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ARTICLE 7

RELATING TO STATE FUNDS

SECTION 1. Section 21-28.6-17 of the General Laws in Chapter 21-28.6 entitled "The Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act" is hereby amended to read as follows:

21-28.6-17. Revenue.

(a) Effective July 1, 2016, all fees collected by the departments of health and business regulation from applicants, registered patients, primary caregivers, authorized purchasers, licensed cultivators, ~~and~~ cooperative cultivations, compassion centers, and compassion center cardholders shall be placed in restricted receipt accounts to support the state's medical marijuana program, ~~including but not limited to payment of expenses incurred by the departments of health and business regulation for the administration of the program.~~

(b) All revenues remaining in the restricted receipt accounts after payments specified in subdivision (a) of this section shall first be paid to cover any existing deficit in the department of health's restricted receipt account or the department of business regulation's restricted receipt account. These transfers shall be made annually on the last business day of the fiscal year.

(c) All revenues remaining in the restricted receipt accounts after payments specified in subdivisions (a) and (b) shall be paid into the state's general fund. These payments shall be made annually on the last business day of the fiscal year.

SECTION 2. 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:

1 Executive Office of Health and Human Services
2 Organ Transplant Fund
3 HIV Care Grant Drug Rebates
4 Department of Human Services
5 Veterans' home – Restricted account
6 Veterans' home – Resident benefits
7 Pharmaceutical Rebates Account
8 Demand Side Management Grants
9 Veteran's Cemetery Memorial Fund
10 Donations – New Veterans' Home Construction
11 Department of Health
12 Providence Water Lead Grant
13 [Lead Poisoning Prevention](#)
14 Pandemic medications and equipment account
15 Miscellaneous Donations/Grants from Non-Profits
16 State Loan Repayment Match
17 Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
18 Eleanor Slater non-Medicaid third-party payor account
19 Hospital Medicare Part D Receipts
20 RICLAS Group Home Operations
21 Commission on the Deaf and Hard of Hearing
22 Emergency and public communication access account
23 Department of Environmental Management
24 [State Park Merchandising](#)
25 National heritage revolving fund
26 Environmental response fund II
27 Underground storage tanks registration fees
28 Rhode Island Historical Preservation and Heritage Commission
29 Historic preservation revolving loan fund
30 Historic Preservation loan fund – Interest revenue
31 Department of Public Safety
32 Forfeited property – Retained
33 Forfeitures – Federal
34 Forfeited property – Gambling

1 Donation – Polygraph and Law Enforcement Training
2 Rhode Island State Firefighter's League Training Account
3 Fire Academy Training Fees Account
4 Attorney General
5 Forfeiture of property
6 Federal forfeitures
7 Attorney General multi-state account
8 ~~Forfeited property – Gambling~~
9 Department of Administration
10 [OER Reconciliation Funding](#)
11 RI Health Benefits Exchange
12 Office of Management and Budget
13 Information Technology Investment Fund
14 Restore and replacement – Insurance coverage
15 Convention Center Authority rental payments
16 Investment Receipts – TANS
17 [OPEB System Restricted Receipt Account](#)
18 Car Rental Tax/Surcharge-Warwick Share
19 Housing Resources Commission Restricted Account
20 Department of Revenue
21 DMV Modernization Project
22 [DMV Registry Technology](#)
23 Jobs Tax Credit Redemption Fund
24 Legislature
25 Audit of federal assisted programs
26 Department of Children, Youth and Families
27 Children's Trust Accounts – SSI
28 Military Staff
29 RI Military Family Relief Fund
30 RI National Guard Counterdrug Program
31 Treasury
32 Admin. Expenses – State Retirement System
33 Retirement – Treasury Investment Options
34 Defined Contribution – Administration - RR

- 1 Violent Crimes Compensation – Refunds
- 2 Treasury Research Fellowship
- 3 Business Regulation
- 4 Banking Division Reimbursement Account
- 5 Office of the Health Insurance Commissioner Reimbursement Account
- 6 Securities Division Reimbursement Account
- 7 Commercial Licensing and Racing and Athletics Division Reimbursement Account
- 8 Insurance Division Reimbursement Account
- 9 Historic Preservation Tax Credit Account.
- 10 Judiciary
- 11 Arbitration Fund Restricted Receipt Account
- 12 Third-Party Grants
- 13 RI Judiciary Technology Surcharge Account
- 14 Department of Elementary and Secondary Education
- 15 Statewide Student Transportation Services Account
- 16 School for the Deaf Fee for Service Account
- 17 Davies Career and Technical School Local Education Aid Account
- 18 Davies – National School Breakfast & Lunch Program
- 19 Office of the Post-Secondary Commissioner
- 20 Westerly Higher Education and Industry Center
- 21 Department of Labor and Training
- 22 Job Development Fund
- 23 Department of Transportation
- 24 Rhode Island Highway Maintenance Account

25 SECTION 3. Title 35 of the General Laws entitled "Public Finance" is hereby amended by
26 adding thereto the following chapter:

27 CHAPTER 35-4.1

28 PERFORMANCE IMPROVEMENT FUND ACT

29 **35-4.1-1. Legislative findings.**

30 The general assembly finds and recognizes:

31 (a) The importance of pursuing data-driven approaches to improving service delivery, and
32 that limited state resources should be allocated based on proven results, not inputs or promised
33 successes.

34 (b) That pay for success contracts provide an opportunity for the state to address the

1 challenges of improving service delivery with limited resources as these contracts both:

2 (1) Create incentives for improved performance and reduced costs, allow for more rapid
3 learning about which programs work and which do not, and accelerate the adoption of new, more
4 effective solutions, and

5 (2) Provide a mechanism to bring upfront financial support from the private and nonprofit
6 sectors to innovative social programs that the state only repays if contractual performance targets
7 are achieved, thereby reducing the state's financial risk in supporting innovative initiatives.

8 **35-4.1-2. Definitions.**

9 For the purpose of this chapter:

10 (a) "Performance targets" means the level of performance, as measured by an independent
11 evaluator, which represent success. Success is defined in the pay for success contract.

12 (b) "Independent evaluator" means an independent entity selected by the state whose role
13 includes assessing and reporting on the achievement of performance targets at the frequency
14 required in the pay for success contract.

15 (c) "Success payments" refer to the payments that the state will make only if contractual
16 performance targets are achieved as determined by the independent evaluator and approved by the
17 office of management and budget.

18 (d) "Pay for success contracts" are contracts designed to improve outcomes and lower costs
19 for contracted government services that are subject to the following requirements:

20 (1) A determination that the contract will result in significant performance improvements
21 and budgetary savings across all impacted agencies if the performance targets are achieved;

22 (2) A requirement that a substantial portion of any payment be conditioned on the
23 achievement of specific outcomes based on defined performance targets;

24 (3) An objective process by which an independent evaluator will determine whether the
25 performance targets have been achieved;

26 (4) A calculation of the amount and timing of payments that would be earned by the service
27 provider during each year of the agreement if performance targets are achieved as determined by
28 the independent evaluator; and

29 (5) Payments shall only be made if performance targets are achieved.

30 **35-4.1-3. Creation of the Government Performance Improvement Fund.**

31 (a) There is hereby created and established in the state treasury a fund to be known as the
32 "government performance improvement fund" to which shall be deposited appropriations as may
33 be made from time to time by the general assembly. All money now or hereafter in the government
34 performance improvement fund are hereby dedicated for the purpose of funding pay for success

1 contracts.

2 (b) By signing the pay for success contract, the authorizing department or agency is
3 confirming that the contract has met the requirements established in this chapter.

4 (c) The department of administration is charged with the administration of this fund for the
5 purposes specified in this section, and may make payments from the fund only in accordance with
6 the terms and conditions of pay for success contracts and upon approval of the director of the office
7 of management and budget. All claims against the fund shall be examined, audited, and allowed in
8 the manner now or hereafter provided by law for claims against the state.

9 (d) The department of administration shall provide an annual status report for the prior
10 fiscal year on all contracts not later than December 31 of each year to the house and senate finance
11 committees.

12 SECTION 4. Chapter 42.17.1 of the General Laws entitled "Department of Environmental
13 Management" is hereby amended by adding thereto the following sections:

14 **42-17.1-26. Parks and Recreation Merchandising.**

15 There is hereby established within the department of environmental management a
16 restricted receipt account entitled "state park merchandising." All proceeds from the sale of
17 merchandise developed by the department to promote Rhode Island's state parks, beaches, and
18 campgrounds shall be deposited into the restricted receipt account. The monies deposited into this
19 account shall be specifically used to (1) replenish merchandise stock and (2) provide additional
20 funding for special park projects that enhance recreational facilities and/or expand interpretive,
21 educational and recreational programming managed by the department. Funds generated by the sale
22 of merchandise shall not be used to supplement the annual operating expenses of the division of
23 parks and recreation.

24 **42-17.1-27. Eisenhower House – Rental fees.**

25 (a) There is hereby established within the department of environmental management a
26 restricted receipt account entitled "Eisenhower house". All proceeds from rental fees for the use of
27 the Eisenhower house and its surrounding grounds shall be deposited into this account and used for
28 reinvestment and maintenance of the facility. The rental fees for the use of Eisenhower house and
29 surrounding grounds shall be established by regulation. The department of environmental
30 management may require certain attendants to be present during rental hours, and may require the
31 lessees to reimburse the cost of such service provided to reflect the actual cost to the department.
32 The department may also require reasonable amounts of liability insurance to be obtained by the
33 lessee.

34 (b) The department of environmental management and the state shall not be civilly liable

1 [for the acts or omissions of the lessees of the Eisenhower house.](#)

2 SECTION 5. Section 42-45-12 of the General Laws entitled "Rhode Island Historical
3 Preservation and Heritage Commission" is hereby repealed.

4 **42-45-12. Eisenhower House – Rental fees.**

5 ~~(a) The historical preservation and heritage commission is hereby authorized to collect~~
6 ~~rental fees for use of the Eisenhower House and surrounding grounds. The rental fees shall be~~
7 ~~established by regulation. All fees collected under this section shall be deposited as general~~
8 ~~revenues. The historical preservation and heritage commission may require certain attendants to be~~
9 ~~present during rental hours and may require the lessees to reimburse the cost of such service~~
10 ~~provided such cost reflect the actual cost of the commission. The commission may also require~~
11 ~~reasonable amounts of liability insurance to be obtained by the lessee.~~

12 ~~(b) The historical preservation and heritage commission and the state shall not be civilly~~
13 ~~liable for the acts or omissions of the lessees of the Eisenhower House.~~

14 SECTION 6. Section 44-1-36 of the General Laws in Chapter 44-1 entitled "State Tax
15 Officials" is hereby amended to read as follows:

16 **44-1-36. Contracts.**

17 (a) Except as set forth in section (b) below, the division of taxation may enter into contracts
18 with persons (defined herein as individuals, firms, fiduciaries, partnerships, corporations, trusts, or
19 associations, however formed) to be paid on a contingent fee basis, for services rendered to the
20 division of taxation where the contract is for the collection of taxes, interest, or penalty or the
21 reduction of refunds claimed. Under such contracts the contingent fee shall be based on the actual
22 amount of taxes, interest and/or penalties collected and/or the amount by which the claimed refund
23 is reduced.

24 (b) The division of taxation may not enter into a contingent fee contract under which the
25 person directly conducts a field audit.

26 (c) The division of taxation shall publish an annual report setting forth the number of
27 contracts entered into under paragraph (a), the amount collected and the percentage of the
28 contingency fee arrangement of each contract.

29 [\(d\) With respect to any contingent fee contract entered into pursuant to subsection \(a\)](#)
30 [above, the division of taxation is authorized to utilize a portion of the balance of monies collected](#)
31 [under said contract\(s\) after payment of the contingent fee payable thereunder, for the support and](#)
32 [maintenance of the division's computer system, as authorized by the director of the office of](#)
33 [management and budget.](#)

34 SECTION 7. This article shall take effect as of July 1, 2017.