, the corporation shall be authorized to
proceed with the project described in the project plan without regard to the zoning or other land
use ordinances, codes, plans, or regulations of a municipality within which the project is to be
situated in whole or in part.
(5) The project plan's conformity with the applicable comprehensive plan shall be
determined by the board of directors of the corporation and its determination shall be binding and
conclusive for all purposes.

(b) With respect to projects situated on real property other than federal land, the
corporation shall plan, construct, reconstruct, rehabilitate, alter, improve, develop, maintain, and
operate projects in conformity with the applicable zoning or other land use ordinances, codes,
plans, or regulations of any municipality or political subdivision of the state in which those
projects are situated.

c) The corporation shall, in planning, constructing, reconstructing, rehabilitating,
altering, or improving any project, comply with all requirements of state and federal laws, codes,
or regulations applicable to that planning, construction, reconstruction, rehabilitation, alteration,
or improvement. The corporation shall adopt a comprehensive building code (which may, but
need not be, the BOCA Code) with which all projects shall comply. That adoption shall not
preclude the corporation's later adoption of a different comprehensive building code or of its
alteration, amendment, or supplementation of any comprehensive building code so adopted.

Except as otherwise specifically provided to the contrary, no municipality or other political
subdivision of the state shall have the power to modify or change in whole or in part the
drawings, plans, or specifications for any project of the corporation; nor to require that any
person, firm, or corporation employed with respect to that project perform work in any other or
different manner than that provided by those drawings, plans, and specifications; nor to require
that any such person, firm, or corporation obtain any approval, permit, or certificate from the
municipality or political subdivision in relation to the project; and the doing of that work by any
person, firm, or corporation in accordance with the terms of those drawings, plans, specifications,
or contracts shall not subject the person, firm, or corporation to any liability or penalty, civil or
criminal, other than as may be stated in the contracts or may be incidental to the proper
enforcement thereof; nor shall any municipality or political subdivision have the power to require
the corporation, or any lessee or successor in interest, to obtain any approval, permit, or
certificate from the municipality or political subdivision as a condition of owning, using,
maintaining, operating, or occupying any project acquired, constructed, reconstructed,
rehabilitated, altered, or improved by the corporation or pursuant to drawings, plans, and
specifications made or approved by the corporation; provided, however, that nothing contained in
this subsection shall be deemed to relieve any person, firm, or corporation from the necessity of
obtaining from any municipality or other political subdivision of the state any license which, but
for the provisions of this chapter, would be required in connection with the rendering of personal
services or sale at retail of tangible personal property.

(d) Except to the extent that the corporation shall expressly otherwise agree, a municipality or political subdivision, including, but not limited to, a county, city, town, or district, in which a project of the corporation is located, shall provide for the project, whether then owned by the corporation or any successor in interest, police, fire, sanitation, health protection, and other municipal services of the same character and to the same extent as those provided for other residents of that municipality or political subdivision, but nothing contained in this section shall be deemed to require any municipality or political subdivision to make capital expenditures for the sole purpose of providing any of these services for that project.

(e) In carrying out a project, the corporation shall be empowered to enter into contractual agreements with municipalities and public corporations and those municipalities and public corporations are authorized and empowered, notwithstanding any other law, to enter into any contractual agreements with the corporation and to do all things necessary to carry out their obligations under the agreements.

(f) Notwithstanding the provisions of any general, special, or local law or charter, municipalities and public corporations are empowered to purchase, or to lease for a term not exceeding ninety-nine (99) years, projects of the corporation, upon any terms and conditions as may be agreed upon by the municipality or public corporation and the corporation.

SECTION 2. Section 42-75-12 of the General Laws in Chapter 42-75 entitled "Council on the Arts" is hereby amended to read as follows:

42-75-12. Rhode Island film and television office. -- Within the department of administration executive office of commerce there is established a separate, distinct office entitled the "Rhode Island film and television office." This office is established in order to promote and encourage film and television productions within the state of Rhode Island. This office is also responsible for the review of applications of motion picture productions pursuant to the requirements of chapter 31.2 of title 44.

SECTION 3. Title 42 of the General Laws entitled "STATE AFFAIRS AND GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 64.2

REBUILD RHODE ISLAND TAX CREDIT

42-64.2-1. Short title. -- This chapter shall be known and may be cited as the "Rebuild Rhode Island Tax Credit Act."

42-64.2-2. Findings and declarations. -- (a) It is hereby found and declared that due to long-term and short-term stagnant or declining economic trends in Rhode Island, businesses in
the state have found it difficult to make investments that would stimulate economic activity and
create new jobs for the citizens of the state. Moreover, such economic trends have caused
business closures or out-of-state business relocations, while other out-of-state businesses are
deterred from relocating to this state. This situation has contributed to a high rate of
unemployment in the state. Consequently, a need exists to promote the retention and expansion of
existing jobs, stimulate the creation of new jobs, attract new business and industry to the state,
and stimulate growth in real estate developments and/or businesses that are prepared to make
meaningful investment and foster job creation in Rhode Island.

(b) Through the establishment of a rebuild Rhode Island tax credit program, Rhode Island
can take steps to stimulate business development; retain and attract new business and industry to
the state; create good-paying jobs for its residents; assist with business, commercial, and
industrial real estate development; and generate revenues for necessary state and local
governmental services.

42-64.2-3. Definitions. -- As used in this chapter:

(1) "Adaptive Reuse" means the conversion of an existing structure from the use for
which it was constructed to a new use by maintaining elements of the structure and adapting such
elements to a new use.

(2) "Affiliate" means an entity that directly or indirectly controls, is under common
control with, or is controlled by the business. Control exists in all cases in which the entity is a
member of a controlled group of corporations as defined pursuant to § 1563 of the Internal
Revenue Code of 1986 (26 U.S.C. § 1563) or the entity is an organization in a group of
organizations under common control as defined pursuant to subsection (b) or (c) of § 414 of the
Internal Revenue Code of 1986 (26 U.S.C. § 414). A taxpayer may establish by clear and
convincing evidence, as determined by the tax administrator, that control exists in situations
involving lesser percentages of ownership than required by those statutes. An affiliate of a
business may contribute to meeting either the capital investment or full-time employee
requirements of a business that applies for a credit under general laws § 46-64.20-5.

(3) "Affordable housing" means housing for sale or rent with combined rental costs or
combined mortgage loan debt services, property taxes, and required insurance that do not exceed
thirty percent (30%) of the gross annual income of a household earning up to eighty percent
(80%) of the area median income, as defined annually by the United States Department of
Housing and Urban Development.

(4) "Applicant" means a developer applying for a rebuild Rhode Island tax credit under
this chapter.
(5) "Business" means a corporation as defined in general laws § 44-1-1(4), or a partnership, an S corporation, a non-profit corporation, a sole proprietorship, or a limited liability corporation. A business shall include an affiliate of the business if that business applies for a credit based upon any capital investment made by an affiliate.

(6) "Capital investment" in a real estate project means expenses by a developer incurred after application for:

(i) Site preparation and construction, repair, renovation, improvement, equipping, or furnishing on real property or of a building, structure, facility, or improvement to real property;

(ii) Obtaining and installing furnishings and machinery, apparatus, or equipment, including but not limited to material goods for the operation of a business on real property or in a building, structure, facility, or improvement to real property.

In addition to the foregoing, if a developer acquires or leases a qualified development project, the capital investment made or acquired by the seller or owner, as the case may be, if pertaining primarily to the premises of the qualified development project, shall be considered a capital investment by the developer and, if pertaining generally to the qualified development project being acquired or leased, shall be allocated to the premises of the qualified development project on the basis of the gross leasable area of the premises in relation to the total gross leasable area in the qualified development project. The capital investment described herein shall be defined through rules and regulations promulgated by the commerce corporation.

(7) "Certified historic structure" means a property which is located in the state of Rhode Island and is

(i) Listed individually on the national register of historic places; or

(ii) Listed individually in the state register of historic places; or

(iii) Located in a registered historic district and certified by either the Rhode Island historical preservation and heritage commission created pursuant to § 42-45-2 or the Secretary of the Interior as being of historic significance to the district.

(8) "Commerce corporation" means the Rhode Island commerce corporation established pursuant to general laws § 42-64-1 et. seq.

(9) "Commercial" shall mean non-residential development.

(10) "Developer" means a person, firm, business, partnership, association, political subdivision, or other entity that proposes to divide, divides, or causes to be divided real property into a subdivision or proposes to build, or builds a building or buildings or otherwise improves land or existing structures, which division, building, or improvement qualifies for benefits under this chapter.
(11) "Development" means the improvement of land through the carrying out of building, engineering, or other operations in, on, over, or under land, or the making of any material change in the use of any buildings or land for the purposes of accommodating land uses.

(13) "Eligibility period" means the period in which a developer may claim a tax credit under this act, beginning with the tax period in which the commerce corporation accepts certification from the developer that it has met the requirements of the act and extending thereafter for a term of five (5) years.

(14) "Full-time employee" means a person who is employed by a business for consideration for a minimum of at least thirty-five (35) hours per week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, or who is employed by a professional employer organization pursuant to an employee leasing agreement between the business and the professional employer organization for a minimum of thirty-five (35) hours per week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, and whose wages are subject to withholding.

(15) "Hope community" means a municipality for which the five (5) year average percentage of families with income below the federal poverty level exceeds the state five (5) year average percentage, both as most recently reported by the U.S. Department of Commerce, Bureau of the Census.

(16) "Mixed use" means a development comprising both commercial and residential components.

(17) "Partnership" means an entity classified as a partnership for federal income tax purposes.

(18) "Placed in service" means the earlier of i) substantial construction or rehabilitation work has been completed which would allow for occupancy of an entire structure or some identifiable portion of a structure, as established in the application approved by the commerce corporation board or ii) receipt by the developer of a certificate, permit or other authorization allowing for occupancy of the project or some identifiable portion of the project by the municipal authority having jurisdiction.

(19) "Project" means qualified development project as defined under subsection (23) of this chapter.

(20) "Project area" means land or lands under common ownership or control in which a qualified development project is located.

(21) "Project cost" means the costs incurred in connection with the qualified development project or qualified residential or mixed use project by the applicant until the issuance of a
permanent certificate of occupancy, or until such other time specified by the commerce

corporation, for a specific investment or improvement, as defined through rules and regulations
promulgated by the commerce corporation.

(22) "Project financing gap" means

(i) The part of the total project cost that remains to be financed after all other sources of
capital have been accounted for (such sources will include, but not be limited to, developer-
contributed capital), which shall be defined through rules and regulations promulgated by the
commerce corporation, or

(ii) The amount of funds that the state may invest in a project to gain a competitive
advantage over a viable and comparable location in another state by means described in this
chapter.

(23) "Qualified development project" means a specific construction project or
improvement, including lands, buildings, improvements, real and personal property or any
interest therein, including lands under water, riparian rights, space rights and air rights, acquired,
owned, leased, developed or redeveloped, constructed, reconstructed, rehabilitated or improved,
undertaken by a developer, owner or tenant, or both, within a specific geographic area, meeting
the requirements of this chapter, as set forth in an application made to the commerce corporation.

(24) "Recognized historical structure" means a property which is located in the state of
Rhode Island and is commonly considered to be of historic or cultural significance as determined
by the commerce corporation in consultation with the state historic preservation officer.

(25) "Residential" means a development of residential dwelling units.

(26) "Targeted industry" means any advanced, promising or otherwise prioritized
industry identified in the economic development vision and policy promulgated pursuant General
Laws § 42-64.17-1 or, until such time as any such economic development vision and policy is
promulgated, as identified by the commerce corporation.

(27) "Transit oriented development area" means an area in proximity to transit
infrastructure that will be further defined by regulation of the commerce corporation in
consultation with the Rhode Island department of transportation.

(28) "Workforce housing" means housing for sale or rent with combined rental costs or
combined mortgage loan debt services, property taxes, and required insurance that do not exceed
thirty percent (30%) of the gross annual income of a household earning between eighty percent
(80%) and one hundred and forty percent (140%) of the area median income, as defined annually
by the United States Department of Housing and Urban Development.

42-64.2-4. Establishment of program.-- The rebuild Rhode Island tax credit program is
hereby established as a program under the jurisdiction and administration of the commerce corporation. The program may provide tax credits to applicants meeting the requirements of this chapter for an eligibility period of five (5) years. On an annual basis, the commerce corporation shall confer with the executive office of commerce, the department of administration, and the division of taxation regarding the availability of funds for the award of new tax credits.

42-64.2-5. Tax credits. -- (a) An applicant meeting the requirements of this chapter may be allowed a credit as set forth hereinafter against taxes imposed upon such person under applicable provisions of title 44 of the general laws for a qualified development project.

(b) To be eligible as a qualified development project entitled to tax credits, an applicant's chief executive officer or equivalent officer shall demonstrate to the commerce corporation, at the time of application, that:

(1) The applicant has committed capital investment or owner equity in not less than twenty percent (20%) of the total project cost;

(2) There is a project financing gap in which after taking into account all available private and public funding sources, the project is not likely to be accomplished by private enterprise without the tax credits described in this chapter; and

(3) The project fulfills the state's policy and planning objectives and priorities in that:

(i) The applicant will, at the discretion of the commerce corporation, obtain a tax stabilization agreement from the municipality in which the real estate project is located on such terms as the commerce corporation deems acceptable;

(ii) It (A) is a commercial development consisting of at least 25,000 square feet occupied by at least one business employing at least 25 full-time employees after construction or such additional full-time employees as the commerce corporation may determine; (B) is a multi-family residential development in a new, adaptive reuse, certified historic structure, or recognized historical structure consisting of at least 20,000 square feet and having at least 20 residential units in a hope community; or (C) is a mixed use development in a new, adaptive reuse, certified historic structure, or recognized historical structure consisting of at least 25,000 square feet occupied by at least one business, subject to further definition through rules and regulations promulgated by the commerce corporation; and

(iii) Involves a total project cost of not less than $5,000,000, except for a qualified development project located in a hope community or redevelopment area designated under § 45-32-4 of the general laws in which event the commerce corporation shall have the discretion to modify the minimum project cost requirement.

(c) Applicants qualifying for a tax credit pursuant to chapter 44-33.2 of the General Laws
shall be exempt from the requirements of subsections (b)(3)(ii) and (b)(3)(iii) of this section. The following procedure shall apply to such applicants:

(1) The division of taxation shall remain responsible for determining the eligibility of an applicant for tax credits awarded under chapter 44-33.2 of the General Laws;

(2) The commerce corporation shall retain sole authority for determining the eligibility of an applicant for tax credits awarded under this chapter; and

(3) The commerce corporation shall not award in excess of fifteen percent (15%) of the annual amount appropriated in any fiscal year to applicants seeking tax credits pursuant to this subsection.

(d) Maximum project credit. (i) For qualified development projects, the maximum tax credit allowed under this chapter shall be the lesser of (1) thirty percent (30%) of the total project cost; or (2) the amount needed to close a project financing gap (after taking into account all other private and public funding sources available to the project), as determined by the commerce corporation.

(ii) The credit allowed pursuant to this chapter shall not exceed fifteen million dollars ($15,000,000) for any qualified development project under this chapter. No building or qualified development project to be completed in phases or in multiple projects shall exceed the maximum project credit of fifteen million dollars ($15,000,000) for all phases or projects involved in the rehabilitation of such building.

(e) Credits available under this chapter shall not exceed twenty percent (20%) of the project cost, provided, however, that the applicant shall be eligible for additional tax credits of not more than ten percent (10%) of the project cost, if the qualified development project meets any of the following criteria or other additional criteria determined by the commerce corporation from time to time in response to evolving economic or market conditions:

(1) The project includes adaptive reuse or development of recognized historical structures;

(2) The project is undertaken by or for targeted industries;

(3) The project is located in a transit oriented development area;

(4) The project includes residential development of which at least twenty percent (20%) of the residential units are designated as affordable housing or workforce housing;

(5) The project includes the adaptive reuse of property subject to the requirements of the industrial property remediation and reuse act, sections 23-19.14-1, et seq. of the general laws; or

(6) The project includes commercial facilities constructed in accordance with the minimum environmental and sustainability standards, as certified by the commerce corporation.
pursuant to LEED or other equivalent standards.

(f) Tax credits shall not be allowed under this chapter prior to the taxable year in which the project is placed in service.

(g) The amount of a tax credit allowed under this chapter shall be allowable to the taxpayer in up to five annual increments; no more than thirty percent (30%) and no less than fifteen percent (15%) of the total credits allowed to a taxpayer under this chapter may be allowable for any taxable year.

(h) If the portion of the tax credit allowed under this chapter exceeds the taxpayer's total tax liability for the year in which the relevant portion of the credit is allowed, the amount that exceeds the taxpayer's tax liability may be carried forward for credit against the taxes imposed for the succeeding four (4) years, or until the full credit is used, whichever occurs first. Credits allowed to a partnership, a limited liability company taxed as a partnership, or multiple owners of property shall be passed through to the persons designated as partners, members or owners respectively pro rata or pursuant to an executed agreement among such persons designated as partners, members or owners documenting an alternate distribution method without regard to their sharing of other tax or economic attributes of such entity.

(i) The commerce corporation in consultation with the division of taxation shall establish, by regulation, the process for the assignment, transfer or conveyance of tax credits.

(j) For purposes of this chapter, any assignment or sales proceeds received by the taxpayer for its assignment or sale of the tax credits allowed pursuant to this section shall be exempt from taxation under title 44 of the general laws. If a tax credit is subsequently revoked or adjusted, the seller's tax calculation for the year of revocation or adjustment shall be increased by the total amount of the sales proceeds, without proration, as a modification under chapter 30 of title 44 of the general laws. In the event that the seller is not a natural person, the seller's tax calculation under chapters 11, 13, 14, or 17 of title 44 of the general laws, as applicable, for the year of revocation, or adjustment, shall be increased by including the total amount of the sales proceeds without proration.

(k) The tax credit allowed under this chapter may be used as a credit against corporate income taxes imposed under chapters 11, 13, 14, or 17, of title 44, or may be used as a credit against personal income taxes imposed under chapter 30 of title 44 for owners of pass-through entities such as a partnership, a limited liability company taxed as a partnership, or multiple owners of property.

(l) In the case of a corporation, this credit is only allowed against the tax of a corporation included in a consolidated return that qualifies for the credit and not against the tax of other
corporations that may join in the filing of a consolidated tax return.

(m) Upon request of a taxpayer and subject to annual appropriation, the state shall redeem such credit in whole or in part for ninety percent (90%) of the value of the tax credit. The division of taxation, in consultation with the commerce corporation, shall establish by regulation a redemption process for tax credits.

(n) Projects eligible to receive a tax credit under this chapter may, at the discretion of the commerce corporation, be exempt from sales and use taxes imposed on the purchase of the following classes of personal property only to the extent utilized directly and exclusively in such project: (1) furniture, fixtures and equipment, except automobiles, trucks or other motor vehicles; or (2) such other materials, including construction materials and supplies, that are depreciable and have a useful life of one year or more and are essential to the project.

(o) The commerce corporation shall promulgate rules and regulations for the administration and certification of additional tax credit under subsection (e) of this section, including criteria for the eligibility, evaluation, prioritization, and approval of projects that qualify for such additional tax credit.

(p) The commerce corporation shall not have any obligation to make any award or grant any benefits under this chapter.

42-64.2-6. Administration. -- (a) To obtain the tax credit authorized in this chapter, applicants shall apply to the commerce corporation board for approval of a qualified development project for credits under this chapter. Such approval shall at a minimum require:

(1) That the applicant has submitted a completed application as developed by the commerce corporation in consultation with the division of taxation;

(2) That the chief executive of the commerce corporation provide written confirmation to the commerce corporation board that (i) the commerce corporation has reviewed the application and any determination regarding the potential impact on the project's ability to stimulate business development; retain and attract new business and industry to the state; create jobs, including good-paying jobs, for its residents; assist with business, commercial, and industrial real estate development; and generate revenues for necessary state and local governmental services; and (ii) the commerce corporation as to the total credits to be awarded to the applicant.

(3) That the secretary of commerce provide written confirmation to the commerce corporation board that the recommendation of the commerce corporation is consistent with the purposes of this chapter; and

(4) That the director of the office of management and budget provide (i) written confirmation to the commerce corporation board that the total credits recommended by the
commerce corporation do not exceed the existing and anticipated revenue capacity of the state and its funding commitment described in 42-64.20-7; and (ii) an analysis of the fiscal impact, if any, in the year of application and any subsequent year. Such determination shall be made in a timely manner.

(b) As the commerce corporation board determines whether to grant credits under this chapter, it shall consider the purposes for which this chapter is established, which include (but are not necessarily limited to) the following: (i) to create jobs with an emphasis on jobs that pay at least the most recent state median wage as defined by the Department of Labor and Training; and (ii) to spur economic growth and new development in Rhode Island.

(c) To claim a tax credit authorized by the board of the commerce corporation, applicants shall apply to the commerce corporation for a certification that the project has met all requirements of this chapter and any additional requirements set by the commerce corporation subsequent to the time the qualified development project is placed in service. The commerce corporation shall issue to the applicant a certification or a written response detailing any deficiencies precluding certification. The commerce corporation may deny certification, or may revoke the delivery of tax credits if the project does not meet all requirements of this chapter and any additional requirements set by the commerce corporation.

(d) Upon issuance of a certification by the commerce corporation under subsection (c) of this section, the division of taxation shall, on behalf of the State of Rhode Island, issue tax credit certificates equaling one hundred percent (100%) of the tax credits approved by the commerce corporation.

(e) In the event that tax credits or a portion of tax credits are revoked by the commerce corporation and such tax credits have been transferred or assigned, the commerce corporation will pursue its recapture rights and remedies against the applicant of the tax credits who shall be liable to repay to the commerce corporation the face value of all tax credits assigned or transferred, and all fees paid by the applicant shall be deemed forfeited. No redress shall be sought against assignees or transferees of such tax credits provided the tax credits were acquired by way of an arms-length transaction, for value, and without notice of violation, fraud or misrepresentation.

(f) The commerce corporation and division of taxation shall promulgate such rules and regulations as are necessary to carry out the intent and purpose and implementation of the responsibilities of each under this chapter.

42-64.2-7. Rebuild Rhode Island tax credit fund. -- There is hereby established at the commerce corporation a restricted account known as the rebuild Rhode Island tax credit fund (the "Fund") in which all amounts appropriated for the redemption and/or reimbursement of tax
credits under this chapter shall be deposited. The Fund shall be used to pay for the redemption of
tax credits or reimbursement to the state for tax credits applied against a taxpayer's liability. The
Fund shall be exempt from attachment, levy or any other process at law or in equity. The director
of the department of revenue shall make a requisition to the commerce corporation for funding
during any fiscal year as may be necessary to pay for the redemption of tax credits presented for
redemption or to reimburse the state for tax credits applied against a taxpayer's tax liability. The
commerce corporation shall pay from the Fund such amounts as requested by the director of the
department of revenue necessary for redemption or reimbursement in relation to tax credits
granted under this chapter.

42-64.2-8. Program integrity. -- (a) Program integrity being of paramount importance,
the commerce corporation shall establish procedures to ensure ongoing compliance with the terms
and conditions of the program established herein, including procedures to safeguard the
expenditure of public funds and to ensure that the funds further the objectives of the program.

(b) The commerce corporation shall adopt implementation guidelines, directives, criteria,
and rules and regulations pursuant to § 42-35-3 of the general laws, as are necessary to implement
this chapter, including, but not limited to: examples of the enumeration of specific targeted
industries; specific delineation of incentive areas; the determination of additional limits; the
promulgation of procedures and forms necessary to apply for a tax credit, including the
enumeration of the certification procedures; the allocation of new tax credits in consultation with
the executive office of commerce, division of taxation and department of administration; and
provisions for tax credit applicants to be charged an initial application fee, and ongoing service
fees, to cover the administrative costs related to the tax credit.

42-64.2-9. Reporting requirements. -- (a) By August 1st of each year, each applicant
receiving credits under this chapter shall report to the commerce corporation and the division of
taxation the following information:

(1) The number of total full-time employees employed at the development;
(2) The total project cost;
(3) The total cost of materials or products purchased from Rhode Island businesses; and
(4) Such other reasonable information deemed necessary by the secretary of commerce.

(b) By September 1, 2016 and each year thereafter, the commerce corporation shall report
the name, address, and amount of tax credit for each credit recipient during the previous state
fiscal year to the governor, the speaker of the house of representatives, the president of the senate,
and the chairpersons of the house and senate finance committees, the house and senate fiscal
advisors, and the department of revenue. Such report shall include any determination regarding
the potential impact on an approved qualified development project's ability to stimulate business
development; retain and attract new business and industry to the state; create good-paying jobs
for its residents; assist with business, commercial, and industrial real estate development; and
generate revenues for necessary state and local governmental services.

(c) By October 1, 2016 and each year thereafter, the commerce corporation shall report
the total number of approved projects, project costs, and associated amount of approved tax
credits approved during the prior fiscal year. This report shall be available to the public for
inspection by any person and shall be published by the commerce corporation on its website and
by the secretary of commerce on the executive office of commerce website,

(d) By October 1st of each year the division of taxation shall report the name, address,
and amount of tax credit received for each credit recipient during the previous state fiscal year to
the governor, the chairpersons of the house and senate finance committees, the house and senate
fiscal advisors, and the department of labor and training,

(e) By November 1st of each year the division of taxation shall report in the aggregate the
information required under subsection 42-64.20-9(a). This report shall be available to the public
for inspection by any person and shall be published by the tax administrator on the tax division
website.

42-64.2-10. Sunset. -- No credits shall be authorized to be reserved pursuant to this
chapter after December 31, 2018.

SECTION 4. Title 42 of the General Laws entitled "STATE AFFAIRS AND
GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 64.21

RHODE ISLAND TAX INCREMENT FINANCING

42-64.21-1. Short title. -- This act shall be known and may be cited as the "Rhode Island
Tax Increment Financing Act of 2015."

42-64.21-2. Legislative findings. -- (a) It is hereby found and declared that due to long-
term and short-term stagnant or declining economic trends in Rhode Island, businesses in the
state have found it difficult to make investments that would stimulate economic activity and
create new jobs for the citizens of the state. Moreover, such economic trends have caused
business closures or out-of-state business relocations, while other out-of-state businesses are
deterred from relocating to this state. This situation has contributed to a high rate of
unemployment in the state. Consequently, a need exists to promote the retention and expansion of
existing jobs, stimulate the creation of new jobs, attract new business and industry to the state,
and stimulate growth in real estate developments and/or businesses that are prepared to make
meaningful investment and foster job creation in Rhode Island.

(b) Through the establishment of a tax increment financing program, Rhode Island can take steps to stimulate business development; retain and attract new business and industry to the state; create good-paying jobs for its residents; assist with business, commercial, and industrial real estate development; and generate revenues for necessary state and local governmental services.

42-64.21-3. Definitions. -- as used in this chapter:

(1) "Applicant" means a developer proposing to enter into a tax increment financing agreement under this chapter.

(2) "Commerce corporation" means the Rhode Island commerce corporation established pursuant to general laws § 42-64-1 et. seq.

(3) "Developer" means a person, firm, corporation, partnership, association, political subdivision, or other entity that proposes to divide, divides, or causes to be divided real property into a subdivision or proposes to build, or builds a building or buildings or otherwise improves land or existing structures, which division, building, or improvement qualifies for benefits under this chapter.

(4) "Hope Community" means a municipality for which the five (5) year average percentage of families with income below the federal poverty level exceeds the state five (5) year average percentage, both most recently reported by the U.S. Department of Commerce, Bureau of the Census.

(5) "Eligible revenue" means the incremental revenues set forth in § 42-64.21-5 of this chapter.

(6) "Incremental" means (i) net new revenue to the State of Rhode Island as defined by the commerce corporation, in consultation with the department of revenue as established in Chapter 42-142 of the general laws, or (ii) existing revenue at substantial risk of loss to the State of Rhode Island as defined by the commerce corporation in consultation with the department of revenue.

(7) "Project area" means land or lands under common ownership or control as certified by the commerce corporation.

(8) "Project financing gap" means:

(i) The part of the total project cost that remains to be financed after all other sources of capital have been accounted for, including, but not limited to, developer-contributed capital, which shall be defined through rules and regulations promulgated by the commerce corporation; or
(ii) The amount of funds that the state may invest in a project to gain a competitive
advantage over a viable and comparable location in another state by means described in this
chapter.

(9) "Qualified development project" means a specific construction project or
improvement, including lands, buildings, improvements, real and personal property or any
interest therein, including lands under water, riparian rights, space rights and air rights, acquired,
owned, leased, developed or redeveloped, constructed, reconstructed, rehabilitated or improved,
undertaken by a developer, owner or tenant, or both, within a specific geographic area, meeting
the requirements of this chapter, as set forth in an application made to the commerce corporation.

(10) "Qualifying TIF area" shall mean an area containing a qualified development project
identified by the commerce corporation as a priority because of its potential to generate, preserve
or otherwise enhance jobs or its potential to produce, preserve or otherwise enhance housing
units. The commerce corporation shall take into account the following factors in determining
whether a qualified development project is a priority:

(i) Generation or preservation of manufacturing jobs;

(ii) Promotion of targeted industries;

(iii) Location in a port or airport district;

(iv) Location in an industrial or research park;

(v) Location in a transit oriented development area;

(vi) Location in a hope community;

(vii) Location in an area designated by a municipality as a redevelopment area under §
45-32-4 of the general laws; and

(viii) Location in an area located within land approved for closure under any federal
commission on base realignment and closure action.

(11) "Revenue increment base" means the amounts of all eligible revenues from sources
within the qualifying TIF area in the calendar year preceding the year in which the TIF agreement
is executed, as certified by the division of taxation.

(12) "TIF agreement" means an agreement between the commerce corporation and a
developer, under which, in exchange for the benefits of the funding derived from qualification
under this chapter, the developer agrees to perform any work or undertaking necessary for a
qualified development project, including the clearance, development or redevelopment,
construction, or rehabilitation of any structure or improvement of commercial, industrial, or
residential property; public infrastructure; preexisting municipally-owned stadium of 10,000 seats
or greater; or utilities within a qualifying TIF area.
(13) "TIF payment" means reimbursement of all or a portion of the project financing gap of a qualified development project from the division of taxation as provided under this chapter.

(14) "Targeted industry" means any advanced, promising or otherwise prioritized industry identified in the economic development vision and policy promulgated pursuant to General Laws § 42-64.17-1 or, until such time as any such economic development vision and policy is promulgated, as identified by the commerce corporation.

(15) "Transit oriented development area" means an area in proximity to transit infrastructure that will be further defined by regulation of the commerce corporation in consultation with the Rhode Island department of transportation.

42-64.21-4. TIF program. -- The commerce corporation shall establish a tax increment financing program for the purpose of encouraging qualified development projects in qualifying TIF areas.

42-64.21-5. Financing. -- (a) Up to the limits established in subsection (c) of this section and in accordance with a TIF agreement, the division of taxation shall pay to the developer incremental state revenues directly realized from projects or businesses operating in the qualifying TIF area from the taxes assessed and collected under chapters 11, 13, 14, 17, 18, 19, and 30 of Title 44 of the general laws or realized from such venue ticket sales or parking taxes as may be established and levied under state law.

(b) Up to 75 percent of the projected annual incremental revenues may be allocated under a TIF agreement. The incremental revenue for the revenues listed in subsection (a) of this section shall be calculated as the difference between the amount collected in any fiscal year from any eligible revenue source included in the TIF agreement, less the revenue increment base for that eligible revenue.

(c) The division of taxation is hereby authorized and empowered to segregate the annual incremental revenues allocated under a TIF agreement and transfer such amounts to the general treasurer for deposit in a restricted account known as the TIF fund. The TIF fund shall be used solely to pay for the incentives granted under this chapter. The director of the department of revenue shall annually determine if a surplus exists in the TIF fund over amounts necessary to fund incentives under this chapter in a fiscal year and may authorize the general treasurer to transfer any surplus to the general fund. The unexpended balance of such sum of money received and appropriated for the TIF fund remaining in the treasury at the close of each fiscal year, shall be continued to and is hereby annually appropriated for the same account for the ensuing year.

(d) Under conditions defined by the commerce corporation and in consultation with the department of revenue, those taxes eligible for inclusion in this TIF program may instead be...
exempted up to the levels permitted by this act in cases of significant taxpayers. Such significant taxpayers may instead be required to contribute payments in lieu of taxes (PILOTs) into a dedicated fund established by the commerce corporation. Such payments shall be up to 75 percent of the amount that would otherwise be due to the state in the form of taxation as per the provisions of this statute. Such dedicated funds must be used for the purposes described in this act. The commerce corporation may issue revenue bonds secured by this dedicated fund. Such bonds shall not be a general obligation of the state.

(e) The commerce corporation shall promulgate an application form and procedure for
the program.

42-64.21-6. Agreements permitted. -- (a) The commerce corporation is authorized to enter into a TIF agreement with a developer for any qualified development project located within a qualifying TIF area. The TIF agreement between the commerce corporation and the developer shall contain a provision acknowledging that the benefits of said agreement, with the exception of 42-64.21-5 (d) of this chapter, are subject to such annual appropriation.

(b) The decision whether or not to enter into a TIF agreement is solely within the discretion of the commerce corporation. However, to enter into an agreement with the commerce corporation as authorized in this chapter, applicants shall apply:

(i) To the commerce corporation for approval of the proposed project. Such approval shall require:

(ii) That the chief executive officer of the commerce corporation provide written confirmation to the commerce corporation board that (A) the commerce corporation has reviewed the application and any determination regarding the potential impact on the project's ability to promote the retention and expansion of existing jobs, stimulate the creation of new jobs, including good-paying jobs, attract new business and industry to the state, and stimulate growth in real estate developments and/or businesses that are prepared to make meaningful investment and foster job creation in the state; and (B) the length of the TIF agreement and the percentage of incremental revenues to be allocated under the TIF agreement.

(iii) That the secretary of commerce provide written confirmation to the commerce corporation board that the recommendation of the commerce corporation is consistent with the purposes of this chapter.

(c) A developer that has entered into a TIF agreement with the commerce corporation pursuant to this section may, upon notice to and consent of the corporation, pledge and assign as
security for any loan, any or all of its right, title and interest in and to the TIF agreement and in
the TIF payments due thereunder, and the right to receive same, along with the rights and
remedies provided to the developer under such agreement. Any such assignment shall be an
absolute assignment for all purposes, including the federal bankruptcy code.

(d) Any pledge of TIF payments made by the developer shall be valid and binding from
the time when the pledge is made and filed in the records of the commerce corporation. The TIF
agreement and payments so pledged and thereafter received by the developer shall immediately
be subject to the lien of the pledge without any physical delivery thereof or further act, and the
lien of any pledge shall be valid and binding as against all parties having claims of any kind in
tort, contract, or otherwise against the developer irrespective of whether the parties have notice
thereof.

(e) The commerce corporation shall be entitled to impose an application fee and impose
other charges upon developers associated with the review of a project and the administration of
the program.

(f) Maximum agreement amount. (a) In no event shall the amount of the reimbursements
under a TIF agreement exceed 30 percent of the total cost of the project and provided further, that
the commerce corporation may exempt public infrastructure, a preexisting municipally-owned
stadium of 10,000 seats or greater, or utilities from said 30 percent cap.

42-64.21-7. Program integrity. -- Program integrity being of paramount importance, the
commerce corporation shall establish procedures to ensure ongoing compliance with the terms
and conditions of the program established herein, including procedures to safeguard the
expenditure of public funds and to ensure that the funds further the objectives of the program.

42-64.21-8. Reporting requirements. -- (a) By September 1, 2016 and each year
thereafter, the commerce corporation shall report the name, address, and incentive amount of each
agreement entered into during the previous state fiscal year to the division of taxation.

(b) By December 1, 2016 and each year thereafter, the division of taxation shall provide
the governor with the sum, if any, to be appropriated to fund the program. The governor shall
submit to the general assembly printed copies of a budget including the total of the sums, if any,
as part of the governor's budget required to be appropriated for the program created under this
chapter.

(c) By January 1, 2017 and each year thereafter, the commerce corporation shall report to
governor, the speaker of the house, the president of the senate, the chairpersons of the house and
senate finance committees, and the house and senate fiscal advisors the address and incentive
amount of each agreement entered into during the previous state fiscal year as well as any
determination regarding the measurable impact of each and every agreement on the retention and
expansion of existing jobs, stimulation of the creation of new jobs, attraction of new business and
industry to the state, and stimulation of growth in real estate developments and/or businesses that
are prepared to make meaningful investment and foster job creation in the state.

42-64.21-9. Sunset. -- The commerce corporation shall enter into no agreement under
this chapter after December 31, 2018.

SECTION 5. Title 42 of the General Laws entitled "STATE AFFAIRS AND
GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 64.22

TAX STABILIZATION INCENTIVE

42-64.22-1. Findings and declarations. -- The general assembly finds and declares:

(a) The general assembly seeks to enact several economic stimulus laws to assist Rhode
Island businesses and municipalities, including legislation providing incentives to encourage
economic and real estate development and to create jobs throughout this state.

(b) In order to encourage this economic growth, the general assembly seeks to enhance
and strengthen several of the current statutes governing economic development in this state. The
general assembly's goal is to create an economic stimulus program to promote development and
growth and address the economic challenges currently impacting the State and local
municipalities.

42-64.22-2. Definitions. -- As used in this chapter:

(1) "Adaptive reuse" means the conversion of an existing structure from the use for which
it was constructed to a new use by maintaining elements of the structure and adapting such
elements to a new use.

(2) "Affiliate" means an entity that directly or indirectly controls, is under common
control with, or is controlled by the business. Control exists in all cases in which the entity is a
member of a controlled group of corporations as defined pursuant to § 1563 of the Internal
Revenue Code of 1986 (26 U.S.C. § 1563) or the entity is an organization in a group of
organizations under common control as defined pursuant to subsection (b) or (c) of § 414 of the
Internal Revenue Code of 1986 (26 U.S.C. § 414). A taxpayer may establish by clear and
convincing evidence, as determined by the tax administrator, that control exists in situations
involving lesser percentages of ownership than required by those statutes. An affiliate of a
business may contribute to meeting either the capital investment or full-time employee
requirements of a business that applies for a credit under general laws § 46-64.20-5.

(3) "Affordable housing" means housing for sale or rent with combined rental costs or
combined mortgage loan debt services, property taxes, and required insurance that do not exceed
thirty percent (30%) of the gross annual income of a household earning up to eighty percent
(80%) of the Providence-Fall River, RI-MA metropolitan area median income, as defined
annually by the United States Department of Housing and Urban Development.

(4) "Applicant" means a qualifying community or hope community applying for
incentives under this chapter.

(5) "Business" means a corporation as defined in general laws § 44-1-1(4), or a
partnership, an S corporation, a non-profit corporation, a sole proprietorship, or a limited liability
corporation. A business shall include an affiliate of the business if that business applies for a
credit based upon any capital investment made by an affiliate.

(6) "Capital investment" in a qualified project means expenses by a business or any
affiliate of the business incurred after application for:

(i) Site preparation and construction, repair, renovation, improvement, equipping, or
furnishing on real property or of a building, structure, facility, or improvement to real property;
and/or

(ii) Obtaining and installing furnishings and machinery, apparatus, or equipment,
including but not limited to material goods for the operation of a business on real property or in a
building, structure, facility, or improvement to real property.

In addition to the foregoing, if a business acquires or leases a qualified business facility,
the capital investment made or acquired by the seller or owner, as the case may be, if pertaining
primarily to the premises of the qualified business facility, shall be considered a capital
investment by the business and, if pertaining generally to the qualified business facility being
acquired or leased, shall be allocated to the premises of the qualified business facility on the basis
of the gross leasable area of the premises in relation to the total gross leasable area in the
qualified business facility. The capital investment described herein may include any capital
investment made or acquired within twenty-four (24) months prior to the date of application so
long as the amount of capital investment made or acquired by the business, any affiliate of the
business, or any owner after the date of application equals at least fifty percent (50%) of the
amount of capital investment, allocated to the premises of the qualified business facility being
acquired or leased on the basis of the gross leasable area of such premises in relation to the total
gross leasable area in the qualified business facility made or acquired prior to the date of
application.

(3) "Certified historic structure" means a property which is located in the state of Rhode
Island and is
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(i) Listed individually on the national register of historic places; or

(ii) Listed individually in the state register of historic places; or

(iii) Located in a registered historic district and certified by either the commission or
Secretary of the Interior as being of historic significance to the district.

(4) "Commerce corporation" means the Rhode Island commerce corporation established
pursuant to general laws § 42-64-1 et. seq.

(5) "Commercial" means non-residential development.

(6) "Developer" means a person, firm, corporation, partnership, association, political
subdivision, or other entity that proposes to divide, divides, or causes to be divided real property
into a subdivision or proposes to build, or builds a building or buildings or otherwise improves
land or existing structures, which division, building, or improvement qualifies for benefits under
this chapter.

(7) "Development" means the improvement of land through the carrying out of building,
engineering, or other operations in, on, over, or under land, or the making of any material change
in the use of any buildings or land for the purposes of accommodating land uses.

(8) "Eligibility period" means the period in which a qualified community and/or Hope
Community may apply for reimbursement under this chapter. The eligibility period shall be
subject to the term defined in the qualifying tax stabilization agreement granted by said
community. The amounts subject to reimbursement shall cease upon any termination or cessation
of the underlying qualified tax stabilization agreement.

(9) "Forgone tax revenue" means the amount of revenue that a municipality would have
received from a qualifying project had a tax stabilization agreement not been in place, less the
amount of revenue the municipality would be expected to receive from that qualifying project
with a tax stabilization agreement in place.

(10) "Full-time job" means a position for which a person is employed by a business for
consideration for a minimum of at least thirty-five (35) hours per week, or who renders any other
standard of service generally accepted by custom or practice as full-time employment, or who is
employed by a professional employer organization pursuant to an employee leasing agreement
between the business and the professional employer organization for a minimum of thirty-five
(35) hours per week, or who renders any other standard of service generally accepted by custom
or practice as full-time employment, and whose wages are subject to withholding.

(11) "Hope community" means a municipality for which the five (5) year average
percentage of families with income below the federal poverty level exceeds the state five (5) year
average percentage, both as most recently reported by the U.S. Department of Commerce, Bureau
(12) "Project" means qualified development project as defined under subsection (12) of this chapter.

(13) "Project cost" means the costs incurred in connection with the qualified development by the applicant until the issuance of a permanent certificate of occupancy, or until such other time specified by the commerce corporation, for a specific investment or improvement, as defined through rules and regulations promulgated by the commerce corporation.

(14) "Recognized historical structure" means a property which is located in the state of Rhode Island and is commonly considered to be of historic or cultural significance as determined by the commerce corporation in consultation with the state historic preservation officer.

(15) "Qualifying communities” are those municipalities within the state that are not defined as a hope community.

(16) "Qualified development project” includes:

(i) Rehabilitation of an existing structure where total cost of development budget exceeds fifty percent (50%) of adjusted basis in such a qualifying property as of the date that the parties applied for said qualifying tax stabilization agreement; or

(ii) Construction of a new building wherein:

(a) The subject community has issued a tax stabilization agreement, as set forth herein and pursuant to § 44-3-9 of the general laws as well as other applicable rules, regulations and, procedures;

(b) Construction commences within twelve (12) months of the subject tax stabilization agreement being approved; and

(c) Completion of the proposed development project occurs within thirty six (36) months, subject to the approval of qualifying or hope communities.

(17) "Qualifying property” means any building or structure used or intended to be used essentially for offices or commercial enterprises or residential purposes.

(18) “Qualifying tax stabilization agreement” are those tax stabilization agreements with a minimum term of twelve (12) years, granted by a qualified and/or hope community in connection with a qualifying project.

(19) "Workforce housing” means housing for sale or rent with combined rental costs or combined mortgage loan debt services, property taxes, and required insurance that do not exceed thirty percent (30%) of the gross annual income of a household earning between eighty percent (80%) and one hundred and forty percent (140%) of the Providence-Fall River, RI-MA metropolitan area median income, as defined annually by the United States Department of the Census.
Housing and Urban Development.

42-64.22-3. Establishment of program. -- (a) The Tax Stabilization Incentive Program is hereby created to provide incentives to Rhode Island municipalities to enter into qualifying property tax stabilization agreements in connection with qualifying projects set forth herein.

(b) Under the program, qualified and Hope Communities in the state of Rhode Island that grant qualifying tax stabilization agreements, subject to the provisions of § 44-3-9 of the Rhode Island general laws, in connection with a qualifying project, may apply to the commerce corporation for certification for partial reimbursement of the amount of real estate taxes and/or personal property taxes that would have otherwise been paid had the qualified and/or hope communities not granted said tax stabilization agreement.

42-64.22.4. Incentives for municipalities. -- The qualifying community or hope community grants a qualifying tax stabilization agreement in connection with a qualifying project, upon certification by the commerce corporation and subject to availability of appropriated funds, the commerce corporation shall provide a partial reimbursement of no more than ten percent (10%) of the qualified community and/or hope community's forgone tax revenue. The qualification for reimbursement shall cease upon any termination or cessation of the underlying tax stabilization agreement or upon exhaustion of funds appropriated pursuant to this section.

42-64.22-5. Eligibility requirements for qualifying communities. -- In order for a qualifying community to be eligible to receive incentives under this chapter, in addition to the provisions set forth herein, the tax stabilization agreement must be for a qualified development project resulting in the creation of at least fifty (50) new full-time jobs, and the developer must commit a capital investment of not less than ten million dollars ($10,000,000.00) towards the project cost.

42-64.22-6. Eligibility requirements for hope communities. -- In order for a hope community to be eligible to receive incentives under this chapter, in addition to the provisions set forth herein, the tax stabilization agreement must be for a qualified development project resulting in the creation of at least twenty-five (25) new full-time jobs, and the developer must commit a capital investment of not less than five million dollars ($5,000,000.00) towards the project cost.

42-64.22-7. Alternative eligibility requirements. -- (a) Qualified communities may receive incentives under this chapter, where the tax stabilization agreement is for a qualified development project involving an adaptive reuse of a recognized historical structure or results in the creation of at least twenty (20) units of residential housing; provided that at least twenty percent (20%) of the residential units are for affordable or workforce housing.
(b) Qualified communities may receive incentives under this chapter, where the tax stabilization agreement is for a qualified development project involving an adaptive reuse of a certified historic structure, if such qualified development project:

(i) Has been certified by the state historic preservation officer that the adaptive reuse will be consistent with the standards of the Secretary of the United States Department of the Interior for rehabilitation; and

(ii) Results in the creation of at least twenty (20) units of residential housing; provided that at least twenty percent (20%) of the residential units are for affordable or workforce housing.

(c) Hope communities may receive incentives under this chapter, where the tax stabilization agreement for a qualified development project results in the creation of at least twenty (20) units of residential housing.

42-64.22-8. Reimbursement. -- The aggregate value of all reimbursements approved by the commerce corporation pursuant to this chapter during the eligibility period shall not exceed the lesser of ten (10%) percent of the qualifying and/or hope communities' forgone tax revenue or annual appropriations received by the commerce corporation for the program.

42-64.22-9. Applicability. -- The amounts subject to reimbursement under this chapter shall apply to any real and/or personal property tax abatement provided pursuant to a tax stabilization agreement, granted pursuant to § 44-3-9 of the general laws, after January 1, 2015. The amounts subject to reimbursement shall also include any reduction in the then current real property taxes and/or personal property taxes, as well as a reduction in the prospective amounts that would be due in connection with the completion of the qualifying project.

42-64.22-10. Approval. -- The commerce corporation's approval of reimbursement to the qualifying or hope communities may be made in accordance with or conditional upon the conditions set forth under § 44-3-9 of the general laws and other guidelines, criteria, and priorities that may be adopted by the commerce corporation. In order to distribute funds under the chapter, the commerce corporation shall enter into an agreement with the community setting forth the terms of the reimbursements subject hereto. The commerce corporation may require communities to provide reports and documentation regarding any reimbursements provided under this chapter.

42-64.22-11. Restrictions. -- Nothing in this section shall be construed to interfere, restrict or prevent any qualifying community or hope community from granting tax stabilization agreements pursuant to § 44-3-9 of the general laws or other applicable sections of title 44 of the general laws.

42-64.22-12. Implementation guidelines, directives, criteria, rules, regulations. -- (a) The commerce corporation shall establish further guidelines, directives, criteria, rules and
regulations in regards to the implementation of this chapter.

(b) The adoption and implementation of rules and regulations shall be made pursuant to § 42-35-3 of the general laws as are necessary for the implementation of the commerce corporation's responsibilities under this chapter.

42-64.22-13. Program integrity. -- Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein, including procedures to safeguard the expenditure of public funds and to ensure that the funds further the objectives of the program.

42-64.22-14. Report requirements. -- (a) By September 1, 2016 and each year thereafter, the commerce corporation shall report the name, address, and amount of each stabilization agreement entered into during the previous state fiscal year to the division of taxation.

(b) By December 1, 2016 and each year thereafter, the division of taxation shall provide the governor with the sum, if any, to be appropriated to fund the program. The governor shall submit to the general assembly printed copies of a budget including the total of the sums, if any, as part of the governor's budget required to be appropriated for the program created under this chapter.

42-64.22-15. Sunset. -- The commerce corporation shall enter into no agreement under this chapter after December 31, 2018.

SECTION 6. Title 42 of the General Laws entitled "STATE AFFAIRS AND GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 64.23

FIRST WAVE CLOSING FUND

42-64.23-1. Short title. -- This chapter shall be known as the "First Wave Closing Fund Act."

42-64.23-2. Legislative findings. -- The general assembly finds and declares: (a) It is hereby found and declared that due to long-term and short-term stagnant or declining economic trends in Rhode Island, businesses in the state have found it difficult to make investments that would stimulate economic activity and create new jobs for the citizens of the state. Moreover, such economic trends have caused business closures or out-of-state business relocations, while other out-of-state businesses are deterred from relocating to this state. This situation has contributed to a high rate of unemployment in the state. Consequently, a need exists to promote the retention and expansion of existing jobs, stimulate the creation of new jobs, attract new business and industry to the state, and stimulate growth in real estate developments and/or
businesses that are prepared to make meaningful investments and foster job creation in Rhode
Island.

(b) Through the establishment of a first wave closing fund, Rhode Island can take steps to
stimulate business development; retain and attract new business and industry to the state; create
good-paying jobs for its residents; assist with business, commercial, and industrial real estate
development; and generate revenues for necessary state and local governmental services.

42-64.23-3. Definitions. -- As used in this chapter:

(1) "Affiliate" means an entity that directly or indirectly controls, is under common
control with, or is controlled by the business. Control exists in all cases in which the entity is a
member of a controlled group of corporations as defined pursuant to § 1563 of the Internal
Revenue Code of 1986 (26 U.S.C. § 1563) or the entity is an organization in a group of
organizations under common control as defined pursuant to subsection (b) or (c) of § 414 of the
Internal Revenue Code of 1986 (26 U.S.C. § 414). A taxpayer may establish by clear and
convincing evidence, as determined by the commerce corporation in its sole discretion, that
control exists in situations involving lesser percentages of ownership than required by those
statutes. An affiliate of a business may contribute to meeting full-time employee requirements of a
business that applies for a credit under this chapter.

(2) "Applicant" means a business applying for assistance under this chapter.

(3) "Business" means a corporation as defined in general laws § 44-1-1(4), or is a
partnership, an S corporation, a non-profit corporation, a sole proprietorship or a limited liability
company.

(4) "Investment" in a development project means expenses by a business or any affiliate
incurred after application including, but without limitation, for:

(i) Site preparation and construction, repair, renovation, improvement, equipping, or
furnishing on real property or of a building, structure, facility, or improvement to real property;
and/or

(ii) Obtaining and installing furnishings and machinery, apparatus, or equipment,
including but not limited to material goods for the operation of a business on real property or in a
building, structure, facility, or improvement to real property.

(5) "Commerce corporation" means the Rhode Island commerce corporation established
by general laws § 42-64-1 et. seq.

(6) "Developer" means a person, firm, corporation, partnership, association, political
subdivision, or other entity that proposes to divide, divides, or causes to be divided real property
into a subdivision or proposes to build, or builds a building or buildings or otherwise improves
land or existing structures, which division, building, or improvement of land qualifies for benefits
under this chapter.

(7) "Development" means the improvement of land through the carrying out of building,
engineering, or other operations in, on, over, or under land, or the making of any material change
in the use of any buildings or land for the purposes of accommodating land uses.

(8) "Development project" means a real estate based development or other investment.

(9) “Full-time employee” means a person who is employed by a business for
consideration for a minimum of at least thirty-five (35) hours per week, or who renders any other
standard of service generally accepted by custom or practice as full-time employment, or who is
employed by a professional employer organization pursuant to an employee leasing agreement
between the business and the professional employer organization for a minimum of thirty-five
(35) hours per week, or who renders any other standard of service generally accepted by custom
or practice as full-time employment, and whose wages are subject to withholding.

(9) “Project cost” means the costs incurred in connection with a project by an applicant
until the issuance of a permanent certificate of occupancy, or until such other time specified by
the commerce corporation.

(10) “Project financing gap” means

(i) The part of the total project cost that remains to be financed after all other sources of
capital have been accounted for (such sources will include, but not be limited to, developer-
contributed capital), which shall be defined through rules and regulations promulgated by the
commerce corporation, or

(ii) The amount of funds that the state may invest in a project to gain a competitive
advantage over a viable and comparable location in another state by means described in this
chapter.

42-64.23-4. Establishment of fund; Purposes; Composition. -- (a) There is hereby
established the first wave closing fund (the "Fund") to be administered by the commerce
corporation as set forth in this chapter.

(b) The purpose of the fund is to provide lynchpin financing unavailable from other
sources, bringing to closure transactions that are of a critical or catalytic nature for Rhode Island's
economy and communities.

(c) The fund shall consist of:

(1) Money appropriated in the state budget to the fund;

(2) Money made available to the fund through federal programs or private contributions;

(3) Repayments of principal and interest from loans made from the fund;
(4) Proceeds from the sale, disposition, lease, or rental of collateral related to financial assistance provided under this chapter;

(5) Application or other fees paid to the fund to process requests for financial assistance;

(6) Recovery made by the commerce corporation, or the sale of an appreciated asset in which the commerce corporation has acquired an interest under this chapter; and

(7) Any other money made available to the fund.

**42-64.23-5. Powers of commerce corporation.** -- (a) The commerce corporation board shall promulgate regulations setting forth criteria for approving awards under the fund and such criteria shall ensure that awards from the fund are economically advantageous to the citizens of Rhode Island. To qualify for the benefits of this chapter, an applicant shall submit an application to the commerce corporation. Upon receipt of a proper application from an applicant, the commerce corporation board may approve a loan, a conditional grant or other investment. In making each award, the commerce corporation shall consider, among other factors, the:

(1) Economic impact of the project, including costs and benefits to the state;

(2) The amount of the project financing gap;

(3) Strategic importance of the project to the state, region, or locality;

(4) Quality and number of jobs produced;

(5) Quality of industry and project; and

(6) Competitive offers regarding the project from another state or country.

(b) The proceeds of the funding approved by the commerce corporation under this chapter may be used for (1) working capital, equipment, furnishings, fixtures; (2) the construction, rehabilitation, purchase of real property; (3) as permanent financing; or (4) such other purposes that the commerce corporation approves.

(c) The commerce corporation shall have no obligation to make any award or grant any benefits under this chapter.

(d) The commerce corporation shall publish a report on the fund at the end of each fiscal year. The report shall contain information on the commitment, disbursement, and use of funds allocated under the Fund. The report shall also, to the extent practicable, track the economic impact of projects that have been completed using the fund. The report is due no later than sixty (60) days after the end of the fiscal year, and shall be provided to the speaker of the house of representatives and the president of the senate.

**42-64.23-6. Implementation guidelines, directives, criteria, rules, regulations.** -- The commerce corporation may adopt implementation guidelines, directives, criteria, rules and regulations pursuant to § 42-35-3 of the General Laws as are necessary for the implementation...
and administration of the fund.

42-64.23-7. Program integrity. -- Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein, including procedures to safeguard the expenditure of public funds and to ensure that the funds further the objectives of the program.

42-64.23-8. Sunset. -- No financing shall be authorized to be reserved pursuant to this chapter after December 31, 2018.

SECTION 7. Title 42 of the General Laws entitled "STATE AFFAIRS AND GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 64.24

I-195 REDEVELOPMENT PROJECT FUND

42-64.24-1. Short title. -- This chapter shall be known as the "I-195 Redevelopment Project Fund Act."

42-64.24-2. Legislative findings. -- The general assembly finds and declares:

(a) That due to global economic trends, businesses in Rhode Island have found it difficult to invest in development projects and other significant capital investments in and surrounding the I-195 land within the city of Providence. Investment in such projects would stimulate economic activity, facilitate the creation of new jobs for the citizens of the state and promote economic growth and development.

(b) Through the establishment of the I-195 redevelopment project fund, Rhode Island can take steps to attract and grow new businesses and industries to and for the state; create good-paying jobs for its residents; assist with business and real estate development; and generate revenues for necessary state and local governmental services.

42-64.24-3. Definitions. -- As used in this act:

(1) "Applicant" means a developer or occupant applying for a loan or conditional loan under this chapter.

(2) "Business" means a corporation as defined in general laws § 44-1-1(4), or is a partnership, an S corporation, a non-profit corporation, sole proprietorship or a limited liability corporation.

(3) "Capital investment" in a redevelopment project means costs or expenses by a business or any affiliate of the business incurred after application for:

(i) Site preparation and construction, repair, renovation, improvement, equipping, or furnishing on real property or of a building, structure, facility, or improvement to real property;

(ii) Obtaining and installing furnishings and machinery, apparatus, or equipment,
including but not limited to material goods for the operation of a business on real property or in a
building, structure, facility, or improvement to real property.

(4) "Commission" means the I-195 district commission.

(6) "Developer" means a person, firm, corporation, partnership, association, political
subdivision, or other entity that proposes to divide, divides, or causes to be divided real property
into a subdivision or proposes to build, or builds a building or buildings or otherwise improves
land or existing structures, which division, building, or improvement of land qualifies for benefits
under this chapter.

(6) "I-195 land" means the surplus land within the city of Providence owned by the I-195
district commission and the area within a one-quarter mile radius of the outermost boundary of
said surplus land as further delineated by regulation of the commission.

(7) "Occupant" means a business as a tenant, owner, or joint venture partner, occupying
space pursuant to a lease or other occupancy agreement on the I-195 land or a project developed
on such land.

(8) "Personal property" means furniture, fixtures and equipment, except automobiles,
trucks or other motor vehicles, or materials that otherwise are depreciable and have a useful life
of one year or more, that are utilized for the redevelopment project for any given phase of the
redevelopment project inclusive of a period not to exceed six (6) months after receipt of a
certificate of occupancy for the given phase of the development.

(9) "Project cost" means the costs incurred in connection with a project by an applicant
until the issuance of a permanent certificate of occupancy, or until such other time specified by
the commerce corporation.

(10) "Project financing gap" means

(i) the part of the total project cost that remains to be financed after all other sources of
capital have been accounted for (such sources will include, but not be limited to, developer-
contributed capital), which shall be defined through rules and regulations promulgated by the
commerce corporation, or

(ii) the amount of funds that the state may invest in a project to gain a competitive
advantage over a viable and comparable location in another state by means described in this
chapter.

42-64.24-4. Establishment of the fund uses and composition. -- (a) The I-195
Redevelopment Project Fund (the "Fund") is hereby established under the jurisdiction of and shall
be administered by the commission in order to further the goals set forth in Chapter 42-64.14 of
the general laws and to promote, among other purposes, the development and attraction of
advanced industries and innovation on and near the I-195 land in order to enhance Rhode Island's economic vitality.

(b) The uses of the fund include but are not limited to:

(1) Contributing to capital investment requirements for anchor institutions or other catalytic project components chosen in accordance with a vision developed, by the commission for location on the I-195 land, adjacent and proximate parcels;

(2) Filling project financing gaps for real estate projects on the I-195 land, adjacent and proximate parcels;

(3) Financing land acquisition in areas adjacent to and proximate to the I-195 land including street rights of way and abandonment costs;

(4) Financing public infrastructure and public facilities to support or enhance development including, but not limited to, transportation, parks, greenways, performance venues, meeting facilities, community facilities, and public safety precincts.

(c) This statute shall not be construed as authorizing expenditure from this fund for the purpose of financing a stadium or other such facility built primarily for sporting activity.

(d) The fund shall consist of:

(1) Money appropriated in the state budget to the fund;

(2) Money made available to the fund through federal programs or private contributions;

(3) Repayments of principal and interest from loans made from the fund;

(4) Proceeds from the sale, disposition, lease, or rental of collateral related to financial assistance provided under this chapter;

(5) Application or other fees paid to the fund to process requests for financial assistance;

(6) Recovery made by the commission or on the sale of an appreciated asset in which the commission has acquired an interest under this chapter; and

(7) Any other money made available to the fund.

42-64.24-5. Assistance, Powers of commission, reports. -- (a) An applicant seeking assistance under this chapter shall submit a request to the commission pursuant to an application procedure prescribed by the commission.

(b) Any approval for funding under this chapter may only be granted by the commission and shall require the concurrence of the secretary of commerce.

(c) The commission may set the terms and conditions for assistance under this chapter. Except as provided in subsection (b) of this section, any decision to grant or deny such assistance lies within the sole discretion of the commission.

(d) The commission shall publish a report on the fund at the end of each fiscal year. The
The report shall contain information on the commitment, disbursement, and use of funds allocated under the fund. The report shall also, to the extent practicable, track the economic impact of projects that have been completed using the fund. The report is due no later than sixty (60) days after the end of the fiscal year, and shall be provided to the speaker of the house of representatives, the president of the senate and the secretary of commerce.

42-64.24-6. Implementation guidelines, directives, criteria, rules, regulations. -- The commission shall adopt implementation guidelines, directives, criteria, rules and regulations pursuant to § 42-35-3 of the general laws as are necessary for the implementation of the commission's responsibilities under this chapter and impose such fees and charges as are necessary to pay for the administration and implementation of this program.

42-64.24-7. Program integrity. -- Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein, including procedures to safeguard the expenditure of public funds and to ensure that the funds further the objectives of the program.

42-64.24-8. Sunset. -- No funding, credits, or incentives shall be authorized or authorized to be reserved pursuant to this chapter after December 31, 2018.

SECTION 8. Title 42 of the General Laws entitled "STATE AFFAIRS AND GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 64.25

SMALL BUSINESS ASSISTANCE PROGRAM

42-64.25-1. Short title. -- This chapter shall be known as the "Small Business Assistance Program Act."

42-64.25-2. Statement of intent. -- The general assembly hereby finds and declares that small businesses are the economic backbone of the state and the source of a majority of new jobs. The general assembly further finds that too many such businesses often have difficulty obtaining capital from traditional banking organizations to start up, improve or expand operations. Providing greater access to capital would enable the formation and expansion of small businesses across the state and provide job opportunities to the state's citizens. The purpose of this act is to assist small businesses that encounter difficulty in obtaining adequate credit or adequate terms for such credit. Among the small businesses that this act aims to assist are minority business enterprises and women-owned business enterprises.

42-64.25-3. Establishment of small business capital access fund. -- The small business capital access fund program is hereby created within the Rhode Island commerce corporation. The commerce corporation is authorized, within available appropriations, to provide direct
assistance and/or partner with lending organizations to provide funding for loans to small businesses located in Rhode Island. As used in this chapter, a "small business" means a business that is resident in Rhode Island and employs two hundred (200) or fewer persons. The commerce corporation is authorized, from time to time, to establish rules and regulations for the administration of the program.

42-64.25-4. Qualifications of lending organizations. -- The commerce corporation may elect to partner with an outside lending organization and authorize that organization to receive and administer program funds. Before partnering with an outside lending organization, the commerce corporation may identify eligible lending organizations through one or more competitive statewide or regional solicitations.

42-64.25-5. Program loan structures. -- Loan programs shall be structured by the commerce corporation that may include, but not be limited to, the following programs: (a) financing programs for companies that require additional capital outside of conventional senior debt or equity financing channels; (b) direct lending of subordinated and mezzanine debt; (c) collateral support in the form of credit enhancement; (d) pledge of cash collateral accounts to lending institutions to enhance collateral coverage of individual loans; and (e) technical assistance to small businesses.

42-64.25-6. Micro-loan allocation. -- Notwithstanding anything to the contrary in this chapter, ten percent (10%) of program funds will be allocated to "micro loans" with a principal amount between two thousand dollars and twenty-five thousand dollars. Micro loans will be administered by lending organizations, which will be selected by the commerce corporation on a competitive basis and shall have experience in providing technical and financial assistance to microenterprises.

42-64.25-7. Lending organization reports. -- Any participating lending organizations shall submit to the commerce corporation annual reports stating the following: the number of program loans made; the amount of program funding used for loans; the use of loan proceeds by the borrowers; the number of jobs created or retained; a description of the economic development generated; the status of each outstanding loan; and such other information as the commerce corporation may require.

42-64.25-8. Audits. -- The commerce corporation may conduct audits of any participating lending organization in order to ensure compliance with the provisions of this chapter, any regulations promulgated with respect thereto and agreements between the lending organizations and the commerce corporation on all aspects of the use of program funds and program loan transactions. In the event that the commerce corporation finds noncompliance, the commerce corporation may require
commerce corporation may terminate the lending organization’s participation in the program.

42-64.25-9. Termination. -- Upon termination of a lending organization’s participation in
the program, the lending organization shall return to the commerce corporation, promptly after its
demand therefor, an accounting of all program funds received by the lending organization,
including a transfer of all currently outstanding loans that were made using program funds.
Notwithstanding such termination, the lending organization shall remain liable to the commerce
corporation with respect to any unpaid amount due from the lending organization pursuant to the
terms of the commerce corporation’s provision of funds to the lending organization.

42-64.25-10. Discretion. -- The commerce corporation shall have no obligation to grant
any loan under this chapter or provide any funding to a lending organization.

42-64.25-11. Limitations. -- (a) The commerce corporation shall not grant any financial
commitment from state program funds to any applicant in excess of seven hundred and fifty
thousand ($750,000) dollars under this program.
(b) The commerce corporation shall have no authority to award grants except to technical
assistance providers under this program.

42-64.25-12. Reporting requirements. -- The commerce corporation shall publish a
report on the small business capital access fund at the end of each fiscal year. The report shall
contain information on the commitment, disbursement, and use of funds allocated under the fund.
The report shall also, to the extent practicable, track the economic impact of projects that have
been completed using the fund. The report is due no later than sixty (60) days after the end of the
fiscal year, and shall be provided to the speaker of the house of representatives and the president
of the senate.

42-64.25-13. Program integrity. -- Program integrity being of paramount importance,
the commerce corporation shall establish procedures to ensure ongoing compliance with the terms
and conditions of the program established herein, including procedures to safeguard the
expenditure of public funds and to ensure that the funds further the objectives of the program.

42-64.25-14. Sunset. -- No grants, funding, or incentives shall be authorized pursuant to
this chapter after December 31, 2018.

SECTION 9. Title 42 of the General Laws entitled “STATE AFFAIRS AND
GOVERNMENT” is hereby amended by adding thereto the following chapter:

CHAPTER 64.20

STAY INVESTED IN RI WAVEMAKER FELLOWSHIP

42-64.20-1. Short title. -- This chapter shall be known as the “Stay Invested in RI
Wavemaker Fellowship.”
42-64.20-2. Legislative findings. -- The general assembly finds and declares:

(1) A well-educated citizenry is critical to this state's ability to compete in the national and global economies.

(2) Higher education both benefits individual students and is a public good benefitting the state as a whole.

(3) Excessive student loan debt is impeding economic growth in this state. Faced with excessive repayment burdens, many individuals are unable to start businesses, invest or buy homes, and may be forced to leave the state in search of higher paying jobs elsewhere.

(4) Relieving student loan debt would give these individuals greater control over their earnings, would increase entrepreneurship and demand for goods and services, and would enable employers in this state to recruit and retain graduates in the fields of science, technology, engineering and mathematics.

(5) The Stay Invested in RI Wavemaker Fellowship is designed to achieve the following goals:

(i) Promote economic opportunity for people in this state by ensuring access to the training and higher education that higher-paying jobs require;

(ii) Bring more and higher-paying jobs to this state by increasing the skill level of this state's workforce;

(iii) Offer educational opportunity and retraining to individuals impacted by job loss, workplace injury, disability or other hardship;

(iv) Keep young people in the state through incentives for educational opportunity and creation of more high-paying jobs;

(v) Encourage an entrepreneurial economy in Rhode Island; and

(vi) Accomplish all of the goals in this chapter with as little bureaucracy as possible.

42-64.20-3. Definitions. -- As used in this chapter:

(1) "Eligible graduate" means an individual who meets the eligibility requirements under this chapter.

(2) "Applicant" means an eligible graduate who applies for a tax credit for education loan repayment expenses under this chapter.

(3) "Award" means a tax credit awarded by the commerce corporation to an applicant as provided under this chapter.

(4) "Taxpayer" means an applicant who receives a tax credit under this chapter.

(5) "Commerce corporation" means the Rhode Island commerce corporation established pursuant to chapter 64 of title 42.
(6) “Eligible expenses” or “education loan repayment expenses” means annual higher education loan repayment expenses, including, without limitation, principal, interest and fees, as may be applicable, incurred by an eligible graduate and which the eligible graduate is obligated to repay for attendance at a post-secondary institution of higher learning.

(7) “Eligibility period” means a term of up to four (4) consecutive service periods beginning with the date that an eligible graduate receives initial notice of award under this chapter and expiring at the conclusion of the fourth service period after such date specified.

(8) “Eligibility requirements” means the following qualifications or criteria required for an applicant to claim an award under this chapter:

(i) That the applicant shall have graduated from an accredited two (2), four (4) year or graduate post-secondary institution of higher learning with an associate’s, bachelor’s, graduate, or postgraduate degree and at which the applicant incurred education loan repayment expenses;

(ii) That the applicant shall be a full-time employee with a Rhode Island-based employer located in this state throughout the eligibility period, whose employment is for work in one or more of the following covered fields: life, natural or environmental sciences; computer, information or software technology; advanced mathematics or finance; engineering; industrial design or other commercially related design field; or medicine or medical device technology; and

(9) “Full-time employee” means a person who is employed by a business for consideration for a minimum of at least thirty-five (35) hours per week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, or who is employed by a professional employer organization pursuant to an employee leasing agreement between the business and the professional employer organization for a minimum of thirty-five (35) hours per week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, and whose wages are subject to withholding.

(10) “Service period” means a twelve (12) month period beginning on the date that an eligible graduate receives initial notice of award under this chapter.

(11) “Student loan” means a loan to an individual by a public authority or private lender to assist the individual to pay for tuition, books, and living expenses in order to attend a post-secondary institution of higher learning.

(12) “Rhode Island-based employer” means an employer having a principal place of business or at least fifty-one percent (51%) of its employees located in this state.

(13) “Fund” refers to the “Stay Invested in RI Fund” established pursuant to § 42-64.20-4.

42-64.20-4, Establishment of fund; Purposes; Composition. -- (a) There is hereby established the “Stay Invested in RI Fund” (the “fund”) to be administered by the commerce...
corporation as set forth in this chapter.

(b) The purpose of the fund is to expand employment opportunities in the state and to retain talented individuals in the state by providing tax credits in relation to education loan repayment expenses to applicants who meet the eligibility requirements under this chapter.

(c) The fund shall consist of:

(1) Money appropriated in the state budget to the fund;

(2) Money made available to the fund through federal programs or private contributions; and

(3) Any other money made available to the fund.

(d) The fund shall be used to pay for the redemption of tax credits or reimbursement to the state for tax credits applied against a taxpayer’s tax liability. The fund shall be exempt from attachment, levy or any other process at law or in equity. The director of the department of revenue shall make a requisition to the commerce corporation for funding during any fiscal year as may be necessary to pay for the redemption of tax credits presented for redemption or to reimburse the state for tax credits applied against a taxpayer’s tax liability. The commerce corporation shall pay from the fund such amounts as requested by the director of the department of revenue necessary for redemption or reimbursement in relation to tax credits granted under this chapter.

42-64.20-5. Administration.--(a) Application.--An eligible graduate claiming an award under this chapter shall submit to the commerce corporation an application in the manner that the commerce corporation shall prescribe.

(b) Upon receipt of a proper application from an applicant who meets all of the eligibility requirements, the commerce corporation shall select applicants on a competitive basis to receive credits for up to a maximum amount for each service period of one thousand dollars ($1,000) for an associate’s degree holder, four thousand dollars ($4,000) for a bachelor’s degree holder, and six thousand dollars ($6,000) for a graduate or post-graduate degree holder, but not to exceed the education loan repayment expenses incurred by such taxpayer during each service period completed, for up to four (4) consecutive service periods provided that the taxpayer continues to meet the eligibility requirements throughout the eligibility period. The commerce corporation shall delegate the selection of the applicants that are to receive awards to a fellowship committee to be convened by the commerce corporation and promulgate the selection procedures the fellowship committee will use, which procedures shall require that the committee’s consideration of applications be conducted on a name-blind and employer-blind basis and that the applications and other supporting documents received or reviewed by the fellowship committee shall be
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31 redacted of the applicant’s name, street address, and other personally-identifying information as
32 well as the applicant’s employer’s name, street address, and other employer-identifying
33 information. The commerce corporation shall determine the composition of the fellowship
34 committee and the selection procedures it will use in consultation with the state’s chambers of
35 commerce.
36
37 (c) The credits awarded under this chapter shall not exceed one hundred percent (100%) of the education loan repayment expenses incurred by such taxpayer during each service period completed for up to four (4) consecutive service periods. Tax credits shall be issued annually to the taxpayer upon proof that (i) the taxpayer has actually incurred and paid such education loan repayment expenses; (ii) the taxpayer continues to meet the eligibility requirements throughout the service period; (iii) The award shall not exceed the original loan amount plus any capitalized interest less award previously claimed under this section; and (iv) that the taxpayer claiming an award is current on his or her student loan repayment obligations.

38 (d) The commerce corporation shall not commit to overall awards in excess of the amount contained in the fund. The commerce corporation shall not issue initial award notices in any calendar year committing to awards in excess of twenty-five percent (25%) of the fund for a calendar year in order to provide that taxpayers may receive awards for up to four (4) consecutive service periods as provided in this chapter.

39 (e) The commerce corporation shall reserve seventy percent (70%) of the awards issued in a calendar year to applicants who are permanent residents of the state of Rhode Island or who attended an institution of higher education located in Rhode Island when they incurred the education loan expenses to be repaid.

40 (f) In administering award, the commerce corporation shall:

41 (1) Require suitable proof that an applicant meets the eligibility requirements for award under this chapter;

42 (2) Determine the contents of applications and other materials to be submitted in support of an application for award under this chapter; and

43 (3) Collect reports and other information during the eligibility period for each award to verify that a taxpayer continues to meet the eligibility requirements for an award.

44 42-64.20-6. Reporting. -- (a) The commerce corporation shall require taxpayers to submit annual reports, in such form and on such dates as the commerce corporation shall require, in order to confirm that the taxpayer continues to meet all of the eligibility requirements of this chapter and as a prerequisite to funding any award of tax credits under this chapter.

45 (b) Notwithstanding any other provision of law, no taxpayer shall receive an award
without first consenting to the public disclosure of the receipt of any award given under this chapter. The commerce corporation shall annually publish a list of taxpayers receiving awards under this program, their post-secondary institution of higher learning, and their employer on the commerce corporation website and in such other locations as it deems appropriate.

42-64.20-7. Remedies. -- (a) If an eligible graduate receiving an award under this chapter violates any provision of this chapter or ceases to meet the eligibility requirements of this chapter, the commerce corporation may, on reasonable notice:

(1) Withhold further award until the taxpayer complies with the eligibility or other requirements of the award; or

(2) Terminate the award.

42-64.26-8. Carry forward and redemption of tax credits. -- (a) If the amount of the tax credit allowed under this chapter exceeds the taxpayer’s total tax liability for the year in which the credit is allowed, the amount of such credit that exceeds the taxpayer’s tax liability may be carried forward and applied against the taxes imposed for the succeeding four (4) years, or until the full credit is used, whichever occurs first.

(b) The tax credit allowed under this chapter may be used as a credit against personal income taxes imposed under chapter 30 of title 44.

(c) The division of taxation shall at the request of a taxpayer redeem such credits in whole or in part for one hundred percent (100%) of the value of the tax credit.

(d) Any amounts paid to a taxpayer for the redemption of tax credits allowed pursuant to this section shall be exempt from taxation under title 44 of the General Laws.

42-64.20-9. Implementation guidelines, rules, regulations. -- (a) The commerce corporation may adopt implementation guidelines, rules, and regulations pursuant to § 42-35-3 as are necessary for the implementation of this chapter.

(b) The commerce corporation shall adopt guidelines to assure integrity and eliminate potential conflicts of interest in the issuing of awards.

(c) The division of taxation may adopt implementation guidelines, directives, criteria, and rules and regulations pursuant to section 42-35-3 of the General Laws, as are necessary for the implementation of the division’s responsibilities under this chapter.

42-64.20-10. Promotion by state agencies. -- (a) The commerce corporation and any other agencies engaging in education-related outreach shall integrate promotion of the program into existing educational opportunity outreach efforts to the extent possible in a manner consistent with the scope of the program and its centrality to the state’s efforts to raise educational attainment, including, without limitation, promoting the program to Rhode Island permanent
residents who enroll in accredited Rhode Island colleges or universities and receive financial aid in the form of student loans.

42-64.20-11. Program integrity. -- Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein and to safeguard the expenditure of public funds.

SECTION 10. Title 42 of the General Laws entitled "STATE AFFAIRS AND GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 64.27

MAIN STREET RHODE ISLAND STREETSCAPE IMPROVEMENT FUND

42-64.27-1. Statement of intent. -- It is the intention of the general assembly to foster private-public partnerships in relation to improvement of streetscapes in local business districts by creating a funding program to stimulate investment in such improvements, thus enhancing the environment for business and attracting further investment.

42-64.27-2. Fund established. -- The main street RI streetscape improvement fund is hereby created within the Rhode Island commerce corporation. The commerce corporation is authorized, within available appropriations, to award loans, matching grants, and other forms of financing to facilitate improvement of streetscapes such as but not limited to (1) enhanced sidewalks, (2) new wayfinding signage, (3) upgraded building facades, and (4) improved street and public space lighting, in support of creating an attractive environment for small business development and commerce. Applications and awards of grants or loans shall be on a rolling basis. There is established an account in the name of the "main street RI streetscape improvement fund" under the control of the commerce corporation, and the commerce corporation shall pay into such account any eligible funds available to the commerce corporation from any source, including funds appropriated by the state and any grants made available by the United States or any agency of the United States.

42-64.27-3. Rules and regulations. -- The commerce corporation is hereby authorized to promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter, including the criteria by which grant or loan applications will be judged and awarded.

42-64.27-4. Reporting requirements. -- The commerce corporation shall publish a report on the main street RI streetscape improvement fund at the end of each fiscal year. The report shall contain information on the commitment, disbursement, and use of funds allocated under the fund. The report shall also, to the extent practicable, track the economic impact of projects that have been completed using the fund. The report is due no later than sixty (60) days
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after the end of the fiscal year, and shall be provided to the speaker of the house of
representatives and the president of the senate.

42-64.27-5. Program integrity. -- Program integrity being of paramount importance, the
commerce corporation shall establish procedures to ensure ongoing compliance with the terms
and conditions of the program established herein, including procedures to safeguard the
expenditure of public funds and to ensure that the funds further the objectives of the program.

42-64.27-6. Sunset. -- No incentives shall be authorized pursuant to this chapter after
December 31, 2018.

SECTION 11. Title 42 of the General Laws entitled "STATE AFFAIRS AND
GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 64.28

INNOVATION INITIATIVE.

42-64.28-1. Legislative findings. -- (a) While large enterprises have the expert personnel
and financial resources to make strategic investments in innovation, few small businesses have
the resources to do so. The resulting underinvestment in innovation stunts the growth of Rhode
Island's economy, inhibits the potential of small businesses and impedes local universities and
other technological resources from providing technological input and other developmental
assistance to such small businesses. It is the intention of the general assembly to foster innovation
in small businesses and increase demand for technological services by creating an innovation
initiative. This initiative will further advance the competitiveness of Rhode Island's companies in
the national and global economies and result in the creation and/or retention of jobs and tax
revenues for the state.

42-64.28-2. Definitions. -- As used in this chapter:

(1) "Commerce corporation" means the Rhode Island commerce corporation established
pursuant to General Laws § 42-64-1 et. seq.

(2) "Small business" means a business that is resident in Rhode Island, has its business
facility located within the state, and employs five hundred (500) or fewer persons.

(3) "Match" shall mean a funding match, or in kind services provided by a third party.

(4) "Targeted industry" means any advanced, promising or otherwise prioritized industry
identified in the economic development vision and policy promulgated pursuant General Laws §
42-64.17-1 or, until such time as any such economic development vision and policy is
promulgated, as identified by the commerce corporation.

42-64.28-3. Programs established. -- (a) The Rhode Island commerce corporation shall
establish a voucher program and an innovation network program as provided under this chapter.
The programs are subject to available appropriations and such other funding as may be dedicated to the programs.

(b) There is established an account in the name of the "innovation initiative fund (the "fund") under the control of the commerce corporation to fund the programs.

(1) The fund shall consist of:

(i) Money appropriated in the state budget to the fund;

(ii) Money made available to the Fund through federal grants, programs or private contributions;

(iii) Application or other fees paid to the Fund to process applications for awards under this chapter; and

(iv) Any other money made available to the fund.

(c) Voucher program – The commerce corporation is authorized, to develop and implement an innovation voucher program to provide financing to small businesses to purchase research and development support or other forms of technical assistance and services from Rhode Island institutions of higher education and other providers.

(d) Innovation network program – The commerce corporation is authorized to provide innovation grants to organizations, including non-profit organizations, for-profit organizations, universities, and co-working space operators that offer technical assistance, space on flexible terms, and access to capital to businesses in advanced or targeted industries. The commerce corporation shall only issue grants under this section when those grants are matched by private sector or non-profit partners. The commerce corporation shall establish guidelines for appropriate matching criteria under this section, including necessary matching ratios.

42-64.28-4. Eligible uses. -- (a) Vouchers available under this chapter shall be used for the benefit of small businesses to access technical assistance and other services including, but not limited to, research, technological development, product development, commercialization, market development, technology exploration, and improved business practices that implement strategies to grow business and create operational efficiencies.

(b) Matching fund awards shall be used for the benefit of small businesses in industries designated from time-to-time by the corporation, including without limitation, life science and healthcare; food and agriculture; clean technology and energy efficiency; and cyber security to pay for and access technological assistance, to procure space on flexible terms, and to access capital from organizations, including non-profit organizations, for-profit organizations, universities, and co-working space businesses.

42-64.28-5. Qualification. -- To qualify for a voucher or for a matching fund award
under this chapter, a business must make application to the commerce corporation, and upon
selection, shall enter into an agreement with the commerce corporation. The commerce
corporation shall have no obligation to issue any voucher, make any award or grant any benefits
under this chapter.

42-64.28-6. Voucher amounts and matching fund awards. -- (a) Voucher award
amounts to a selected applicant shall be determined by the corporation, to be in the minimum
amount of five thousand dollars ($5,000) and the maximum amount of fifty thousand dollars
($50,000), subject to appropriations or other available moneys in the Fund.
(b) Matching fund awards shall be awarded to organizations in an amount approved by
the corporation, subject to appropriations or other available moneys in the Fund.

42-64.28-7. Rules and regulations. -- The commerce corporation is hereby authorized to
promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,
including the criteria by which voucher and matching fund applications will be judged, awards
will be approved, and vendors of services will be approved.

42-64.28-8. Program integrity. -- Program integrity being of paramount importance, the
commerce corporation shall establish procedures to ensure ongoing compliance with the terms
and conditions of the program established herein, including procedures to safeguard the
expenditure of public funds and to ensure that the funds further the objectives of the program.

42-64.28-9. Reporting requirements. -- The commerce corporation shall submit a report
annually, no later than sixty (60) days after the end of the fiscal year to the speaker of the house
and the president of the senate detailing: (1) the total amount of innovation vouchers and
matching funds awarded; (2) the number of innovation vouchers and matching fund awards
approved, (3) the amount of each voucher or matching fund award and a description of services
purchased; and (4) such other information as the commerce corporation deems necessary.

42-64.28-10. Sunset. -- No vouchers, grants, or incentives shall be authorized pursuant to
this chapter after December 31, 2018.

SECTION 12. Title 42 of the General Laws entitled "STATE AFFAIRS AND
GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 64.29

INDUSTRY CLUSTER GRANTS

42-64.29-1. Statement of intent. -- Robust industry clusters – geographic concentrations
of interconnected firms and related institutions in a field – drive competitiveness and innovation
by fostering dynamic interactions among businesses such as labor force pooling, supplier
specialization, collaborative problem solving, technology exchange and knowledge sharing. It is
the intention of the general assembly to foster such industry clusters by creating a grant program
to stimulate cluster initiatives and enhance industry competitiveness.

42-64.29-2. Fund established. -- The industry cluster grant fund (the "fund") is hereby
created within the Rhode Island commerce corporation. The commerce corporation is authorized,
within available appropriations, to award grants to organizations on a competitive basis as more
particularly set forth in this chapter. Applications and awards of grants shall be on a rolling basis,
and the commerce corporation shall only issue grants up to the amount contained in the fund.
There is established an account in the name of the fund under the control of the commerce
corporation, and the commerce corporation shall pay into such account any eligible funds
available to the commerce corporation from any source, including funds appropriated by the state
and any grants made available by the United States Government or any agency of the United
States Government.

42-64.29-3. Startup and technical assistance grants. -- Startup and technical assistance
grants of seventy-five thousand dollars to two hundred fifty thousand dollars shall be made
available to support activities within the industry cluster that enable collaboration among
businesses and other institutions in order to advance innovation and increase sector profitability.
Eligible organizations may be regional or statewide in scope and may include, but not solely be
composed of, relevant companies or institutions outside of Rhode Island. The commerce
corporation shall establish, by regulation, both (a) the criteria for issuing grants under this section;
and (b) a process for receiving and reviewing applications for grants under this section.

42-64.29-4. Competitive program grants. -- (a) Competitive program grants of one
hundred thousand dollars to five hundred thousand dollars shall be made available to support
activities to overcome identified cluster gaps and documented constraints on cluster growth or to
improve clusters' effectiveness. The commerce corporation shall establish, by regulation, both (1)
the criteria for issuing competitive program grants under this section; and (2) a process for
receiving and reviewing applications for grants under this section. The criteria that the commerce
corporation establishes to evaluate applications for grants under this section shall include
objective evidence of the entity's organizational capacity, degree of internal acceptance of the
proposed program, economic rationale for the proposed activity to be funded and the entity's
ability to raise future funds to sustain the activity when the grant has been expended.

(b) The commerce corporation shall have no obligation to make any award or grant any
benefits under this chapter.

42-64.29-5. Rules and regulations. -- The commerce corporation is hereby authorized to
promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,
including the criteria by which grant applications will be judged and awarded.

42-64.29-6. Program integrity. -- Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein, including procedures to safeguard the expenditure of public funds and to ensure that the funds further the objectives of the program.

42-64.29-7. Annual report. -- (a) The commerce corporation shall submit a report annually on December thirty-first detailing: (1) The total amount of grants awarded; (2) The number of grants awarded; (3) The amount of each grant and the private funds matching such grants; (4) The recipients of the grants; (5) The specific activities undertaken by recipients of grants; and (6) Such other information as the commerce corporation deems necessary.

(b) The report required under subsection (a) of this section is due no later than sixty (60) days after the end of the fiscal year, and shall be provided to the speaker of the house of representatives and the president of the senate.

42-64.29-8. Sunset. -- No grants or incentives shall be authorized to be reserved pursuant to this chapter after December 31, 2018.

SEC. 13. Title 42 of the General Laws entitled "STATE AFFAIRS AND GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 64.30

ANCHOR INSTITUTION TAX CREDIT

42-64.30-1. Short title. -- This chapter shall be known and may be cited as the "Anchor Institution Tax Credit Act."

42-64.30-2. Statement of intent. -- It is to the advantage of the state of Rhode Island and its people to attract businesses to locate in Rhode Island thereby increasing the vitality of the Rhode Island economy. It is the intention of the general assembly to give existing Rhode Island businesses an incentive to encourage businesses in their supply chain, service providers or customers to relocate to Rhode Island by giving existing Rhode Island businesses a tax credit when they are able to bring about a business relocation to this state.

42-64.30-3. Definitions. -- As used in this act:

(1) "Commerce corporation" means the Rhode Island commerce corporation established pursuant to general laws § 42-64-1 et. seq.

(2) "Eligibility period" means the period in which a Rhode Island business may claim a tax credit under this act, beginning with the tax period in which the commerce corporation accepts certification by the Rhode Island business that it has played a substantial role in the decision of a qualified business to relocate to Rhode Island and extending thereafter for a term of
five (5) years.

(3) “Hope community” means a municipality for which the five (5) year average percentage of families with income below the federal poverty level exceeds the state five (5) year average percentage, both most recently reported by the U.S. Department of Commerce, Bureau of the Census.

(4) “Qualified business” means an entity that supplies goods or services to a Rhode Island business or is a material service provider or a material customer of a Rhode Island business, or is an affiliate of such supplier, service provider or customer.

(5) “Qualifying relocation” means a qualified business with the minimum number of employees as set forth in 42-64.30-5(a)(1) and (2), which moves an existing facility to the state of Rhode Island or constructs a new facility to supply goods or services to a Rhode Island business.

(6) “Rhode Island business” means a business enterprise physically located in, and authorized to do business in, the state of Rhode Island.

(7) “Taking possession” means executing a lease, acquiring title or otherwise committing to occupy as defined by the commerce corporation.

42-64.30-4. Establishment of anchor institution tax credit. — The tax credit program is hereby established as a program under the jurisdiction of the commerce corporation and shall be administered by the commerce corporation. The purposes of the program are to encourage economic development and job creation in connection with the relocation of qualified businesses to the state of Rhode Island by providing an incentive to existing Rhode Island businesses to encourage a qualified business to relocate Rhode Island. To implement these purposes, the program may provide tax credits to eligible businesses for a period of five (5) years.

42-64.30-5. Allowance of tax credits. — (a) A Rhode Island business, upon application to and approval from the commerce corporation, shall be allowed a credit as set forth hereinafter against taxes imposed under applicable provisions of title 44 of the general laws for having played a substantial role in the decision of a qualified business to relocate a minimum number of jobs as provided below:

(1) For the years 2015 through 2018, not less than ten (10) employees to Rhode Island;

and

(2) For the years 2019 through 2020, not less than twenty-five (25) employees to Rhode Island.

(b) To be eligible for the tax credit, an existing Rhode Island business must demonstrate to the commerce corporation, in accordance with regulations promulgated by the commerce corporation, that it played a substantial role in the decision of a qualified business to relocate.
(c) If the commerce corporation approves an application, then an eligible Rhode Island business which has procured a qualifying relocation shall be entitled to a tax credit. The amount of the tax credit shall be based upon criteria to be established by the commerce corporation. Such criteria shall include the number of jobs created, types of jobs and compensation, industry sector and whether the relocation benefits a hope community.

(d) In determination of the tax credit amount, the commerce corporation may take into account such factors as area broker's fees, the strategic importance of the businesses involved, and the economic return to the state. The tax credits issued under this chapter shall not exceed the funds appropriated for these credit(s).

(e) Maximum tax credit. A Rhode Island business qualifying for the tax credit under this chapter shall not be eligible to receive a credit in excess of seventy-five percent (75%) of the amount appropriated in the fiscal year in which the tax credits are issued.

(f) Tax credits allowed pursuant to this chapter shall be allowed for the taxable year in which the existing Rhode Island business demonstrates, to the satisfaction of the commerce corporation, both (1) that a certificate of occupancy issues for the project or as of a lease commencement date or other such related commitment; and (2) that the qualified business has created the number of net new jobs required by § 42-64.30-5(a)(1) and (2).

(g) The tax credit allowed under this chapter may be used as a credit against corporate income taxes imposed under chapters 11, 12, 13, 14, or 17, of title 44.

(h) In the case of a corporation, this credit is only allowed against the tax of a corporation included in a consolidated return that qualifies for the credit and not against the tax of other corporations that may join in the filing of a consolidated tax return.

(i) If the existing Rhode Island business has not claimed the tax credit allowed under this chapter in whole or part, the existing Rhode Island business eligible for the tax credit shall, prior to assignment or transfer to a third party, file a request with the division of taxation to redeem the tax credit in whole or in part to the state. Within ninety (90) days from the submission of a request to the division of taxation to redeem the tax credits, the division shall be entitled to redeem the tax credits in exchange for payment by the state to the existing Rhode Island business of (1) one hundred percent (100%) of the value of the portion of the tax credit redeemed, or (2) for tax credits redeemed in whole, one hundred percent (100%) of the total remaining value of the tax credit; provided, however, that the redemption shall be prorated equally over each year of the remaining term of the eligible period of the tax credit.

(j) Any redemption under subsection (h) of this section shall be subject to annual appropriation by the general assembly.
42-64.30-6. Administration. -- (a) To be eligible to receive a tax credit authorized by this chapter, an existing Rhode Island business shall apply to the commerce corporation for approval prior to the qualified business commencing a relocation search within the state for a certification that the existing Rhode Island business qualifies for tax credits under this chapter. Such approval shall require:

1. That the qualified business has submitted a completed application as developed by the commerce corporation; and
2. That the chief executive officer of the commerce corporation provide written confirmation to the commerce corporation board that (i) the commerce corporation has reviewed the application and any determination regarding the potential impact on the qualified business's ability to promote the retention and expansion of existing jobs, stimulate the creation of new jobs, including good-paying jobs, attract new business and industry to the state, and stimulate growth in real estate developments and/or businesses that are prepared to make meaningful investment and foster job creation in the state; and (ii) of the recommendation of the commerce corporation as to the total credits to be awarded to the applicant; and
3. That the secretary of commerce provide written confirmation to the commerce corporation board that the recommendation of the commerce corporation is consistent with the purposes of this chapter.

(b) The commerce corporation and the division of taxation shall be entitled to rely on the facts represented in the application and upon the certification of a certified public accountant licensed in the state of Rhode Island with respect to the requirements of this chapter.

(c) The tax credits provided for under this chapter shall be granted at the discretion of the commerce corporation.

(d) If information comes to the attention of the commerce corporation at any time up to and including the last day of the eligibility period that is materially inconsistent with representations made in an application, the commerce corporation may deny the requested certification, or revoke a certification previously given, with any processing fees paid to be forfeited.

42-64.30-7. Rules and regulations. -- The commerce corporation is hereby authorized to promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter, including the criteria by which applications for tax credit will be evaluated and approved and to provide for repayment of credits received if the qualified business leaves Rhode Island within a period of time to be established by the commerce corporation. The division of taxation is hereby authorized to promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter.
42-64.30. Anchor institution tax credit fund. — There is hereby established at the commerce corporation a restricted account known as the Anchor Institution tax credit fund (the "Fund") in which all amounts appropriated for the redemption and/or reimbursement of tax credits under this chapter shall be deposited. The Fund shall be used to pay for the redemption of tax credits or reimbursement to the state for tax credits applied against a taxpayer's liability. The Fund shall be exempt from attachment, levy or any other process at law or in equity. The director of the department of revenue shall make a requisition to the commerce corporation for funding during any fiscal year as may be necessary to pay for the redemption of tax credits presented for redemption or to reimburse the state for tax credits applied against a taxpayer's tax liability. The commerce corporation shall pay from the Fund such amounts as requested by the director of the department of revenue necessary for redemption or reimbursement in relation to tax credits granted under this chapter.

42-64.30-9. Program integrity. — Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein, including procedures to safeguard the expenditure of public funds and to ensure that the funds further the objectives of the program.

42-64.30-10. Reports. — (a) By September 1, 2016 and each year thereafter, the commerce corporation shall report the name, address, and amount of tax credit approved each credit recipient during the previous state fiscal year to the governor, the speaker of the house of representatives, the president of the senate, the chairpersons of the house and senate finance committees, the house and senate fiscal advisors, and the department of revenue. Such report shall include any determination regarding the potential impact on an approved qualified relocation's ability to stimulate business development; retain and attract new business and industry to the state; create good-paying jobs for its residents; assist with business, commercial, and industrial real estate development; and generate revenues for necessary state and local governmental services.

(b) By October 1, 2016 and each year thereafter, the commerce corporation shall report for the year previous the total number of agreements and associated amount of approved tax credits. This report shall be available to the public for inspection by any person and shall be published by the commerce corporation on its website and by the secretary of commerce on the executive office of commerce website.

(c) By October 1st of each year the division of taxation shall report the name, address, and amount of tax credit received for each credit recipient during the previous state fiscal year to
the governor, the chairpersons of the house and senate finance committees, the house and senate
department of labor and training.

42-64.30-11. Sunset. -- No credits shall be authorized to be reserved pursuant to this
chapter after December 31, 2018.

SECTION 14. Section 42-64.16-2 of the General Laws in Chapter 42-64.16 entitled “The
Innovate Rhode Island Small Business Program” is hereby amended to read as follows:

42-64.16-2. Establishment of matching funds program. -- (a) There is established the
Rhode Island SBIR/STTR Matching Funds Program to be administered by STAC. In order to
foster job creation and economic development in the state, STAC may provide grants to eligible
businesses to match funds received by a business as a SBIR or STTR Phase I or II award, to
eligible businesses to match funds received by a business as a SBIR or STTR Phase II award, and
to encourage businesses to apply for further Phase II and Phase III SBIR or STTR awards,
respectively, and commercialize their technology and research.

(b) Eligibility. - In order to be eligible for a grant under this section, a business must
satisfy all of the following conditions:

(1) The business must be a for-profit, Rhode Island-based business with fifty (50) or
fewer employees. For the purposes of this section, Rhode Island-based business is one that has its
principal place of business and at least fifty-one percent (51%) of its employees residing in this
state.

(2) The business must have received an SBIR/STTR Phase I award from a participating
federal agency in response to a specific federal solicitation. To receive the full Phase I matching
grant, the business must also have submitted a final Phase I report, demonstrated that the
sponsoring agency has interest in the Phase II proposal, and submitted a Phase II proposal to the
agency. To receive the full Phase II matching loan grant, the business must also have submitted a
final Phase II report, demonstrated that the sponsoring agency has interest in the Phase III
proposal, and submitted a Phase III proposal to the agency.

(3) The business must satisfy all federal SBIR/STTR requirements.

(4) The business shall not receive concurrent funding support from other sources that
duplicates the purpose of this section.

(5) For a Phase I and II matching grant, the business must certify that at least fifty-one
percent (51%) of the research described in the federal SBIR/STTR Phase I, II and any further
SBIR/STTR proposal proposals and commercialization will be conducted in this state and that the
business will remain a Rhode Island-based business for the duration of the SBIR/STTR Phase I, II
any further SBIR/STTR project projects and commercialization. For a Phase II matching loan, the

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business must certify that at least fifty-one percent (51%) of the research described in the federal SBIR/STTR Phase III proposal will be conducted in this state and that the business will remain a Rhode Island-based business for the duration of the SBIR/STTR Phase III project.

(b) Business Certification. - For the purpose of this section, “business” shall mean an entity owned and operated in Rhode Island that conducts research, development, or other activities as defined in 41 U.S.C. § 201(c). The business must certify that at least fifty-one percent (51%) of the research described in the federal SBIR/STTR Phase III proposal will be conducted in this state and that the business will remain a Rhode Island-based business for the duration of the SBIR/STTR Phase III project. For a Phase I and II matching grant, the business must demonstrate its ability to conduct research in its SBIR/STTR Phase II proposal. For a Phase II matching loan, the business must demonstrate its ability to conduct research in its SBIR/STTR Phase III proposal.

(c) Phase I and II Matching Grant. - STAC may award grants to match the funds received by a business through a SBIR/STTR Phase I or II proposal up to a maximum of one hundred thousand dollars ($100,000) or one hundred fifty thousand dollars ($150,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR Phase I or II award and application for funds under this section. Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by the business of the Phase II application to the funding agency and acceptance of the Phase I or II report by the funding agency. A business may receive only one grant under this section per year. A business may receive only one grant under this section with respect to each federal proposal submission. Over its lifetime, a business may receive a maximum of six (6) awards under this section.

(d) Phase II Matching Loan. - STAC may award loans to match the funds received by a business through a SBIR/STTR Phase II proposal up to a maximum of three hundred thousand dollars ($300,000) that must be secured by sufficient assets of the business. Seventy-five percent (75%) of the total loan shall be remitted to the business upon receipt of the SBIR/STTR Phase II award and application for funds under this section. Twenty-five percent (25%) of the total loan shall be remitted to the business upon submission by the business of the Phase III application to the funding agency and acceptance of the Phase I report by the funding agency. A business may receive only one loan under this section per year. A business may receive only one loan under this section with respect to each federal proposal submission. Over its lifetime, a business may receive a maximum of six (6) loans under this section.

(3) Application. - A business shall apply, under oath, to STAC for a grant or loan under this section on a form prescribed by STAC that includes at least all of the following:

(1) The name of the business, the form of business organization under which it is operated, and the names and addresses of the principals or management of the business.

(2) For a Phase I or II matching grant, an acknowledgement of receipt of the Phase I or II report and Phase II proposal by the relevant federal agency. For a Phase II matching loan, an acknowledgement of receipt of the Phase II report and Phase III proposal by the relevant federal agency.
SECTION 15. Title 44 of the General Laws entitled "TAXATION" is hereby amended by adding thereto the following chapter:

CHAPTER 48.3
RHODE ISLAND NEW QUALIFIED JOBS INCENTIVE ACT 2015

44-48.3-1. Short title. -- This chapter shall be known and may be cited as the "Rhode Island Qualified Jobs Incentive Act of 2015."

44-48.3-2. Findings and declaration. -- (a) It is hereby found and declared that due to long-term and short-term negative economic trends in Rhode Island, businesses in the state have found it difficult to make investments that would stimulate economic activity and create new jobs. This situation has contributed to a rate of unemployment in Rhode Island that is higher than our neighbors and among the highest in the nation. Consequently, a need exists to promote the creation of new jobs, attract new business and industry, and stimulate growth in businesses that are prepared to make meaningful investment and foster job creation in Rhode Island.

(b) Through the establishment of a jobs incentive program, Rhode Island can take steps to stimulate business expansion and attraction, create well-paying jobs for its residents, and generate revenues for necessary state and local governmental services.

44-48.3-3. Definitions. -- As used in this chapter, unless the context clearly indicates otherwise, the following words and phrases shall have the following meanings:

(1) "Affiliate" or "affiliated entity" means an entity that directly or indirectly controls, is under common control with, or is controlled by the business. Control exists in all cases in which the entity is a member of an affiliated group of corporations as defined pursuant to § 1504 of the Internal Revenue Code of 1986 (26 U.S.C. §1504) or the entity is an organization in a group of organizations under common control as defined pursuant to subsection (b) or (c) of § 414 of the Internal Revenue Code of 1986 (26 U.S.C. §414). A taxpayer may establish by clear and convincing evidence, as determined by the commerce corporation, that control exists in situations involving lesser percentages of ownership than required by those statutes. An affiliate of a business may contribute to meeting full-time employee requirements of a business that applies for a credit under this chapter.

(2) "Business" means an applicant that is a corporation, state bank, federal savings bank, trust company, national banking association, bank holding company, loan and investment company, mutual savings bank, credit union, building and loan association, insurance company, investment company, broker-dealer company or surety company, limited liability company, partnership or sole proprietorship.
(3) "Commerce corporation" means the Rhode Island commerce corporation established pursuant to chapter 64 of title 44.

(4) "Commitment period" means the period of time that at a minimum is twenty percent (20%) greater than the eligibility period.

(5) "Eligibility period" means the period in which a business may claim a tax credit under the program, beginning at the end of the tax period in which the commerce corporation issues a certification for the business that it has met the employment requirements of the program and extending thereafter for a term of not more than ten (10) years.

(6) "Eligible position" or "full-time job" means a full-time position in a business which has been filled with a full-time employee who earns no less than the median hourly wage as reported by the United States Bureau of Labor Statistics for the state of Rhode Island, provided, that for economically fragile industries such as manufacturing, the commerce corporation may reduce the wage threshold. An economically fragile industry shall not include retail.

(7) "Full-time employee" means a person who is employed by a business for consideration for at least thirty-five (35) hours a week, or who is employed by a professional employer organization pursuant to an employee leasing agreement between the business and the professional employer organization for at least thirty-five (35) hours a week, and whose wages are subject to withholding.

(8) "Hope community" means municipalities with a percentage of families below the poverty level that is greater than the percentage of families below the poverty level for the state as a whole as determined by the United States Census Bureau's most recent American Community Survey.

(9) "Incentive agreement" means the contract between the business and the commerce corporation, which sets forth the terms and conditions under which the business shall be eligible to receive the incentives authorized pursuant to the program.

(10) "Incentive effective date" means the date the commerce corporation issues a certification for issuance of tax credit based on documentation submitted by a business pursuant to § 44-48.3-7.

(11) "New full-time job" means an eligible position created by the business that did not previously exist in this state and which is created after approval of an application to the commerce corporation under the program. Such job position cannot be the result of an acquisition of an existing company located in Rhode Island by purchase, merger, or otherwise. For the purposes of determining the number of new full-time jobs, the eligible positions of an affiliate shall be considered eligible positions of the business so long as such eligible position(s) otherwise
meets the requirements of this section.

(12) "Partnership" means an entity classified as a partnership for federal income tax purposes.

(13) "Program" means the incentive program established pursuant to this chapter.

(14) "Targeted industry" means any industry identified in the economic development vision and policy promulgated under § 42-64.17-1.

(15) "Taxpayer" means a business granted a tax credit under this chapter or such person entitled to the tax credit because the business is a pass through entity such as a partnership, S corporation, sole proprietorship or limited liability company taxed as a partnership.

(16) "Transit oriented development area" means an area in proximity to mass-transit infrastructure including, but not limited to, an airport, rail or intermodal facility that will be further defined by regulation of the commerce corporation in consultation with the Rhode Island department of transportation.

44-48.3-4. Rhode Island qualified jobs incentive program. -- (a) The Rhode Island qualified jobs incentive program is hereby established as a program under the jurisdiction of and shall be administered by the commerce corporation. The program may provide tax credits to eligible businesses for an eligibility period not to exceed ten (10) years.

(b) An eligible business under the program shall be entitled to a credit against taxes imposed pursuant to chapters 11, 13, 14, 17 or 30 of title 44 as further provided under this chapter.

(c) The minimum number of new full-time jobs required to be eligible for a tax credit under this program shall be as follows:

(1) For a business in a targeted industry that employs not more than one hundred (100) full-time employees on the date of application to the commerce corporation, the creation of at least ten (10) new full-time jobs in this state;

(2) For a business in a targeted industry that employs more than one hundred (100) full-time employees on the date of application to the commerce corporation, either the creation of new full-time jobs in this state in an amount not less than ten percent (10%) of the business's existing number of full-time employees or the creation of at least one hundred (100) new full-time jobs in this state;

(3) For a business in a non-targeted industry that employs not more than two hundred (200) full-time employees on the date of application to the commerce corporation, the creation of at least twenty (20) new full-time jobs in this state; or

(4) For a business in a non-targeted industry that employs more than two hundred (200)
full-time employees on the date of application to the commerce corporation, either the creation of
new full-time jobs in this state in an amount not less than ten percent (10%) of the business's
existing number of full-time employees or the creation of at least one hundred (100) new full-
time jobs in this state.

(d) When a business applies for an incentive under this chapter, in order to assist the
commerce corporation in determining whether the business is eligible for the incentives under
this chapter, the business's chief executive officer, or equivalent officer, shall attest under oath:
(1) That any projected creation of new full-time jobs would not occur, or would not occur
in the state of Rhode Island, but for the provision of tax credits under the program;
(2) The business will create new full-time jobs in an amount equal to or greater than the
applicable number set forth in subsection (c) of this section;
(3) That the business's chief executive officer, or equivalent officer, has reviewed the
information submitted to the commerce corporation and that the representations contained therein
are accurate and complete.

(e) The commerce corporation shall establish, by regulation, the documentation an
applicant shall be required to provide under this subsection. Such documentation may include
documentation showing that the applicant could reasonably locate the new positions outside of
this state, or that the applicant is considering locating the positions outside of this state, or that it
would not be financially feasible for the applicant to create the positions without the tax credits
provided in this chapter.

(f) In the event that this attestation by the business's chief executive officer, or equivalent
officer, required under subsection (d) of this section is found to be willfully false, the commerce
corporation may revoke any award of tax credits in their entirety, which revocation shall be in
addition to any other criminal or civil penalties that the business and/or the officer may be subject
to under applicable law. Additionally, the commerce corporation may revoke any award of tax
credits in its entirety if the eligible business is convicted of bribery, fraud, theft, embezzlement,
misappropriation, and/or extortion involving the state, any state agency or political subdivision of
the state.

44-48.3-5. Incentive agreement required prior to issuance of tax credits. -- (a) The
commerce corporation shall require an eligible business to enter into an incentive agreement prior
to the issuance of tax credits. The incentive agreement shall include, but shall not be limited to,
the following:

(1) A detailed description of the proposed job creation including industry sectors and the
number of new full-time jobs that are sought to be approved for tax credits:
(2) The eligibility period of the tax credits, including the first year for which the tax credits may be claimed;
(3) A requirement that the applicant maintain the project at a location in Rhode Island for the commitment period, with at least the minimum number of full-time employees as required by this program;
(4) A method for the business to annually certify that it has met the employment requirements of the program for each year of the commitment period;
(5) A provision permitting an audit of the payroll records of the business from time to time, as the commerce corporation deems necessary;
(6) A provision establishing the conditions under which the agreement may be terminated;
(7) A provision that if, in any tax period, the business reduces the total number of full-time employees in its statewide workforce in the last tax period prior to the credit amount approval under this program by more than twenty percent (20%) of jobs for which a credit was granted under this chapter as described in the business's incentive agreement(s), then the business shall forfeit all credit amounts described in the business's incentive agreement(s) for that tax period and each subsequent tax period, until the first tax period for which documentation demonstrating the restoration of the business's statewide workforce to the threshold levels required by the incentive agreement(s) has been reviewed and approved by the commerce corporation, for which tax period and each subsequent tax period the full amount of the credit shall be allowed; and
(8) A provision that during the commitment period, if the business ceases operations in the state or transfers more than fifty percent (50%) of the jobs for which a credit was granted under this chapter to another state, the tax credit shall cease pursuant to this section and the business shall be liable to the state for, at a minimum, twenty percent (20%) of all tax benefits granted to the business under this chapter calculated from the date of the incentive agreement.

44-48.3-6. Total amount of tax credit for eligible business. -- (a) The base amount of the tax credit for an eligible business for each new full-time job shall be up to two thousand five hundred dollars ($2,500) annually.

(b) The total tax credit amount shall be calculated and credited to the business annually for each year of the eligibility period after the commerce corporation, in consultation with the division of taxation, has verified that the jobs covered by the tax credit have generated sufficient personal income taxes to comply with subsection (e) of this section.

(c) In addition to the base amount of the tax credit, the amount of the tax credit to be...
awarded for each new full-time job may be increased, pursuant to the provisions of subsection (d) of this section, if the business meets any of the following criteria or such other additional criteria determined by the commerce corporation from time to time in response to evolving economic or market conditions:

(1) For a business located within a hope community;

(2) For a targeted industry;

(3) For a business located within a transit oriented development area; and

(4) For an out-of-state business that relocates a business unit or units or creates a significant number of new full-time jobs during the commitment period.

(d) For any application made to the commerce corporation from 2015 through 2018, the tax credit for an eligible business for each new full-time job shall not exceed seven thousand five hundred dollars ($7,500) annually.

(e) Notwithstanding the provisions of subsections (a) through (d) of this section, for each application approved by the commerce corporation, the amount of tax credits available to be obtained by the business annually shall not exceed the reasonable W-2 withholding received by the state for each new full-time job created by a business for applications received by the commerce corporation in 2015 through 2018.

(f) The commerce corporation shall establish regulations regarding the conditions under which a business may submit more than one application for tax credits over time. The commerce corporation may place limits on repeat applications.

44-48.3-7. Documentation. -- (a) A business shall submit documentation indicating that it has met the employment requirements specified in the incentive agreement for certification of its tax credit amount within three (3) years following the date of approval of its application by the commerce corporation. The commerce corporation, after a finding of good cause, may grant two (2) six (6) month extensions of this deadline. In no event shall the incentive effective date occur later than four (4) years following the date of approval of an application by the commerce corporation.

(b) Full-time employment for an accounting or privilege period shall be determined as the average of the monthly full-time employment for the period.

(c) In conducting its annual review of a business, the commerce corporation may require a business to submit any information determined by the commerce corporation to be necessary and relevant to its review.

(d) The credit amount for any tax period for which the documentation of a business's credit amount remains uncertified as of a date one year after the closing date of that period shall
be forfeited, although credit amounts for the remainder of the years of the eligibility period shall remain available to the business.

44-48.3-8. Carry forward, transfer or redemption of tax credits, redemption fund. --

(a) If the amount of the tax credit allowed under this chapter exceeds the taxpayer's total tax liability for the year in which the credit is allowed, the amount of such credit that exceeds the taxpayer's tax liability may be carried forward and applied against the taxes imposed for the succeeding four (4) years, or until the full credit is used, whichever occurs first. Credits allowed to a partnership, a limited liability company taxed as a partnership, or multiple owners of property shall be passed through to the persons designated as partners, members or owners respectively pro rata or pursuant to an executed agreement among such persons designated as partners, members or owners documenting an alternate distribution method without regard to their sharing of other tax or economic attributes of such entity.

(b) The commerce corporation shall establish, by regulation, the process for the assignment, transfer or conveyance of tax credits.

(c) For purposes of this chapter, any assignment or sales proceeds received by the taxpayer for its assignment or sale of the tax credits allowed pursuant to this section shall be exempt from taxation under title 44. If a tax credit is subsequently revoked or adjusted, the seller's tax calculation for the year of revocation or adjustment shall be increased by the total amount of the sales proceeds, without proration, as a modification under chapter 30 of title 44 of the general laws. In the event that the seller is not a natural person, the seller's tax calculation under chapters 11, 13, 14, or 17 of title 44, as applicable, for the year of revocation, or adjustment, shall be increased by including the total amount of the sales proceeds without proration.

(d) The tax credit allowed under this chapter may be used as a credit against corporate income taxes imposed under chapters 11, 13, 14, or 17 of title 44, or as determined by the commerce corporation may be used as a credit against personal income taxes imposed under chapter 30 of title 44. No more than the amount of tax credits equal to the total credit amount divided by the duration of the eligibility period in years may be taken in any tax period.

(e) Prior to assignment or transfer of a tax credit granted under this chapter, the division of taxation shall, at the request of the business, redeem such credit in whole or in part for ninety percent (90%) of the value of the tax credit with monies in the jobs tax credit redemption fund created under subsection (f) of this section. The division of taxation shall establish by regulation a redemption process for tax credits.

(f) The division of taxation is hereby authorized and empowered to segregate taxes
collected as a result of the creation of new full-time jobs under this chapter and transfer such amounts to the general treasurer for deposit in a restricted account known as the jobs tax credit redemption fund. The jobs tax credit redemption fund shall be used solely to pay for the redemption of tax credits granted under this chapter. The director of the department of revenue shall annually determine if a surplus exists in the job tax credit redemption fund over amounts necessary to redeem tax credits in a fiscal year and may authorize the general treasurer to transfer any surplus to the general fund.

(g) The unexpended balance of such sum of money received and appropriated for the jobs tax credit redemption fund remaining in the treasury at the close of each fiscal year, shall be continued to and is hereby annually appropriated for the same account for the ensuing year.

(h) The commerce corporation shall have no obligation to make any award or grant any benefits under this chapter.

44-48.3-9. Administration. -- (a) The commerce corporation may adopt implementation guidelines, directives, criteria, rules and regulations pursuant to chapter 35 of title 42 ("administrative procedures act") as are necessary to implement this chapter, including, but not limited to: the enumeration of specific targeted industries; specific delineation of the incentive areas; the promulgation of procedures and forms necessary to apply for a tax credit, including the enumeration of the certification procedures and allocation of tax credits; and provisions for tax credit applicants to be charged an initial application fee, and ongoing service fees, to cover the administrative costs related to the tax credit.

(b) For businesses adding jobs on the basis of a future federal procurement, the commerce corporation shall establish specific procedures.

(c) The division of taxation shall adopt rules as are necessary to implement this chapter.

44-48.3-10. Limitations. -- The incentives provided under this chapter shall not be granted in combination with any other job specific benefit provided by the state, the commerce corporation, or any other state agency, board, commission, quasi-public corporation or similar entity without the express authorization of the commerce corporation.

44-48.3-11. Program integrity. -- Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein, including procedures to safeguard the expenditure of public funds and to ensure that the funds further the objectives of the program. At a minimum these procedures will include an audit, at least every three (3) years, of the process the commerce corporation followed in the administration of the program.

44-48.3-12. Discontinuance of further rate reductions and future beneficiaries under
the jobs development act. -- (a) The rate reduction(s) provided pursuant to chapter 64.5 of title 42 of the general laws shall be discontinued effective July 1, 2015, except as provided in subsection (b) of this section.

(b) Any company that has qualified for a rate reduction pursuant to chapter 64.5 of title 42 prior to July 1, 2015, shall be entitled to maintain the rate reduction in effect as of June 30, 2015, and no additional rate reduction shall be permitted. All obligations of the company required under chapter 64.5 of title 42 to retain a rate reduction shall remain in full force and effect.

44-48.3-13. Reporting requirements. -- (a) By August 1st of each year, each applicant approved for credits under this chapter shall report to the commerce corporation and the division of taxation the following information:

(1) The number of total jobs created;
(2) The applicable north American industry classification survey annual system code of each job created;
(3) The annual salary of each job created;
(4) The address of each new employee;

(b) By September 1, 2016 and each year thereafter, the commerce corporation shall report the name, address, and amount of tax credit approved for each credit recipient during the previous state fiscal year to the governor, the speaker of the house of representatives, the president of the senate, the chairpersons of the house and senate finance committees, the house and senate fiscal advisors, and the department of revenue.

(c) By October 1, 2016 and each year thereafter, the commerce corporation shall report for the year (i) the total number of businesses awarded credits in the previous fiscal year and (ii) the name and address of each credit recipient. This report shall be available to the public for inspection by any person and shall be published by the chief executive of the commerce corporation and executive office of commerce websites.

(d) By October 1st of each year the division of taxation shall report the name, address, and amount of tax credit received for each credit recipient during the previous state fiscal year to the governor, the chairpersons of the house and senate finance committees, the house and senate fiscal advisors, and the department of labor and training.

(e) By November 1st of each year the division of taxation shall report in the aggregate the information required under subsection 42-64.20-8(a). This report shall be available to the public for inspection by any person and shall be published by the tax administrator on the tax division website.

44-48.3-14. Sunset. -- No no credits shall be authorized to be reserved pursuant to this
chapter after December 31, 2018.

SECTION 16. Section 44-48.2-3 of the General Laws in Chapter 44-48.2 entitled "Rhode Island Economic Development Tax Incentives Evaluation Act of 2013" is hereby amended to read as follows:

44-48.2-3. Economic development tax incentive defined. -- (a) As used in this section, the term "economic development tax incentive" shall include:

(1) Those tax credits, deductions, exemptions, exclusions, and other preferential tax benefits associated with §§ 42-64.3-6, 42-64.3-7, 42-64.5-3, 42-64.6-4, 42-64.11-4, 44-30-1.1, 44-31-1, 44-31-1.1, 44-31-2, 44-31-2.5, 44-32-1, 44-32-2, 44-32-3, 44-39.1-1, 44-43-2, 44-43-3, and 44-63-2, and;

(2) Any future incentives enacted after the effective date of this section for the purpose of recruitment or retention of businesses in the state of Rhode Island.

(b) In determining whether a future tax incentive is enacted for "the purpose of recruitment or retention of businesses", the office of revenue analysis shall consider legislative intent, including legislative statements of purpose and goals, and may also consider whether the tax incentive is promoted as a business incentive by the state's economic development agency or other relevant state agency.

SECTION 17. This article shall take effect upon passage.
ARTICLE 20

RELATING TO PROFESSIONAL LICENSES

SECTION 1. Section 3-7-25 of the General Laws in Chapter 3-7 entitled "Retail Licenses" is hereby amended to read as follows:

3-7-25. Sanitary conditions for dispensing of malt beverages or wine. -- (a) Beer or wine pipe lines, faucets and barrel-tapping devices used for the dispensing of malt beverages or wine in places where the dispensing is carried on by licensees under this chapter shall be cleaned at least once every four (4) weeks by the use of a hydraulic pressure mechanism, hand-pump suction or a force cleaner or other system approved by the department or shall be permanently kept clean by a device approved by the department. After cleaning, the lines shall be rinsed with clear water until all chemicals, if any have been used, are removed. The cleaning equipment must be operated in conformance with the manufacturer's recommendations.

(b) A record, the form of which shall be approved by the department, shall be used to record the dates and the methods used in cleaning of beer or wine pipe lines, coils, tubes and appurtenances. This record shall be signed by the person who performs the cleaning operation and countersigned by the licensee. The records shall be kept on the licensed premises for a period of one year from the date of the last entry and made available at all times for inspection by health enforcement and law enforcement officers.

(c) Line cleaners may be certified by the department and the department shall issue a license and charge a fee not to exceed fifty dollars ($50.00) for each license.

SECTION 2. Sections 5-10-1, 5-10-7, 5-10-8, and 5-10-9 of the General Laws in Chapter 5-10 entitled “Barbers, Hairdressers, Cosmeticians, Manicurists and Estheticians” are hereby amended to read as follows:

5-10-1. Definitions. – The following words and phrases, when used in this chapter, are construed as follows:

(1) "Apprentice barber" means an employee whose principal occupation is service with a barber or hairdresser who has held a current license as a barber or hairdresser for at least three (3) years with a view to learning the art of barbering, as defined in subdivision (15) of this section.

(1a) "Barber" means any person who shaves or trims the beard, waves, dresses, singes, shampoos, or dyes the hair or applies hair tonics, cosmetic preparations, antiseptics, powders, oil
clays, or lotions to scalp, face, or neck of any person; or cuts the hair of any person, gives facial and scalp massages, or treatments with oils, creams, lotions, or other preparations.

(2) "Board" means the state board of barbering and hairdressing as provided for in this chapter.

(3) "Department" means the Rhode Island department of health.

(4) "Division" means the division of professional regulation within the department of health.

(5) "Esthetician" means a person who engages in the practice of esthetics, and is licensed as an esthetician.

(6) "Esthetician shop" means a shop licensed under this chapter to do esthetics of any person.

(7) "Esthetics" means the practice of cleansing, stimulating, manipulating, and beautifying skin, including, but not limited to, the treatment of such skin problems as dehydration, temporary capillary dilation, excessive oiliness, and clogged pores.

(8) "Hair design shop" means a shop licensed under this chapter to do barbering or hairdressing/cosmetology, or both, to any person.

(9) "Hairdresser and cosmetician" means any person who arranges, dresses, curls, cuts, waves, sings, bleaches, or colors the hair or treats the scalp, or manicures the nails of any person either with or without compensation or who, by the use of the hands or appliances, or of cosmetic preparations, antiseptics, tonics, lotions, creams, powders, oils or clays, engages, with or without compensation, in massaging, cleansing, stimulating, manipulating, exercising, or beautifying or in doing similar work upon the neck, face, or arms or who removes superfluous hair from the body of any person.

(10) "Instructor" means any person licensed as an instructor under the provisions of this chapter.

(11) "Manicuring shop" means a shop licensed under this chapter to do manicuring only on the nails of any person.

(12) "Manicurist" means any person who engages in manicuring for compensation and is duly licensed as a manicurist.

(13) "School" means a school approved under chapter 40 of title 16, as amended, devoted to the instruction in and study of the theory and practice of barbering, hairdressing and cosmetic therapy, esthetics and/or manicuring.

(14) "The practice of barbering" means the engaging by any licensed barber in all or any combination of the following practices: shaving or trimming the beard or cutting the hair;
giving facial and scalp massages or treatments with oils, creams, lotions, or other preparations
either by hand or mechanical appliances; singeing, shampooing, arranging, dressing, curling,
waving, chemical waving, hair relaxing, or dyeing the hair or applying hair tonics; or applying
esthetic preparations, antiseptics, powders, oils, clays or lotions to scalp, face, or neck.

(14) "The practice of hairdressing and cosmetic therapy" means the engaging by any
licensed hairdresser and cosmetician in any one or more of the following practices: the
application of the hands or of mechanical or electrical apparatus, with or without cosmetic
preparations, tonics, lotions, creams, antiseptics, or clays, to massage, cleanse, stimulate,
manipulate, exercise, or otherwise to improve or to beautify the scalp, face, neck, shoulders,
arms, bust, or upper part of the body or the manicuring of the nails of any person; or the removing
of superfluous hair from the body of any person; or the arranging, dressing, curling, waving,
weaving, cleansing, cutting, singeing, bleaching, coloring, or similarly treating the hair of any
person.

(15) "The practice of manicuring" means the cutting, trimming, polishing, tinting,
coloring, or cleansing the nails of any person.

5-10-7. License required for practice. – No person shall practice barbering,
hairdressing, and cosmetic therapy, esthetics, or manicuring in this state, unless the person has
first obtained any license required by this chapter, as provided by this chapter;
provided, that nothing in this chapter prohibits students enrolled in programs of hairdressing,
barbering, and/or cosmetology from entering into work-study arrangements after they have
completed at least one thousand (1,000) hours of classroom instruction. Students participating in
those work-study arrangements shall be under the direct supervision of a licensed hairdresser,
barber, or cosmetologist, and shall be clearly identified as students. No course credit shall be
granted for this students' participation in a work-study arrangement and in no event shall it
continue beyond the students' graduation from school or completion of course work.

5-10-8. Issuance of licenses – Qualifications of applicants. – (a) The division shall
issue licenses to persons engaged in or desiring to engage in the practice of barbering,
hairdressing, and cosmetic therapy and/or manicuring, or esthetics and for instructing in any
approved school of barbering or hairdressing and cosmetic therapy, and/or manicuring, or
esthetics; provided, that no license shall be issued to any person under this chapter unless the
applicant for the license:

(1) Is at least eighteen (18) years of age;
(2) Is a citizen of the United States of America or has legal entry into the country;
(3) Is of good moral character;
(4) Is a high school graduate or holds the equivalent;

(5) Has satisfactorily completed the course of instruction in an approved school of barbering, hairdressing and cosmetic therapy, and/or manicuring or esthetics;

(6) Has satisfactorily passed a written and a practical examination approved by the division to determine the fitness of the applicant to receive a license; and

(7) Has complied with § 5-10-10 and any other qualifications that the division prescribes by regulation.

(b) Notwithstanding the provision of subdivision (a)(4) of this section, on and after July 1, 1997, an applicant seeking licensure as a barber must be a high school graduate or hold the equivalent.

5-10-9. Classes of licenses. — Licenses shall be divided into the following classes and shall be issued by the division to applicants for the licenses who have qualified for each class of license:

(1) A "hairdresser's and cosmetician's license" shall be issued by the division to every applicant for the license who meets the requirements of § 5-10-8 and has completed a course of instruction in hairdressing and cosmetology consisting of not less than fifteen hundred (1,500) hours of continuous study and practice.

(2) An "instructor's license" shall be granted by the division to any applicant for the license who has held a licensed hairdresser's and cosmetician's license, a barber's license, a manicurist's license, or an esthetician's license issued under the laws of this state or another state, for at least the three (3) years preceding the date of application for an instructor's license and:

(i) Meets the requirements of § 5-10-8;

(ii) Has satisfactorily completed three hundred (300) hours of instruction in hairdressing and cosmetology, barber, manicurist, or esthetician teacher training approved by the division as prescribed by regulation;

(iii) Has satisfactorily passed a written and a practical examination approved by the division to determine the fitness of the applicant to receive an instructor's license;

(iv) Has complied with § 5-10-10; and

(v) Has complied with any other qualifications that the division prescribes by regulation.

(2) A "manicurist license" shall be granted to any applicant for the license who meets the following qualifications:

(i) Meets the requirements of § 5-10-8; and

(ii) Has completed a course of instruction consisting of not less than three hundred (300) hours of professional training in manicuring, in an approved school.
An "esthetician license" shall be granted to any applicant for the license who meets the following qualifications:

(i) Meets the requirements of § 5-10-8;

(ii) Has completed a course of instruction in esthetics consisting of not less than six hundred (600) hours of continuous study and practice over a period of not less than four (4) months in an approved school of hairdressing and cosmetology; and

(iii) Any applicant who holds a diploma or certificate from a skin care school that is recognized as a skin care school by the state or nation in which it is located, and meets the requirements of paragraph (i) of this subdivision, shall be granted a license to practice esthetics; provided, that the skin care school has a requirement that in order to graduate from the school a student must have completed a number of hours of instruction in the practice of skin care, which number is at least equal to the number of hours of instruction required by the division.

A "barber" license shall be issued by the division to every applicant for the license who meets the requirements of § 5-10-8 and:

(i) Has completed a course of instruction in barbering consisting of not less than one thousand five hundred (1,500) hours of continuous study and practice in an approved school;

(ii) Has possessed for at least two (2) years prior to the filing of the application a certificate of registration in full force and effect from the department of health of the state specifying that person as a registered apprentice barber, and the application of that applicant is accompanied by an affidavit or affidavits of employers or other reasonably satisfactory evidence showing that the applicant has, in order to learn the art of barbering, been actually engaged in barbering as an apprentice barber in the state during those two (2) years worked for a minimum of two (2) years under the supervision of a barber who has been licensed in the state for at least three (3) years; or

(iii) A combination of barber school training and apprenticeship Any training as determined by the rules and regulations prescribed by the division.

SECTION 3. Section 5-10-13 of the General Laws in Chapter 5-10 entitled "Barbers, Hairdressers, Cosmeticians, Manicurists and Estheticians" is hereby repealed.

§ 5-10-13. Demonstrator's permit. The division may in its discretion issue to any person recognized by the division as an authority on, or an expert in the theory or practice of, barbering, hairdressing, and cosmetic therapy and/or manicuring or esthetics and is the holder of a current esthetician's, manicurist's or barber's, hairdresser's, and cosmetician's license in this state, another state or the District of Columbia, a demonstrator's permit for not more than six (6) days' duration for educational and instructive demonstrations; provided, that the permit shall not be used for the purpose of selling any supply or commodity.
be used in the sense of a license to practice barbering, manicuring, esthetics or hairdressing and cosmetic therapy. The fee for the permit is as set forth in § 23-1-54.

SECTION 4. Sections 5-32-2 and 5-32-4 of the General Laws in Chapter 5-32 entitled “Electrolysis” are hereby amended to read as follows:

**5-32-2. Penalty for unlicensed practice.** Every person who subsequently engages in the practice of electrolysis in this state without being licensed, if a license is required under this chapter, by the board of examiners in electrolysis is practicing illegally and, upon conviction, shall be fined not more than twenty-five dollars ($25.00) and every day of the continuation of illegal practice is a separate offense.

**5-32-4. Qualifications of applicants.** Licenses to engage in the practice of electrolysis shall be issued to the applicants who comply with the following requirements:

1. Are citizens or legal residents of the United States.
2. Have attained the age of eighteen (18) years.
3. Have graduated from a high school or whose education is the equivalent of a high school education.
4. Have satisfactorily completed a course of training and study in electrolysis, as prescribed by rules and regulations promulgated by the department of health authorized by section § 5-32-18 of this chapter, as a registered apprentice under the supervision of a licensed Rhode Island electrologist who is qualified to teach electrolysis to apprentices as prescribed in § 5-32-17 or has graduated from a school of electrolysis after having satisfactorily completed a program consisting of not less than six hundred fifty (650) hours of study and practice in the theory and practical application of electrolysis. That apprenticeship includes at least six hundred and fifty (650) hours of study and practice in the theory and practical application of electrolysis within a term of nine (9) months; provided, that the apprentice registers with the division of professional regulation of the department of health upon beginning his or her course of instruction, and the licensed person with whom he or she serves that apprenticeship keeps a record of the hours of that instruction, and upon the completion of that apprenticeship certifies that fact to the board of examiners in electrolysis.
5. Is of good moral character.
6. Passes an examination approved by the department of health.

**SECTION 5.** Sections 5-32-8 and 5-32-17 of the General Laws in Chapter 5-32 entitled “Electrolysis” are hereby repealed.

**5-32-8. Apprenticeship register.** The division of professional regulation of the department of health shall keep a register in which the names of all persons serving...
apprenticeships licensed under this chapter shall be recorded. This register is open to public
inspection.

5-32-17. Qualifications for teaching electrolysis. – (a) A person in order to qualify as
an instructor or teacher of electrolysis to apprentices must:

(1) Have been actively engaged as a licensed practitioner of electrolysis for at least five
(5) years.

(2) Pass a state board examination specifically designed to evaluate his or her
qualifications to teach electrolysis.

(3) Be a high school graduate or the equivalent.

(b) Upon satisfactorily passing this examination, the division of professional regulation of
the department of health shall issue a license to the person upon the payment of a fee as set forth
in § 23-1-54.

(c) A qualified licensed electrologist shall not register more than one apprentice for each
nine (9) month training period.

SECTION 6. Chapter 5-32 of the General Laws entitled “Electrolysis” is hereby amended
by adding thereto the following section:

5-32-18. Training and study. – The department of health may promulgate rules and
regulations applying to training and study in electrolysis.

SECTION 7. Sections 5-37.2-2, 5-37.2-14, and 5-37.2-15 of the General Laws in Chapter
5-37.2 entitled “The Healing Art of Acupuncture” are hereby amended to read as follows:

5-37.2-2. Definitions. – Unless the context otherwise requires, the words, phrases, and
derivatives employed in this chapter have the meanings ascribed to them in this section:

(1) “Acupuncture” means the insertion of needles into the human body by piercing the
skin of the body, for the purpose of controlling and regulating the flow and balance of energy in
the body.

(2) “Department” means the state department of health.

(3) “Doctor of acupuncture” means a person licensed under the provisions of this chapter
to practice the art of healing known as acupuncture.

(4) “Licensed acupuncture assistant” means a person who assists in the practice of
acupuncture under the direct supervision of a person licensed under the provisions of this chapter
to practice acupuncture.

5-37.2-14. Recordation and display of licenses – Annual registration fee – Penalties
for failure to pay fee. – (a) Every person holding a license authorizing him or her to practice
acupuncture or to serve as an acupuncture assistant in this state shall record his or her license with
the city or town hall in the city or town where his or her office and residence are located. Every
licensee upon a change of residence or office shall have his or her certificate recorded in the same
manner in the municipality to which he or she has changed.

(b) Every license shall be displayed in the office, place of business, or place of
employment of the license holder.

c) Every person holding a license shall pay to the department on or before February 1 of
each year, the annual registration fee required pursuant to department rules and regulation. If the
holder of a license fails to pay the registration fee his or her license shall be suspended. The
license may be reinstated by payment of the required fee within ninety (90) days after February 1.

d) A license which is suspended for more than three (3) months under the provisions of
subsection (c) of this section may be canceled by the board after thirty (30) days notice to the
holder of the license.

5-37.2-15. Suspension, revocation, or refusal of license – Grounds. – The department
may either refuse to issue or may suspend or revoke any license for any one or any combination
of the following causes:

(1) Conviction of a felony, conviction of any offense involving moral turpitude, or
conviction of a violation of any state or federal law regulating the possession, distribution or use
of any controlled substance as defined in § 21-28-1.02, as shown by a certified copy of record of
the court;

(2) The obtaining of, or any attempt to obtain, a license, or practice in the profession for
money or any other thing of value, by fraudulent misrepresentations;

(3) Gross malpractice;

(4) Advertising by means of knowingly false or deceptive statement;

(5) Advertising, practicing, or attempting to practice under a name other than one's own;

(6) Habitual drunkenness or habitual addiction to the use of a controlled substance as
defined in § 21-28-1.02;

(7) Using any false, fraudulent, or forged statement or document, or engaging in any
fraudulent, deceitful, dishonest, immoral practice in connection with the licensing requirement of
this chapter;

(8) Sustaining a physical or mental disability which renders further practice dangerous;

(9) Engaging in any dishonorable, unethical, or unprofessional conduct which may
deceive, defraud, or harm the public, or which is unbecoming a person licensed to practice under
this chapter;

(10) Using any false or fraudulent statement in connection with the practice of
acupuncture or any branch of acupuncture;

(11) Violating or attempting to violate, or assisting or abetting the violation of, or conspiring to violate, any provision of this chapter;

(12) Being adjudicated incompetent or insane;

(13) Advertising in an unethical or unprofessional manner;

(14) Obtaining a fee or financial benefit for any person by the use of fraudulent diagnosis, therapy, or treatment;

(15) Willfully disclosing a privileged communication;

(16) Failure of a licensee to designate his or her school of practice in the professional use of his or her name by the term "doctor of acupuncture" or "acupuncture assistant", as the case may be;

(17) Willful violation of the law relating to the health, safety, or welfare of the public, or of the rules and regulations promulgated by the state board of health;

(18) Administering, dispensing, or prescribing any controlled substance as defined in § 21-28-1.02, except for the prevention, alleviation, or cure of disease or for relief from suffering; and

(19) Performing, assisting, or advising in the injection of any liquid silicone substance into the human body.

SECTION 8. Section 5-37.2-13 of the General Laws in Chapter 5-37.2 entitled “The Healing Art of Acupuncture” is hereby repealed.

5-37.2-13. Issuance of license for acupuncture assistant. – An applicant for a license for acupuncture assistant shall be issued a license by the department if he or she:

(1) Has successfully completed a course of study in acupuncture in any college or school in any country, territory, province, or state requiring any attendance to thirty-six (36) months;

(2) Practiced acupuncture for not less than three (3) years;

(3) Passes the examination of the department for acupuncture assistant; and

(4) Pays any fees as set forth in § 23-1-54.

SECTION 9. Sections 5-48-1 and 5-48-9 of the General Laws in Chapter 5-48 entitled “Speech Pathology and Audiology” are hereby amended to read as follows:

5-48-1. Purpose and legislative intent — Definitions. – (a) It is declared to be a policy of this state that the practice of speech language pathology and audiology is a privilege granted to qualified persons and that, in order to safeguard the public health, safety, and welfare, protect the public from being misled by incompetent, unscrupulous, and unauthorized persons, and protect the public from unprofessional conduct by qualified speech language pathologists and
audiologists, it is necessary to provide regulatory authority over persons offering speech language pathology and audiology services to the public.

(b) The following words and terms when used in this chapter have the following meaning unless otherwise indicated within the context:

(1) "Audiologist" means an individual licensed by the board to practice audiology.

(2) "Audiology" means the application of principles, methods, and procedures related to hearing and the disorders of the hearing and balance systems, to related language and speech disorders, and to aberrant behavior related to hearing loss. A hearing disorder in an individual is defined as altered sensitivity, acuity, function, processing, and/or damage to the integrity of the physiological auditory/vestibular systems.

(3) "Audiology support personnel" means individuals who meet minimum qualifications, established by the board, which are less than those established by this chapter as necessary for licensing as an audiologist, who do not act independently, and who work under the direction and supervision of an audiologist licensed under this chapter who has been actively working in the field for twenty-four (24) months after completion of the postgraduate professional experience and who accepts the responsibility for the acts and performances of the audiology assistant while working under this chapter.

(4) "Board" means the state board of examiners for speech language pathology and audiology.

(5) "Clinical fellow" means the person who is practicing speech language pathology under the supervision of a licensed speech language pathologist while completing the postgraduate professional experience as required by this chapter.

(6) "Department" means the Rhode Island department of health.

(7) "Director" means the director of the Rhode Island department of health.

(8) "Person" means an individual, partnership, organization, or corporation, except that only individuals can be licensed under this chapter.

(9) "Practice of audiology" means rendering or offering to render any service in audiology, including prevention, screening, and identification, evaluation, habilitation, rehabilitation; participating in environmental and occupational hearing conservation programs, and habilitation and rehabilitation programs including hearing aid and assistive listening device evaluation, prescription, preparation, dispensing, and/or selling and orientation; auditory training and speech reading; conducting and interpreting tests of vestibular function and nystagmus; conducting and interpreting electrophysiological measures of the auditory pathway; cerumen management; evaluating sound environment and equipment; calibrating instruments used in...
testing and supplementing auditory function; and planning, directing, conducting or supervising programs that render or offer to render any service in audiology.

(ii) The practice of audiology may include speech and/or language screening to a pass or fail determination, for the purpose of initial identification of individuals with other disorders of communication.

(iii) A practice is deemed to be the "practice of audiology" if services are offered under any title incorporating such word as "audiology", "audiologist", "audiometry", "audiometrist", "audiological", "audiometrics", "hearing therapy", "hearing therapist", "hearing clinic", "hearing clinician", "hearing conservation", "hearing conservationist", "hearing center", "hearing aid audiologist", or any similar title or description of services.

(9) "Practice of speech language pathology" means rendering or offering to render any service in speech language pathology including prevention, identification, evaluation, consultation, habilitation, rehabilitation; determining the need for augmentative communication systems, dispensing and selling these systems, and providing training in the use of these systems; and planning, directing, conducting, or supervising programs that render or offer to render any service in speech language pathology.

(ii) The practice of speech language pathology may include nondiagnostic pure tone air conduction screening, screening tympanometry, and acoustic reflex screening, limited to a pass or fail determination, for the purpose of performing a speech and language evaluation or for the initial identification of individuals with other disorders of communication.

(iii) The practice of speech language pathology also may include aural rehabilitation, which is defined as services and procedures for facilitating adequate receptive and expressive communication in individuals with hearing impairment.

(iv) A practice is deemed to be the "practice of speech language pathology" if services are offered under any title incorporating such words as "speech pathology", "speech pathologist", "speech therapy", "speech therapist", "speech correction", "speech correctionist", "speech clinic", "speech clinician", "language pathology", "language pathologist", "voice therapy", "voice therapist", "voice pathology", "voice pathologist", "logopedics", "logopedist", "communicology", "communicologist", "aphasiology", "aphasiologist", "phoniatrist", or any similar title or description of services.

(10) "Regionally accredited" means the official guarantee that a college or university or other educational institution is in conformity with the standards of education prescribed by a regional accrediting commission recognized by the United States Secretary of Education.

(11) "Speech language pathologist" means an individual who is licensed by the board
“Speech language pathology” means the application of principles, methods, and procedures for prevention, identification, evaluation, consultation, habilitation, rehabilitation, instruction, and research related to the development and disorders of human communication. Disorders are defined to include any and all conditions, whether of organic or non-organic origin, that impede the normal process of human communication in individuals or groups of individuals who have or are suspected of having these conditions, including, but not limited to, disorders and related disorders of:

(i) Speech: articulation, fluency, voice, (including respiration, phonation and resonance);

(ii) Language (involving the parameters of phonology, morphology, syntax, semantics and pragmatics; and including disorders of receptive and expressive communication in oral, written, graphic, and manual modalities);

(iii) Oral, pharyngeal, laryngeal, cervical esophageal, and related functions (e.g., dysphasia, including disorders of swallowing and oral function for feeding; oro-facial myofunctional disorders);

(iv) Cognitive aspects of communication (including communication disability and other functional disabilities associated with cognitive impairment); and

(v) Social aspects of communication (including challenging behavior, ineffective social skills, lack of communication opportunities).

“Speech language support personnel” means individuals who meet minimum qualifications established by the board, which are less than those established by this chapter as necessary for licensing as a speech language pathologist, who do not act independently, and who work under the direction and supervision of a speech language pathologist licensed under this chapter who has been actively working in the field for twenty-four (24) months after completion of the postgraduate professional experience and who accepts the responsibility for the acts and performances of the speech language pathology assistant while working under this chapter. Speech language support personnel shall be registered with the board within thirty (30) days of beginning work, or the supervising speech language pathologist will be assessed a late filing fee as set forth in § 23-1-54. Fees – Late filing – Inactive status – Filing fees for support personnel registration. – Fees – Late filing – Inactive status. – (a) The board may charge an application fee; a biennial license renewal fee payable before July 1 of even years (biennially); or a provisional license renewal fee as set forth in § 23-1-54 payable annually from the date of issue.

(b) Any person who allows his or her license to lapse by failing to renew it on or before
the thirtieth (30th) day of June of even years (biennially), may be reinstated by the board on
payment of the current renewal fee plus an additional late filing fee as set forth in § 23-1-54.

(c) An individual licensed as a speech language pathologist and/or audiologist in this
state, not in the active practice of speech-language pathology or audiology within this state during
any year, may upon request to the board, have his or her name transferred to an inactive status
and shall not be required to register biennially or pay any fee as long as he or she remains
inactive. Inactive status may be maintained for no longer than two (2) consecutive licensing
periods, after which period licensure shall be terminated and reapplication to the board shall be
required to resume practice.

(d) Any individual whose name has been transferred to an inactive status may be restored
to active status within two (2) licensing periods without a penalty fee, upon the filing of:

(1) An application for licensure renewal, with a licensure renewal fee as set forth in § 23-1-54
made payable by check to the general treasurer of the state of Rhode Island; and

(2) Any other information that the board may request.

(e) Audiology and speech language pathology support personnel shall be registered with
the board within thirty (30) days of beginning work, or the supervising audiologist or speech
language pathologist shall be assessed a late filing fee as set forth in § 23-1-54.

SECTION 10. Chapter 5-58 of the General Laws entitled “Auctioneers” is hereby
repealed in its entirety.

5-58-1. Licensing of auctioneers and apprentices.— (a) Any person desiring to hold an
auctioneer’s license or apprentice auctioneer’s permit shall make written application for that
license or permit on appropriate forms provided by the director of the department of business
regulations. Each applicant shall be a person who has a good reputation for honesty, truthfulness,
and fair dealing; good moral character, and is competent and financially qualified to conduct the
business of an auctioneer or apprentice all of which may be considered by the director along with
any other information the director deems appropriate in determining whether the granting of the
application is in the public interest. Other information deemed appropriate includes, but is not
limited to, a criminal records check. The director shall process the criminal records check for all
resident applicants for an auctioneer’s license. Non-resident applicants for an auctioneer’s license
shall apply to the bureau of criminal identification of the state police for a nationwide criminal
records check. The bureau of criminal identification of the state police shall forward the results of
the criminal records check to the director. The director may deny any application for a license if
the director finds, based upon the results of the criminal records check, that the applicant has been
convicted of a felony. Each application for an auctioneer, apprentice auctioneer, or nonresident
auctioneer's license shall be accompanied by an application fee of ten dollars ($10.00).

(b) Prior to the taking of the examination, each applicant shall pay an examination fee in an amount to be established by the director of business regulation. Each applicant granted an auctioneer's license shall pay a licensing fee of two hundred dollars ($200) per annum. Each nonresident auctioneer applicant granted a license shall pay a licensing fee of three hundred dollars ($300) per annum. Each applicant granted an apprentice-auctioneer permit shall pay a permit fee of twenty dollars ($20.00) per annum. There is a five dollar ($5.00) charge for issuance of a duplicate license or permit to replace a lost, damaged, or destroyed original or renewal license or permit. Fees for the replacement and for an original or renewal license or permit shall be paid into the general fund. The director shall promulgate rules and regulations mandating the term of the license or permit for each category of license or permit issued pursuant to this chapter. No license or permit shall remain in force for a period in excess of three (3) years. The fee for the initial license or renewal shall be determined by multiplying the per annum fee by the number of years in the term of license or renewal. The entire fee for the full term of licensure must be paid in full prior to issuing the renewal or initial license.

5-58-2. Auctioneer's and apprentice's bond. Every auctioneer, upon approval of application and prior to issuance of a license or an apprentice permit, shall deliver and file with the department of business regulation a surety company bond in favor of the people of the state of Rhode Island in the principle sum not exceeding ten thousand dollars ($10,000) nor less than two thousand dollars ($2,000), at the discretion of the director; and payable to any party injured under the terms of the bond. The bond does not limit or impact any right of recovery available pursuant to law nor is the amount of the bond relevant in determining the amount of damage or other relief to which any claimant shall be entitled.

5-58-6. Announcement of conditions of sale. Every auctioneer before exposing any real or personal estate to public sale shall make out, in writing, and sign and publicly read the conditions of sale.

5-58-7. Auctioneer's commission and apprentice's wage. Whenever the whole amount of sales at any public auction does not exceed four hundred dollars ($400), the auctioneer has for making that sale two and one-half percent (2 1/2%) commission; if the amount of the sale exceeds that sum and does not exceed twenty thousand dollars ($20,000), he or she shall have only one percent (1%) on the excess; and if the amount of the sale does not exceed thirty thousand dollars ($30,000), he or she shall have three fourths percent (3/4%) on the excess; and if the amount of the sale exceeds thirty thousand dollars ($30,000), he or she has one fourth percent (1/4%) on the excess. Nothing contained in this section shall be construed to prevent any
Markets involved in selling any property by auction from making a special contract with the
auctioneer for selling the property. Notwithstanding the preceding, agreement to change the
previously stated fee schedule may be made between auctioneers and either owners or consignees
of owners, only if those changes are specifically agreed to, in writing, by the parties. Auctioneers
shall enter into a written contract with owners or consignees of property sold at auction which
contract shall establish terms for any remuneration paid to the auctioneer for his or her services.
A copy of the contract shall be kept in the possession of the auctioneer for a period of three (3)
years and shall be made available for inspection by the director at his or her discretion.
Apprentices employed by licensed auctioneers in accordance with standards prescribed in
regulations promulgated under this chapter shall be paid for their services at a rate not less than
the minimum wage established by law. No apprentice shall enter into a verbal or written contract
or agreement for remuneration for services rendered when remuneration is separate, apart from,
or in addition to wages paid to the apprentice by the employing auctioneer.

5-58-8. Regulation of sales.-- The director of business regulation has the authority to
promulgate rules and regulations which are reasonable, proper, and necessary to enforce the
provisions of this chapter, to establish procedures for the preparation and processing of
examinations, applications, licenses, and permits for the conduct of auction sales; to deny,
suspend, or revoke licenses, or permits, to issue cease and desist orders, to assess administrative
penalties of up to one thousand dollars ($1,000) and to establish procedures for renewals, appeals,
hearings, and rulemaking proceedings.

5-58-9. Officers of mortgagee forbidden to act as auctioneer in foreclosure.-- No
officer of any corporation shall act as an auctioneer in the foreclosure of any mortgage held by
that corporation.

5-58-10. Penalty for violations.-- Any person acting as auctioneer or apprentice
auctioneer without a license is guilty of a misdemeanor. Anyone who is convicted shall be
punished by a fine not to exceed five hundred dollars ($500), or by imprisonment for a term not
to exceed ninety (90) days, or both the fine and imprisonment for each violation.

5-58-11. Severability.-- If any provision of this chapter or any rule or regulation made,
or the application under this chapter to any person or circumstances, is held invalid by a court of
competent jurisdiction, the remainder of the chapter, rule, or regulation, and the application of
that provision to other persons or circumstances, shall not be affected.

SECTION 11. Chapter 5.59.1 of the General Laws entitled "Rhode Island Orthotics and
Prosthetics Practices" is hereby repealed in its entirety.

5-59.1. Legislative Intent.-- The purpose of this chapter is to safeguard the public
health to regulate the practice of orthotics and prosthetics by untrained and unethical persons.

§ 59.1-2. Short title—This act shall be known and may be cited as "The Rhode Island Orthotics and Prosthetics Practices Act".

§ 59.1-3. Definitions—As used in this chapter:

1. "ABC" means the American Board for Certification in Orthotics and Prosthetics or its successor agency.

2. "BOC" means the Board for Orthotist/Prosthetist Certification or its successor agency.

3. "Custom fabricated orthotics" or "custom made orthotics" means devices designed and fabricated, in turn, from raw materials for a specific patient and require the generation of an image, form, or mold that replicates the patient's body or body segment and, in turn, involves the rectification of an image.

4. "Department" means the Rhode Island department of health.

5. "Director" means the director of the department of health.

6. "Direct-formed orthoses" means devices formed or shaped during the molding process directly on the patient's body or body segment.

7. "Licensed Orthotist" means a person licensed under this chapter to practice orthotics.

8. "Licensed Prosthetist" means a person licensed under this chapter to practice prosthetics.

9. "Off-the-shelf orthosis" means devices manufactured by companies registered with the Federal Food and Drug Administration other than devices designed for a particular person based on that particular person's condition.

10. "Orthosis" means a custom fabricated brace or support that is designed based on medical necessity. Orthosis does not include prefabricated or direct-formed orthotic devices, as defined in this section, or any of the following assistive technology devices: commercially available knee orthoses used following injury or surgery; spastic muscle tone inhibiting orthoses; upper extremity adaptive equipment; finger splints; hand splints; wrist gauntlets; face masks used following burns; wheelchair seating that is an integral part of the wheelchair and not worn by the patient independent of the wheelchair; fabric or elastic supports; corsets; low-temperature formed plastic splints; trusses; elastic hose; canes; crutches; cervical collars; dental appliances; and other similar devices as determined by the director, such as those commonly carried in stock by a pharmacy, department store, corset shop, or surgical supply facility.

11. "Orthotics" means the science and practice of evaluating, measuring, designing, fabricating, assembling, fitting, adjusting or, servicing, as well as providing the initial training necessary to accomplish the fitting of, an orthosis for the support, correction, or alleviation of
neuromuscular or musculoskeletal dysfunction, disease, injury or deformity. The practice of orthotics encompasses evaluation, treatment, and consultation; with basic observational gait and postural analysis, orthotists assess and design orthoses to maximize function and provide not only the support but the alignment necessary to either prevent or correct deformity or to improve the safety and efficiency of mobility or locomotion, or both. Orthotic practice includes providing continuing patient care in order to assess its effect on the patient's tissues and to assure proper fit and function of the orthotic device by periodic evaluation.

(12) “Orthotist” means an allied health professional who is specifically trained and educated to provide or manage the provision of a custom-designed, fabricated, modified and fitted external orthosis to an orthotic patient, based on a clinical assessment and a physician's prescription, to restore physiological function and/or cosmesis, and certified by ABC or BOC.

(13) “Physician” means a doctor of allopathic medicine (M.D.), osteopathic medicine (D.O.), podiatric medicine (D.P.M.), and chiropractic medicine (D.C.).

(14) “Prefabricated orthoses” or “off-shelf orthoses” means devices that are manufactured as commercially available stock items for no specific patient.

(15) “Prosthesis” means an artificial limb that is alignable or, in lower extremity applications, capable of weight bearing. Prosthesis also means an artificial medical device that is not surgically implanted and that is used to replace a missing limb, appendage, or other external human body part including an artificial limb, hand, or foot. The term does not include artificial eyes, ears, noses, dental appliances, ostomy products, or devices such as eyelashes or wigs or artificial breasts.

(16) “Prosthetics” means the science and practice of evaluation, measuring, designing, fabricating, assembling, fitting, aligning, adjusting or servicing, as well as providing the initial training necessary to accomplish the fitting of, a prosthesis through the replacement of external parts of a human body, lost due to amputation or congenital deformities or absences. The practice of prosthetics also includes the generation of an image, form, or mold that replicates the patient's body or body segment and that requires rectification of dimensions, contours and volumes for use in the design and fabrication of a socket to accept a residual anatomic limb to, in turn, create an artificial appendage that is designed either to support body weight or to improve or restore function or cosmesis, or both. Involved in the practice of prosthetics is observational gait analysis and clinical assessment of the requirements necessary to refine and mechanically fix the relative position of various parts of the prosthesis to maximize function, stability, and safety of the patient. The practice of prosthetics includes providing and continuing patient care in order to assess the prosthesis's effect on the patient's tissues and to assure proper fit and function of...
the prosthetic device by periodic evaluation.

(17) “Prosthetist” means a practitioner, certified by the ABC or BOC, who provides care to patients with partial or total absence of a limb by designing, fabricating, and fitting devices, known as prostheses. At the request of and in consultation with physicians, the prosthetist assists in formulation of prescriptions for prostheses, and examines and evaluates patients’ prosthetic needs in relation to their disease entity and functional loss. In providing the prostheses, he or she is responsible for formulating its design, including selection of materials and components; making all necessary casts, measurements and model modifications; performing fittings including static and dynamic alignments; evaluating the prosthesis on the patient; instructing the patient in its use, and maintaining adequate patient records; all in conformity with the prescription.

5-59.1-4. Licensing of practitioners.— The department shall issue to those persons eligible under the provisions of this chapter certificate licenses attesting to their qualifications to practice as certified licensed orthotists or prosthetists.

5-59.1-5. Application for orthotic or prosthetic license.— Any person who desires to be licensed as set forth in § 5-59.1-4 shall in writing submit an application on forms provided by the department for a license accompanied by a fee as set forth in § 23-1-54 with all other credentials that the department requires and as required by this chapter. All the proceeds of any fees collected pursuant to the provisions of this chapter shall be deposited as general revenues.

5-59.1-6. Qualifications for license.— (a) Qualification for licensing under this chapter shall be the possession of the title “certified prosthetist” or “certified orthotist”, as issued by and under the rules of the American Board for Certification in Orthotics and Prosthetics, Inc. or the Board for Orthotist/Prosthetist certification. Evidence of the possession of that title shall be presented to the department.

(b) In order to qualify for a license to practice orthotics or prosthetics a person shall provide proof of:

(1) Possession of a baccalaureate degree from an accredited college or university;
(2) Completion of an orthotic, or prosthetic education program that meets or exceeds the requirements of the National Commission on Orthotic and Prosthetic Education;
(3) Completion of a clinical residency in orthotics and/or prosthetics that meets or exceeds the standards of the National Commission on Orthotic and Prosthetic Education; and
(4) Current certification by ABC or BOC in the discipline for which the application corresponds.

5-59.1-7. Use of “licensed prosthetist” or “licensed orthotist” title.— No person offering service to the public shall use the title licensed prosthetist or licensed orthotist or shall
use the abbreviation "L.P." or "L.O.", or in any other way represent themselves as licensed practitioners unless they hold a current license as provided in this chapter.

5-59.1-8. Exceptions.-- This chapter shall not be construed to prohibit:

(a) A physician licensed in this state from engaging in the practice for which he or she is licensed;

(b) The practice of orthotics or prosthetics by a person who is employed by the federal government while in the discharge of the employee's official duties;

(c) The practice of orthotics or prosthetics by a resident continuing his or her clinical education in a residency accredited by the National Commission on Orthotic and Prosthetic Education;

(d) Consistent with his or her license, a licensed pharmacist, physical or occupational therapist, or certified athletic trainer from engaging in his or her profession;

(e) Measuring, fitting, or adjusting an off-the-shelf orthosis by employees or authorized representatives of an orthosis manufacturer, which is registered with the Federal Food and Drug Administration when such employee or representative is supervised by a physician.

5-59.1-9. License and biannual renewal required.-- No person may practice orthotics or prosthetics without a license issued under authority of this chapter, which license has not been suspended or revoked as provided under this chapter, without renewal biannually, as provided in § 5-59.1-12.

5-59.1-10. Grandfather clause.-- Any person currently practicing full-time in the state of Rhode Island on January 1, 2007 in an orthotist and/or prosthetic facility as a certified BOC or ABC orthotist and/or prosthetist must file an application for licensure prior to sixty (60) days after January 1, 2007 to continue practice at his or her identified level of practice. The applicant must provide verifiable proof of active certification in orthotics and/or prosthetics by the ABC or BOC. This section shall not be construed to grant licensing to a person who is a certified or registered orthotic or prosthetic “fitter” or orthotic or prosthetic “assistant.”

5-59.1-11. Limitation on provisions of care and services.-- A licensed orthotist and/or prosthetist may provide care and services only if care and services are provided pursuant to an order from a licensed physician, unless the item which may be purchased without a prescription.

5-59.1-12. Relicensing -- Renewal.-- Every holder of a license issued under this chapter shall biannually attest to the department as to current certification issued by the American Board of Certification in Orthotics and Prosthetics or the Board for Orthotists/Prosthetist Certification. All licenses issued under this chapter shall expire biannually on the last day of September of every odd numbered year. A biennial renewal fee as set forth in § 23-1-54 shall be required.
Every orthotist and prosthetist shall conform to the standards of the American Board for Certification in Orthotics and Prosthetics or Board for Orthotists/Prosthetists Certification.

5-59.1-13. Rules and regulations. — The department is authorized to promulgate such regulations as it deems necessary to implement the provisions of this chapter.

5-59.1-14. Responsibilities of the department. — In addition to other authority provided by law, the department has the authority to:

1. Register applicants, issue licenses to applicants who have met the education, training and requirements for licensure, and deny licenses to applicants who do not meet the minimum qualifications;
2. Maintain the official department records of all applicants and licensees;
3. Establish requirements and procedures for an inactive license; and
4. Seek the advice and knowledge of the prosthetic and orthotic associations in this state on any matter relating to the enforcement of this chapter.

5-59.1-15. Penalty for violations. — Any person, firm, corporation or association violating any of the provisions of this chapter is deemed to have committed a misdemeanor and upon conviction shall be punished by a fine not to exceed two hundred dollars ($200), or imprisonment for a period not to exceed three (3) months, or both, and for a second or subsequent violation by a fine of not less than three hundred dollars ($300) nor more than five hundred dollars ($500), or imprisonment for one year, or both the fine and imprisonment.

5-59.1-16. Severability. — If any provision of this chapter or of any rule or regulation made under this chapter, or the application of this chapter to any person or circumstances, is held invalid by a court of competent jurisdiction, the remainder of the chapter, rule or regulation, and the application of that provision to other persons or circumstances shall not be affected.

5-59.1-17. Advisory Board of orthotics and prosthetics practice — Composition — Appointment and terms — Powers and duties. — (a) There is hereby created an advisory licensing board to review applications for licensure to obtain a license as an orthotist or prosthetist pursuant to this chapter of the general laws. The review of each applicant’s licensing shall require that the applicant have completed an NCOPE (National Commission on Orthotic and Prosthetic Education); accredited residency under a board certified practitioner in the respective discipline; and meet all of the requirements of the chapter. The board shall conduct its interviews and/or investigation and shall report its findings to the director of the department of health.

(b) The licensing board shall be composed of three (3) persons: the director of the department of health, or his or her designee; one board certified Rhode Island state licensed prosthetist; and one board certified Rhode Island state licensed orthotist. The board certified
orthotist and the board certified prosthetist shall be certified by the American Board of
Certification in orthotics and prosthetics and licensed by the State of Rhode Island, shall serve for
three (3) year terms and shall be selected by the board of directors of the Rhode Island Society of
Orthotists and Prosthetists, Inc. The members of the board shall serve without compensation.

SECTION 12. Sections 5-68.1-2, 5-68.1-4, 5-68.1-5, and 5-68.1-8 of the General Laws in
Chapter 5-68.1 entitled “Radiologic Technologists” are hereby amended to read as follows:

5-68.1-2. Definitions. – As used in this chapter:

(1) “Authorized user” means a licensed practitioner who meets the training and
experience requirements defined in rules and regulations promulgated pursuant to chapter 23-1.3.

(2) "Board" means the board of radiologic technology.

(3) "Department" means the Rhode Island department of health.

(4) "Director" means the director of the Rhode Island department of health.

(5) "Financial interest" means being:

(i) A licensed practitioner of radiologic technology; or

(ii) A person who deals in goods and services that are uniquely related to the practice of
radiologic technology; or

(iii) A person who has invested anything of value in a business that provides radiologic
technology services.

(6) "License" means a license issued by the director to practice radiologic technology.

(7) "Licensed practitioner" means an individual licensed to practice medicine,
chiropractic, or podiatry, or an individual licensed as a registered nurse practitioner or physician
assistant in this state.

(8) "Medical physicist" means an individual, other than a licensed practitioner, who
practices independently one or more of the subfields of medical physics, and is registered or
licensed under rules and regulations promulgated pursuant to section 23-1.3

(9) "National organization" means a professional association or registry, approved by the
director, that examines, registers, certifies or approves individuals and education programs
relating to operators of sources of radiation.

(10) "Nuclear medicine technologist" means an individual, other than a licensed
practitioner, who compounds, calibrates, dispenses and administers radiopharmaceuticals,
pharmaceuticals, and radionuclides under the general supervision of an authorized user for benefit
of performing a comprehensive scope of nuclear medicine procedures, and who has met and
continues to meet the licensure standards of this chapter.

(11) "Person" means any individual, corporation, partnership, firm, association, trust,
estate, public or private institution, group, agency, political subdivision of this state or any other state, or political subdivision of any agency thereof and any legal successor, representative, agent or agency of the foregoing.

(12) "Radiation therapist" means an individual, other than a licensed practitioner, who utilizes ionizing radiation under the general supervision of an authorized user for the planning and delivery of therapeutic procedures, and who has met and continues to meet the licensure standards of this chapter.

(13) "Radiology technologist" also known as a "radiographer" means an individual, other than a licensed practitioner, who performs a comprehensive scope of diagnostic radiologic procedures under the general supervision of a licensed practitioner using external ionizing radiation, resulting in radiographic or digital images, and who has met and continues to meet the licensure standard of this chapter.

(14) "Radiologist" means a licensed practitioner specializing in radiology who is certified by or eligible for certification by the American Board of Radiology or the American Osteopathic Board of Radiology, the British Royal College of Radiology, or the Canadian College of Physicians and Surgeons.

(15) "Radiologist assistant" means an unlicensed individual, other than a licensed practitioner, who performs as an advanced level radiologic technologist and works under the general supervision of a radiologist to enhance patient care by assisting the radiologist in the medical imaging environment, and who has met and continues to meet the licensure standards of this chapter is certified by the American Registry of Radiologic Technologists, or by a comparable national certifying board as approved by the director.

(16) "Source of radiation" means any substance or device emitting or capable of producing ionizing radiation, for the purpose of performing therapeutic or diagnostic radiologic procedures on human beings.

(17) "Student" means an individual enrolled in a course of study for medicine or radiologic technology.

(18) "Supervision" means and includes:

(i) "Direct supervision" means supervision and control by a licensed practitioner who assumes legal liability for the services rendered by the radiologic technologist, which supervision requires the physical presence of the licensed practitioner for consultation and direction of the actions of the radiologic technologist.

(ii) "General supervision" means supervision whereby a licensed practitioner, who assumes legal liability for the services rendered, authorizes the services to be performed by the
radiologic technologist, which supervision, except in cases of emergency, requires the easy availability or physical presence of the licensed practitioner for consultation and direction of the actions of the radiologic technologist.

**5-68.1-4. License required.** – (a) No individual shall practice radiologic technology or shall represent themselves as practicing radiologic technology, unless they are licensed under this chapter. The provisions of this section do not apply to:

1. A licensed practitioner when practicing within his or her field of expertise.
2. A student of medicine, when under the general supervision of an instructor who is a radiologist and when acting within the scope of practice.
3. A dentist, licensed dental hygienist or certified dental assistant when practicing within his or her field of expertise.
4. A podiatry assistant who has received a “certificate of completion” from the Community College of Rhode Island or other equivalent training approved by the board, after having taken and passed the course on “radiography for podiatry assistance” and when acting within the practice of podiatry.
5. A medical physicist when practicing within his or her field of expertise.
6. A licensed healthcare provider at a licensed ambulatory care facility on Block Island and where the director of health determines a waiver of the licensure requirements to be in the interest of public health.
7. A radiologist assistant who is certified by the American Registry of Radiologic Technologists, or by a comparable national certifying board as approved by the director.

(b) Nothing in this chapter is intended to limit, preclude or interfere with the practice of persons and health care providers licensed by appropriate agencies of Rhode Island.

(c) This chapter does not prohibit an individual enrolled in an approved school of radiologic technology, under the direct supervision of a radiologist or a licensed radiologic technologist, from performing those duties essential for completion of a student's clinical service.

(d) This chapter is not intended to supersede the mammography rules and regulations promulgated pursuant to § 23-17-32.

**5-68.1-5. Licensure standards.** – (a) The director shall develop standards for licensure of the following categories of radiologic technology:

1. Radiographer;
2. Nuclear medicine technologist;
3. Radiation therapist; and
4. **Radiologist assistant.**
(b) The director may promulgate rules and regulations which authorize additional categories of licensure, consistent with a radiologic technology certification established by the American Registry of Radiologic Technologists, the Nuclear Medicine Technology Certification Board or other national organization.

(c) The director may promulgate rules and regulations that establish requirements for radiologic technologist authorization to operate hybrid imaging modalities, including, but not limited to, a combination nuclear medicine-computed tomography device.

5-68.1-8. Other licensing provisions. – (a) Each radiologic technologist license issued by the director shall only specify one category of radiologic technology. An individual qualified to practice more than one category of radiologic technology shall submit a separate application for each category to be licensed. Each radiologic technologist license issued by the director shall indicate, as appropriate, that the individual is a licensed radiographer, a licensed nuclear medicine technologist, a licensed radiation therapist, a licensed radiologist assistant or other category of radiologic technology license established by the director pursuant to subsection 5-68.1-5(c).

(b) Unless licensed as a radiologic technologist pursuant to this chapter, no individual shall use any title or abbreviation to indicate that the individual is a licensed radiologic technologist.

(1) An individual holding a license as a radiographer may use the title “Licensed Radiologic Technologist-Radiographer” or the letters “LRT-R” after his or her name.

(2) An individual holding a license as a radiation therapy technologist may use the title “Licensed Radiologic Technologist-Therapy” or the letters “LRT-T” after his or her name.

(3) An individual holding a license as a nuclear medicine technologist may use the title “Licensed Radiologic Technologist-Nuclear Medicine” or the letters “LRT-N” after his or her name.

(4) An individual holding a license as a radiologist assistant may use the title “Licensed Radiologist Assistant” or the letters “LRA” after his or her name.

(c) A valid license issued pursuant to this chapter shall be carried on the person of the radiologic technologist while performing the duties for which the license is required.

(d) Licenses, with the exception of initial licenses, shall be issued for a period of two (2) years.

(e) The director shall promulgate rules and regulations which specify a renewal date for all licenses issued pursuant to this chapter.

(f) The director shall promulgate rules and regulations which specify the minimum continuing education credits required for renewal of a radiologic technologist license. Failure to
attest to completion of the minimum continuing education credits shall constitute grounds for
revocation, suspension or refusal to renew the license.

SECTION 13. Section 5-68.1-9 of the General Laws in Chapter 5-68.1 entitled
“Radiologic Technologists” is hereby repealed.

5-68.1-9. Special requirements pertaining to licensure of radiologist assistants. (a)
The director shall promulgate rules and regulations that delineate the specific duties allowed for a
licensed radiologist assistant. These duties shall be consistent with guidelines adopted by the
American College of Radiology, the American Society of Radiologic Technologists and the
American Registry of Radiologic Technologists, with the level of supervision required by such
guidelines.

(b) A licensed radiologist assistant is specifically not authorized to:

(1) Perform nuclear medicine or radiation therapy procedures unless currently licensed
and trained to perform those duties under the individual’s nuclear medicine technologist or
radiation therapy technologist license;

(2) Interpret images;

(3) Make diagnoses; and

(4) Prescribe medications or therapies.

“Certification of Athletic Coaches” is hereby amended to read as follows:

course required. – The department of elementary and secondary education shall promulgate rules and regulations concerning the
necessary requirements for first aid certification for any person who coaches in any athletic
program in any school supported wholly or in part by public money. No person shall coach in any
athletic program in any school supported wholly or in part by public money unless the person
shall have acquired a certificate of qualification issued by or under the authority of the
department of elementary and secondary education which indicates that the person has, no more
than three (3) years prior to the application for certification, successfully completed the minimum
of a red cross first aid course or a comparable course approved by the department of elementary
and secondary education. Participating schools shall require annual proof of current and valid first
aid training from all coaches in their athletic programs.

is hereby amended to read as follows:

(2) Fur trapper – Non-resident: thirty dollars ($30.00);

(3) Fur buyer – Resident: ten dollars ($10.00);

(4) Fur buyer – Non-resident: thirty dollars ($30.00).

(b) Fur trapper and fur buyer licenses expire on the last day of March of each year.


20-16-14. Fur buyer’s license. – No person, firm, or corporation shall purchase raw furs within this state unless the person, firm or corporation has a valid fur buyer’s license. Raw fur buyer’s licenses shall be issued by the department upon application and payment of license fees as provided in chapter 2 of this title.

20-16-15. Fur buyers – Records and reports. – All licensed fur buyers shall keep records of purchase of furs within the state, which shall be open to the inspection by personnel of the department of environmental management at all times. A complete and accurate record of purchases within the state shall be furnished to the department upon request. Failure to do so within fourteen (14) days may be punishable by forfeiture of license and no future license shall be granted if, in the opinion of the director, information is being deliberately withheld.

SECTION 17. Sections 23-16.2-2, 23-16.2-6 and 23-16.2-7 of the General Laws in Chapter 23-16.2 entitled “Laboratories” are hereby amended to read as follows:

23-16.2-2. Definitions. – When used in this chapter:

(1) “Analytical laboratory” means a facility for the biological, microbiological, chemical, physical, and radiochemical examination of potable water, nonpotable water or other environmental matrices.

(2) “Clinical laboratory” means a facility for the biological, microbiological, serological, chemical, immunohematological, hematological, radiobioassay, cytological, pathological, or other examination of materials derived from the human body for the purposes of providing information for the diagnosis, prevention, or treatment of any disease or impairment of or the assessment of the health of human beings.

(3) “Director” means the director of the department of health.

(4) “Persons” means any individual, firm, partnership, corporation, company, association, or joint stock association.

(5) “Station” means a facility for the collection, processing, and transmission of the materials described in subdivisions (1) and (2) for the purposes described in subdivisions (1) and (2).
(6) "Certification" means the determination by the department of health that an analytical laboratory is capable of performing specific tests or analyses of environmental samples in accordance with the requirements of the regulations promulgated pursuant to this chapter.

(7) "Clinical laboratory test" or "laboratory test" means a microbiological, serological, chemical, hematological, radiobioassay, cytological, immunological, or other pathological examination which is performed on material derived from the human body, the test or procedure conducted by a clinical laboratory which provides information for the diagnosis, prevention, or treatment of a disease or assessment of a medical condition.

(8) "Nationally recognized certification examination" means an appropriate examination, as determined by the director, covering both academic and practical knowledge, including, but not limited to, those offered by the American Society of Clinical Pathologists (ASCP), American Medical Technologists (AMT), National Credentialing Agency (NCA), or the American Association of Bioanalysts Board of Registry (AAB), and including any appropriate categorical or specialty examinations.

23-16.2-6. Issuance or denial of license. – Not less than thirty (30) days from the time any application for the license is received, the director shall grant the application and issue a license to maintain a laboratory or station if the director shall be satisfied that the applicant complies with the rules and regulations promulgated in accordance with this chapter, establishing standards for the qualifications of personnel and adequacy of equipment and facilities. The standards for qualification of personnel who perform clinical laboratory tests shall require, as a minimum, successful completion of a nationally recognized certification examination. Notwithstanding this requirement, the director may establish, by regulation, alternative criteria for individuals who previously qualified under federal regulatory requirements, such as 42 CFR § 493.1433 of the March 14, 1990 federal register, or other criteria which may be established to have met the requirements of this chapter, shall include provision for minimum standards of professional education or experience, as determined by the director. The director may provide for the examination of applicants to determine their qualifications. Notwithstanding the preceding statements in this section, upon payment of any applicable license fees, the director may grant immediate licensure to any clinical laboratory licensed as a clinical laboratory in another state and certified under the Clinical Laboratory Improvement Act of 1988, when the clinical laboratory has been asked to perform a clinical laboratory service which is not offered by any other clinical laboratory then licensed in this state.

23-16.2-7. Suspension and revocation of license. – (a) The department of health may revoke or suspend the license or specific certification of any laboratory or station for conduct by
or chargeable to the laboratory or stations as follows:

(1) Failure to observe any term of the license or specific certification issued under authority of this chapter by the department of health;

(2) Failure to observe any order made under authority of this chapter or under the statutory authority vested in the department of health;

(3) Engaging in, aiding, abetting, causing, or permitting any action prohibited under this chapter;

(4) Failing to observe any regulations promulgated by the department of health.

(b) Whenever the director shall have reason to believe that any laboratory or station, for the maintenance of which the director has issued a license or specific certification as provided for in § 23-16.2-4, is being maintained in violation of the rules and regulations provided in § 23-16.2-5, the director may, pending an investigation and hearing, suspend for a period not exceeding thirty (30) days, any license or specific certification issued under authority of this chapter and may, after due notice and hearing, revoke the license or specific certification if the director finds that the laboratory or station is being maintained in violation of the rules and regulations. The holder of a license shall upon its revocation promptly surrender the license or specific certification to the director.

(c) The director may revoke or suspend the license, or may impose appropriate fines as promulgated in regulation, of any laboratory or station that does not ensure that all personnel meet the requirements of this chapter.

SECTION 18. Chapter 23-16.3 of the General Laws entitled “Clinical Laboratory Science Practice” is hereby repealed in its entirety.

CHAPTER 23-16.3

Clinical Laboratory Science Practice

23-16.3-1. Short title.—This chapter shall be known and may be cited as the “Clinical Laboratory Science Practice Act”.

23-16.3-2. Declaration of policy and statement of purpose.—It is declared to be a policy of the state that the practice of clinical laboratory science by health care professionals affects the public health, safety, and welfare and is subject to control and regulation in the public interest. It is further declared that clinical laboratories and clinical laboratory science practitioners provide essential services to practitioners of the healing arts by furnishing vital information which may be used in the diagnosis, prevention, and treatment of disease or impairment and the assessment of the health of humans. The purpose of this chapter is to provide for the better protection of public health by providing minimum qualifications for clinical laboratory science practitioners.
practitioners, and by ensuring that clinical laboratory tests are performed with the highest degree of professional competency by those engaged in providing clinical laboratory science services in the state.

23-16.3-3. Definitions.— The following words and terms, when used in this chapter, have the following meaning unless otherwise indicated within the context:

(1) "Accredited clinical laboratory program" means a program planned to provide a predetermined amount of instruction and experience in clinical laboratory science that has been accredited by one of the accrediting agencies recognized by the United States Department of Education.

(2) "Board" means the clinical laboratory science board appointed by the director of health.

(3) "Clinical laboratory" or "laboratory" means any facility or office in which clinical laboratory tests are performed.

(4) "Clinical laboratory science practitioner" or "one who engages in the practice of clinical laboratory science" means a health care professional who performs clinical laboratory tests or who is engaged in management, education, consulting, or research in clinical laboratory science, and includes laboratory directors, supervisors, clinical laboratory scientists (technologists), specialists, and technicians working in a laboratory, but does not include persons employed by a clinical laboratory to perform supportive functions not related to direct performance of laboratory tests and does not include clinical laboratory trainees. Provided, however, nothing contained in this chapter shall apply to a clinical perfusionist engaged in the testing of human laboratory specimens for extracorporeal functions, which shall include those functions necessary for the support, treatment, measurement, or supplementation of the cardiopulmonary or circulatory system of a patient.

(5) "Clinical laboratory scientist" and/or "technologist" means a person who performs clinical laboratory tests pursuant to established and approved protocols requiring the exercise of independent judgment and responsibility, maintains equipment and records, performs quality assurance activities related to test performance, and may supervise and teach within a clinical laboratory setting.

(6) "Clinical laboratory technician" means a person who performs laboratory tests pursuant to established and approved protocols which require limited exercise of independent judgment and which are performed under the personal and direct supervision of a clinical laboratory scientist (technologist), laboratory supervisor, or laboratory director.

(7) "Clinical laboratory test" or "laboratory test" means a microbiological, serological,
chemical, hematological, radiobiological, cytological, immunological, or other pathological examination which is performed on material derived from the human body, the test or procedure conducted by a clinical laboratory which provides information for the diagnosis, prevention, or treatment of a disease or assessment of a medical condition.

(8) "Department" means the Rhode Island department of health.

(9) "Director" means the director of the Rhode Island department of health.

(10) "Limited function test" means a test conducted using procedures which as determined by the director have an insignificant risk of an erroneous result, including those which:

(i) Have been approved by the United States Food and Drug Administration for home use;

(ii) Employ methodologies that are so simple and accurate as to render the likelihood of erroneous results negligible; or

(iii) The director has determined pose no reasonable risk of harm to the patient if performed incorrectly.

23-16.3-4. Exceptions. — This chapter shall not apply to:

(1) Any person performing clinical laboratory tests within the scope of his or her practice and for which he or she is licensed pursuant to any other provisions of the general laws.

(2) Clinical laboratory science practitioners employed by the United States government or any bureau, division, or agency of the United States government while in the discharge of the employee's official duties.

(3) Clinical laboratory science practitioners engaged in teaching or research, provided that the results of any examination performed are not used in health maintenance, diagnosis, or treatment of disease.

(4) Students or trainees enrolled in a clinical laboratory science education program provided that these activities constitute a part of a planned course in the program, that the persons are designated by title such as intern, trainee, or student, and the persons work directly under the supervision of an individual licensed by this state to practice laboratory science.

(5) Individuals performing limited function tests.

23-16.3-5. License required. — (a) No person shall practice clinical laboratory science or hold himself or herself out as a clinical laboratory science practitioner in this state unless he or she is licensed pursuant to this chapter.

(b) All persons who were engaged in the practice of clinical laboratory science on July 1, 1992, who are certified by or eligible for certification by an agency approved by the department
of health, and who have applied to the department of health on or before July 1, 1994, and have
complied with all necessary requirements for the application, may continue to perform clinical
laboratory tests until July 1, 1995 unless the application is denied by the department of health, or
the withdrawal of the application, whichever occurs first.

(c) Persons not meeting the education, training, and experience qualifications for any
license described in this chapter may be considered to have met the qualifications providing they
have:

(1) Three (3) years acceptable experience between January 1, 1986 and January 1, 1996
and submit to the department of health the job description of the position which the applicant has
most recently performed attested to by his or her employer and notarized; or

(2) No less than twelve (12) years acceptable experience prior to 1993 and submit to the
department of health the job description of the position which the applicant has most recently
performed attested to by his or her employer and notarized on or before December 1, 2001.

(d) After December 1, 2001, no initial license shall be issued until an applicant meets all
of the requirements under this chapter, and successfully completes a nationally recognized
certification examination, such as NCA, DHHS, ASCP, state civil service examination, or others
including appropriate categorical and specialty exams. Provided, however, that the provisions of
this subsection shall not be available to any individual who has been previously denied a license
as a clinical laboratory science practitioner by the department of health.

23-16.3-6. Administration. (a) There is created within the division of professional
regulation of the department of health a clinical laboratory advisory board which shall consist of
seven (7) persons who have been residents of the state for at least two (2) years prior to their
appointment, and who are actively engaged in their areas of practice. The director of the
department of health, with the approval of the governor, shall make appointments to the board
from lists submitted by organizations of clinical laboratory science practitioners and
organizations of physicians and pathologists.

(b) The board shall be composed of:

(1) One physician certified by the American Board of Pathology or American Board of
Osteopathic Pathology;

(2) One physician who is not a laboratory director and is not a pathologist;

(3) Four (4) clinical laboratory science practitioners, at least one of whom is a non-
physician laboratory director, one of whom is a clinical laboratory scientist (technologist), and
one of whom is a clinical laboratory technician, and who, except for the initial appointments, hold
active and valid licenses as clinical laboratory science practitioners in this state and one of whom
is a clinical laboratory science practitioner not falling in one of the first three (3) categories; and

   (4) One public member who is not associated with or financially interested in the practice of clinical laboratory science.

   (c) Board members shall serve for a term of three (3) years, and until their successors are appointed and qualified, except that the initial appointments, which shall be made within sixty (60) days after July 1, 1992, shall be as follows:

   (1) One pathologist, one non-physician laboratory director, and one clinical laboratory scientist, shall be appointed to serve for three (3) years;

   (2) One public representative and one non-pathologist physician, shall be appointed to serve for two (2) years; and

   (3) The remaining members shall be appointed to serve for one year.

   (d) The membership of the board shall receive no compensation for their services.

   (e) Whenever a vacancy shall occur on the board by reason other than the expiration of a term of office, the director of the department of health with the approval of the governor shall appoint a successor of like qualifications for the remainder of the unexpired term. No person shall be appointed to serve more than two (2) successive three (3) year terms.

23-16.3-7. Duties and powers of the clinical laboratory advisory board. — In addition to any other power conferred upon the board pursuant to this chapter, the board shall recommend to the director:

   (1) Rules and regulations for the implementation of this chapter including, but not limited to, regulations that delineate qualifications for licensure of clinical laboratory science practitioners as defined in this chapter, specify requirements for the renewal of licensure, establish standards of professional conduct, and recommend on the amendment or on the repeal of the rules and regulations. Following their adoption, the rules and regulations shall govern and control the professional conduct of every person who holds a license to perform clinical laboratory tests or otherwise engages in the profession of clinical laboratory science;

   (2) Standard written, oral, or practical examinations for purposes of licensure of clinical laboratory science practitioners as provided for in § 23-16.3-5;

   (3) Rules and regulations governing qualifications for licensure of specialists in those clinical laboratory science specialties that the board may determine in accordance with § 23-16.3-8(e);

   (4) Rules and regulations governing personnel performing tests in limited function laboratories;

   (5) A schedule of fees for applications and renewals;
(6) Establish criteria for the continuing education of clinical laboratory science practitioners as required for license renewal;

(7) Any other rules and regulations necessary to implement and further the purpose of this chapter.

22-16.3-8. Standards for licensure— (a) Clinical laboratory scientist (technologist).— The department of health shall issue a clinical laboratory scientist's license to an individual who meets the qualifications developed by the board, including at least one of the following qualifications:

(1) A baccalaureate degree in clinical laboratory science (medical technology) from an accredited college or university whose curriculum included appropriate clinical education;

(2) A baccalaureate degree in biological, chemical, or physical science from an accredited college or university, and subsequent to graduation has at least twelve (12) months of appropriate clinical education in an accredited clinical laboratory science program;

(3) A baccalaureate degree which includes a minimum of thirty-six (36) semester (or equivalent) hours in the biological, chemical, and physical sciences from an accredited college or university, plus two (2) years of full-time work experience including a minimum of four (4) months in each of the four (4) major disciplines of laboratory practice (clinical chemistry, clinical microbiology, hematology, immunology/immunohematology); or

(4) A baccalaureate degree consisting of ninety (90) semester (or equivalent) hours, thirty-six (36) of which must be in the biological, chemical, or physical sciences, from an accredited university, and appropriate clinical education in an accredited clinical laboratory science program;

(5) A clinical laboratory scientist (technologist) who previously qualified under federal regulatory requirements such as 42 CER § 493.1433 of the March 14, 1990 federal register or other regulations or criteria which may be established by the board.

(b) Clinical laboratory technician.— The department of health shall issue a clinical laboratory technician's license to an individual who meets the qualifications promulgated by the board, including at least one of the following qualifications:

(1) An associate degree or completion of sixty (60) semester (or equivalent) hours from a clinical laboratory technician program (MLT or equivalent) accredited by an agency recognized by the United States Department of Education that included a structured curriculum in clinical laboratory techniques;

(2) A high school diploma (or equivalent) and completion of twelve (12) months in a technician-training program in an accredited school such as CLA (ASCP) clinical laboratory.
assistant (American Society of Clinical Pathologists), and MLT-C medical laboratory technician certificate programs approved by the board; or (ii) successful completion of an official military medical laboratory procedure course of at least fifty (50) weeks duration and has held the military enlisted occupational specialty of medical laboratory specialist (laboratory technician); or

(3) A clinical laboratory technician who previously qualified under federal regulatory requirements such as 42 CFR § 493.1441 of the March 14, 1990 federal register which meet or exceed the requirements for licensure set forth by the board.

(c) Clinical histologic technician.—The department of health shall issue a clinical histologic technician license to an individual who meets the qualifications promulgated by the board, including at least one of the following:

(1) Associate degree or at least sixty (60) semester hours (or equivalent) from an accredited college/university to include a combination of mathematics and at least twelve (12) semester hours of biology and chemistry, and successfully complete an accredited program in histologic technique or one full year of training in histologic technique under the supervision of a certified histotechnologist or an appropriately certified histopathology supervisor with at least three (3) years experience.

(2) High school graduation (or equivalent) and two (2) years full time acceptable experience under the supervision of a certified/licensed clinical histologic technician at a licensed clinical laboratory in histologic technique.

(d) Cytotechnologist.—The department of health shall issue a cytotechnologist license to an individual who meets the qualifications promulgated by the board including at least one of the following:

(1) A baccalaureate degree from an accredited college or university with twenty (20) semester hours (30 quarter hours) of biological science, eight (8) semester hours (12 quarter hours) of chemistry, and three (3) semester hours (4 quarter hours) of mathematics and successful completion of a twelve (12) month cytotechnology program.

(2) A baccalaureate degree from an accredited college or university with twenty (20) semester hours (30 quarter hours) of biological science, eight (8) semester hours (12 quarter hours) of chemistry, and three (3) semester hours (4 quarter hours) of mathematics and five (5) years full time acceptable clinical laboratory experience including cytopreparatory techniques, microscopic analysis, and evaluation of the body systems within the last ten (10) years. At least two (2) of these years must be subsequent to the completion of the academic component and at least two (2) years must be under the supervision of a licensed physician who is a pathologist, certified, or eligible for certification, by the American Board of Pathology in anatomic pathology.
or has other suitable qualifications acceptable to the board.

(3) A cytotechnologist who previously qualified under federal regulatory requirements such as 42 CFR § 493.1437 of the March 14, 1990 federal register.

(e) The board shall recommend standards for any other clinical laboratory science practitioners specializing in areas such as nuclear medical technology, radioimmunoassay, electron microscopy, forensic science, molecular biology, or similar recognized academic and scientific disciplines with approval of the director of health.

23.16.3.9 Waiver of requirements. The board shall recommend regulations providing procedures for waiver of the requirements of § 23.16.3.8 for all applicants who hold a valid license or its equivalent issued by another state; provided that the requirements under which that license or its equivalent was issued to meet or exceed the standards required by this chapter with the approval of the director. The board may also recommend regulations it deems appropriate with respect to individuals who hold valid licenses or their equivalent in other countries.

23.16.3.10 Licensure application procedures. (a) Licensure applicants shall submit their application for licensure to the department of health upon the forms prescribed and furnished by the department of health, and shall pay the designated application or examination fee.

(b) Upon receipt of application and payment of a fee, the department of health shall issue a license for a clinical laboratory scientist or technologist, a clinical laboratory technician, or an appropriate specialty license to any person who meets the qualifications specified in this chapter and the regulations promulgated under this chapter.

(c) The board may recommend a procedure for issuance of temporary permits to individuals otherwise qualified under this chapter who intend to engage in clinical laboratory science practice in this state for a limited period of time not to exceed eighteen (18) months.

(d) The board may recommend a procedure for issuance of provisional licenses to individuals who otherwise qualify under this chapter but are awaiting the results of certification examinations. A provisional license so issued shall be converted to a license under the provisions of § 23.16.3.8 or expire not more than twelve (12) months after issuance. At the discretion of the board, the provisional license may be reissued at least one time with the director’s approval.

23.16.3.11 Licensure renewal. (a) Licenses issued pursuant to this chapter shall expire on a date and time specified by the department of health.

(b) Every person licensed pursuant to this chapter shall be issued a renewal license every two (2) years upon:

(1) Submission of an application for renewal on a form prescribed by the department of
health and payment of an appropriate fee recommended by the board; and

(2) Proof of completion, in the period since the license was first issued or last renewed, of at least thirty (30) hours of continuing education courses, clinics, lectures, training programs, seminars, or other programs related to clinical laboratory practice which are approved or accepted by the board; or proof of re-certification by a national certification organization that mandates an annual minimum of fifteen (15) hours of continuing education, such as the National Certification Agency for Medical Laboratory Personnel.

(c) The board may recommend any other evidence of competency it shall deem reasonably appropriate as a prerequisite to the renewal of any license provided for by this chapter, as long as these requirements are uniform as to application, are reasonably related to the measurement of qualification, performance, or competence, and are desirable and necessary for the protection of the public health.

23-16.3-12. Disciplinary requirements. — The board may recommend to the director of health issuance, renewal, or revocation of a license, or suspension, placement on probation, censure, or reprimand of a licensee, or any other disciplinary action that the board may deem appropriate, including the imposition of a civil penalty, for conduct that may result from, but not necessarily be limited to:

(1) A material misstatement in furnishing information to the department of health;

(2) A violation or negligent or intentional disregard of this chapter, or of the rules or regulations promulgated under this chapter;

(3) A conviction of any crime under the laws of the United States or any state or territory of the United States which is a felony or which is a misdemeanor, an essential element of which is dishonesty, or of any crime which is directly related to the practice of the profession;

(4) Making any misrepresentation for the purpose of obtaining registration or violating any provision of this chapter;

(5) Violating any standard of professional conduct adopted by the board;

(6) Engaging in dishonorable, unethical, or unprofessional conduct of a character likely to deceive, defraud, or harm the public;

(7) Providing professional services while mentally incompetent, under the influence of alcohol or narcotic or controlled dangerous substance that is in excess of therapeutic amounts or without valid medical indication;

(8) Directly or indirectly contracting to perform clinical laboratory tests in a manner which offers or implies an offer of rebate, fee-splitting inducements or arrangements, or other unlawful remuneration; or
(9) Aiding or assisting another person in violating any provision of this chapter or any rule adopted under this chapter.

23-16.3-13. Hearing requirements -- Procedure. -- (a) The proceedings for the revocation, suspension or limiting of any license may be initiated by any person, corporation, association, or public officer or by the board by the filing of written charges with the board, but no license shall be revoked, suspended, or limited without a hearing before the board within sixty (60) days after the filing of written charges in accordance with the procedures established by the board. A license may be temporarily suspended without a hearing for the period not to exceed thirty (30) days upon notice to the licensee following a finding by the board that there exists a significant threat to the public health and approved by the director.

(b) Any appeal from the action of the board shall be in accordance with the provisions of chapter 35 of title 42.

23-16.3-14. Roster of licenses. -- The department of health shall maintain a roster of the names and addresses of persons currently licensed and registered under the provision of this chapter, and of all persons whose licenses have been suspended or revoked within the previous year.

23-16.3-15. Receipts. -- The proceeds of any fees collected pursuant to the provisions of this chapter shall be deposited as general revenues.

23-16.3-16. Severability. -- If any provision of this chapter or the application of any provision to any person or circumstance shall be held invalid, that invalidity shall not affect the provisions or application of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of the chapter are declared to be severable.


23-19.3-1. Definitions. -- The following words as used in this chapter shall, unless the context requires otherwise, have the following meanings:

(1) “Division” means the division of professional regulation in the department of health.

(2) “Sanitarian” means a person with broad basic education experience in the field of environmental health sciences and technology, and who is qualified to carry out instructional and surveillance duties and enforce the laws in the field of environmental health.

23-19.3-2. Division of professional regulation -- Powers and duties. -- The division of professional regulation shall have the following powers and duties:

(1) To prepare and establish regulations governing registration of sanitarians.

(2) To appoint persons to prepare and administer examinations to applicants for
registration as sanitarian.

23-19.3-3. Qualification for registration.-- The division of professional regulation shall establish the minimum educational and experience qualifications which applicants must possess before being allowed to take the examinations for registration as sanitarians and may, in a similar manner, provide for the issuance of certificates of registration without examination to persons holding certificates of registration or licenses as sanitarians under the laws of another state, where the requirements are substantially equivalent or exceed the requirements of this state.

23-19.3-4. Ad hoc committee. -- The director of health may establish, as the director deems necessary, an ad hoc committee of three professional environmental health scientists who are registered sanitarians with 10 or more years' experience in the field of environmental health services to assist the division of professional regulation in establishing any standards deemed necessary to carry out the provisions of this chapter.

23-19.3-5. Application for registration -- Examination -- Issuance of certificate.-- (a) A person who desires to be registered as a sanitarian shall file with the division of professional regulation an application upon a form to be prescribed and furnished by the division of professional regulation. He or she shall include in the application, under oath, his or her qualifications as a sanitarian. The application shall be accompanied by a registration fee as set forth in § 23-1-54.

(b) If the division of professional regulation deems the education qualifications of the applicant are satisfactory and if he or she passes an examination, both written and oral, satisfactory to the division of professional regulation, the division shall issue him or her a certificate of registration. The certificate of registration shall expire at the end of the calendar year, and may be renewed on or before January fifteenth (15th) of the following year. The fee for renewal of a certificate of registration shall be as set forth in § 23-1-54.

23-19.3-6. Designation of registered sanitarian.-- Any person to whom a certificate of registration as a sanitarian has been issued shall have the right to use after his name the title "registered sanitarian" or the letters "R.S." No other person shall assume the title or use the letters or any other words, letters, or writing to indicate that he or she is a registered sanitarian.

23-19.3-7. Restricted receipts.-- From the proceeds of any fees collected pursuant to the provisions of this chapter, there is created a restricted receipts account which shall be used for the general purposes of the division of professional regulation within the Rhode Island department of health.

(a) No person, firm, corporation, partnership, or association shall engage in the business of pumping, cleaning, and/or transporting septage, industrial wastes, or oil waste unless a license
is obtained from the department of environmental management.

(b) Any person, firm, corporation, partnership or association who desires to engage in this business shall submit in writing in any form as is required by the department, an application for a license to engage in this business.

23-19.3-9. Repealed.—

SECTION 20. Section 41-5-21 of the General Laws in Chapter 41-5 entitled “Boxing and Wrestling” is hereby amended to read as follows:

41-5.21. Application of chapter to wrestling and kickboxing matches.— Application of chapter to wrestling matches. — (a) The division of racing and athletics shall have and exercise the same authority, supervision, and control over wrestling and kickboxing matches and exhibitions as is conferred upon the division by this chapter over boxing and sparring matches and exhibitions, and the provisions of this chapter, except those of § 41-5-12, shall apply in all respects to wrestling and kickboxing matches and exhibitions to the same extent and with the same force and effect as they apply to boxing and sparring matches.

(b) Whenever in this chapter, except in § 41-5-12, the words "boxing or sparring match or exhibition" or the plural form thereof are used, they shall be construed to include the words "wrestling or kickboxing match or exhibition" or the plural form thereof, and the word "boxer" shall be construed to include "wrestler or kickboxer," unless the context otherwise requires, and any person holding, conducting, or participating in a wrestling or kickboxing match or exhibition shall be subject to the same duties, liabilities, licensing requirements, penalties, and fees as are imposed by this chapter upon any person holding, conducting, or participating in a boxing or sparring match or exhibition.

(c) For the purpose of this chapter a "professional wrestler" is defined as one who competes for a money prize or teaches or pursues or assists in the practice of wrestling as a means of obtaining a livelihood or pecuniary gain; and a "professional kickboxer" is defined as one who competes for a money prize or teaches or pursues or assists in the practice of kickboxing as a means of obtaining a livelihood or pecuniary gain.

(d) The division of racing and athletics may waive the provisions of this chapter within its discretion in the case of wrestling as a form of pre-determined entertainment.

SECTION 21. Sections 41-5.1-1, 41-5.1-2, and 41-5.1-3 of the General Laws in Chapter 41-5.1 entitled “Commission on Professional Boxing, Wrestling, and Kick Boxing” are hereby amended to read as follows:

41-5.1-1. Composition of commission – Expenses. – There shall be a commission on
professional boxing and wrestling and kick boxing, consisting of five (5) qualified electors, three (3) of whom shall be appointed by the speaker of the house, not more than two (2) from the same political party, one by the president of the senate, and one by the governor. All members shall serve at the pleasure of the appointing authority. The commission shall serve without compensation, but shall be allowed their travel and necessary expenses in accordance with the rates from time to time established by the legislative department in its rules and regulations and may expend such sums of money as may be appropriated from time to time by the general assembly.

41-5.1-2. Duties of commission. – It shall be the duty of the commission on boxing and wrestling and kick boxing to study professional boxing and wrestling and kick boxing and make recommendations for the regulation thereof to the division of racing and athletics.

41-5.1-3 Record – Reports. – The commission on professional boxing and wrestling and kick boxing shall keep a record of all its transactions and shall, at the January session in each year, and may at any other time make a report of its doings and of its recommendations to the general assembly. The reports shall state in detail the nature of and extent of the commission's investigations of the previous year and an outline of its proposed goals and projects for the forthcoming year.

SECTION 22. This article shall take effect upon passage, except for Section 17, which shall take effect on January 1, 2016.
ARTICLE 21

RELATING TO PENSIONS

SECTION 1. Section 36-8-1 of the General Laws in Chapter 36-8 entitled "Retirement System - Administration" is hereby amended to read as follows:

36-8-1. Definition of terms. -- The following words and phrases as used in chapters 8 to 10 of this title unless a different meaning is plainly required by the context, shall have the following meanings:

(1) "Accumulated contributions" shall mean the sum of all the amounts deducted from the compensation of a member and credited to his or her individual pension account.

(2) "Active member" shall mean any employee of the state of Rhode Island as defined in this section for whom the retirement system is currently receiving regular contributions pursuant to §§ 36-10-1 and 36-10-1.1.

(3) "Actuarial equivalent" shall mean an allowance or benefit of equal value to any other allowance or benefit when computed upon the basis of the actuarial tables in use by the system.

(4) "Annuity reserve" shall mean the present value of all payments to be made on account of any annuity, benefit, or retirement allowance granted under the provisions of chapter 10 of this title computed upon the basis of such mortality tables as shall be adopted from time to time by the retirement board with regular interest.

(5) (a) "Average compensation" for members eligible to retire as of September 30, 2009 shall mean the average of the highest three (3) consecutive years of compensation, within the total service when the average compensation was the highest. For members eligible to retire on or after October 1, 2009, "Average compensation" shall mean the average of the highest five (5) consecutive years of compensation within the total service when the average compensation was the highest.

(b) For members who become eligible to retire on or after July 1, 2012, if more than one half (1/2) of the member's total years of service consist of years of service during which the member devoted less than thirty (30) business hours per week to the service of the state, but the member's average compensation consists of three (3) or more years during which the member devoted more than thirty (30) business hours per week to the service of the state, such member's average compensation shall mean the average of the highest ten (10) consecutive years of
compensation within the total service when the average compensation was the highest; provided however, effective July 1, 2015, if such member's average compensation as defined in subsection (a) above is equal to or less than thirty-five thousand dollars ($35,000), such amount to be indexed annually in accordance with § 36-10-35(h)(1)(B), such member's average compensation shall mean the greater of: (i) The average of the highest ten (10) consecutive years of compensation within the total service when the average compensation was the highest; or (ii) The member's average compensation as defined in subsection (a) above. To protect a member's accrued benefit on June 30, 2012 under this § 36-8-1(5)(b), in no event shall a member's average compensation be lower than his or her average compensation determined as of June 30, 2012.

(6) "Beneficiary" shall mean any person in receipt of a pension, an annuity, a retirement allowance, or other benefit as provided by chapter 10 of this title.

(7) "Casual employee" shall mean those persons hired for a temporary period, a period of emergency or an occasional period.

(8) "Compensation" as used in chapters 8 -- 10 of this title, chapters 16 and 17 of title 16, and chapter 21 of title 45 shall mean salary or wages earned and paid for the performance of duties for covered employment, including regular longevity or incentive plans approved by the board, but shall not include payments made for overtime or any other reason other than performance of duties, including but not limited to the types of payments listed below:

(i) Payments contingent on the employee having terminated or died;

(ii) Payments made at termination for unused sick leave, vacation leave, or compensatory time;

(iii) Payments contingent on the employee terminating employment at a specified time in the future to secure voluntary retirement or to secure release of an unexpired contract of employment;

(iv) Individual salary adjustments which are granted primarily in anticipation of the employee's retirement;

(v) Additional payments for performing temporary or extra duties beyond the normal or regular work day or work year.

(9) "Employee" shall mean any officer or employee of the state of Rhode Island whose business time is devoted exclusively to the services of the state, but shall not include one whose duties are of a casual or seasonal nature. The retirement board shall determine who are employees within the meaning of this chapter. The governor of the state, the lieutenant governor, the secretary of state, the attorney general, the general treasurer, and the members of the general assembly, ex officio, shall not be deemed to be employees within the meaning of that term unless
and until they elect to become members of the system as provided in section 36-9-6, but in no case shall it deem as an employee, for the purposes of this chapter, any individual who devotes less than twenty (20) business hours per week to the service of the state, and who receives less than the equivalent of minimum wage compensation on an hourly basis for his or her services, except as provided in section 36-9-24. Any commissioner of a municipal housing authority or any member of a part-time state, municipal or local board, commission, committee or other public authority shall not be deemed to be an employee within the meaning of this chapter.

(10) "Full actuarial costs" or "full actuarial value" shall mean the lump sum payable by a member claiming service credit for certain employment for which that payment is required which is determined according to the age of the member and the employee's annual rate of compensation at the time he or she applies for service credit and which is expressed as a rate percent of the employee's annual rate of compensation to be multiplied by the number of years for which he or she claims service credit as prescribed in a schedule adopted by the retirement board from time to time on the basis of computation by the actuary. Except as provided in §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, 45-21-53, 36-10-8, 45-21-29, 8-3-16(b), 8-8-10.1(b), 42-28-22.1(b) and 28-30-18.1(b).

(i) all service credit purchases requested after June 16, 2009 and prior to July 1, 2012, shall be at full actuarial value and

(ii) all service credit purchases requested after June 30, 2012 shall be at full actuarial value which shall be determined using the system's assumed investment rate of return minus one percent (1%).

The rules applicable to a service credit purchase shall be the rules of the retirement system in effect at the time the purchase application is submitted to the retirement system.

(11) "Funded Ratio" shall mean the ratio of the actuarial value of assets to the actuarial accrued liability consistent with the funding policy of the retirement board as defined in § 36-8-4.

(12) "Inactive member" shall mean a member who has withdrawn from service as an employee but who has not received a refund of contributions.

(13) "Members" shall mean any person included in the membership of the retirement system as provided in §§ 36-9-1 -- 36-9-7.

(14) "Prior service" shall mean service as a member rendered before July 1, 1936, certified on his or her prior service certificate and allowable as provided in § 36-9-28.

(15) "Regular interest" shall mean interest at the assumed investment rate of return, compounded annually, as may be prescribed from time to time by the retirement board.

(16) "Retirement allowance" shall mean annual payments for life made after
retirement under and in accordance with chapters 8 to 10 of this title. All allowances shall be paid in equal monthly installments beginning as of the effective date thereof; provided, that a smaller pro rata amount may be paid for part of a month where separation from service occurs during the month in which the application was filed, and when the allowance ceases before the last day of the month.

(16) "Retirement board" or "board" shall mean the board provided in § 36-8-3 to administer the retirement system.

(17) "Retirement system" shall mean the employees' retirement system of the state of Rhode Island as defined in § 36-8-2.

(18) "Service" shall mean service as an employee of the state of Rhode Island as described in subdivision (9) of this section.

(19) "Social Security retirement age" shall mean a member's full retirement age as determined in accordance with the federal Old Age, Survivors and Disability Insurance Act, not to exceed age sixty-seven (67).

(20) "Total service" shall mean prior service as defined above, plus service rendered as a member on or after July 1, 1936.

SECTION 2. Section 36-10-1 of the General Laws in Chapter 36-10 entitled "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

36-10-1, Member contributions -- Deduction from compensation. -- (a) Prior to July 1, 2012, each member of the retirement system shall contribute an amount equal to eight and three-quarters percent (8.75%) of his or her compensation as his or her share of the cost of annuities, benefits, and allowances. Effective July 1, 2012, each member of the retirement system shall contribute an amount equal to three and three quarters percent (3.75%) of his or her compensation, except for correctional officers as defined in § 36-10-9.2 who shall contribute an amount equal to eight and three quarters percent (8.75%) of his or her compensation. Effective July 1, 2015, each member of the retirement system, except for correctional officers as defined in § 36-10-9.2, with twenty (20) or more years of total service as of June 30, 2012 shall contribute an amount equal to eleven percent (11%) of compensation. The contributions shall be made in the form of deductions from compensation.

(b) The deductions provided for herein shall be made notwithstanding that the minimum compensation provided by law for any member shall be reduced thereby. Every member shall be deemed to consent and agree to the deductions made and provided for herein and receipt of his or her full compensation and payment of compensation, less the deductions, shall be a full and complete discharge and acquittance of all claims and demands whatsoever for the services...
rendered by the person during the period covered by the payment except as to the benefit provided under this chapter.

SECTION 3. Section 36-10-2.1 of the General Laws in Chapter 36-10 entitled "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

36-10-2.1. Actuarial cost method.-- (a) To determine the employer contribution rate for the State of Rhode Island for fiscal year 2002 and for all fiscal years subsequent, the actuary shall compute the costs under chapter 10 of title 36 using the entry age normal cost method. Effective July 1, 2012, the entry age normal cost method shall be as defined in Accounting Standard No. 27 of the Governmental Accounting Standards Board as in effect from time to time.

(b) The determination of the employer contribution rate for fiscal year 2013 shall include a reamortization of the current Unfunded Actuarial Accrued Liability (UAAL) over a closed twenty-five (25) year period. After an initial period of five (5) years, future actuarial gains and losses occurring within a plan year will be amortized over individual new twenty (20) year closed periods.

(c) The determination of the employer contribution rate commencing with fiscal year 2017 shall include a re-amortization of the current unfunded actuarial accrued liability (UAAL) attributable to the sixty percent (60%) of contribution responsibility not partitioned to the state in § 16-16-22 over a closed twenty-five (25) year period. This will be accomplished by dividing the UAAL as of June 30, 2014 into two (2) separate amortization periods. Future actuarial gains and losses occurring within a plan year will be amortized over individual new twenty (20) year closed periods and allocated in the forty percent (40%) state / sixty percent (60%) municipal proportion set forth in § 16-16-22.

SECTION 4. Section 36-10-9 of the General Laws in Chapter 36-10 entitled "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

36-10-9. Retirement on service allowance.-- In general.-- Retirement of a member on a service retirement allowance shall be made by the retirement board as follows:

(1) (a) (i) Any member may retire upon his or her written application to the retirement board as of the first day of the calendar month in which the application was filed; provided, the member was separated from service prior thereto; and further provided, however, that if separation from service occurs during the month in which application is filed, the effective date shall be the first day following that separation from service; and provided further that the member on his or her retirement date attained the age of sixty (60) and completed at least ten (10) years of contributory service on or before July 1, 2005 or who, regardless of age, has completed twenty-eight (28) years of total service and has completed at least ten (10) years of contributory service
on or before July 1, 2005, and who retire before October 1, 2009 or are eligible to retire as of September 30, 2009.

(ii) For members who become eligible to retire on or after October 1, 2009 and prior to July 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and completed at least ten (10) years of contributory service. For members in service as of October 1, 2009 who were not eligible to retire as of September 30, 2009 but become eligible to retire prior to July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in proportion to the amount of service the member has earned as of September 30, 2009. The proportional formula shall work as follows:

(1) The formula shall determine the first age of retirement eligibility under the laws in effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of sixty-two (62).

(2) The formula shall then take the member's total service credit as of September 30, 2009 as the numerator and the years of service credit determined under (1) as the denominator.

(3) The fraction determined in (2) shall then be multiplied by the age difference determined in (1) to apply a reduction in years from age sixty-two (62).

(b) (i) Any member, who has not completed at least ten (10) years of contributory service on or before July 1, 2005, may retire upon his or her written application to the retirement board as of the first day of the calendar month in which the application was filed; provided, the member was separated from service prior thereto; and further provided, however, that if separation from service occurs during the month in which application is filed, the effective date shall be the first day following that separation from service; provided, the member or his or her retirement date had attained the age of fifty-nine (59) and had completed at least twenty-nine (29) years of total service or provided, that the member on his or her retirement date had attained the age of sixty-five (65) and had completed at least ten (10) years of contributory service; or provided, that the member on his or her retirement date had attained the age of fifty-five (55) and had completed twenty (20) years of total service provided, that the retirement allowance, as determined according to the formula in § 36-10-10 is reduced actuarially for each month that the age of the member is less than sixty-five (65) years, and who retire before October 1, 2009 or are eligible to retire as of September 30, 2009.

(ii) For members who become eligible to retire on or after October 1, 2009 and prior to July 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and completed at least twenty-nine (29) years of total service or have attained the age of sixty-five (65) and completed at least ten (10) years of contributory service. For members in service as of
October 1, 2009 who were not eligible to retire as of September 30, 2009 but become eligible to retire prior to July 1, 2012, who have a minimum retirement age of sixty-two (62), the retirement age will be adjusted downward in proportion to the amount of service the member has earned as of September 30, 2009. The proportional formula shall work as follows:

(1) The formula shall determine the first age of retirement eligibility under the laws in effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of sixty-two (62).

(2) The formula shall then take the member's total service credit as of September 30, 2009 as the numerator and the years of service credit determined under (1) as the denominator.

(3) The fraction determined in (2) above shall then be multiplied by the age difference determined in (1) to apply a reduction in years from age sixty-two (62).

(c) Effective July 1, 2012, the following shall apply to all members not eligible to retire prior to July 1, 2012:

(i) A member with contributory service on or after July 1, 2012, shall be eligible to retire upon the completion of at least five (5) years of contributory service and attainment of the member's Social Security retirement age.

(ii) For members with five (5) or more years of contributory service as of June 30, 2012, with contributory service on and after July 1, 2012, who have a retirement age of Social Security Retirement Age, the retirement age will be adjusted downward in proportion to the amount of service the member has earned as of June 30, 2012, but in no event shall a member's retirement age under this subparagraph (ii) be prior to the attainment of age fifty-nine (59) or prior to the member's retirement age determined under the laws in effect on June 30, 2012. The proportional formula shall work as follows:

(1) The formula shall determine the first age of retirement eligibility under the laws in effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;

(2) The formula shall then take the member's total service credit as of June 30, 2012 as the numerator and the projected service at retirement age in effect on June 30, 2012 as the denominator;

(3) The fraction determined in (2) shall then be multiplied by the age difference determined in (1) to apply a reduction in years from Social Security retirement age.

(iii) Effective July 1, 2015, a member who has completed twenty (20) or more years of total service and who has attained an age within five (5) years of the eligible retirement age under subparagraphs (c)(i) or (c)(ii) above or subsection (d) below, may elect to retire provided that the retirement allowance shall be reduced actuarially for each month that the age of the member is
less than the eligible retirement age under subparagraphs (c)(i) or (c)(ii) above or subsection (d) below in accordance with the following table:

<table>
<thead>
<tr>
<th>Year Preceding Retirement</th>
<th>Cumulative Annual Reduction</th>
<th>Cumulative Monthly Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Year 1</td>
<td>9%</td>
<td>.75%</td>
</tr>
<tr>
<td>For Year 2</td>
<td>8%</td>
<td>.667%</td>
</tr>
<tr>
<td>For Year 3</td>
<td>7%</td>
<td>.583%</td>
</tr>
<tr>
<td>For Year 4</td>
<td>7%</td>
<td>.583%</td>
</tr>
<tr>
<td>For Year 5</td>
<td>7%</td>
<td>.583%</td>
</tr>
</tbody>
</table>

(iv) Notwithstanding any other provisions of section 36-10-9(c), a member who has completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire at his or her eligible retirement date as determined under paragraphs (1)(a) and (1)(b) above provided that a member making an election under this paragraph shall receive the member's retirement benefit determined and calculated based on the member's service and average compensation as of June 30, 2012. This provision shall be interpreted and administered in a manner to protect a member's accrued benefit on June 30, 2012.

(d) Notwithstanding any other provisions of subsection (c) above, effective July 1, 2015, members in active service shall be eligible to retire upon the earlier of: (A) The attainment of at least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of total service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-two (32) years of total service, or the attainment of at least age sixty-two (62) and the completion of at least thirty-three (33) years of total service; or (B) The member's retirement eligibility date under subsections (c)(i) or (c)(ii) above.

(2) Any faculty employee at a public institution of higher education under the jurisdiction of the board of governors for higher education shall not be involuntarily retired upon attaining the age of seventy (70) years.

(3) (i) Except as specifically provided in § 36-10-9.1, §§ 36-10-12 -- 36-10-15, and §§ 45-21-19 -- 45-21-22, (I) On or prior to June 30, 2012 no member shall be eligible for pension benefits under this chapter unless the member shall have been a contributing member of the employee's retirement system for at least ten (10) years, or (II) For members in active contributory service on or after July 1, 2012, the member shall have been a contributing member of the retirement system for at least five (5) years.

(ii) Provided, however, a person who has ten (10) years service credit on or before June 16, 1991, shall be vested.
(iii) Furthermore, any past service credits purchased in accordance with § 36-9-38 shall be counted towards vesting.

(iv) Any person who becomes a member of the employees' retirement system pursuant to § 45-21-4 shall be considered a contributing member for the purpose of chapter 21 of title 45 and this chapter.

(v) Notwithstanding any other provision of law, no more than five (5) years of service credit may be purchased by a member of the system. The five (5) year limit shall not apply to any purchases made prior to January 1, 1995. A member who has purchased more than five (5) years of service credits before January 1, 1995, shall be permitted to apply those purchases towards the member's service retirement. However, no further purchase will be permitted. Repayment in accordance with applicable law and regulation of any contribution previously withdrawn from the system shall not be deemed a purchase of service credit.

(vi) Notwithstanding any other provision of law, effective July 1, 2012, except for purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53, (A) For service purchases for time periods prior to a member's initial date of hire, the purchase must be made within three (3) years of the member's initial date of hire, (B) For service purchases for time periods for official periods of leave as authorized by law, the purchase must be made within three (3) years of the time the official leave was concluded by the member. Notwithstanding the preceding sentence, service purchases from time periods prior to June 30, 2012 may be made on or prior to June 30, 2015.

(4) No member of the employees' retirement system shall be permitted to purchase service credits for casual, seasonal, or temporary employment, or emergency appointment, for employment as a page in the general assembly, or for employment at any state college or university while the employee is a student or graduate assistant of the college or university.

(5) Except as specifically provided in §§ 16-16-6.2 and 16-16-6.4, a member shall not receive service credit in this retirement system for any year or portion of it, which counts as service credit in any other retirement system in which the member is vested or from which the member is receiving a pension and/or any annual payment for life. This subsection shall not apply to any payments received pursuant to the federal Social Security Act or to payments from a military pension earned prior to participation in state or municipal employment, or to military service credits earned prior to participation in state or municipal employment.

(6) A member who seeks to purchase or receive service credit in this retirement system shall have the affirmative duty to disclose to the retirement board whether or not he or she is a vested member in any other retirement system and/or is receiving a pension, retirement
allowance, or any annual payment for life. The retirement board shall have the right to investigate as to whether or not the member has utilized the same time of service for credit in any other retirement system. The member has an affirmative duty to cooperate with the retirement board including, by way of illustration and not by way of limitations the duty to furnish or have furnished to the retirement board any relevant information which is protected by any privacy act.

(7) A member who fails to cooperate with the retirement board shall not have the time of service counted toward total service credit until such time as the member cooperates with the retirement board and until such time as the retirement board determines the validity of the service credit.

(8) A member who knowingly makes a false statement to the retirement board regarding service time or credit shall not be entitled to a retirement allowance and is entitled only to the return of his or her contributions without interest.

SECTION 5. Section 36-10-10 of the General Laws in Chapter 36-10 entitled "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

36-10-10. Amount of service retirement allowance. -- (a) (1) (i) For employees eligible to retire on or before September 30, 2009, upon retirement for service under section 36-10-9, a member whose membership commenced before July 1, 2005 and who has completed at least ten years of contributory service on or before July 1, 2005 shall receive a retirement allowance which shall be determined in accordance with schedule A below for service prior to July 1, 2012:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Percentage Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st through 10th inclusive</td>
<td>1.7%</td>
</tr>
<tr>
<td>11th through 20th inclusive</td>
<td>1.9%</td>
</tr>
<tr>
<td>21st through 34th inclusive</td>
<td>3.0%</td>
</tr>
<tr>
<td>35th</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

(ii) For employees eligible to retire on or after October 1, 2009, who were not eligible to retire on or before September 30, 2009, upon retirement from service under § 36-10-9, a member whose membership commenced before July 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1, 2005 shall receive a retirement allowance which shall be determined in accordance with schedule A above for service on or before September 30, 2009, and shall be determined in accordance with schedule B in subsection (a)(2) below for service on or after October 1, 2009 and prior to July 1, 2012.

(2) Upon retirement for service under section 36-10-9, a member whose membership commenced after July 1, 2005, or who has not completed at least ten (10) years of contributory
service as of July 1, 2005, shall, receive a retirement allowance which shall be determined in accordance with Schedule B below for service prior to July 1, 2012:

Schedule B

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Percentage Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st through 10th inclusive</td>
<td>1.60%</td>
</tr>
<tr>
<td>11th through 20th inclusive</td>
<td>1.80%</td>
</tr>
<tr>
<td>21st through 25th inclusive</td>
<td>2.0%</td>
</tr>
<tr>
<td>26th through 30th inclusive</td>
<td>2.25%</td>
</tr>
<tr>
<td>31st through 37th inclusive</td>
<td>2.50%</td>
</tr>
<tr>
<td>38th</td>
<td>2.25%</td>
</tr>
</tbody>
</table>

(b) The retirement allowance of any member whose membership commenced before July 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1, 2005 shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his or her average highest three (3) consecutive years of compensation multiplied by the number of years of total service, but in no case to exceed eighty percent (80%) of the compensation payable at completion of thirty-five (35) years of service; provided, however, for employees retiring on or after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation shall be based on the average highest five (5) consecutive years of compensation. Any member who has in excess of thirty-five (35) years on or before June 2, 1985, shall not be entitled to any refund, and any member with thirty-five (35) years or more on or after June 2, 1985, shall contribute from July 1, 1985, until his or her retirement.

The retirement allowance of any member whose membership commenced after July 1, 2005 or who had not completed at least ten (10) years of contributory service as of July 1, 2005, shall, be in an amount equal to the percentage allowance specified in Schedule B of his or her average highest three (3) consecutive years of compensation multiplied by the number of years of total service, but in no case to exceed seventy-five percent (75%) of the compensation payable at the completion of thirty-eight (38) years of service; provided, however, for employees retiring on or after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation shall be based on the average highest five (5) consecutive years of compensation.

(c) Any member with thirty-eight (38) years or more of service prior to December 31, 1985, shall not be required to make additional contributions. Contributions made between December 31, 1985, and July 1, 1987, by members with thirty-eight (38) or more years of service prior to December 31, 1985, shall be refunded by the retirement board to the persons, their heirs, administrators, or legal representatives.
(d) For service prior to July 1, 2012, the retirement allowance of a member shall be determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July 1, 2012, a member's retirement allowance shall be equal to:

(i) For members with fewer than twenty (20) years of total service as of June 30, 2012, one percent (1%) of the member's average compensation multiplied by the member's years of total service on and after July 1, 2012; and

(ii) For members with twenty (20) or more years of total service as of June 30, 2012, a member's retirement allowance shall be equal to one percent (1%) of the member's average compensation multiplied by the member's years of total service between July 1, 2012 and June 30, 2015, and two percent (2%) of the member's average compensation multiplied by the member's years of total service on and after July 1, 2015. For purposes of computing a member's total service under the preceding sentence, service purchases shall be included in total service only with respect to those service purchases approved prior to June 30, 2012 and those applications for service purchases received by the retirement system on or before June 30, 2012.

In no event shall a member's retirement allowance exceed the maximum limitations set forth in paragraph (b) above.

SECTION 6. Section 36-10-10.2 of the General Laws in Chapter 36-10 entitled "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

36-10-10.2. Amount of service retirement allowance -- Correctional officers. -- (a)

Upon retirement for service under § 36-10-9.2, a member with twenty-five (25) or more years of service as of June 30, 2012 shall receive a retirement allowance of an amount determined under (i) below. All other members shall receive a retirement allowance of an amount equal to the sum of (i) below for service prior to July 1, 2012, plus (ii) below for service on and after July 1, 2012.

(i) Two percent (2%) of his or her average compensation multiplied by his or her first thirty (30) years of total service within the department of corrections; any and all years of remaining service shall be issued to the member at a retirement allowance of an amount equal to his or her average compensation multiplied by the percentage allowance determined in accordance with Schedule A below:

<table>
<thead>
<tr>
<th>Schedule A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years of Service</td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>1 through 30 inclusive</td>
</tr>
<tr>
<td>31st</td>
</tr>
<tr>
<td>32nd</td>
</tr>
<tr>
<td>33rd</td>
</tr>
</tbody>
</table>
(ii) On and after July 1, 2012, two percent (2%) of his or her average compensation multiplied by his or her first thirty (30) years of total service on and after July 1, 2012 within the department of corrections, and three percent (3%) of his or her average compensation multiplied by the member's thirty-first (31st) through thirty-fifth (35th) years of service.

(b) In no case shall a retirement percentage allowance exceed the greater of the member's retirement percentage allowance on June 30, 2012 or seventy-five percent (75%). Any member who has in excess of thirty-five (35) years on or before July 1, 1987, shall not be entitled to any refund. Any member with thirty-five (35) years or more on or after July 1, 1987, shall contribute from July 1, 1987, until his or her retirement, provided, however, that any member with thirty-eight (38) years of service prior to July 1, 1987, shall not be required to contribute.

SECTION 7. Section 36-10-35 of the General Laws in Chapter 36-10 entitled "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

36-10-35. Additional benefits payable to retired employees. — (a) All state employees and all beneficiaries of state employees receiving any service retirement or ordinary or accidental disability retirement allowance pursuant to the provisions of this title on or before December 31, 1967, shall receive a cost of living retirement adjustment equal to one and one-half percent (1.5%) per year of the original retirement allowance, not compounded, for each calendar year the retirement allowance has been in effect. For the purposes of computation, credit shall be given for a full calendar year regardless of the effective date of the retirement allowance. This cost of living adjustment shall be added to the amount of the retirement allowance as of January 1, 1968, and an additional one and one-half percent (1.5%) shall be added to the original retirement allowance in each succeeding year during the month of January, and provided further, that this additional cost of living increase shall be three percent (3%) for the year beginning January 1, 1971, and each year thereafter, through December 31, 1980. Notwithstanding any of the above provisions, no employee receiving any service retirement allowance pursuant to the provisions of this title on or before December 31, 1967, or the employee's beneficiary, shall receive any additional benefit hereunder in an amount less than two hundred dollars ($200) per year over the service retirement allowance where the employee retired prior to January 1, 1958.

(b) All state employees and all beneficiaries of state employees retired on or after January 1, 1968, who are receiving any service retirement or ordinary or accidental disability retirement allowance pursuant to the provisions of this title shall, on the first day of January next
following the third anniversary date of the retirement, receive a cost of living retirement
adjustment, in addition to his or her retirement allowance, in an amount equal to three percent
(3%) of the original retirement allowance. In each succeeding year thereafter through December
31, 1980, during the month of January, the retirement allowance shall be increased an additional
three percent (3%) of the original retirement allowance, not compounded, to be continued during
the lifetime of the employee or beneficiary. For the purposes of computation, credit shall be given
for a full calendar year regardless of the effective date of the service retirement allowance.

(c) (1) Beginning on January 1, 1981, for all state employees and beneficiaries of the
state employees receiving any service retirement and all state employees, and all beneficiaries of
state employees, who have completed at least ten (10) years of contributory service on or before
July 1, 2005 pursuant to the provisions of this chapter, and for all state employees, and all
beneficiaries of state employees who receive a disability retirement allowance pursuant to §§ 36-
10-12 -- 36-10-15, the cost of living adjustment shall be computed and paid at the rate of three
percent (3%) of the original retirement allowance or the retirement allowance as computed in
accordance with § 36-10-35.1, compounded annually from the year for which the cost of living
adjustment was determined to be payable by the retirement board pursuant to the provisions of
subsection (a) or (b) of this section. Such cost of living adjustments are available to members who
retire before October 1, 2009 or are eligible to retire as of September 30, 2009.

(2) The provisions of this subsection shall be deemed to apply prospectively only and no
retroactive payment shall be made.

(3) The retirement allowance of all state employees and all beneficiaries of state
employees who have not completed at least ten (10) years of contributory service on or before
July 1, 2005 or were not eligible to retire as of September 30, 2009, shall, on the month following
the third anniversary date of retirement, and on the month following the anniversary date of each
succeeding year be adjusted and computed by multiplying the retirement allowance by three
percent (3%) or the percentage of increase in the Consumer Price Index for all Urban Consumers
(CPI-U) as published by the United States Department of Labor Statistics determined as of
September 30 of the prior calendar year, whichever is less; the cost of living adjustment shall be
compounded annually from the year for which the cost of living adjustment was determined
payable by the retirement board; provided, that no adjustment shall cause any retirement
allowance to be decreased from the retirement allowance provided immediately before such
adjustment.

do For state employees not eligible to retire in accordance with this chapter as of
September 30, 2009 and not eligible upon passage of this article, and for their beneficiaries, the
cost of living adjustment described in subsection (3) above shall only apply to the first thirty-five thousand dollars ($35,000) of retirement allowance, indexed annually, and shall commence upon the third (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The thirty-five thousand dollar ($35,000) limit shall increase annually by the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics determined as of September 30 of the prior calendar year or three percent (3%), whichever is less. The first thirty-five thousand dollars ($35,000) of retirement allowance, as indexed, shall be multiplied by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics determined as of September 30 of the prior calendar year or three percent (3%), whichever is less, on the month following the anniversary date of each succeeding year. For state employees eligible to retire as of September 30, 2009 or eligible upon passage of this article, and for their beneficiaries, the provisions of this subsection (d) shall not apply.

(c) All legislators and all beneficiaries of legislators who are receiving a retirement allowance pursuant to the provisions of § 36-10-9.1 for a period of three (3) or more years, shall, commencing January 1, 1982, receive a cost of living retirement adjustment, in addition to a retirement allowance, in an amount equal to three percent (3%) of the original retirement allowance. In each succeeding year thereafter during the month of January, the retirement allowance shall be increased an additional three percent (3%) of the original retirement allowance, compounded annually, to be continued during the lifetime of the legislator or beneficiary. For the purposes of computation, credit shall be given for a full calendar year regardless of the effective date of the service retirement allowance.

(f) The provisions of §§ 45-13-7 -- 45-13-10 shall not apply to this section.

(g) This subsection (g) shall be effective for the period July 1, 2012 through June 30, 2015.

(1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (g)(2) below, for all present and former employees, active and retired members, and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar year under this section shall be equal to: (A) multiplied by (B) where (A) is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the retirement system determined as of the last day of the plan year preceding the calendar year in which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than
(g)(1)(A) above. The "Five-Year Average Investment Return" shall mean the average of the
investment returns of the most recent five (5) plan years as determined by the retirement board.
Subject to paragraph (g)(2) below, the benefit adjustment provided by this paragraph shall
commence upon the third (3rd) anniversary of the date of retirement or the date on which the
retiree reaches his or her Social Security retirement age, whichever is later. In the event the
retirement board adjusts the actuarially assumed rate of return for the system, either upward or
downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(2) Except as provided in paragraph (g)(3), the benefit adjustments under this section for
any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the
Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,
exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
members for such plan year.

In determining whether a funding level under this paragraph (g)(2) has been achieved,
the actuary shall calculate the funding percentage after taking into account the reinstatement of
any current or future benefit adjustment provided under this section. "GASB Funded Ratio" shall
mean the ratio of the actuarial value of assets to the actuarial accrued liability.

(3) Notwithstanding paragraph (g)(2), in each fifth plan year commencing after June 30,
2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (g)(1)
above until the GASB Funded Ratio of the Employees' Retirement System of Rhode Island, the
Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by
the system's actuary on an aggregate basis, exceeds eighty percent (80%).

(4) Notwithstanding any other provision of this chapter, the provisions of this paragraph
(g) of § 36-10-35 shall become effective July 1, 2012 and shall apply to any benefit adjustment
not granted on or prior to June 30, 2012.

(h) This subsection (h) shall become effective July 1, 2015.

(1)(A) As soon as administratively reasonable following the enactment into law of this
subsection (h)(1)(A), a one-time benefit adjustment shall be provided to members and/or
beneficiaries of members who retired on or before June 30, 2012, in the amount of 2% of the
lesser of either the member's retirement allowance or the first twenty-five thousand dollars
($25,000) of the member's retirement allowance. This one-time benefit adjustment shall be
provided without regard to the retiree's age or number of years since retirement.

(B) Notwithstanding the prior subsections of this section, for all present and former
employees, active and retired members, and beneficiaries receiving any retirement, disability or
death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
year under this section for adjustments on and after January 1, 2016, and subject to subsection
(h)(2) below, shall be equal to (I) multiplied by (II):

(I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

(i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
(the "subtrahend") from the five-year average investment return of the retirement system
determined as of the last day of the plan year preceding the calendar year in which the adjustment
is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
(0%). The "five-year average investment return" shall mean the average of the investment returns
of the most recent five (5) plan years as determined by the retirement board. In the event the
retirement board adjusts the actuarially assumed rate of return for the system, either upward or
downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of
(i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

(II) Is equal to the lesser of either the member's retirement allowance or the first twenty-
five thousand eight hundred and fifty-five dollars ($25,855) of retirement allowance, such amount
to be indexed annually in the same percentage as determined under subsection (h)(1)(B)(I) above.

The benefit adjustments provided by this subsection (h)(1)(B) shall be provided to all
retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,
and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
date of retirement or the date on which the retiree reaches his or her Social Security retirement
age, whichever is later.

(2) Except as provided in subsection (h)(3) of this section, the benefit adjustments under
subsection (h)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio
of the employees' retirement system of Rhode Island, the judicial retirement benefits trust and the
state police retirement benefits trust, calculated by the system's actuary on an aggregate basis,
exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
members for such plan year.
In determining whether a funding level under this subsection (h)(2) has been achieved, the actuary shall calculate the funding percentage after taking into account the reinstatement of any current or future benefit adjustment provided under this section.

(3) Notwithstanding subsection (h)(2), in each fourth plan year commencing after June 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four plan years:

(i) A benefit adjustment shall be calculated and made in accordance with subsection (h)(1)(B) above; and

(ii) Effective for members and/or beneficiaries of members who retired on or before June 30, 2015, the dollar amount in subsection (h)(1)(B)(II) of twenty-five thousand eight hundred and fifty-five dollars ($25,855) shall be replaced with thirty-one thousand and twenty-six dollars ($31,026) until the funded ratio of the employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

(i) Effective for members and/or beneficiaries of members who have retired on or before July 1, 2015, a one-time stipend of five hundred dollars ($500) shall be payable within sixty (60) days following the enactment of the legislation implementing this provision, and a second one-time stipend of five hundred dollars ($500) in the same month of the following year. These stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the applicable payment date and shall not be considered cost of living adjustments under the prior provisions of this § 36-10-3.

SECTION 8. Section 36-10.3-1 of the General Laws in Chapter 36-10.3 entitled “Defined Contribution Retirement Plan” is hereby amended to read as follows:

36-10.3-1. Definitions. -- As used in this chapter, the following terms, unless the context requires a different interpretation, shall have the following meanings:

(1) "Compensation" means compensation as defined in section 36-8-1(8).

(2) "Employee" means an employee as defined in section 36-8-1(9) and 45-21-2(7) and a teacher as defined in § 16-16-1(12), effective July 1, 2012; provided however, effective July 1, 2015, "employee" shall not include any employee with twenty (20) or more years of total service as of June 30, 2012 in the employees retirement system under chapters 8 through 10 of title 36 or chapter 16 of title 16 (ERS), or the municipal employees retirement system under chapter 21 of title 45 (MERS).

(3) "Employer" means the State of Rhode Island or the local municipality which employs a member of the Employees Retirement System under chapters 8 through 10 of title 36 or chapter
(4) "Plan" means the retirement plan established by this chapter.

(5) A "public safety member" shall mean a member of MERS who is a municipal fire fighter or a municipal policeman or policewoman as defined in § 45-21.2-2 who does not participate in Social Security under the Federal Old Age, Survivors, and Disability income program.

(6) "Regular member" means:

(i) An employee who is a member of ERS other than correctional officers as defined in § 36-10-9.2; or

(ii) An employee who is a member of MERS other than a public safety member.

(7) The "retirement board" or "board" shall mean the retirement board of the Employees Retirement System of Rhode Island as defined in Chapter 36-8. The retirement board shall be the plan administrator and plan trustee and shall administer the plan in accordance with § 36-8-4.1.

(8) "State investment commission" or "commission" means the state investment commission as defined in § 35-10-1.

(9) "Supplemental employer" includes any employer that provides supplemental contributions to the defined contribution retirement plan as provided in § 36-10.3-3.

(10) "Supplemental member" is defined in § 36-10.3-3.

SECTION 9. Section 36-10.3-5 of the General Laws in Chapter 36-10.3 entitled "Defined Contribution Retirement Plan" is hereby amended to read as follows:

36-10.3-5. Employer contributions. -- (1) An employer shall contribute to each regular member's individual account the following amounts:

(i) For members with fewer then ten (10) years of total service as of June 30, 2012, an amount equal to one percent (1%) of the member's compensation at the end of each payroll period from July 1 to the following June 30;

(ii) For members with ten (10) or more, but fewer than fifteen (15) years of total service as of June 30, 2012, an amount equal to one percent (1%) of the member's compensation at the end of each payroll period from July 1, 2012 through June 30, 2015, and effective July 1, 2015, an amount equal to one and one-quarter percent (1.25%) of the member's compensation at the end of each payroll period; and

(iii) For members with fifteen (15) or more, but fewer than twenty (20) years of total service as of June 30, 2012, an amount equal to one percent (1%) of the member's compensation at the end of each payroll period from July 1, 2012 through June 30, 2015, and effective July 1,
2015, an amount equal to one and one-half percent (1.5%) of the member’s compensation at the end of each payroll period from July 1 to the following June 30.

(2) An employer shall contribute to the individual account of each public safety member, not participating in Social Security under the Federal Old Age, Survivors and Disability Income program, an amount equal to three percent (3%) of the member’s compensation from July 1 to the following June 30.

(3) Contributions by supplemental employers shall be governed by § 36-10.3-6.

SECTION 10. Chapter 36-10.3 of the General Laws entitled “Defined Contribution Retirement Plan” is hereby amended by adding thereto the following section:

36-10.3-13. Waiver of administrative fees. – Any plan administration fees assessed to members of the plan after July 1, 2015, shall be reimbursed by the state for any member whose annual compensation is thirty-five thousand dollars ($35,000) or less, said dollar amount to be indexed annually in the same percentage determined under § 36-10-35(h)(1)(B).

SECTION 11. Section 16-16-12 of the General Laws in Chapter 16-16 entitled “Teachers’ Retirement” is hereby amended to read as follows:

16-16-12. Procedure for service retirement. -- Retirement of a member on a service retirement allowance shall be made by the retirement board as follows:

(a) (i) Any member may retire upon his or her written application to the retirement board as of the first day of the calendar month in which the application was filed, provided the member was separated from service prior to filing the application, and further provided however, that if separation from service occurs during the month in which the application is filed, the effective date shall be the first day following the separation from service, and provided further that the member on retirement date has attained the age of sixty (60) years and has completed at least ten (10) years of contributory service on or before July 1, 2005, or regardless of age has completed twenty-eight (28) years of total service and has completed at least ten (10) years of contributory service on or before July 1, 2005, and who retire before October 1, 2009 or are eligible to retire as of September 30, 2009.

(ii) For teachers who become eligible to retire on or after October 1, 2009 and prior to July 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and completed at least ten (10) years of contributory service. For teachers in service as of October 1, 2009 who were not eligible to retire as of September 30, 2009 but became eligible to retire prior to July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in proportion to the amount of service the member has earned as of September 30, 2009. The proportional formula shall work as follows:
(A) The formula shall determine the first age of retirement eligibility under the laws in effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of sixty-two (62).

(B) The formula shall then take the teacher's total service credit as of September 30, 2009 as the numerator and the years of service credit determined under (A) as the denominator.

(C) The fraction determined in (B) shall then be multiplied by the age difference in (1) to apply a reduction in years from age sixty-two (62).

(b) (i) Any member, who has not completed at least ten (10) years of contributory service on or before July 1, 2005, may retire upon his or her written application to the retirement board as of the first day of the calendar month in which the application was filed; provided, the member was separated from service prior thereto; and further provided, however, that if separation from service occurs during the month in which application is filed, the effective date shall be the first day following that separation from service; provided, the member on his or her retirement date had attained the age of fifty-nine (59) and had completed at least twenty-nine (29) years of total service; or provided, that the member on his or her retirement date had attained the age of sixty-five (65) and had completed at least ten (10) years of contributory service; or provided, that the member on his or her retirement date had attained the age of fifty-five (55) and had completed twenty (20) years of total service and provided, that the retirement allowance, as determined according to the formula in § 16-16-13 is reduced actuarially for each month that the age of the member is less than sixty-five (65) years and who retire before October 1, 2009 or are eligible to retire as of September 30, 2009.

(ii) For teachers who become eligible to retire on or after October 1, 2009 and prior to July 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and have completed at least twenty-nine (29) years of total service or have attained the age of sixty-five (65) and completed at least ten (10) years of contributory service. For teachers in service as of October 1, 2009 who were not eligible to retire as of September 30, 2009 but become eligible to retire prior to July 1, 2012, who have a minimum retirement age of sixty-two (62), the retirement age will be adjusted downward in proportion to the amount of service the member has earned as of September 30, 2009. The proportional formula shall work as follows:

(A) The formula shall determine the first age of retirement eligibility under the laws in effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of sixty-two (62).

(B) The formula shall then take the teacher's total service credit as of September 30, 2009 as the numerator and the years of service credit determined under (A) as the denominator.
C) The fraction determined in (B) shall then be multiplied by the age difference determined in (A) to apply a reduction in years from age sixty-two (62).

c) Effective July 1, 2012, the following shall apply to all teachers not eligible to retire prior to July 1, 2012:

(i) A teacher with contributory service on or after July 1, 2012, shall be eligible to retire upon the completion of at least five (5) years of contributory service and attainment of the teacher's Social Security retirement age.

(ii) For teachers with five (5) or more years of contributory service as of June 30, 2012, with contributory service on and after July 1, 2012, who have a retirement age of Social Security Retirement Age, the retirement age will be adjusted downward in proportion to the amount of service the teacher has earned as of June 30, 2012, but in no event shall a teacher's retirement age under this subparagraph (ii) be prior to the attainment of age fifty-nine (59) or prior to the teacher's retirement age determined under the laws in effect on June 30, 2012. The proportional formula shall work as follows:

(1) The formula shall determine the first age of retirement eligibility under the laws in effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;

(2) The formula shall then take the teacher's total service credit as of June 30, 2012 as the numerator and the projected service at retirement age in effect on June 30, 2012 as the denominator;

(3) The fraction determined in (2) shall then be multiplied by the age difference determined in (1) to apply a reduction in years from Social Security retirement age.

(iii) Effective July 1, 2015, a teacher who has completed twenty (20) or more years of total service and who has attained an age within five (5) years of the eligible retirement age under subdivisions (c)(i) or (c)(ii) above may elect to retire provided that the retirement allowance shall be reduced actuarially for each month that the age of the teacher is less than the eligible retirement age under subdivisions (c)(i) or (c)(ii) above in accordance with the following table:

<table>
<thead>
<tr>
<th>Year Preceding Retirement</th>
<th>Cumulative Annual Reduction</th>
<th>Cumulative Monthly Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Year 1</td>
<td>9%</td>
<td>.75%</td>
</tr>
<tr>
<td>For Year 2</td>
<td>8%</td>
<td>.667%</td>
</tr>
<tr>
<td>For Year 3</td>
<td>7%</td>
<td>.583%</td>
</tr>
<tr>
<td>For Year 4</td>
<td>7%</td>
<td>.583%</td>
</tr>
<tr>
<td>For Year 5</td>
<td>7%</td>
<td>.583%</td>
</tr>
</tbody>
</table>

(iv) Notwithstanding any other provisions of this section § 16-16-12(c), a teacher who
has completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire at his or her eligible retirement date as determined under subsections (a) and (b) above provided that a teacher making an election under this paragraph shall receive the teacher's retirement benefit determined and calculated based on the teacher's service and average compensation as of June 30, 2012. This provision shall be interpreted and administered in a manner to protect a teacher's accrued benefit on June 30, 2012.

(d) Notwithstanding any other provisions of subsection (c) above, effective July 1, 2015, teachers in active service shall be eligible to retire upon the earlier of:

(A) The attainment of at least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of total service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-two (32) years of total service, or the attainment of at least age sixty-two (62) and the completion of at least thirty-three (33) years of total service; or

(B) The teacher's retirement eligibility date under subsections (c)(i) or (c)(ii) above.

(4)(e) Except as specifically provided in §§ 36-10-9.1, 36-10-12 through 36-10-15, and 45-21-19 through 45-21-22, no member shall be eligible for pension benefits under this chapter unless

(i) The member shall have been a contributing member of the employees' retirement system for at least ten (10) years; or

(ii) For teachers in active contributory service on or after July 1, 2012, the teacher shall have been a contributing member of the employees' retirement system for at least five (5) years.

(2) Provided, however, a person who has ten (10) years service credit shall be vested; provided that for teachers in active contributory service on or after July 1, 2012, a teacher who has five (5) years of contributory service shall be vested.

(3) Furthermore, any past service credits purchased in accordance with § 36-9-38 shall be counted towards vesting.

(4) Any person who becomes a member of the employees' retirement system pursuant to § 45-21-8 shall be considered a contributing member for the purpose of chapter 21 of title 45 and this chapter.

(5) Notwithstanding any other provision of law, no more than five (5) years of service credit may be purchased by a member of the system. The five (5) year limit shall not apply to any purchases made prior to January 1, 1995. A member who has purchased more than five (5) years of service credit before January 1, 1995, shall be permitted to apply the purchases towards the member's service retirement. However, no further purchase will be permitted.
(6) Notwithstanding any other provision of law, effective July 1, 2012, except for purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53:

(i) For service purchases for time periods prior to a teacher's initial date of hire, the purchase must be made within three (3) years of the teacher's initial date of hire; and

(ii) For service purchases for time periods for official periods of leave as authorized by law, the purchase must be made within three (3) years of the time the official leave was concluded by the teacher. Notwithstanding paragraphs (i) and (ii) above, service purchases from time periods prior to June 30, 2012 may be made on or prior to June 30, 2015.

(f) No member of the teachers' retirement system shall be permitted to purchase service credits for casual or seasonal employment, for employment as a temporary or emergency employee, a page in the general assembly, or for employment at any state college or university while the employee is a student or graduate of the college or university.

(g) Except as specifically provided in §§ 16-16-6.2 and 16-16-6.4, a member shall not receive service credit in this retirement system for any year or portion of a year which counts as service credit in any other retirement system in which the member is vested or from which the member is receiving a pension and/or any annual payment for life. This subsection shall not apply to any payments received pursuant to the federal Social Security Act, 42 U.S.C. § 301 et seq.

(h) A member who seeks to purchase or receive service credit in this retirement system shall have the affirmative duty to disclose to the retirement board whether or not he or she is a vested member in any other retirement system and/or is receiving a pension, retirement allowance, or any annual payment for life. The retirement board shall have the right to investigate as to whether or not the member has utilized the same time of service for credit in any other retirement system. The member has an affirmative duty to cooperate with the retirement board including, by way of illustration and not by way of limitation, the duty to furnish or have furnished to the retirement board any relevant information that is protected by any privacy act.

(i) A member who fails to cooperate with the retirement board shall not have the time of service credit counted toward total service credit until the time the member cooperates with the retirement board and until the time the retirement board determines the validity of the service credit.

(j) A member who knowingly makes a false statement to the retirement board regarding service time or credit shall not be entitled to a retirement allowance and is entitled only to the return of his or her contributions without interest.

SECTION 12. Section 16-16-13 of the General Laws in Chapter 16-16 entitled "Teachers' Retirement is hereby amended to read as follows:
16-16-13. Amount of service retirement allowance. -- (a) (1) (i) For teachers eligible to retire on or before September 30, 2009, upon retirement from service under section 16-16-12 a teacher whose membership commenced before July 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1, 2005, shall, receive a retirement allowance which shall be determined in accordance with schedule A for service prior to July 1, 2012.

SCHEDULE A

<table>
<thead>
<tr>
<th>YEARS OF SERVICE</th>
<th>PERCENTAGE ALLOWANCE</th>
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<tr>
<td>35th</td>
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(ii) For teachers eligible to retire on or after October 1, 2009 who were not eligible to retire on or before September 30, 2009, upon retirement for service under § 16-16-12, a teacher whose membership commenced before July 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1, 2005 shall receive a retirement allowance which shall be determined in accordance with schedule A above for service on before September 30, 2009, and shall be determined in accordance with schedule B in subsection (a)(2) below for service on or after October 1, 2009 and prior to July 1, 2012:

(2) Upon retirement from service under section 16-16-12 a teacher whose membership commenced after July 1, 2005 or who has not completed at least ten (10) years of contributory service as of July 1, 2005 shall receive a retirement allowance which shall be determined in accordance with Schedule B for service prior to July 1, 2012.

SCHEDULE B

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<td>31st through 37th inclusive</td>
<td>2.50%</td>
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<tr>
<td>38th</td>
<td>2.25%</td>
</tr>
</tbody>
</table>

(b) The retirement allowance of any teacher whose membership commenced before July 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1, 2005 shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his or her average highest three (3) consecutive years of compensation multiplied by the number of
years of total service, but in no case to exceed eighty percent (80%) of the compensation, payable
at completion of thirty-five (35) years of service; provided, however, for teachers retiring on or
after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation
shall be based on the average highest five (5) consecutive years of compensation. The retirement
allowance of any teacher whose membership commenced after July 1, 2005 or who has not
completed at least ten (10) years of contributory service as of July 1, 2005 shall be in an amount
equal to the percentage allowance specified in Schedule B of his or her average highest three (3)
consecutive years of compensation multiplied by the number of years of total service, but in no
case to exceed seventy-five percent (75%) of the compensation, payable at completion of thirty-
eight (38) years of service; provided, however, for teachers retiring on or after October 1, 2009
who were not eligible to retire as of September 30, 2009 the calculation shall be based on the
average highest five (5) consecutive years of compensation. Any teacher who has in excess of
thirty-five (35) years on or before June 2, 1985 shall not be entitled to any refund, and any teacher
with thirty-five (35) years or more on or after June 2, 1985 shall contribute from July 1, 1985
until his or her retirement.

(c) For service prior to July 2012, the retirement allowance of a teacher shall be
determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July
1, 2012:

(i) For teachers with fewer than twenty (20) years of total service as of June 30, 2012, a
teacher's retirement allowance shall be equal to one percent (1%) of the teacher's average
compensation multiplied by the teacher's years of total service on and after July 1, 2012; and

(ii) For teachers with twenty (20) or more years of total service as of June 30, 2012, a
teacher's retirement allowance shall be equal to one percent (1%) of the teacher's average
compensation multiplied by the teacher's years of total service between July 1, 2012 and June 30,
2015, and two percent (2%) of the teacher's average compensation multiplied by the teacher's
years of total service on and after July 1, 2015. For purposes of computing a teacher's total
service under the preceding sentence, service purchases shall be included in total service only
with respect to those service purchases approved prior to June 30, 2012 and those applications for
service purchases received by the retirement system on or before June 30, 2012. In no event shall
a teacher's retirement allowance exceed the maximum limitations set forth in subsection (b)
above.

SECTION 13. Section 16-16-22 of the General Laws in Chapter 16-16 entitled "Teachers' Retire-
ment is hereby amended to read as follows:

**16-16-22. Contributions to state system.** -- (a) Prior to July 1, 2012, each teacher shall
contribute into the system nine and one-half percent (9.5%) of compensation as his or her share of
the cost of annuities, benefits, and allowances. Effective July 1, 2012, each teacher shall
contribute an amount equal to three and three quarters percent (3.75%) of his or her compensation. Effective July 1, 2015, each teacher with twenty (20) or more years of total service
as of June 30, 2012 shall contribute an amount equal to eleven percent (11%) of his or her
compensation. The employer contribution on behalf of teacher members of the system shall be in
an amount that will pay a rate percent of the compensation paid to the members, according to the
method of financing prescribed in the State Retirement Act in chapters 8 -- 10 and 10.3 of title 36.
This amount shall be paid forty percent (40%) by the state, and sixty percent (60%) by the city,
town, local educational agency, or any formalized commissioner approved cooperative service
arrangement by whom the teacher members are employed, with the exception of teachers who
work in federally funded projects and further with the exception of any supplemental
contributions by a local municipality employer under chapter 36-10.3 which supplemental
employer contributions shall be made wholly by the local municipality. Provided, however, that
the rate percent paid shall be rounded to the nearest hundredth of one percent (.01%).
(b) The employer contribution on behalf of teacher members of the system who work in
fully or partially federally funded programs shall be prorated in accordance with the share of the
contribution paid from the funds of the federal, city, town, or local educational agency, or any
formalized commissioner approved cooperative service arrangement by whom the teacher
members are approved.
(c) In case of the failure of any city, town, or local educational agency, or any formalized
commissioner approved cooperative service arrangement to pay to the state retirement system the
amounts due from it under this section within the time prescribed, the general treasurer is
authorized to deduct the amount from any money due the city, town, or local educational agency
from the state.
(d) The employer's contribution shared by the state shall be paid in the amounts
prescribed in this section for the city, town, or local educational agency and under the same
payment schedule. Notwithstanding any other provisions of this chapter, the city, town, or local
educational agency or any formalized commissioner approved cooperative service arrangement
shall remit to the general treasurer of the state the local employer's share of the teacher's
retirement payments on a monthly basis, payable by the fifteenth (15th) of the following month.
The amounts that would have been contributed shall be deposited by the state in a special fund
and not used for any purpose. The general treasurer, upon receipt of the local employer's share,
shall effect transfer of a matching amount of money from the state funds appropriated for this
Upon reconciliation of the final amount owed to the retirement fund for the employer share, the state shall ensure that any local education aid reduction assumed for the FY 2010 revised budget in excess of the actual savings is restored to the respective local entities.

(e) This section is not subject to §§ 45-13-7 through 45-13-10.

SECTION 14. Section 16-16-40 of the General Laws in Chapter 16-16 entitled “Teachers’ Retirement is hereby amended to read as follows:

16-16-40. Additional benefits payable to retired teachers. -- (a) All teachers and all beneficiaries of teachers receiving any service retirement or ordinary or accidental disability retirement allowance pursuant to the provisions of this chapter and chapter 17 of this title, on or before December 31, 1967, shall receive a cost of living retirement adjustment equal to one and one-half percent (1.5%) per year of the original retirement allowance, not compounded, for each year the retirement allowance has been in effect. For purposes of computation credit shall be given for a full calendar year regardless of the effective date of the retirement allowance. This cost of living retirement adjustment shall be added to the amount of the service retirement allowance as of January 1, 1970, and payment shall begin as of July 1, 1970. An additional cost of living retirement adjustment shall be added to the original retirement allowance equal to three percent (3%) of the original retirement allowance on the first day of January, 1971, and each year thereafter through December 31, 1980.

(b) All teachers and beneficiaries of teachers receiving any service retirement or ordinary disability retirement allowance pursuant to the provisions of this title who retired on or after January 1, 1968, shall, on the first day of January, next following the third (3rd) year on retirement, receive a cost of living adjustment, in addition to his or her retirement allowance, an amount equal to three percent (3%) of the original retirement allowance. In each succeeding year thereafter, on the first day of January, the retirement allowance shall be increased an additional three percent (3%) of the original retirement allowance, not compounded, to be continued through December 31, 1980.

(c) (1) Beginning on January 1, 1981, for all teachers and beneficiaries of teachers receiving any service retirement and all teachers and all beneficiaries of teachers who have completed at least ten (10) years of contributory service on or before July 1, 2005, pursuant to the provisions of this chapter, and for all teachers and beneficiaries of teachers who receive a disability retirement allowance pursuant to §§ 16-16-14 -- 16-16-17, the cost of living adjustment shall be computed and paid at the rate of three percent (3%) of the original retirement allowance or the retirement allowance as computed in accordance with § 16-16-40.1, compounded annually.
from the year for which the cost of living adjustment was determined to be payable by the
retirement board pursuant to the provisions of subsection (a) or (b) of this section. Such cost of
living adjustments are available to teachers who retire before October 1, 2009 or are eligible to
retire as of September 30, 2009.

(2) The provisions of this subsection shall be deemed to apply prospectively only and no
retroactive payment shall be made.

(3) The retirement allowance of all teachers and all beneficiaries of teachers who have
not completed at least ten (10) years of contributory service on or before July 1, 2005 or were not
eligible to retire as of September 30, 2009, shall, on the month following the third anniversary
date of the retirement, and on the month following the anniversary date of each succeeding year
be adjusted and computed by multiplying the retirement allowance by three percent (3%) or the
percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as
published by the United States Department of Labor Statistics, determined as of September 30 of
the prior calendar year, whichever is less; the cost of living adjustment shall be compounded
annually from the year for which the cost of living adjustment was determined payable by the
retirement board; provided, that no adjustment shall cause any retirement allowance to be
decreased from the retirement allowance provided immediately before such adjustment.

(d) For teachers not eligible to retire in accordance with this chapter as of September 30,
2009 and not eligible upon passage of this article, and for their beneficiaries, the cost of living
adjustment described in subsection (3) above shall only apply to the first thirty-five thousand
dollars ($35,000) of retirement allowance, indexed annually, and shall commence upon the third
(3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65),
whichever is later. The thirty-five thousand dollar ($35,000) limit shall increase annually by the
percentage increase in the Consumer Price Index for all Urban Consumer (CPI-U) as published
by the United States Department of Labor Statistics determined as of September 30 of the prior
calendar year or three percent (3%), whichever is less. The first thirty-five thousand dollars
($35,000), as indexed, of retirement allowance shall be multiplied by the percentage of increase
in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States
Department of Labor Statistics determined as of September 30 of the prior calendar year or three
percent (3%), whichever is less, on the month following the anniversary date of each succeeding
year. For teachers eligible to retire as of September 30, 2009 or eligible upon passage of this
article, and for their beneficiaries, the provisions of this subsection (d) shall not apply.

(e) This subsection (e) shall be effective for the period July 1, 2012 through June 30,
2015.
(1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (e)(2) below, for all present and former teachers, active and retired teachers, and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the retirement system determined as of the last day of the plan year preceding the calendar year in which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the lesser of the teacher's retirement allowance or the first twenty-five thousand dollars ($25,000) of retirement allowance, such twenty-five thousand dollars ($25,000) amount to be indexed annually in the same percentage as determined under paragraph (e)(1)(A) above. The "Five-Year Average Investment Return" shall mean the average of the investment returns of the most recent five (5) plan years as determined by the retirement board. Subject to paragraph (e)(2) below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later. In the event the retirement board adjusts the actuarially assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(2) Except as provided in paragraph (e)(3), the benefit adjustments under this section for any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all teachers for such plan year.

In determining whether a funding level under this paragraph (e)(2) has been achieved, the actuary shall calculate the funding percentage after taking into account the reinstatement of any current or future benefit adjustment provided under this section. "GASB Funded Ratio" shall mean the ratio of the actuarial value of assets to the actuarial accrued liability.

(3) Notwithstanding paragraph (e)(2), in each fifth plan year commencing after June 30, 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (e)(1) above until the GASB Funded Ratio of the Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).
(4) Notwithstanding any other provisions of this chapter, the provisions of this paragraph (e) of § 16-16-40 shall become effective July 1, 2012, and shall apply to any benefit adjustments not granted on or prior to June 30, 2012.

(f) This subsection (f) shall become effective July 1, 2015.

(1)(A) As soon as administratively reasonable following the enactment into law of this subsection (f)(1)(A), a one-time benefit adjustment shall be provided to teachers and/or beneficiaries of teachers who retired on or before June 30, 2012, in the amount of two percent (2%) of the lesser of either the teacher's retirement allowance or the first twenty-five thousand dollars ($25,000) of the teacher's retirement allowance. This one-time benefit adjustment shall be provided without regard to the retiree's age or number of years since retirement.

(B) Notwithstanding the prior subsections of this section, for all present and former teachers, active and retired teachers, and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar year under this section for adjustments on and after January 1, 2016, and subject to subsection (f)(2) below, shall be equal to (I) multiplied by (II):

(I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

(i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from the five-year average investment return of the retirement system determined as of the last day of the plan year preceding the calendar year in which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent (0%). The "five-year average investment return" shall mean the average of the investment returns of the most recent five (5) plan years as determined by the retirement board. In the event the retirement board adjusts the actuarially assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor Statistics determined as of September 30 of the prior calendar year.

In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be less than (0%) percent.

(II) is equal to the lesser of either the teacher's retirement allowance or the first twenty-five thousand eight hundred and fifty-five dollars ($25,855) of retirement allowance, such amount to be indexed annually in the same percentage as determined under subsection (f)(1)(B)(I) above.

The benefit adjustments provided by this subsection (f)(1)(B) shall be provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect.
and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
date of retirement or the date on which the retiree reaches his or her Social Security retirement
age, whichever is later.

(2) Except as provided in subsection (f)(3), the benefit adjustments under subsection
(f)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the
employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state
police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds
eighty percent (80%) in which event the benefit adjustment will be reinstated for all teachers for
such plan year.

In determining whether a funding level under this subsection (f)(2) has been achieved, the
actuary shall calculate the funding percentage after taking into account the reinstatement of any
current or future benefit adjustment provided under this section.

(3) Notwithstanding subsection (f)(2), in each fourth plan year commencing after June
30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
subsection (f)(1)(B) above; and (ii) Effective for teachers and/or beneficiaries of teachers who
retired on or before June 30, 2015, the dollar amount in subsection (f)(1)(B)(II) of twenty-five
thousand eight hundred and fifty-five dollars ($25,855) shall be replaced with thirty-one thousand
and twenty-six dollars ($31,026) until the funded ratio of the employees' retirement system of
Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

(4) Effective for teachers and or beneficiaries of teachers who have retired on or before
July 1, 2015, a one-time stipend of five hundred dollars ($500) shall be payable within sixty (60)
days following the enactment of the legislation implementing this provision, and a second one-
time stipend of five hundred dollars ($500) in the same month of the following year. These
stipends shall be payable to all retired teachers or beneficiaries receiving a benefit as of the
applicable payment date and shall not be considered cost of living adjustments under the prior
provisions of this § 16-16-40.

SECTION 15. Section 45-21-2 of the General Laws in Chapter 45-21 entitled
"Retirement of Municipal Employees" is hereby amended to read as follows:

45-21-2. Definitions. -- The following words and phrases as used in this chapter have the
following meanings unless a different meaning is plainly required by the context:

(1) "Accumulated contributions" means the sum of all amounts deducted from the
compensation of a member and credited to his or her individual account in the members'
contribution reserve account.

(2) "Active member" means any employee of a participating municipality as defined in this section for whom the retirement system is currently receiving regular contributions pursuant to §§ 45-21-41, 45-21-41.1 or 45-21.2-14.

(3) "Actuarial reserve" means the present value of all payments to be made on account of any annuity, retirement allowance, or benefit, computed upon the basis of mortality tables adopted by the retirement board with regular interest.

(4) "Beneficiary" means any person in receipt of a retirement allowance, annuity, or other benefit as provided by this chapter.

(5) For purposes of this chapter, "domestic partner" shall be defined as a person who, prior to the decedent's death, was in an exclusive, intimate and committed relationship with the decedent, and who certifies by affidavit that their relationship met the following qualifications:

(i) Both partners were at least eighteen (18) years of age and were mentally competent to contract;

(ii) Neither partner was married to anyone else;

(iii) Partners were not related by blood to a degree which would prohibit marriage in the state of Rhode Island;

(iv) Partners resided together and had resided together for at least one year at the time of death; and

(v) Partners were financially interdependent as evidenced by at least two (2) of the following:

(A) Domestic partnership agreement or relationship contract;

(B) Joint mortgage or joint ownership of primary residence;

(C) Two (2) of: (I) Joint ownership of motor vehicle; (II) Joint checking account; (III) Joint credit account; (IV) Joint lease; and/or

(D) The domestic partner had been designated as a beneficiary for the decedent's will, retirement contract or life insurance.

(6) "Effective date of participation" means the date on which the provisions of this chapter have become applicable to a municipality accepting the provisions of the chapter in the manner stated in § 45-21-4.

(7) "Employee" means any regular and permanent employee or officer of any municipality, whose business time at a minimum of twenty (20) hours a week is devoted to the service of the municipality, including elective officials and officials and employees of city and town housing authorities. Notwithstanding the previous sentence, the term "employee", for the
purposes of this chapter, does not include any person whose duties are of a casual or seasonal
nature. The retirement board shall decide who are employees within the meaning of this chapter,
but in no case shall it deem as an employee any individual who annually devotes less than twenty
(20) business hours per week to the service of the municipality and who receives less than the
equivalent of minimum wage compensation on an hourly basis for his or her services, except as
provided in § 45-21-14.1. Casual employees mean those persons hired for an occasional period or
a period of emergency to perform special jobs or functions not necessarily related to the work of
regular employees. Any commissioner of a municipal housing authority, or any member of a part-
time state board commission, committee or other authority is not deemed to be an employee
within the meaning of this chapter.

(8)(a) “Final compensation” for members who are eligible to retire on or prior to June
30, 2012 shall mean the average annual compensation, pay, or salary of a member for services
rendered during the period of three (3) consecutive years within the total service of the member
when the average was highest, and as the term average annual compensation is further defined in
subdivision 36-8-1(5)(a). For members eligible to retire on or after July 1, 2012, “final
compensation” means the average of the highest five (5) consecutive years of compensation
within the total service when the final compensation was the highest.

(b) For members who become eligible to retire on or after July 1, 2012, if more than one
half (1/2) of the member's total years of service consist of years of service during which the
member devoted less than thirty (30) business hours per week to the service of the municipality,
but the member's average compensation consists of three (3) or more years during which the
member devoted more than thirty (30) business hours per week to the service of a municipality,
such member's average compensation shall mean the average of the highest ten (10) consecutive
years of compensation within the total service when the average compensation was the highest;
provided however, effective July 1, 2015, if such member's average compensation as defined in
subsection (a) above is equal to or less than thirty-five thousand dollars ($35,000), such amount
to be indexed annually in accordance with § 45-21-52(d)(1)(B), such member's average
compensation shall mean the greater of: (i) The average of the highest ten (10) consecutive years
of compensation within the total service when the average compensation was the highest; or (ii)
The member's average compensation as defined in subsection (a) above. To protect a member's
accrued benefit on June 30, 2012 under this § 45-21-2(8)(b), in no event shall a member's average
compensation be lower than his or her average compensation determined as of June 30, 2012.
Notwithstanding the preceding provisions, in no event shall a member's final compensation be
lower than his or her final compensation determined as of June 30, 2012.
(9) "Fiscal year" means the period beginning on July 1 in any year and ending on June 30 of the next succeeding year.

(10) "Full actuarial costs" or "full actuarial value" mean the lump sum payable by a member claiming service credit for certain employment for which payment is required, which is determined according to the age of the member and his or her annual rate of compensation at the time he or she applies for service credit, and which is expressed as a rate percent of the annual rate of compensation to be multiplied by the number of years for which he or she claims the service credit, as prescribed in a schedule adopted by the retirement board, from time to time, on the basis of computation by the actuary. Except as provided in §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and subdivision 45-21-53: (i) All service credit purchases requested after June 16, 2009 and prior to July 1, 2012, shall be at full actuarial value; and (ii) All service credit purchases requested after June 30, 2012 shall be at full actuarial value which shall be determined using the system's assumed investment rate of return minus one percent (1%).

(11) "Governing body" means any and all bodies empowered to appropriate monies for, and administer the operation of, the units as defined in subdivision (1) of this section.

(12) "Member" means any person included in the membership of the retirement system as provided in § 45-21-8.

(13) "Municipality" means any town or city in the state of Rhode Island, any city or town housing authority, fire, water, sewer district, regional school district, public building authority as established by chapter 14 of title 37, or any other municipal financed agency to which the retirement board has approved admission in the retirement system.

(14) "Participating municipality" means any municipality which has accepted this chapter, as provided in § 45-21-4.

(15) "Prior service" means service as a member rendered before the effective date of participation as defined in this section, certified on his or her prior service certificate, and allowable as provided in § 45-21-15.

(16) "Regular interest" means interest at the assumed investment rate of return, compounded annually, as may be prescribed from time to time by the retirement board.

(17) "Retirement allowance" or "annuity" means the amounts paid to any member of the municipal employees' retirement system of the state of Rhode Island, or a survivor of the member, as provided in this chapter. All retirement allowances or annuities shall be paid in equal monthly installments for life, unless otherwise specifically provided.

(18) "Retirement board" or "board" means the state retirement board created by chapter 8 of title 36.
(19) "Retirement system" means the "municipal employees' retirement system of the state of Rhode Island" as defined in § 45-21-32.

(20) "Service" means service as an employee of a municipality of the state of Rhode Island as defined in subdivision (7).

(21) “Total service” means prior service as defined in subdivision (15) plus service rendered as a member on or after the effective date of participation.

(22) Any term not specifically defined in this chapter and specifically defined in chapters 36-8 through 36-10 shall have the same definition as set forth in chapters 36-8 through 36-10.

SECTION 16. Section 45-21-16 of the General Laws in Chapter 45-21 entitled "Retirement of Municipal Employees" is hereby amended to read as follows:

45-21-16. Retirement on service allowance. — Retirement of a member on a service retirement allowance shall be made by the retirement board as follows:

(1) (i) Any member who is eligible to retire on or before June 30, 2012, may retire upon the member’s written application to the retirement board as of the first day of the calendar month in which the application was filed, provided the member was separated from service prior to the application, and provided, further, that if separation from service occurs during the month in which application is filed, the effective date is the first day following the separation from service, provided that the member at the time so specified for the member's retirement has attained the applicable minimum retirement age and has completed at least ten (10) years of total service or who, regardless of age, completed thirty (30) years of total service, and notwithstanding that during the period of notification the member has separated from service. The minimum ages for service retirement (except for employees completing thirty (30) years of service) is fifty-eight (58) years.

(ii) Effective July 1, 2012, the following shall apply to all members not eligible to retire prior to July 1, 2012:

(A) A member with contributory service on or after July 1, 2012, shall be eligible to retire upon the completion of at least five (5) years of contributory service and attainment of the member's Social Security retirement age.

(B) For members with five (5) or more years of contributory service as of June 30, 2012, with contributory service on and after July 1, 2012, who have a retirement age of Social Security Retirement Age, the retirement age will be adjusted downward in proportion to the amount of service the member has earned as of June 30, 2012, but in no event shall a member's retirement age under this subparagraph (B) be prior to the attainment of age fifty-nine (59) or prior to the member's retirement age determined under the laws in effect on June 30, 2012. The proportional
The formula shall work as follows:

1. The formula shall determine the first age of retirement eligibility under the laws in effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;
2. The formula shall then take the member's total service credit as of June 30, 2012 as the numerator and the projected service at retirement age in effect on June 30, 2012 as the denominator;
3. The fraction determined in (2) shall then be multiplied by the age difference determined in (1) to apply a reduction in years from Social Security retirement age.

C. Effective July 1, 2015, a member who has completed twenty (20) or more years of total service and who has attained an age within five (5) years of the eligible retirement age under subparagraphs (ii)(A) or (ii)(B) above or subsection (iii) below, may elect to retire provided that the retirement allowance shall be reduced actuarially for each month that the age of the member is less than the eligible retirement age under subparagraphs (ii)(A) or (ii)(B) above or subsection (iii) below in accordance with the following table:

<table>
<thead>
<tr>
<th>Year Preceding Retirement</th>
<th>Cumulative Annual Reduction</th>
<th>Cumulative Monthly Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Year 1</td>
<td>9%</td>
<td>75%</td>
</tr>
<tr>
<td>For Year 2</td>
<td>8%</td>
<td>667%</td>
</tr>
<tr>
<td>For Year 3</td>
<td>7%</td>
<td>583%</td>
</tr>
<tr>
<td>For Year 4</td>
<td>7%</td>
<td>583%</td>
</tr>
<tr>
<td>For Year 5</td>
<td>7%</td>
<td>583%</td>
</tr>
</tbody>
</table>

D(1) Notwithstanding any other provisions of section 42-21-16(1)(ii), a member who has completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire at his or her eligible retirement date as determined under paragraph (i) above provided that a member making an election under this paragraph shall receive the member's retirement benefit determined and calculated based on the member's service and average compensation as of June 30, 2012. This provision shall be interpreted and administered in a manner to protect a member's accrued benefit on June 30, 2012.

(iii) Notwithstanding any other provisions of subsection (ii) above, effective July 1, 2015, members in active service shall be eligible to retire upon the earlier of: (I) The attainment of at least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of total service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-two (32) years of total service, or the attainment of at least age sixty-two (62) and the completion of at least thirty-three (33) years of total service; or (II) The member's retirement eligibility date.
(2) Except as specifically provided in §§ 45-21-19 -- 45-21-22, no member is eligible for pension benefits under this chapter unless:

(I) On or prior to June 30, 2012 the member has been a contributing member of the employees' retirement system for at least ten (10) years; or

(II) For members in active contributory service on or after July 1, 2012, the member shall have been a contributing member of the employees' retirement system for at least five (5) years.

(i) Provided, however, a person who has ten (10) years service credit on or before June 16, 1991 is vested.

(ii) Furthermore, any past service credits purchased in accordance with § 45-21-62 are counted towards vesting.

(iii) Any person who becomes a member of the employees' retirement system pursuant to § 45-21-4 shall be considered a contributing member for the purpose of this chapter.

(iv) Notwithstanding any other provision of law, no more than five (5) years of service credit may be purchased by a member of the System. The five (5)-year limit does not apply to any purchases made prior to the effective date of this provision. A member who has purchased more than five (5) years of service credit maximum, before January 1, 1995, shall be permitted to apply the purchases towards the member's service retirement. However, no further purchase will be permitted. Repayment, in accordance with applicable law and regulation, of any contribution previously withdrawn from the System is not deemed a purchase of service credit.

(v) Notwithstanding any other provision of law, effective July 1, 2012, except for purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53:

(I) For service purchases for time periods prior to a member's initial date of hire; the purchase must be made within three (3) years of the member's initial date of hire; and

(II) For service purchases for time periods for official periods of leave as authorized by law, the purchase must be made within three (3) years of the time the official leave was concluded by the member.

Notwithstanding (I) and (II) above, service purchases from time periods prior to June 30, 2012 may be made on or prior to June 30, 2015.

(3) No member of the municipal employees' retirement system is permitted to purchase service credits for casual, temporary, emergency or seasonal employment, for employment as a page in the general assembly, or for employment at any state college or university while the employee is a student or graduate assistant of the college or university.
(4) A member does not receive service credit in this retirement system for any year or portion of a year, which counts as service credit in any other retirement system in which the member is vested or from which the member is receiving a pension and/or any annual payment for life. This subsection does not apply to any payments received pursuant to the Federal Social Security Act or to payments from a military pension earned prior to participation in state or municipal employment, or to military service credits earned prior to participation in state or municipal employment.

(5) A member who seeks to purchase or receive service credit in this retirement system has the affirmative duty to disclose to the retirement board whether or not he or she is a vested member in any other retirement system and/or is receiving a pension retirement allowance or any annual payment for life. The retirement board has the right to investigate whether or not the member has utilized the same time of service for credit in any other retirement system. The member has an affirmative duty to cooperate with the retirement board including, by way of illustration and not by way of limitation, the duty to furnish or have furnished to the retirement board any relevant information which is protected by any privacy act.

(6) A member who fails to cooperate with the retirement board shall not have the time of service counted toward total service credit until a time that the member cooperates with the retirement board and until a time that the retirement board determines the validity of the service credit.

(7) A member who knowingly makes a false statement to the retirement board regarding service time or credit is not entitled to a retirement allowance and is entitled only to the return of his or her contributions without interest.

SECTION 17. Section 45-21-17 of the General Laws in Chapter 45-21 entitled "Retirement of Municipal Employees" is hereby amended to read as follows:

45-21-17. Service retirement allowance. — (a) Upon retirement from service after January 1, 1969, a member shall receive a retirement allowance which is a life annuity terminable upon death of the annuitant and is an amount equal to two percent (2%) of final compensation multiplied by the number of years of total service, not to exceed thirty-seven and one-half (37 1/2) years for services on and prior to June 30, 2012. For service on and after July 1, 2012: (i) For members with fewer than twenty (20) years of total service as of June 30, 2012, a member's retirement allowance shall be equal to one percent (1%) of the member's final compensation multiplied by the member's years of total service on and after July 1, 2012; and (ii) for members with twenty (20) or more years of total service as of June 30, 2012, a member's retirement allowance shall be equal to one percent (1%) of the member's average compensation multiplied...
by the member's years of total service between July 1, 2012 and June 30, 2015, and two percent
(2%) of the member's average compensation multiplied by the member's years of total service on
and after July 1, 2015. For purposes of computing a member's total service under the preceding
sentence, service purchases shall be included in total service only with respect to those service
purchases approved prior to June 30, 2012 and those applications for service purchases received
by the retirement system on or before June 30, 2012. In no event shall a member's retirement
allowance exceed seventy-five percent (75%) of the member's final compensation. Provided,
however, that every person elected prior to July 1, 2012 who has served as a part time elected
official of the city of Cranston for a period of ten (10) years, is entitled to receive, upon
retirement from that part time service, and not being otherwise regularly employed by the city of
Cranston in which that person has served, a service retirement allowance equivalent to fifty
percent (50%) of the salary received at the time of retirement by that part time elected official;
and, provided, further, that if that person retires after a period of service greater than ten (10)
years, the person is entitled to receive an additional service retirement allowance equivalent to
five percent (5%) of the salary received at the time of retirement for each whole year of service,
in excess of ten (10) years up to a maximum additional allowance equivalent to fifty percent
(50%) of the salary received.

(b) This section also applies to any former part time elected official of the city of
Cranston who is presently receiving retirement benefits from the municipal retirement system.

(c) Every person elected prior to July 1, 2012 who serves or has served at least four (4)
years as a part time elected official of the city of Cranston may include that person's years of
service as a member of the general assembly, and any other credits acquired while serving as a
legislator, when computing the person's period of service to the city of Cranston pursuant to the
provisions of this section.

SECTION 18. Section 45-21-41 of the General Laws in Chapter 45-21 entitled
"Retirement of Municipal Employees" is hereby amended to read as follows:

45-21-41. Members' contributions -- Payroll deductions -- Certification to board.

(a) Prior to July 1, 2012, each member shall contribute an amount equal to six percent (6%) of
salary or compensation earned and accruing to the member; provided, that contributions by any
member cease when the member has completed the maximum amount of service credit attainable.
Special compensation for additional fees shall not be considered as compensation for contribution
purposes. Effective July 1, 2012, each member shall contribute an amount equal to one percent
(1%) of his or her compensation as his or her share of the cost. Effective July 1, 2015, each
member with twenty (20) or more years of total service as of June 30, 2012 shall contribute an
amount equal to eight and one-quarter percent (8.25%) of compensation.

(b) Each municipality shall deduct the previously stated rate from the compensation of each member on each and every payroll of the municipality, and the deduction made during the entire time a member is in service subject to termination as stated in the foregoing paragraph.

(c) The deductions provided for in this section shall be made notwithstanding that the minimum compensation provided for by law for any member is reduced by the compensation. Every member is deemed to consent and agree to the deductions made and provided for in this section, and shall receipt for his or her full salary or compensation; and payment of salary or compensation less those deductions are a full and complete discharge and acquittance of all claims and demands for the services rendered by the person during the period covered by the payment except as to the benefits provided under this chapter. Each participating municipality shall certify to the retirement board the amounts deducted from the compensation of members. Each of the amounts, when deducted, shall be credited to an individual account of the member from whose compensation the deduction was made.

SECTION 19. Section 45-21-52 of the General Laws in Chapter 45-21 entitled "Retirement of Municipal Employees" is hereby amended to read as follows:

45-21-52. Automatic increase in service retirement allowance. -- (a) The local legislative bodies of the cities and towns may extend to their respective employees automatic adjustment increases in their service retirement allowances, by a resolution accepting any of the plans described in this section:

(1) Plan A. - All employees and beneficiaries of those employees receiving a service retirement or disability retirement allowance under the provisions of this chapter on December 31 of the year their city or town accepts this section, receive a cost of living adjustment equal to one and one-half percent (1 1/2%) per year of the original retirement allowance, not compounded, for each calendar year the retirement allowance has been in effect. This cost of living adjustment is added to the amount of the retirement allowance as of January 1 following acceptance of this provision, and an additional one and one-half percent (1 1/2%) is added to the original retirement allowance in each succeeding year during the month of January, and provided, further, that this additional cost of living increase is three percent (3%) for the year beginning January 1 of the year the plan is accepted and each succeeding year.

(2) Plan B. - All employees and beneficiaries of those employees receiving a retirement allowance under the provisions of this chapter on December 31 of the year their municipality accepts this section, receive a cost of living adjustment equal to three percent (3%) of their original retirement allowance. This adjustment is added to the amount of the retirement allowance...
as of January 1 following acceptance of this provision, and an additional three percent (3%) of the original retirement allowance, not compounded, is payable in each succeeding year in the month of January.

(3) Plan C. - All employees and beneficiaries of those employees who retire on or after January 1 of the year following acceptance of this section, on the first day of January next following the date of the retirement, receive a cost of living adjustment in an amount equal to three percent (3%) of the original retirement allowance.

(b) In each succeeding year in the month of January, the retirement allowance is increased an additional three percent (3%) of the original retirement allowance, not compounded.

(c) This subsection (c) shall be effective for the period July 1, 2012 through June 30, 2015.

(1) Notwithstanding any other paragraphs of this section, and subject to paragraph (c)(2) below, for all present and former employees, active and retired members, and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind by reason of adoption of this section by their employer, the annual benefit adjustment provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the retirement system determined as of the last day of the plan year preceding the calendar year in which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the lesser of the member's retirement allowance or the first twenty-five thousand dollars ($25,000) of retirement allowance, such twenty-five thousand dollars ($25,000) amount to be indexed annually in the same percentage as determined under (c)(1)(A) above. The "Five-Year Average Investment Return" shall mean the average of the investment returns of the most recent five (5) plan years as determined by the retirement board. Subject to paragraph (c)(2) below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later; or for municipal police and fire retiring under the provisions of chapter 45-21.2, the benefit adjustment provided by this paragraph shall commence on the later of the third (3rd) anniversary of the date of retirement or the date on which the retiree reaches age fifty-five (55). In the event the retirement board adjusts the actuarially assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(2) Except as provided in paragraph (c)(3) the benefit adjustments provided under this
section for any plan year shall be suspended in their entirety for each municipal plan within the
teach employees retirement system unless the municipal plan is determined to be funded at a
GASB Funded Ratio equal to or greater than eighty percent (80%) as of the end of the
immediately preceding plan year in accordance with the retirement system's actuarial valuation
report as prepared by the system's actuary, in which event the benefit adjustment will be
reinstated for all members for such plan year.

In determining whether a funding level under this paragraph (c)(2) has been achieved,
the actuary shall calculate the funding percentage after taking into account the reinstatement of
any current or future benefit adjustment provided under this section. "GASB Funded Ratio" shall
mean the ratio of the actuarial value of assets to the actuarial accrued liability.

(3) Notwithstanding paragraph (c)(2), for each municipal plan that has a GASB Funded
Ratio of less than eighty percent (80%) as of June 30, 2012, in each fifth plan year commencing
after June 30, 2012 commencing with the plan year ending June 30, 2017, and subsequently at
intervals of five (5) plan years, a benefit adjustment shall be calculated and made in accordance
with paragraph (c)(1) above until the municipal plan's GASB Funded Ratio exceeds eighty
percent (80%).

(d) This subsection (d) shall become effective July 1, 2015.

(1)(A) As soon as administratively reasonable following the enactment into law of this
subsection (d)(1)(A), a one-time benefit adjustment shall be provided to members and/or
beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
(2%) of the lesser of either the employee's retirement allowance or the first twenty-five thousand
dollars ($25,000) of the member's retirement allowance. This one-time benefit adjustment shall
be provided without regard to the retiree's age or number of years since retirement.

(B) Notwithstanding the prior subsections of this section, for all present and former
employees, active and retired employees, and beneficiaries receiving any retirement, disability or
death allowance or benefit of any kind by reason of adoption of this section by their employer, the
annual benefit adjustment provided in any calendar year under this section for adjustments on and
after January 1, 2016, and subject to paragraph (d)(2) below, shall be equal to (I) multiplied by
(II):

(I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:
(i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
(the "subtrahend") from the five-year average investment return of the retirement system
determined as of the last day of the plan year preceding the calendar year in which the adjustment
is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent

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The “five-year average investment return” shall mean the average of the investment returns of the most recent five (5) plan years as determined by the retirement board. In the event the retirement board adjusts the actuarially assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor Statistics determined as of September 30 of the prior calendar year.

In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

(II) Is equal to the lesser of either the member's retirement allowance or the first twenty-five thousand eight hundred and fifty dollars ($25,855) of retirement allowance, such amount to be indexed annually in the same percentage as determined under subsection (d)(1)(B)(I) above.

The benefit adjustments provided by this subsection (d)(1)(B) shall be provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for all other retirees the benefit adjustments shall commence upon the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later; or for municipal police and fire retiring under the provisions of § 45-21.2-5(b)(1)(A), the benefit adjustment provided by this paragraph shall commence on the later of the third anniversary of the date of retirement or the date on which the retiree reaches age fifty-five (55); or for municipal police and fire retiring under the provisions of § 45-21.2-5(b)(1)(B), the benefit adjustment provided by this paragraph shall commence on the later of the third anniversary of the date of retirement or the date on which the retiree reaches age fifty (50).

(2) Except as provided in subsection (d)(3), the benefit adjustments under subsection (d)(1)(B) for any plan year shall be suspended in their entirety for each municipal plan within the municipal employees retirement system unless the municipal plan is determined to be funded at a funded ratio equal to or greater than eighty percent (80%) as of the end of the immediately preceding plan year in accordance with the retirement system's actuarial valuation report as prepared by the system's actuary, in which event the benefit adjustment will be reinstated for all members for such plan year.

In determining whether a funding level under this subsection (d)(2) has been achieved, the actuary shall calculate the funding percentage after taking into account the reinstatement of any current or future benefit adjustment provided under this section.

(3) Notwithstanding subsection (d)(2), in each fourth plan year commencing after June 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
four plan years: (i) A benefit adjustment shall be calculated and made in accordance with subsection (d)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who retired on or before June 30, 2015, the dollar amount in subsection (d)(1)(B)(II) of twenty-five thousand eight hundred and fifty-five dollars ($25,855) shall be replaced with thirty-one thousand and twenty-six dollars ($31,026) until the municipal plan's funded ratio exceeds eighty percent (80%).

Upon acceptance of any of the plans in this section, each employee shall on January 1 next succeeding the acceptance, contribute by means of salary deductions, pursuant to § 45-21-41, one percent (1%) of the employee's compensation concurrently with and in addition to contributions otherwise being made to the retirement system.

The city or town shall make any additional contributions to the system, pursuant to the terms of § 45-21-42, for the payment of any benefits provided by this section.

The East Greenwich town council shall be allowed to accept Plan C of § 45-21-52(a)(3) for all employees of the town of East Greenwich who either, pursuant to contract negotiations, bargain for Plan C, or who are non-union employees who are provided with Plan C and who shall all collectively be referred to as the "Municipal-COLA Group" and shall be separate from all other employees of the town and school department, union or non-union, who are in the same pension group but have not been granted Plan C benefits. Upon acceptance by the town council, benefits in accordance with this section shall be available to all such employees who retire on or after January 1, 2003.

Effective for members and or beneficiaries of members who have retired on or before July 1, 2015, and without regard to whether the retired member or beneficiary is receiving a benefit adjustment under this § 45-21-52, a one-time stipend of five hundred dollars ($500) shall be payable within sixty (60) days following the enactment of the legislation implementing this provision, and a second one-time stipend of five hundred dollars ($500) in the same month of the following year. These stipends shall not be considered cost of living adjustments under the prior provisions of this § 45-21-52.

SECTION 20. Chapter 45-21 of the General Laws entitled "Retirement of Municipal Employees" is hereby amended by adding thereto the following section:

45-21-43.1. Actuarial cost method. – (a) To determine the employer contribution rate for any participating municipality, the actuary shall compute the costs under chapters 21 and 21.2 of title 45 using the entry age normal cost method.

(b) The determination of the employer contribution rate for fiscal year 2013 shall include a re-amortization of the unfunded actuarial accrued liability (UAAL) over a closed twenty-five
(25) year period. After an initial period of five (5) years, future actuarial gains and losses occurring within a plan year will be amortized over individual new twenty (20) year closed periods.

(c) The determination of the employer contribution rate commencing with fiscal year 2017 shall include a re-amortization of the current unfunded actuarial accrued liability as of June 30, 2014 over a closed twenty-five (25) year period. Future actuarial gains and losses occurring within a plan year will be amortized over individual new twenty (20) year closed periods. Employers shall have the one-time option before August 1, 2015 to remain under the amortization schedule set forth in subsection (b) above.

SECTION 21. Section 42-28-22 of the General Laws in Chapter 42-28 entitled "State Police" is hereby amended to read as follows:

42-28-22. Retirement of members. -- (a) Whenever any member of the state police hired prior to July 1, 2007 has served for twenty (20) years, he or she may retire therefrom or he or she may be retired by the superintendent with the approval of the governor, and in either event a sum equal to one-half (1/2) of the whole salary for the position from which he or she retired determined on the date he or she receives his or her first retirement payment shall be paid him or her during life.

(b) For purposes of this section, the term "whole salary" means:

(1) For each member who retired prior to July 1, 1966, "whole salary" means the base salary for the position from which he or she retired as the base salary for that position was determined on July 31, 1972;

(2) For each member who retired between July 1, 1966 and June 30, 1973, "whole salary" means the base salary for the position from which he or she retired as the base salary, implemented by the longevity increment, for that position was determined on July 31, 1972 or on the date of his or her retirement, whichever is greater;

(3) For each member who retired or who retires after July 1, 1973 "whole salary" means the base salary, implemented by the longevity increment, holiday pay, and clothing allowance, for the position from which he or she retired or retires.

(c) (1) Any member who retired prior to July 1, 1977 shall receive a benefits payment adjustment equal to three percent (3%) of his or her original retirement, as determined in subsection (b) of this section, in addition to his or her original retirement allowance. In each succeeding year thereafter during the month of January, the retirement allowance shall be increased an additional three percent (3%) of the original retirement allowance, not compounded, to be continued until January 1, 1991. For the purposes of the computation, credit shall be given
for a full calendar year regardless of the effective date of the service retirement allowance. For purposes of this subsection, the benefits payment adjustment shall be computed from January 1, 1971 or the date of retirement, whichever is later in time.

(2) Any member of the state police who retires pursuant to the provisions of this chapter on or after January 1, 1977, shall on the first day of January, next following the third anniversary date of the retirement receive a benefits payment adjustment, in addition to his or her retirement allowance, in an amount equal to three percent (3%) of the original retirement allowance. In each succeeding year thereafter during the month of January, the retirement allowance shall be increased an additional three percent (3%) of the original retirement allowance, not compounded, to be continued until January 1, 1991. For the purposes of the computation, credit shall be given for a full calendar year regardless of the effective date of the service retirement allowance.

(3) Any retired member of the state police who is receiving a benefit payment adjustment pursuant to subdivisions (1) and (2) of this section shall beginning January 1, 1991 and ending June 30, 2012, receive a benefits payment adjustment equal to fifteen hundred dollars ($1,500).

(d) The benefits payment adjustment as provided in this section shall apply to and be in addition to the retirement benefits under the provisions of § 42-28-5, and to the injury and death benefits under the provisions of § 42-28-21.

(e) (1) Any member who retires after July 1, 1972 and is eligible to retire prior to July 1, 2012 and who has served beyond twenty (20) years shall be allowed an additional amount equal to three percent (3%) for each completed year served after twenty (20) years, but in no event shall the original retirement allowance exceed sixty-five percent (65%) of his or her whole salary as defined in subsection (b) hereof or sixty-five percent (65%) of his or her salary as defined in subsection (b) hereof in his or her twenty-fifth (25th) year whichever is less.

(2) Each member who retired prior to July 1, 1975, shall be entitled to all retirement benefits as set forth above or shall be paid benefits as set forth in subdivision (b)(1) with "whole salary" meaning the base salary for the position from which he or she retired as the base salary for the position was determined on July 1, 1975, whichever is greater.

(f) (1) Any member who retires, has served as a member for twenty (20) years or more, and who served for a period of six (6) months or more of active duty in the armed service of the United States or in the merchant marine service of the United States as defined in § 2 of chapter 1721 of the Public Laws, 1946, may purchase credit for such service up to a maximum of two (2) years; provided that any member who has served at least six (6) months or more in any one year shall be allowed to purchase one year for such service and any member who has served a fraction
of less than six (6) months in his or her total service shall be allowed to purchase six (6) months' credit for such service.

(2) The cost to purchase these credits shall be ten percent (10%) of the member's first year salary as a state policeman multiplied by the number of years and/or fraction thereof of such armed service up to a maximum of two (2) years. The purchase price shall be paid into the general fund. For members hired on or after July 1, 1989, the purchase price shall be paid into a restricted revenue account entitled “state police retirement benefits” and shall be held in trust.

(3) There will be no interest charge provided the member makes such purchase during his or her twentieth (20th) year or within five (5) years from May 18, 1981, whichever is later, but will be charged regular rate of interest as defined in § 36-8-1 as amended to date of purchase from the date of his or her twentieth (20th) year of state service or five (5) years from May 18, 1981, whichever is later.

(4) Any member who is granted a leave of absence without pay for illness, injury or any other reason may receive credit therefor by making the full actuarial cost as defined in subdivision 36-8-1(10); provided the employee returns to state service for at least one year upon completion of the leave.

(5) In no event shall the original retirement allowance exceed sixty-five percent (65%) of his or her whole salary as defined in subsection (b) hereof or sixty-five percent (65%) of his or her salary as defined in subsection (b) hereof in his or her twenty-fifth (25th) year, whichever is less.

(6) Notwithstanding any other provision of law, no more than five (5) years of service credit may be purchased by a member of the system. The five (5) year limit shall not apply to any purchases made prior to January 1, 1995. A member who has purchased more than five (5) years of service credits before January 1, 1995, shall be permitted to apply those purchases towards the member's service retirement. However, no further purchase will be permitted. Repayment in accordance with applicable law and regulation of any contribution previously withdrawn from the system shall not be deemed a purchase of service credit.

(g) The provisions of this section shall not apply to civilian employees in the Rhode Island state police; and, further, from and after April 28, 1937, chapters 8 -- 10, inclusive, of title 36 shall not be construed to apply to the members of the Rhode Island state police, except as provided by §§ 36-8-3, 36-10-1.1, 42-28-22.1, and 42-28-22.2, and section 36-8-1(5) and (8)(a) effective July 1, 2012.

(h) Any member of the state police other than the superintendent of state police, who is hired prior to July 1, 2007 and who has served for twenty-five (25) years or who has attained the
age of sixty-two (62) years, whichever shall first occur, shall retire therefrom.

   (i) (1) Any member of the state police, other than the superintendent, who is hired on or after July 1, 2007 and who has served for twenty-five (25) years, may retire therefrom or he or she may be retired by the superintendent with the approval of the governor, and shall be entitled to a retirement allowance of fifty percent (50%) of his or her "whole salary" as defined in subsection (b) hereof.

   (2) Any member of the state police who is hired on or after July 1, 2007 may serve up to a maximum of thirty (30) years, and shall be allowed an additional amount equal to three percent (3.0%) for each completed year served after twenty-five (25) years, but in no event shall the original retirement allowance exceed sixty-five percent (65%) of his or her "whole salary" as defined in subsection (b) hereof.

   (j) Effective July 1, 2012, any other provision of this section notwithstanding:

   (j) (1) Any member of the state police, other than the superintendent of state police, who is not eligible to retire on or prior to June 30, 2012 may retire at any time subsequent to the date the member's retirement allowance equals or exceeds fifty percent (50%) of average compensation as defined in section 36-8-1(5)(a), provided that a member shall retire upon the first to occur of:

   (i) The date the member's retirement allowance equals sixty-five percent (65%); or

   (ii) The later of the attainment of age sixty-two (62) or completion of five (5) years of service; provided however, any current member as of June 30, 2012 who has not accrued fifty percent (50%) upon attaining the age of sixty-two (62) shall retire upon accruing fifty percent (50%); and upon retirement a member shall receive a retirement allowance which shall equal:

   (A) For members hired prior to July 1, 2007 the sum of (i), (ii) and (iii) where

   (i) Is calculated as the member's years of total service before July 1, 2012 multiplied by two and one half percent (2.5%) of average compensation for a member's first twenty (20) total years,

   (ii) Is calculated as the member's years of total service before July 1, 2012 in excess of twenty (20) years not to exceed twenty-five (25) years multiplied by three percent (3%) of average compensation, and

   (iii) Is the member's years of total service on or after July 1, 2012 multiplied by two percent (2%) of average compensation as defined in § 36-8-1(5)(a).

   (B) For members hired on or after July 1, 2007, the member's retirement allowance shall be calculated as the member's years of total contributory service multiplied by two percent (2%) of average compensation.
(C) Any member of the state police who is eligible to retire on or prior to June 30, 2012 shall retire with a retirement allowance calculated in accordance with paragraph (a) and (e) above except that whole salary shall be defined as final compensation where compensation for purposes of this section and § 42-28-22.1 includes base salary, longevity and holiday pay.

(D) Notwithstanding the preceding provisions, in no event shall a member's final compensation be lower than his or her final compensation determined as of June 30, 2012.

(2) In no event shall a member's original retirement allowance under any provisions of this section exceed sixty-five percent (65%) of his or her average compensation.

(3) For each member who retires on or after July 1, 2012, except as provided in paragraph (j)(1)(C) above, compensation and average compensation shall be defined in accordance with § 36-8-1(5)(a) and (8), provided that for a member whose regular work period exceeds one hundred forty-seven (147) hours over a twenty-four (24) day period at any time during the four (4) year period immediately prior to his/her retirement that member shall have up to four hundred (400) hours of his/her pay for regularly scheduled work earned during this period shall be included as "compensation" and/or "average compensation" for purposes of this section and § 42-28-22.1.

(4) This subsection (4) shall be effective for the period July 1, 2012 through June 30, 2015.

(i) Notwithstanding the prior paragraphs of this section, and subject to paragraph (4)(ii) below, for all present and former members, active and retired members, and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind, whether for or on behalf of a non-contributory member or contributory member, the annual benefit adjustment provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the retirement system determined as of the last day of the plan year preceding the calendar year in which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the lesser of the member's retirement allowance or the first twenty-five thousand dollars ($25,000) of retirement allowance, such twenty-five thousand dollars ($25,000) amount to be indexed annually in the same percentage as determined under (4)(i)(A) above. The 'Five-Year Average Investment Return' shall mean the average of the investment returns for the most recent five (5) plan years as determined by the retirement board. Subject to paragraph (4)(ii) below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on which the retiree reaches age fifty-five (55),
whichever is later. In the event the retirement board adjusts the actuarially assumed rate of return
for the system, either upward or downward, the subtrahend shall be adjusted either upward or
downward in the same amount.

(ii) Except as provided in paragraph (4)(iii), the benefit adjustments under this section
for any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the
Employees’ Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,
exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
members for such plan year.

In determining whether a funding level under this paragraph (4)(ii) has been achieved,
the actuary shall calculate the funding percentage after taking into account the reinstatement of
any current or future benefit adjustment provided under this section. “GASB Funded Ratio” shall
mean the ratio of the actuarial value of assets to the actuarial accrued liability.

(iii) Notwithstanding paragraph (4)(ii), in each fifth plan year commencing after June 30,
2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
(5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph
(4)(i) above until the GASB Funded Ratio of the Employees’ Retirement System of Rhode Island,
the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated
by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

(iv) The provisions of this paragraph (j)(4) of § 42-28-22 shall become effective July 1,
2012 and shall apply to any benefit adjustment not granted on or prior to June 30, 2012.

(v) The cost-of-living adjustment as provided in this paragraph (j)(4) shall apply to and
be in addition to the retirement benefits under the provisions of § 42-28-5 and to the injury and
death benefits under the provisions of § 42-28-21.

(5) This subsection (5) shall become effective July 1, 2015.

(i)(A) As soon as administratively reasonable following the enactment into law of this
paragraph (5)(i)(A), a one-time benefit adjustment shall be provided to members and/or
beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
(2%) of the lesser of either the member's retirement allowance or the first twenty-five thousand
dollars ($25,000) of the member's retirement allowance. This one-time benefit adjustment shall
be provided without regard to the retiree's age or number of years since retirement.

(B) Notwithstanding the prior subsections of this section, for all present and former
members, active and retired members, and beneficiaries receiving any retirement, disability or
death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
year under this section for adjustments on and after January 1, 2016, and subject to subsection (5)(ii) below, shall be equal to (I) multiplied by (II):

(I) Shall equal the sum of fifty percent (50%) of (1) plus fifty percent (50%) of (2) where:

(1) Is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from the five-year average investment return of the retirement system determined as of the last day of the plan year preceding the calendar year in which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent (0%). The "five-year average investment return" shall mean the average of the investment returns of the most recent five (5) plan years as determined by the retirement board. In the event the retirement board adjusts the actuarially assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(2) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor Statistics determined as of September 30 of the prior calendar year.

In no event shall the sum of (1) plus (2) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

(II) Is equal to the lesser of either the member's retirement allowance or the first twenty-five thousand eight hundred and fifty dollars ($25,855) of retirement allowance, such amount to be indexed annually in the same percentage as determined under subsection (5)(i)(B)(I) above.

The benefit adjustments provided by this subsection (5)(i)(B) shall be provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for all other retirees the benefit adjustments shall commence upon the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later.

(ii) Except as provided in subsection (5)(iii), the benefit adjustments under subsection (5)(i)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the employees' retirement system of Rhode Island, the Judicial retirement benefits trust and the state police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all members for such plan year.

In determining whether a funding level under this subsection (5)(ii) has been achieved, the actuary shall calculate the funding percentage after taking into account the reinstatement of any current or future benefit adjustment provided under this section.

(iii) Notwithstanding subsection (5)(ii), in each fourth plan year commencing after June
30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of 
four plan years: (i) A benefit adjustment shall be calculated and made in accordance with 
paragraph (5)(i)(B) above; and (ii) Effective for members and/or beneficiaries of members who 
retired on or before June 30, 2015, the dollar amount in subsection (5)(i)(B)(II) of twenty-five 
thousand eight hundred and fifty-five dollars ($25,855) shall be replaced with thirty-one thousand 
and twenty-six dollars ($31,026) until the funded ratio of the employees' retirement system of 
Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust, 
calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

(iv) Effective for members and or beneficiaries of members who have retired on or before 
July 1, 2015, a one-time stipend of five hundred dollars ($500) shall be payable within sixty (60) 
days following the enactment of the legislation implementing this provision, and a second one-
time stipend of five hundred dollars ($500) in the same month of the following year. These 
stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the 
applicable payment date and shall not be considered cost of living adjustments under the prior 
provisions of this § 42-28-22.

(5) Any member with contributory service on or after July 1, 2012, who has 
completed at least five (5) years of contributory service but who has not retired in accordance 
with (j)(1) above, shall be eligible to retire upon the attainment of member's Security retirement 
age as defined in 36-8-1(19).

(6) In no event shall a member's retirement allowance be less than the member's 
retirement allowance calculated as of June 30, 2012 based on the member's years of total service 
and whole salary as of June 30, 2012.

(k) In calculating the retirement benefit for any member, the term base salary as used in 
subsection (b)(3) or average compensation as used in paragraph (j) shall not be affected by a 
deferral of salary plan or a reduced salary plan implemented to avoid shutdowns or layoffs or to 
effect cost savings. Basic salary shall remain for retirement calculation that which it would have 
been but for the salary deferral or salary reduction due to a plan implemented to avoid shutdowns 
or layoffs or to effect cost savings.

SECTION 22. Section 8-3-15 of the General Laws in Chapter 8-3 entitled "Justices of 
Supreme, Superior, and Family Courts" is hereby amended to read as follows:

8-3-15. Cost of living allowance. -- (a) All justices of the supreme court, superior court, 
family court, or district court, or their surviving spouses or domestic partners, who retire after 
January 1, 1970 and who receive a retirement allowance pursuant to the provisions of this title 
shall, on the first day of January next following the third anniversary date of retirement, receive a
cost-of-living retirement adjustment in addition to his or her retirement allowance in an amount equal to three percent (3%) of the original retirement allowance. In each succeeding year thereafter during the month of January, the retirement allowance shall be increased an additional three percent (3%) of the original allowance, not compounded, to be continued during the lifetime of the justice or his or her surviving spouse or domestic partner. For the purpose of such computation, credit shall be given for a full calendar year regardless of the effective date of the retirement allowance.

(b) Any justice who retired prior to January 31, 1977 shall be deemed for the purpose of this section to have retired on January 1, 1977.

(c) For justices not eligible to retire as of September 30, 2009 and not eligible upon passage of this article, and for their beneficiaries, the cost of living adjustment described in subsection (3) above shall only apply to the first thirty-five thousand dollars ($35,000) of retirement allowance, indexed annually, and shall commence upon the third (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The thirty-five thousand dollar ($35,000) limit shall increase annually by the percentage increase in the Consumer Price Index for all Urban Consumer (CPI-U) as published by the United States Department of Labor Statistics determined as of September 30 of the prior calendar year or three percent (3%), whichever is less. The thirty-five thousand dollar ($35,000), as indexed, of retirement allowance shall be multiplied by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics determined as of September 30 of the prior calendar year or three percent (3%), whichever is less, on the month following the anniversary date of each succeeding year. For justices eligible to retire as of September 30, 2009 or eligible upon passage of this article, and for their beneficiaries, the provisions of this subsection (c) shall not apply.

(d) This subsection (d) shall be effective for the period July 1, 2012 through June 30, 2015.

(1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2) below, for all present and former justices, active and retired justices, and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the retirement system
determined as of the last day of the plan year preceding the calendar year in which the adjustment
is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
(0%), and (B) is equal to the lesser of the justice's retirement allowance or the first twenty-five
thousand dollars ($25,000) of retirement allowance, such twenty-five thousand dollars ($25,000)
amount to be indexed annually in the same percentage as determined under (d)(1)(A) above. The
"Five-Year Average Investment Return" shall mean the average of the investment return of the
most recent five (5) plan years as determined by the retirement board. Subject to paragraph (d)(2)
below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)
anniversary of the date of retirement or the date on which the retiree reaches his or her Social
Security retirement age, whichever is later. In the event the retirement board adjusts the
actuarially assumed rate of return for the system, either upward or downward, the subtrahend
shall be adjusted either upward or downward in the same amount.

(2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for
any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the
Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,
exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
justices for such plan year.

In determining whether a funding level under this paragraph (d)(2) has been achieved,
the actuary shall calculate the funding percentage after taking into account the reinstatement of
any current or future benefit adjustment provided under this section. "GASB Funded Ratio" shall
mean the ratio of the actuarial value of assets to the actuarial accrued liability.

(3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,
2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
(5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph
(d)(1) above until the GASB Funded Ratio of the Employees' Retirement System of Rhode
Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust,
calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%)

(4) Notwithstanding any other provision of this chapter, the provisions of this paragraph
(d) of § 8-3-15 shall become effective July 1, 2012 and shall apply to any benefit adjustment not
granted on or prior to June 30, 2012.

(e) This subsection (e) shall become effective July 1, 2015.

(1)(A) As soon as administratively reasonable following the enactment into law of this
subsection (e)(1)(A), a one-time benefit adjustment shall be provided to justices and/or
beneficiaries of justices who retired on or before June 30, 2012, in the amount of two percent 
(2%) of the lesser of either the justice's retirement allowance or the first twenty-five thousand 
dollars ($25,000) of the justice's retirement allowance. This one-time benefit adjustment shall be 
provided without regard to the retiree's age or number of years since retirement.

(B) Notwithstanding the prior subsections of this section, for all present and former 
justices, active and retired justices, and beneficiaries receiving any retirement, disability or death 
allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or 
prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as 
a contributory justice, the annual benefit adjustment provided in any calendar year under this 
section for adjustments on and after January 1, 2016, and subject to subsection (e)(2) below, shall 
be equal to (I) multiplied by (II):

(I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

(i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%) 
(the "subtrahend") from the five-year average investment return of the retirement system 
determined as of the last day of the plan year preceding the calendar year in which the adjustment 
is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent 
(0%). The "five-year average investment return" shall mean the average of the investment returns 
of the most recent five (5) plan years as determined by the retirement board. In the event the 
retirement board adjusts the actuarially assumed rate of return for the system, either upward or 
downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer 
Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor 
Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of 
(i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

(II) Is equal to the lesser of either the justice's retirement allowance or the first twenty-
five thousand eight hundred and fifty dollars ($25,855) of retirement allowance, such amount 
to be indexed annually in the same percentage as determined under subsection (e)(1)(B)(I) above.

The benefit adjustments provided by this subsection (e)(1)(B) shall be provided to all 
retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, 
and for all other retirees the benefit adjustments shall commence upon the third anniversary of the 
date of retirement or the date on which the retiree reaches his or her Social Security retirement 
age, whichever is later.

(2) Except as provided in subsection (e)(3), the benefit adjustments under subsection 
(e)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the
employees’ retirement system of Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust, calculated by the system’s actuary on an aggregate basis, exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all justices for such plan year.

In determining whether a funding level under this subsection (e)(2) has been achieved, the actuary shall calculate the funding percentage after taking into account the reinstatement of any current or future benefit adjustment provided under this section.

(3) Notwithstanding subsection (e)(2), in each fourth plan year commencing after June 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four plan years: (i) A benefit adjustment shall be calculated and made in accordance with paragraph (e)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who retired on or before June 30, 2015, the dollar amount in subsection (e)(1)(B)(II) of twenty-five thousand eight hundred and fifty-five dollars ($25,855) shall be replaced with thirty-one thousand and twenty-six dollars ($31,026) until the funded ratio of the employees’ retirement system of Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust, calculated by the system’s actuary on an aggregate basis, exceeds eighty percent (80%).

(A) Effective for members and or beneficiaries of members who have retired on or before July 1, 2015, a one-time stipend of five hundred dollars ($500) shall be payable within sixty (60) days following the enactment of the legislation implementing this provision, and a second one-time stipend of five hundred dollars ($500) in the same month of the following year. These stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the applicable payment date and shall not be considered cost of living adjustments under the prior provisions of this § 8-3-15.

SECTION 23. Section 8-8.2-12 of the General Laws in Chapter 8-8.2 entitled “Traffic tribunal” is hereby amended to read as follows:

8-8.2-12. Additional benefits payable to retired judges and their surviving spouses or domestic partners. — (a) All judges of the administrative adjudication court and all judges of the administrative adjudication court who have been reassigned to the traffic tribunal, or their surviving spouses or domestic partners, who retire after January 1, 1970 and who receive a retirement allowance pursuant to the provisions of this title, shall, on the first day of January, next following the third anniversary of the retirement, receive a cost of living retirement adjustment in addition to his or her retirement allowance in an amount equal to three percent (3%) of the original retirement allowance. In each succeeding year thereafter during the month of January, the retirement allowance shall be increased an additional three percent (3%) of the original
allowance, compounded annually from the year cost of living adjustment was first payable to be 
continued during the lifetime of the judge or his or her surviving spouse or domestic partner. For 
the purpose of such computation, credit shall be given for a full calendar year regardless of the 
effective date of the retirement allowance.

(b) Any judge who retired prior to January 31, 1980, shall be deemed for the purpose of 
this section to have retired on January 1, 1980.

(c) For judges not eligible to retire as of September 30, 2009 and not eligible upon 
passage of this article, and for their beneficiaries, the cost of living adjustment described in 
subsection (a) above shall only apply to the first thirty-five thousand dollars ($35,000) of 
retirement allowance, indexed annually, and shall commence upon the third (3rd) anniversary of 
the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The 
thirty-five thousand dollar ($35,000) limit shall increase annually by the percentage increase in 
the Consumer Price Index for all Urban Consumer (CPI-U) as published by the United States 
Department of Labor Statistics determined as of September 30 of the prior calendar year or three 
percent (3%), whichever is less. The first thirty-five thousand dollars ($35,000), as indexed, of 
retirement allowance shall be multiplied by the percentage of increase in the Consumer Price 
Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor 
Statistics determined as of September 30 of the prior calendar year or three percent (3%), 
whichever is less on the month following the anniversary date of each succeeding year. For 
judges eligible to retire as of September 30, 2009 or eligible upon passage of this article, and for 
their beneficiaries, the provisions of this subsection (c) shall not apply.

(d) This subsection (d) shall be effective for the period July 1, 2012 through June 30, 
2015.

(1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2) 
below, for all present and former justices, active and retired justices, and beneficiaries receiving 
any retirement, disability or death allowance or benefit of any kind, whether provided for or on 
behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or 
engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment 
provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A) 
is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the 
"subtrahend") from the Five-Year Average Investment Return of the retirement system 
determined as of the last day of the plan year preceding the calendar year in which the adjustment 
is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent 
(0%), and (B) is equal to the lesser of the justice's retirement allowance or the first twenty-five
thousand dollars ($25,000) of retirement allowance, such twenty-five thousand dollars ($25,000) amount to be indexed annually in the same percentage as determined under (d)(1)(A) above. The "Five-Year Average Investment Return" shall mean the average of the investment return of the most recent five (5) plan years as determined by the retirement board. Subject to paragraph (d)(2) below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later. In the event the retirement board adjusts the actuarially assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the Employees’ Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirements Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%) in which even the benefit adjustment will be reinstated for all justices for such plan year.

In determining whether a funding level under this paragraph (d)(2) has been achieved, the actuary shall calculate the funding percentage after taking into account the reinstatement of any current or future benefit adjustment provided under this section. “GASB Funded Ratio” shall mean the ratio of the actuarial value of assets to the actuarial accrued liability.

(3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30, 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (d)(1) above until the GASB Funded Ratio of the Employees’ Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

(4) Notwithstanding any other provision of this chapter, the provisions of this paragraph (d) of § 8-8.2-12 shall become effective July 1, 2012 and shall apply to any benefit adjustment not granted on or prior to June 30, 2012.

(e) This subsection (e) shall become effective July 1, 2015.

(1)(A) As soon as administratively reasonable following the enactment into law of this subsection (e)(1)(A), a one-time benefit adjustment shall be provided to justices and/or beneficiaries of justices who retired on or before June 30, 2012, in the amount of two percent (2%) of the lesser of either the justice's retirement allowance or the first twenty-five thousand dollars ($25,000) of the justice's retirement allowance. This one-time benefit adjustment shall be
provided without regard to the retiree's age or number of years since retirement.

(B) Notwithstanding the prior subsections of this section, for all present and former justices, active and retired justices, and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment provided in any calendar year under this section for adjustments on and after January 1, 2016, and subject to subsection (e)(2) below, shall be equal to (I) multiplied by (II):

(I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

(i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from the five-year average investment return of the retirement system determined as of the last day of the plan year preceding the calendar year in which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent (0%). The "five-year average investment return" shall mean the average of the investment returns of the most recent five (5) plan years as determined by the retirement board. In the event the retirement board adjusts the actuarially assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor Statistics determined as of September 30 of the prior calendar year.

In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

(II) Is equal to the lesser of either the justice's retirement allowance or the first twenty-five thousand eight hundred and fifty-five dollars ($25,855) of retirement allowance, such amount to be indexed annually in the same percentage as determined under subsection (e)(1)(B)(I) above.

The benefit adjustments provided by this subsection (e)(1)(B) shall be provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for all other retirees the benefit adjustments shall commence upon the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later.

(2) Except as provided in subsection (e)(3), the benefit adjustments under subsection (e)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds
eighty percent (80%) in which event the benefit adjustment will be reinstated for all justices for
such plan year.

In determining whether a funding level under this subsection (e)(2) has been achieved,
the actuary shall calculate the funding percentage after taking into account the reinstatement of
any current or future benefit adjustment provided under this section.

(3) Notwithstanding subsection (e)(2), effective for members and/or beneficiaries of
members who retired on or before June 30, 2015, in each fourth plan year commencing after June
30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
subsection (e)(1)(B) above; and (ii) The dollar amount in subsection (e)(1)(B)(II) of twenty-five
thousand eight hundred and fifty-five dollars ($25,855) shall be replaced with thirty-one thousand
and twenty-six dollars ($31,026) until the funded ratio of the employees' retirement system of
Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

(A) Effective for members and or beneficiaries of members who have retired on or before
July 1, 2015, a one-time stipend of five hundred dollars ($500) shall be payable within sixty (60)
days following the enactment of the legislation implementing this provision, and a second one-
time stipend of five hundred dollars ($500) in the same month of the following year. These
stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the
applicable payment date and shall not be considered cost of living adjustments under the prior
provisions of this § 8-8.2-12.

Compensation Court” is hereby amended to read as follows:

28-30-18. Additional benefits payable to retired judges and their surviving spouses
or domestic partners. -- (a) All judges of the workers' compensation court, or their surviving
spouses or domestic partners, who retire after January 1, 1970 and who receive a retirement
allowance pursuant to the provisions of this title, shall, on the first day of January next following
the third anniversary date of their retirement, receive a cost of living retirement adjustment in
addition to his or her retirement allowance in an amount equal to three percent (3%) of the
original retirement allowance. In each succeeding subsequent year during the month of January
the retirement allowance shall be increased an additional three percent (3%) of the original
allowance, compounded annually from the year the cost of living adjustment was first payable to
be continued during the lifetime of that judge or his or her surviving spouse or domestic partner.
For the purpose of that computation, credit shall be given for a full calendar year regardless of the
(b) Any judge who retired prior to January 31, 1980, shall be deemed for the purpose of this section to have retired on January 1, 1980.

(c) For judges not eligible to retire as of September 30, 2009 and not eligible upon passage of this article, and for their beneficiaries, the cost of living adjustment described in subsection (a) above shall only apply to the first thirty-five thousand dollars ($35,000) of retirement allowance, indexed annually, and shall commence upon the third (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The thirty-five thousand dollar ($35,000) limit shall increase annually by the percentage increase in the Consumer Price Index for all Urban Consumer (CPI-U) as published by the United States Department of Labor Statistics determined as of September 30 of the prior calendar year or three percent (3%), whichever is less. The first thirty-five thousand dollars ($35,000), as indexed, of retirement allowance shall be multiplied by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics determined as of September 30 of the prior calendar year or three percent (3%), whichever is less on the month following the anniversary date of each succeeding year. For judges eligible to retire as of September 30, 2009 or eligible upon passage of this article, and for their beneficiaries, the provisions of this subsection (c) shall not apply.

(d) This subsection (d) shall be effective for the period July 1, 2012 through June 30, 2015.

(1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2) below, for all present and former justices, active and retired justices, and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the retirement system determined as of the last day of the plan year preceding the calendar year in which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the lesser of the justice's retirement allowance or the first twenty-five thousand dollars ($25,000) of retirement allowance, such twenty-five thousand dollars ($25,000) amount to be indexed annually in the same percentage as determined under (d)(1)(A) above. The "Five-Year Average Investment Return" shall mean the average of the investment return of the
most recent five (5) plan years as determined by the retirement board. Subject to paragraph (d)(2) below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later. In the event the retirement board adjusts the actuarially assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all justices for such plan year.

In determining whether a funding level under this paragraph (d)(2) has been achieved, the actuary shall calculate the funding percentage after taking into account the reinstatement of any current or future benefit adjustment provided under this section. "GASB Funded Ratio" shall mean the ratio of the actuarial value of assets to the actuarial accrued liability.

(3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30, 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (d)(1) above until the GASB Funded Ratio of the Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

(4) Notwithstanding any other provision of this chapter, the provisions of this paragraph (d) of § 28-30-18 shall become effective July 1, 2012 and shall apply to any benefit adjustment not granted on or prior to June 30, 2012.

(e) This subsection (e) shall become effective July 1, 2015.

(1)(A) As soon as administratively reasonable following the enactment into law of this subsections (e)(1)(A), a one-time benefit adjustment shall be provided to justices and/or beneficiaries of justices who retired on or before June 30, 2012, in the amount of two percent (2%) of the lesser of either the justice's retirement allowance or the first twenty-five thousand dollars ($25,000) of the justice's retirement allowance. This one-time benefit adjustment shall be provided without regard to the retiree's age or number of years since retirement.

(B) Notwithstanding the prior subsections of this section, for all present and former justices, active and retired justices, and beneficiaries receiving any retirement, disability or death
allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment provided in any calendar year under this section for adjustments on and after January 1, 2016, and subject to subsection (e)(2) below, shall be equal to (I) multiplied by (II):

(I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

(i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from the five-year average investment return of the retirement system determined as of the last day of the plan year preceding the calendar year in which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent (0%). The "five-year average investment return" shall mean the average of the investment returns of the most recent five (5) plan years as determined by the retirement board. In the event the retirement board adjusts the actuarially assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted either upward or downward in the same amount.

(ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

(II) Is equal to the lesser of either the justice's retirement allowance or the first twenty-five thousand eight hundred and fifty-five dollars ($25,855) of retirement allowance, such amount to be indexed annually in the same percentage as determined under subsection (e)(1)(B)(I) above.

The benefit adjustments provided by this subsection (e)(1)(B) shall be provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for all other retirees the benefit adjustments shall commence upon the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later.

(2) Except as provided in subsection (e)(3), the benefit adjustments under subsection (e)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all justices for such plan year.

In determining whether a funding level under this subsection (e)(2) has been achieved, the actuary shall calculate the funding percentage after taking into account the reinstatement of
any current or future benefit adjustment provided under this section.

(3) Notwithstanding subsection (e)(2), in each fourth plan year commencing after June 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four plan years: (i) A benefit adjustment shall be calculated and made in accordance with subsection (e)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who retired on or before June 30, 2015, the dollar amount in subsection (e)(1)(B)(II) of twenty-five thousand eight hundred and fifty-five dollars ($25,855) shall be replaced with thirty-one thousand and twenty-six dollars ($31,026) until the funded ratio of the employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

(4) Effective for members and or beneficiaries of members who have retired on or before July 1, 2015, a one-time stipend of five hundred dollars ($500) shall be payable within sixty (60) days following the enactment of the legislation implementing this provision, and a second one-time stipend of five hundred dollars ($500) in the same month of the following year. These stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the applicable payment date and shall not be considered cost of living adjustments under the prior provisions of this § 8-8.2-12.

SECTION 25. Section 45-21.2-5 of the General Laws in Chapter 45-21.2 entitled "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read as follows:

45-21.2-5. Retirement on service allowance. -- (a) Retirement of a member on a service retirement allowance for members eligible to retire on or before June 30, 2012 shall be made, subject to paragraph (a)(11) below, by the retirement board as follows:

(1) Any member who has attained or attains age seventy (70) shall be retired as stated in § 45-21-16 subject to the discretions contained in that section; provided, that any member who is a member of the Woonsocket fire department who has attained or attains an age of sixty-five (65) years shall be retired. Retirement occurs on the first day of the next succeeding calendar month in which the member has attained the age of sixty-five (65) years.

(2) Any member may retire pursuant to this subdivision upon written application to the board stating at what time the member desires to retire; provided, that the member at the specified time for retirement has attained an age of fifty-five (55) years and has completed at least ten (10) years of total service, and notwithstanding that the member may have separated from service.

(3) Any member may retire pursuant to this subdivision upon written application to the board stating at what time the member desires to retire; provided, that the member at the specified
time for retirement has completed at least twenty-five (25) years of total service, and
notwithstanding that the member may have separated from service.

(4) Any member may retire pursuant to this subdivision upon written application to the
board stating at what time the member desires to retire; provided, that the member at the specified
time for retirement has attained an age of fifty (50) years and has completed at least twenty (20)
years of total service, notwithstanding that the member may have separated from service;
provided, that the service retirement allowance, as determined according to the formula provided
in § 45-21.2-6, is reduced one-half of one percent (1/2%) for each month that the age of the
member is less than fifty-five (55) years.

(5) Any member of the South Kingstown police department may retire pursuant to this
subdivision upon written application to the board stating at what time the member desires to
retire; provided, that the member at the specified time for retirement has earned a service
retirement allowance of fifty percent (50%) of final compensation pursuant to § 45-21.2-6.1.

(6) Any member of the Johnston police department may retire pursuant to this
subdivision upon written application to the board stating at what time the member desires to
retire; provided, that the member at the specified time for retirement has earned a service
retirement allowance of fifty percent (50%) of final compensation pursuant to § 45-21.2-6.2.

(7) Any member of the Cranston fire department hired after July 1, 1995, or any member
of the Cranston fire department with five (5) years or less of service effective July 1, 1995, may
retire pursuant to this subdivision upon written application to the board stating at what time the
member desires to retire; provided, that the member at the specified time for retirement has
earned a service retirement allowance of fifty percent (50%) of final compensation for at least
twenty (20) years service; final compensation for Cranston fire department members is based on
the compensation components of weekly salary, longevity and holidays with longevity of the
members highest year of earnings and members shall receive a three percent (3%) escalation of
their pension payment compounded each year on January 1st following the year of retirement and
continuing on an annual basis on that date; further, any illness or injury not covered in title 45 of
the general laws relating to the presumption of disability is governed by the collective bargaining
agreement between the City of Cranston and members of the Cranston fire department.

(8) Any member of the Cranston police department hired after July 1, 1995, or any
member of the Cranston police department with five (5) years or less of service effective July 1,
1995, may retire pursuant to this subdivision upon written application to the board stating at what
time the member desires to retire; provided, that the member at the specified time for retirement
has earned a service retirement allowance of fifty percent (50%) of final compensation for at least
twenty (20) years service; final compensation for Cranston police department members is based on the compensation components of weekly salary, longevity and holidays with longevity of the members highest year of earnings and members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date; further, any illness or injury not covered in title 45 of the general laws relating to the presumption of disability is governed by the collective bargaining agreement between the City of Cranston and members of the Cranston police department.

(9) Any member of the Hopkinton police department may retire pursuant to this subdivision upon written application to the board stating at what time the member desires to retire; provided, that the member at the specified time for retirement has earned a service retirement allowance of fifty percent (50%) of final compensation for at least twenty (20) years service; final compensation for Hopkinton police department members is based on the compensation components of weekly salary, longevity and holidays with longevity of the members highest year of earnings and members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date.

(10) Any member of the Richmond police department may retire pursuant to this subdivision upon written application to the board stating at what time the member desires to retire; provided, that the member at the specified time for retirement has earned a service retirement allowance of fifty percent (50%) of final compensation for at least twenty-two (22) years' service pursuant to § 45-21.2-6.3.

(11) Notwithstanding any provision in this section to the contrary, for any service on or after July 1, 2012, final compensation shall be defined in accordance with § 45-21.2-2, and no benefit adjustments shall be provided except as set forth in subsection 45-21.52(c).

(12) Notwithstanding any provisions of this section to the contrary, with respect to police officers employed by the town of Johnston, only those police officers hired on or after July 1, 2010 shall be eligible to be members of the Municipal Employees' Retirement System of the state of Rhode Island in accordance with this chapter.

(b) Retirement of a member on a service retirement allowance eligible to retire on and after July 1, 2012 shall be made by the retirement board as follows:

(1) Any member may retire pursuant to this subdivision upon written application to the board stating at what time the member desires to retire; provided, that the member at the specified time for retirement attained the age of at least fifty-five (55) years and has completed at least twenty-five (25) years of total service, and notwithstanding that the member may have separated
from service; or

(2) Effective July 1, 2015, the member makes contributions to the plan effective July 1, 2015 in accordance with § 45-21.2-14, and (i) The member at the specified time for retirement attained the age of at least fifty (50) years and has completed at least twenty-five (25) years of total service; or (ii) The member has completed at least twenty-seven (27) years of total service regardless of the member's attained age, and notwithstanding that the member may have separated from service.

Any member with contributory service on or after July 1, 2012, who has completed at least five (5) years of contributory service but who has not completed twenty-five (25) years of service, shall be eligible to retire upon the attainment of the member's Social Security retirement age.

(3) If a member had ten (10) or more years of contributory service and attained age forty-five (45) prior to July 1, 2012 and would have been eligible to retire at or prior to age fifty-two (52) in accordance with the rules in effect prior to July 1, 2012, the member may retire upon attainment of age fifty-two (52).

(4) Effective July 1, 2015, a member who has completed twenty (20) or more years of total service who has attained an age within five (5) years of the eligible retirement age under subparagraphs (b)(1) or (b)(2) or (b)(3) or (b)(4) above, may elect to retire provided that the retirement allowance shall be reduced actuarially for each month that the age of the member is less than the eligible retirement age under subparagraphs (b)(1) or (b)(2) or (b)(3) or (b)(4) above in accordance with the following table:

<table>
<thead>
<tr>
<th>Year Preceding Retirement</th>
<th>Cumulative Annual Reduction</th>
<th>Cumulative Monthly Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Year 1</td>
<td>9%</td>
<td>.75%</td>
</tr>
<tr>
<td>For Year 2</td>
<td>8%</td>
<td>.667%</td>
</tr>
<tr>
<td>For Year 3</td>
<td>7%</td>
<td>.583%</td>
</tr>
<tr>
<td>For Year 4</td>
<td>7%</td>
<td>.583%</td>
</tr>
<tr>
<td>For Year 5</td>
<td>7%</td>
<td>.583%</td>
</tr>
</tbody>
</table>

Notwithstanding any other provisions of this section, a member on June 30, 2012, may elect to retire at his or her eligible retirement date as determined under the rules in effect on June 30, 2012 provided that a member making an election under this paragraph shall receive the member's retirement benefit determined and calculated based on the member's service and final compensation as of June 30, 2012. This provision shall be interpreted and administered in a manner to protect a member's accrued benefit on June 30, 2012.

"Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read as follows:

**45-21.2-6. Service retirement allowance.** (a) Upon retirement from service pursuant to § 45-21.2-5, a member receives a retirement allowance which is a life annuity terminable at the death of the annuitant and shall be an amount equal to two percent (2%) of final compensation multiplied by the years of total service, provided that a member who retires upon the attainment of age of fifty-seven (57) years and has completed at least thirty (30) years of total service shall receive a retirement allowance which is a life annuity terminable at the death of the annuitant and shall be an amount equal to the greater of: (i) Two and one quarter percent (2.25%) of final compensation multiplied by total years of service; or (ii) The member's accrued benefit determined as of June 30, 2012 plus two and one quarter percent (2.25%) of final compensation multiplied by member's years of service after June 30, 2012; provided further that the life annuity under this subsection (a) shall not exceed seventy-five percent (75%) of final compensation.

(b) Upon retirement, the member may elect to receive the actuarial equivalent of his or her retirement allowance in a lesser retirement allowance as determined by actuarial calculation, which is payable throughout life with the provision that:

(1) Option 1. - A reduced retirement allowance payable during the member's life with the provisions that after his or her death it shall continue during the life of and be paid to the person that he or she nominated by written designation duly acknowledged and filed with the retirement board at the time of retirement; or

(2) Option 2. - A reduced retirement allowance payable during the member's life with the provision that after his or her death an allowance equal to one-half (1/2) of his or her reduced allowance shall continue during the life of and be paid to the person that he or she nominated by written designation duly acknowledged and filed with the board at the time of retirement.

(c) If prior to July 1, 2012, a member elected an optional form of benefit other than a life annuity in accordance with paragraph (b)(1) or (2) above, the member may elect to change his or her form of benefit to a life annuity by filing an election with the retirement board on or before June 30, 2013 provided that the member's beneficiary is still alive at the time the election is filed.

**SECTION 27.** Section 45-21.2-14 of the General Laws in Chapter 45-21.2 entitled "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read as follows:

**45-21.2-14. Contributions.** (a) Each member shall contribute an amount equal to seven percent (7%) of the salary or compensation earned or accruing to the member provided that...
effective July 1, 2015 each member shall contribute an amount equal to nine percent (9%) of the
salary or compensation earned or accruing to the member. Special compensation or additional
fees shall not be considered as compensation for contribution purposes.

(b) Deductions are made in accordance with § 45-21-14 and credited in accordance with
§ 45-21-43.

(c) Each municipality shall make contributions to the system to provide the remainder of
the obligation for retirement allowances, annuities, and other benefits provided in this section,
after applying the accumulated contribution of members, interest income on investments, and
other accrued income. The contribution shall be compiled in accordance with §§ 45-21-42 -- 45-
21-44, except that contributions for the first five (5) years of the system shall likewise be
determined by the board.

d) Provided, that members of the South Kingstown police department, beginning July 1,
1985 and until June 30, 2012, contribute an amount equal to eight percent (8%) of salary or
compensation or additional fees are not considered as compensation for retirement purposes. For
service on and after July 1, 2012, a member of the South Kingstown police department shall make
contributions in accordance with paragraph (a) above.

e) Provided, further, that for service on or prior to June 30, 2012, members of the City
of Cranston fire department hired after July 1, 1995, beginning July 1, 1995, contribute an
amount equal to ten percent (10%) of their weekly salary; and those members of the City of
Cranston fire department with five (5) years or less of service effective July 1, 1995, have the
option to either remain in the City of Cranston pension plan to which they belonged prior to the
adoption of local ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to
the State of Rhode Island optional twenty (20) year retirement on service allowance an amount
equal to ten percent (10%) of their weekly salary commencing July 1, 1995. The City of Cranston
may request and the retirement board may authorize additional members of the City of Cranston
fire department hired after July 1, 1987, the option to either remain in the City of Cranston
pension plan to which they belonged prior to the adoption of local ordinance by the Cranston city
council as stated in § 45-21.2-22 or contribute to the State of Rhode Island optional twenty (20)
year retirement on service allowance an amount equal to ten percent (10%) of their weekly salary
beginning on a date specified by the retirement board. For service on and after July 1, 2012, a
member of the City of Cranston fire department shall make contributions in accordance with
paragraph (a) above and a member's benefit shall be calculated in accordance with subsection 45-
21.2-22(b).

(f) Further, provided, that for service on and prior to June 30, 2012, members of the City
of Cranston police department hired after July 1, 1995, beginning July 1, 1995, contribute an amount equal to ten percent (10%) of their weekly salary; and those members of the City of Cranston police department with five (5) years or less of service effective July 1, 1995, have the option to either remain in the City of Cranston pension plan to which they belonged prior to the adoption of local ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to the State of Rhode Island optional twenty (20) year retirement on service allowance an amount equal to ten percent (10%) of their weekly salary commencing July 1, 1995. The City of Cranston may request and the retirement board may authorize additional members of the City of Cranston police department hired after July 1, 1987, the option to either remain in the City of Cranston pension plan to which they belonged prior to the adoption of local ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to the State of Rhode Island optional twenty (20) year retirement on service allowance an amount equal to ten percent (10%) of their weekly salary beginning on a date specified by the retirement board. For service on and after July 1, 2012, a member of the City of Cranston police department shall make contributions in accordance with paragraph (a) above and a member's benefit shall be calculated in accordance with subsection 45-21.2-22(b).

SECTION 28. This article shall take effect upon passage.
ARTICLE 22

RELATING TO EFFECTIVE DATE

SECTION 1. This act shall take effect as of July 1, 2015, except as otherwise provided herein.

SECTION 2. This article shall take effect upon passage.