

1 **ARTICLE 9**

2 RELATING TO ECONOMIC DEVELOPMENT

3 SECTION 1. Sections 5-8-2, 5-8-10, 5-8-11, 5-8-12 and 5-8-15 of Chapter 5-8 of the  
4 General Laws entitled "Engineers" are hereby amended as follows:

5 **5-8-2. Definitions.**

6 As used or within the intent of this chapter:

7 (a) "Accredited program" means specific engineering curricula within established  
8 institutions of higher learning that have both met the criteria of, and have been designated by, the  
9 ~~Engineering Accreditation Commission of the~~ following commissions of the Accreditation Board  
10 for Engineering and Technology, Inc. ~~(ABET-EAC)~~ ("ABET"): the Engineering Accreditation  
11 Commission ("ABET-EAC") and the Engineering Technology Accreditation Commission  
12 ("ABET-ETAC").

13 (b) "Board" means the state board of registration for professional engineers subsequently  
14 provided by this chapter.

15 (c) "Department" means the department of business regulation.

16 (d) "Director" means the director of the department of business regulation or his or her  
17 designee.

18 (e) "Engineer" means a person who, by reason of his or her special knowledge and use of  
19 the mathematical, physical, and engineering sciences and the principles and methods of engineering  
20 analysis and design, acquired by engineering education and engineering experience, is qualified to  
21 practice engineering, as subsequently defined, and as attested by his or her registration as an  
22 engineer.

23 (f) "Engineer-in-training" means a person who complies with the requirements for  
24 education, experience, and character, and has passed an examination in the fundamental  
25 engineering subjects, as provided in §§ 5-8-11 and 5-8-13.

26 (g) "National Council of Examiners for Engineering and Surveying (NCEES)" is a  
27 nationally recognized organization that assists state boards and territorial boards to better discharge  
28 their duties and responsibilities in regulating the practice of engineering and land surveying.

29 (h)(1) "Practice of engineering" means any service or creative work, the adequate  
30 performance of which requires engineering education, training, and experience in the application  
31 of special knowledge of the mathematical, physical, and engineering sciences to services or creative  
32 work, such as consultation, investigation, evaluation surveys, planning and design of engineering

1 systems, and the supervision of construction for the purpose of assuring compliance with  
2 specifications; and embracing those services or work in connection with any public or private  
3 utilities, structures, buildings, machines, equipment, processes, work, or projects in which the  
4 public welfare or the safeguarding of life, health, or property is concerned.

5 (2) Any person shall be construed to practice or offer to practice engineering, within the  
6 meaning and intent of this chapter, who:

7 (i) Practices any branch of the profession of engineering;

8 (ii) By verbal claim, sign, advertisement, letterhead, card, or in any other way represents  
9 himself or herself to be an engineer, or through the use of some other title implies that he or she is  
10 an engineer or that he or she is registered under this chapter; or

11 (iii) Holds himself or herself out as able to perform, or who does perform any engineering  
12 service or work or any other service designated by the practitioner or recognized as engineering.

13 (i) "Professional engineer" means a person who has been registered and licensed by the  
14 state board of registration for professional engineers.

15 (j) "Responsible charge" means direct control and personal supervision of engineering  
16 work.

17 (k) "Rules and regulations" means that document of the same title, as amended from time  
18 to time, subject to the director's approval, that has been adopted by the board and filed with the  
19 secretary of state in accordance with §§ 42-35-3(a), 42-35-4(b), and 5-8-8.

20 **5-8-10. Roster of registered engineers.**

21 A complete roster showing the names ~~and last known addresses~~ of all registered engineers  
22 is available on the Department's website or through an Access to Public Records Request. ~~will be~~  
23 ~~published by the board once each year. Copies of this roster may be mailed to each person so~~  
24 ~~registered, placed on file with the secretary of state, county, and city officials and may be distributed~~  
25 ~~to the public~~

26 **5-8-11. General requirements for registration or certification.**

27 ~~(a) Engineer or engineer in training. To be eligible for registration as a professional~~  
28 ~~engineer or certification as an engineer in training, an applicant must be of good character and~~  
29 ~~reputation and shall submit five (5) references with his or her application for registration, three (3)~~  
30 ~~of which references shall be registered engineers having personal knowledge of his or her~~  
31 ~~engineering experience, or in the case of an application for certification as an engineer in training,~~  
32 ~~by three (3) character references.~~

33 ~~(b)~~(a) Professional Engineer. The following shall be considered minimum evidence  
34 satisfactory to the board that the applicant is qualified for registration as a professional engineer ~~or~~

1 ~~for certification as an engineer in training, respectively:~~

2 (1) Eligibility. To be eligible for registration as a professional engineer, an applicant shall  
3 meet the following requirements:

4 (i) Be of good character and reputation;

5 (ii) Submit five (5) references with his or her application for registration, three (3) of which  
6 references shall be from registered professional engineers having personal knowledge of the  
7 applicant's engineering experience;

8 (iii) Satisfy the education criteria set forth in this section;

9 (iv) Satisfy the experience criteria set forth in this section; and

10 (v) Pass the applicable examinations as required in this section.

11 ~~(1) As a professional engineer:~~ (2) Registration by endorsement comity.

12 ~~(A)~~ (i) A person holding a current certificate of registration to engage in the practice of  
13 engineering, on the basis of comparable written NCEES examinations, issued to him or her by  
14 either a proper authority of a state, territory, or possession of the United States, the District of  
15 Columbia, or of any foreign country, and whose qualifications meets the requirements of this  
16 chapter, based on verified evidence may, upon application, be registered without further  
17 examination.

18 ~~(B)~~ (ii) A person holding a ~~certificate of qualification issued by the National Council of~~  
19 ~~Examiners for Engineering and Surveying~~ NCEES Record, whose qualifications as evidenced by  
20 the NCEES Record meet the requirements of this chapter, may, upon application, be registered  
21 without further examination, provided he or she is qualified.

22 ~~(ii)~~ (3) Graduation from an accredited program, experience and examination.

23 (i) A graduate of ~~or senior enrolled in~~ an ABET-EAC accredited engineering curriculum  
24 of four (4) years or more approved by the board as being of satisfactory standing, ~~shall be admitted~~  
25 ~~to an~~ who has passed a NCEES examination in the fundamentals of engineering. ~~Upon passing this~~  
26 ~~examination and obtaining~~ and obtained a specific record of a minimum of four (4) years of  
27 experience in engineering work of a grade and character which indicates to the board that the  
28 applicant may be competent to practice engineering, ~~the applicant~~ may be admitted, upon  
29 application, to ~~an~~ a NCEES examination in the principles and practice of engineering. ~~The graduate~~  
30 ~~having a specific record of twelve (12) years or more of experience in engineering work of a grade~~  
31 ~~and character which indicates to the board that the applicant may be competent to practice~~  
32 ~~engineering, shall be admitted to an examination in the principles and practice of engineering. Upon~~  
33 ~~passing that examination, the applicant shall be granted a certificate of registration to practice~~  
34 ~~engineering in this state, provided he or she is qualified.~~

1 (ii) A graduate of an ABET-ETAC accredited engineering technology curriculum of four  
2 (4) years or more approved by the board as being of satisfactory standing, who has passed a NCEES  
3 examination in the fundamentals of engineering and obtained a specific record of a minimum of  
4 eight (8) years of experience in engineering work of a grade and character which indicates to the  
5 board that the applicant may be competent to practice engineering, may be admitted, upon  
6 application, to a NCEES examination in the principles and practice of engineering.

7 (4) Waiver of Requirement for NCEES Examination in Fundamentals of Engineering.

8 (i) A graduate of an ABET-EAC accredited engineering curriculum having a specific  
9 record of twelve (12) years or more of experience in engineering work of a grade and character  
10 which indicates to the board that the applicant may be competent to practice engineering, shall be  
11 admitted to a NCEES examination in the principles and practice of engineering. Upon passing that  
12 examination, the applicant shall be granted a certificate of registration to practice engineering in  
13 this state, provided he or she is qualified.

14 (ii) A graduate of an engineering technology curriculum, whether accredited by ABET-  
15 ETAC or unaccredited, applying for initial or comity registration as a professional engineer in  
16 Rhode Island shall not be eligible for waiver of this requirement.

17 ~~(iii)~~ (5) Graduation from a non-accredited program, experience, and examination.

18 (i) A graduate of ~~or senior enrolled in~~ an engineering curriculum of four (4) years or more  
19 ~~other than those approved by the board as being of satisfactory standing shall be admitted to an~~ that  
20 is not accredited by ABET-EAC, who has passed a NCEES examination in the fundamentals of  
21 engineering. ~~Upon passing this examination and obtaining~~ and obtained a specific record of a  
22 minimum of ~~four (4)~~ six (6) years of experience in engineering work of a grade and character which  
23 indicates to the board that the applicant may be competent to practice engineering, ~~the applicant~~  
24 may be admitted, upon application, to ~~an~~ a NCEES examination in the principles and practice of  
25 engineering. Upon passing these examinations, the applicant shall be granted a certificate of  
26 registration to practice engineering in this state, provided he or she is qualified.

27 (ii) A graduate of an engineering technology curriculum of four (4) years or more that is  
28 not accredited by ABET-ETAC is not eligible for registration as a professional engineer in this  
29 state unless they obtain an advanced engineering degree from an ABET-EAC accredited program.

30 ~~(iv)~~ (6) Teaching. Engineering teaching in a college or university offering an ABET- EAC  
31 accredited engineering curriculum of four (4) years or more may be considered as engineering  
32 experience.

33 ~~(v)~~ (7) Engineers previously registered. Each engineer holding a certificate of registration  
34 ~~and each engineer in training~~ under the laws of this state as previously in effect shall be deemed

1 registered as an engineer ~~or engineer-in-training~~ as appropriate under this chapter in accordance  
2 with the laws in effect at the time of their initial registration.

3 ~~(2)(b) As an engineer~~ Engineer-in-training: the The following ~~is~~ shall be considered as  
4 minimum evidence satisfactory to the board that the applicant is qualified for certification as an  
5 engineer-in-training:

6 (1) Eligibility. To be eligible for registration as an engineer-in-training, an applicant shall  
7 meet the following requirements:

8 (i) Be of good character and reputation;

9 (ii) Submit three (3) character references, one (1) of which must be from a registered  
10 professional engineer;

11 (iii) Satisfy the education requirements set forth in this section; and

12 (iv) Satisfy the examination requirements set forth in this section.

13 ~~(2)~~ (2) Graduation and examination. A graduate of an ABET-EAC or an ABET-ETAC  
14 accredited ~~engineering curriculum program~~ program of four (4) years or more who has passed ~~the board's a~~  
15 NCEES examination in the fundamentals of engineering shall be certified or enrolled as an  
16 engineer-in-training, if he or she is qualified.

17 ~~(3)~~ (3) Graduation from a non-accredited program and examination. A graduate of a non-  
18 accredited engineering curriculum of four (4) years or more who has passed ~~the board's a~~ NCEES  
19 examination in the fundamentals of engineering and has obtained two (2) years of engineering  
20 experience of a grade and character approved by the board shall be certified and enrolled as an  
21 engineer in training, if he or she is qualified. Graduates of a non-accredited engineering technology  
22 curriculum are not eligible for certification as an engineer in training.

23 ~~(4)~~ (4) Duration of engineer in training certification. The certification or enrollment of an  
24 engineer in training shall ~~be valid for a minimum period of twelve (12) years~~ not expire and does  
25 not need to be renewed.

26 **5-8-12 Form of application for registration or certification – Registration,**  
27 **certification, and enrollment fees.**

28 (a) Application for registration as a professional engineer ~~or land surveyor~~ or certification  
29 as an engineer-in-training shall:

30 (1) Be on a form prescribed and furnished by the board;

31 (2) Establish compliance with the licensing requirements pursuant to § 5-8-11; and

32 (3) Contain references as prescribed in § 5-8-11, none of whom may be members of the  
33 board.

34 (b) The application ~~and reexamination~~ fees for professional engineers shall be set by the

1 board in an amount to cover the ~~charges and~~ expenses of ~~examination and scoring~~ reviewing  
2 applications and shall accompany the application.

3 (c) The fee for engineer-in-training certification or enrollment shall be set by the board in  
4 an amount to cover the ~~charges and~~ expenses of ~~examination and scoring~~ reviewing applications  
5 and shall accompany the application.

6 (d) ~~Should the board deny the issuance of a certificate to any applicant, the fee paid shall~~  
7 ~~be retained as an application fee~~ All application fees are non-refundable, even if an application is  
8 denied.

9 **5-8-15. Expiration and renewal of certificates of registration for professional**  
10 **engineers.**

11 (a) Certificates of registration shall expire on the last day of the month of June following  
12 their issuance and become invalid after that date unless renewed. It is the duty of the board to notify  
13 every person registered under this chapter of the date of the expiration of his or her certificate and  
14 the amount of the fee required for its renewal. The notice shall be delivered, electronically or  
15 otherwise, to the registrant, at his or her last-known e-mail address, at least one month in advance  
16 of the date of the expiration of the certificate.

17 (b) ~~Renewal may be effected at any time~~ Certificates of registration must be renewed prior  
18 to, or during the month of, June by the payment of a fee set by the board in an amount not less than  
19 one hundred fifty dollars (\$150), but not to exceed one hundred eighty dollars (\$180). ~~Renewal of~~  
20 ~~an expired certificate may be effected~~ Expired certificates may be renewed within a period of three  
21 (3) years, provided evidence is submitted to the board attesting to the continued competence and  
22 good character of the applicant. In the event renewal is not made before the end of the third year,  
23 the board may require any reexamination that it deems appropriate. The amount to be paid for that  
24 renewal is the annual fee set by the board in an amount not to exceed one hundred eighty dollars  
25 (\$180) times the number of years the applicant has been delinquent, plus a penalty of sixty dollars  
26 (\$60.00) per delinquent year.

27 SECTION 2. Sections 42-64.20-5 and 42-64.20-10 of the General Laws in Chapter 42-  
28 64.20 entitled "Rebuild Rhode Island Tax Credit" are hereby amended to read as follows:

29 **42-64.20-5. Tax credits.**

30 (a) An applicant meeting the requirements of this chapter may be allowed a credit as set  
31 forth hereinafter against taxes imposed upon such person under applicable provisions of title 44 of  
32 the general laws for a qualified development project.

1 (b) To be eligible as a qualified development project entitled to tax credits, an applicant's  
2 chief executive officer or equivalent officer shall demonstrate to the commerce corporation, at the  
3 time of application, that:

4 (1) The applicant has committed a capital investment or owner equity of not less than  
5 twenty percent (20%) of the total project cost;

6 (2) There is a project financing gap in which after taking into account all available private  
7 and public funding sources, the project is not likely to be accomplished by private enterprise  
8 without the tax credits described in this chapter; and

9 (3) The project fulfills the state's policy and planning objectives and priorities in that:

10 (i) The applicant will, at the discretion of the commerce corporation, obtain a tax  
11 stabilization agreement from the municipality in which the real estate project is located on such  
12 terms as the commerce corporation deems acceptable;

13 (ii) It (A) Is a commercial development consisting of at least 25,000 square feet occupied  
14 by at least one business employing at least 25 full-time employees after construction or such  
15 additional full-time employees as the commerce corporation may determine; (B) Is a multi-family  
16 residential development in a new, adaptive reuse, certified historic structure, or recognized  
17 historical structure consisting of at least 20,000 square feet and having at least 20 residential units  
18 in a hope community; or (C) Is a mixed-use development in a new, adaptive reuse, certified historic  
19 structure, or recognized historical structure consisting of at least 25,000 square feet occupied by at  
20 least one business, subject to further definition through rules and regulations promulgated by the  
21 commerce corporation; and

22 (iii) Involves a total project cost of not less than \$5,000,000, except for a qualified  
23 development project located in a hope community or redevelopment area designated under § 45-  
24 32-4 in which event the commerce corporation shall have the discretion to modify the minimum  
25 project cost requirement.

26 (c) The commerce corporation shall develop separate, streamlined application processes  
27 for the issuance of rebuild RI tax credits for each of the following:

- 28 (1) Qualified development projects that involve certified historic structures;
- 29 (2) Qualified development projects that involve recognized historical structures;
- 30 (3) Qualified development projects that involve at least one manufacturer; and
- 31 (4) Qualified development projects that include affordable housing or workforce housing.

32 (d) Applications made for a historic structure or recognized historic structure tax credit  
33 under chapter 33.6 of title 44 shall be considered for tax credits under this chapter. The division of  
34 taxation, at the expense of the commerce corporation, shall provide communications from the

1 commerce corporation to those who have applied for and are in the queue awaiting the offer of tax  
2 credits pursuant to chapter 33.6 of title 44 regarding their potential eligibility for the rebuild RI tax  
3 credit program.

4 (e) Applicants (1) Who have received the notice referenced in subsection (d) above and  
5 who may be eligible for a tax credit pursuant to chapter 33.6 of title 44, (2) Whose application  
6 involves a certified historic structure or recognized historical structure, or (3) Whose project is  
7 occupied by at least one manufacturer shall be exempt from the requirements of subsections  
8 (b)(3)(ii) and (b)(3)(iii). The following procedure shall apply to such applicants:

9 (i) The division of taxation shall remain responsible for determining the eligibility of an  
10 applicant for tax credits awarded under chapter 33.6 of title 44;

11 (ii) The commerce corporation shall retain sole authority for determining the eligibility of  
12 an applicant for tax credits awarded under this chapter; and

13 (iii) The commerce corporation shall not award in excess of fifteen percent (15%) of the  
14 annual amount authorized in any fiscal year to applicants seeking tax credits pursuant to this  
15 subsection (e).

16 (f) *Maximum project credit.*

17 (1) For qualified development projects, the maximum tax credit allowed under this chapter  
18 shall be the lesser of (i) Thirty percent (30%) of the total project cost; or (ii) The amount needed to  
19 close a project financing gap (after taking into account all other private and public funding sources  
20 available to the project), as determined by the commerce corporation.

21 (2) The credit allowed pursuant to this chapter, inclusive of any sales and use tax  
22 exemptions allowed pursuant to this chapter, shall not exceed fifteen million dollars (\$15,000,000)  
23 for any qualified development project under this chapter; except as provided in subsection (f)(3) of  
24 this section; provided however, any qualified development project that exceeds the project cap upon  
25 passage of this act shall be deemed not to exceed the cap, shall not be reduced, nor shall it be further  
26 increased. No building or qualified development project to be completed in phases or in multiple  
27 projects shall exceed the maximum project credit of fifteen million dollars (\$15,000,000) for all  
28 phases or projects involved in the rehabilitation of the building. Provided, however, that for  
29 purposes of this subsection and no more than once in a given fiscal year, the commerce corporation  
30 may consider the development of land and buildings by a developer on the "I-195 land" as defined  
31 in § 42-64.24-3(6) as a separate, qualified development project from a qualified development  
32 project by a tenant or owner of a commercial condominium or similar legal interest including  
33 leasehold improvement, fit out, and capital investment. Such qualified development project by a



1 tenant or owner of a commercial condominium or similar legal interest on the I-195 land may be  
2 exempted from subsection (f)(1)(i) of this section.

3 (3) The credit allowed pursuant to this chapter, inclusive of any sales and use tax  
4 exemptions allowed pursuant to this chapter, shall not exceed twenty-five million dollars  
5 (\$25,000,000) for the project for which the I-195 redevelopment district was authorized to enter  
6 into a purchase and sale agreement for parcels 42 and P4 on December 19, 2018, provided that  
7 project is approved for credits pursuant to this chapter by the commerce corporation.

8 (g) Credits available under this chapter shall not exceed twenty percent (20%) of the project  
9 cost, provided, however, that the applicant shall be eligible for additional tax credits of not more  
10 than ten percent (10%) of the project cost, if the qualified development project meets any of the  
11 following criteria or other additional criteria determined by the commerce corporation from time  
12 to time in response to evolving economic or market conditions:

13 (1) The project includes adaptive reuse or development of a recognized historical structure;

14 (2) The project is undertaken by or for a targeted industry;

15 (3) The project is located in a transit-oriented development area;

16 (4) The project includes residential development of which at least twenty percent (20%) of  
17 the residential units are designated as affordable housing or workforce housing;

18 (5) The project includes the adaptive reuse of property subject to the requirements of the  
19 industrial property remediation and reuse act, § 23-19.14-1 et seq.; or

20 (6) The project includes commercial facilities constructed in accordance with the minimum  
21 environmental and sustainability standards, as certified by the commerce corporation pursuant to  
22 Leadership in Energy and Environmental Design or other equivalent standards.

23 (h) *Maximum aggregate credits.* The aggregate sum authorized pursuant to this chapter,  
24 inclusive of any sales and use tax exemptions allowed pursuant to this chapter, shall not exceed  
25 ~~two hundred ten million dollars (\$210,000,000)~~ two hundred forty million dollars (\$240,000,000),  
26 excluding any tax credits allowed pursuant to subsection (f)(3) of this section.

27 (i) Tax credits shall not be allowed under this chapter prior to the taxable year in which the  
28 project is placed in service.

29 (j) The amount of a tax credit allowed under this chapter shall be allowable to the taxpayer  
30 in up to five, annual increments; no more than thirty percent (30%) and no less than fifteen percent  
31 (15%) of the total credits allowed to a taxpayer under this chapter may be allowable for any taxable  
32 year.

33 (k) If the portion of the tax credit allowed under this chapter exceeds the taxpayer's total  
34 tax liability for the year in which the relevant portion of the credit is allowed, the amount that

1 exceeds the taxpayer's tax liability may be carried forward for credit against the taxes imposed for  
2 the succeeding four (4) years, or until the full credit is used, whichever occurs first. Credits allowed  
3 to a partnership, a limited-liability company taxed as a partnership, or multiple owners of property  
4 shall be passed through to the persons designated as partners, members, or owners respectively pro  
5 rata or pursuant to an executed agreement among persons designated as partners, members, or  
6 owners documenting an alternate distribution method without regard to their sharing of other tax  
7 or economic attributes of such entity.

8 (l) The commerce corporation, in consultation with the division of taxation, shall establish,  
9 by regulation, the process for the assignment, transfer, or conveyance of tax credits.

10 (m) For purposes of this chapter, any assignment or sales proceeds received by the taxpayer  
11 for its assignment or sale of the tax credits allowed pursuant to this section shall be exempt from  
12 taxation under title 44. If a tax credit is subsequently revoked or adjusted, the seller's tax calculation  
13 for the year of revocation or adjustment shall be increased by the total amount of the sales proceeds,  
14 without proration, as a modification under chapter 30 of title 44. In the event that the seller is not a  
15 natural person, the seller's tax calculation under chapter 11, 13, 14, or 17 of title 44, as applicable,  
16 for the year of revocation, or adjustment, shall be increased by including the total amount of the  
17 sales proceeds without proration.

18 (n) The tax credit allowed under this chapter may be used as a credit against corporate  
19 income taxes imposed under chapter 11, 13, 14, or 17, of title 44, or may be used as a credit against  
20 personal income taxes imposed under chapter 30 of title 44 for owners of pass-through entities such  
21 as a partnership, a limited-liability company taxed as a partnership, or multiple owners of property.

22 (o) In the case of a corporation, this credit is only allowed against the tax of a corporation  
23 included in a consolidated return that qualifies for the credit and not against the tax of other  
24 corporations that may join in the filing of a consolidated tax return.

25 (p) Upon request of a taxpayer and subject to annual appropriation, the state shall redeem  
26 this credit, in whole or in part, for ninety percent (90%) of the value of the tax credit. The division  
27 of taxation, in consultation with the commerce corporation, shall establish by regulation a  
28 redemption process for tax credits.

29 (q) Projects eligible to receive a tax credit under this chapter may, at the discretion of the  
30 commerce corporation, be exempt from sales and use taxes imposed on the purchase of the  
31 following classes of personal property only to the extent utilized directly and exclusively in the  
32 project: (1) Furniture, fixtures, and equipment, except automobiles, trucks, or other motor vehicles;  
33 or (2) Other materials, including construction materials and supplies, that are depreciable and have  
34 a useful life of one year or more and are essential to the project.

1 (r) The commerce corporation shall promulgate rules and regulations for the administration  
2 and certification of additional tax credit under subsection (e), including criteria for the eligibility,  
3 evaluation, prioritization, and approval of projects that qualify for such additional tax credit.

4 (s) The commerce corporation shall not have any obligation to make any award or grant  
5 any benefits under this chapter.

6 **42-64.20-10. Sunset.**

7 No credits shall be authorized to be reserved pursuant to this chapter after ~~June 30,~~  
8 ~~2021~~December 31, 2022.

9 SECTION 3. Section 42-64.21-9 of the General Laws in Chapter 42-64.21 entitled “Rhode  
10 Island Tax Increment Financing” is hereby amended to read as follows:

11 **42-64.21-9. Sunset.**

12 The commerce corporation shall enter into no agreement under this chapter after ~~June 30,~~  
13 ~~2021~~December 31, 2022.

14 SECTION 4. Section 42-64.22-15 of the General Laws in Chapter 42-64.22 entitled “Tax  
15 Stabilization Incentive” is hereby amended to read as follows:

16 **42-64.22-15. Sunset.**

17 The commerce corporation shall enter into no agreement under this chapter after ~~June 30,~~  
18 ~~2021~~December 31, 2022.

19 SECTION 5. Section 42-64.23-8 of the General Laws in Chapter 42-64.23 entitled “First  
20 Wave Closing Fund Act” is hereby amended to read as follows:

21 **42-64.23-8. Sunset.**

22 No financing shall be authorized to be reserved pursuant to this chapter after ~~June 30,~~  
23 ~~2021~~December 31, 2022.

24 SECTION 6. Section 42-64.24-8 of the General Laws in Chapter 42-64.24 entitled “I-195  
25 Redevelopment Project Fund Act” is hereby amended as follows:

26 **42-64.24-8. Sunset.**

27 No funding, credits, or incentives shall be authorized or authorized to be reserved pursuant  
28 to this chapter after ~~June 30,~~ ~~2021~~December 31, 2022.

29 SECTION 7. Section 42-64.25-14 of the General Laws in Chapter 42-64.25 entitled  
30 “Rhode Island Small Business Assistance Program” is amended to read as follows:

31 **§ 42-64.25-14. Sunset.**

32 No grants, funding, or incentives shall be authorized pursuant to this chapter after ~~June 30,~~  
33 ~~2021~~December 31, 2022.

1 SECTION 8. Sections 42-64.26-3, 42-64.26-5, 42-64.26-8 and 42-64.26-12 of the General  
2 Laws in Chapter 42-64.26 entitled “Stay Invested in RI Wavemaker Fellowship” are hereby  
3 amended to read as follows:

4 42-64.26-3. Definitions.

5 As used in this chapter:

6 (1) “Eligible graduate” means an individual who meets the eligibility requirements under  
7 this chapter.

8 (2) “Applicant” means an eligible graduate who applies for a tax credit for education loan  
9 repayment expenses under this chapter.

10 (3) “Award” means a tax credit awarded by the commerce corporation to an applicant as  
11 provided under this chapter.

12 (4) “Business” means any corporation, state bank, federal savings bank, trust company,  
13 national banking association, bank holding company, loan and investment company, mutual  
14 savings bank, credit union, building and loan association, insurance company, investment  
15 company, broker-dealer company or surety company, limited liability company, partnership, sole  
16 proprietorship, or federal agency or subsidiaries thereof.

17 ~~(4)~~(5) “Taxpayer” means an applicant who receives a tax credit under this chapter.

18 ~~(5)~~(6) “Commerce corporation” means the Rhode Island commerce corporation established  
19 pursuant to chapter 64 of title 42.

20 ~~(6)~~(7) “Eligible expenses” or “education loan repayment expenses” means annual higher  
21 education loan repayment expenses, including, without limitation, principal, interest and fees, as  
22 may be applicable, incurred and paid by an eligible graduate ~~and which the eligible graduate is~~  
23 ~~obligated to repay~~ for attendance at a post-secondary institution of higher learning.

24 ~~(7)~~(8) “Eligibility period” means a term of up to four (4) consecutive service periods  
25 beginning with the date that an eligible graduate receives initial notice of award under this chapter  
26 and expiring at the conclusion of the fourth service period after such date specified.

27 ~~(8)~~(9) “Eligibility requirements” means the following qualifications or criteria required for  
28 an applicant to claim an award under this chapter:

29 (i) That the applicant shall have graduated from an accredited two (2) year, four (4) year  
30 or graduate post-secondary institution of higher learning with an associate’s, bachelor’s, graduate,  
31 or post-graduate degree and at which the applicant incurred education loan repayment expenses;

32 (ii) That the applicant shall be a full-time employee with a Rhode Island-based employer  
33 located in this state throughout the eligibility period, whose employment is for work in one or more  
34 of the following covered fields: life, natural or environmental sciences; computer, information or

1 software technology; advanced mathematics or finance; engineering; industrial design or other  
2 commercially related design field; or medicine or medical device technology.

3 ~~(9)~~(10) “Full-time employee” means a person who is employed by a business for  
4 consideration for a minimum of at least thirty-five (35) hours per week, or who renders any other  
5 standard of service generally accepted by custom or practice as full-time employment, or who is  
6 employed by a professional employer organization pursuant to an employee leasing agreement  
7 between the business and the professional employer organization for a minimum of thirty-five (35)  
8 hours per week, or who renders any other standard of service generally accepted by custom or  
9 practice as full-time employment, ~~and whose wages are subject to withholding~~ and whose earnings  
10 are subject to Rhode Island income tax.

11 ~~(10)~~(11) “Service period” means a twelve (12) month period beginning on the date that an  
12 ~~eligible graduate~~ applicant receives initial notice of award under this chapter.

13 ~~(11)~~(12) “Student loan” means a loan to an individual by a public authority or private lender  
14 to assist the individual to pay for tuition, books, and living expenses in order to attend a post-  
15 secondary institution of higher learning.

16 ~~(12)~~(13) “Rhode Island-based employer” means (i) an employer having a principal place  
17 of business or at least fifty-one percent (51%) of its employees located in this state; or (ii) an  
18 employer registered to conduct business in this state that reported Rhode Island tax liability in the  
19 previous tax year.

20 ~~(13)~~(14) “Fund” refers to the “Stay Invested in RI Wavemaker Fellowship Fund”  
21 established pursuant to § 42-64.26-4.

22 **42-64.26-5. Administration.**

23 (a) *Application.* An eligible graduate claiming an award under this chapter shall submit to  
24 the commerce corporation an application in the manner that the commerce corporation shall  
25 prescribe.

26 (b) Upon receipt of a proper application from an applicant who meets all of the eligibility  
27 requirements, the commerce corporation shall select applicants on a competitive basis to receive  
28 credits for up to a maximum amount for each service period of one thousand dollars (\$1,000) for  
29 an associate’s degree holder, four thousand dollars (\$4,000) for a bachelor’s degree holder, and six  
30 thousand dollars (\$6,000) for a graduate or post-graduate degree holder, but not to exceed the  
31 education loan repayment expenses incurred by such taxpayer during each service period  
32 completed, for up to four (4) consecutive service periods provided that the taxpayer continues to  
33 meet the eligibility requirements throughout the eligibility period. The commerce corporation shall  
34 delegate the selection of the applicants that are to receive awards to ~~a~~ one or more fellowship

1 committees to be convened by the commerce corporation and promulgate the selection procedures  
2 the fellowship committee or committees will use, which procedures shall require that the  
3 ~~committee's~~ consideration of applications be conducted on a name-blind and employer-blind basis  
4 and that the applications and other supporting documents received or reviewed by the fellowship  
5 committee or committees shall be redacted of the applicant's name, street address, and other  
6 personally-identifying information as well as the applicant's employer's name, street address, and  
7 other employer-identifying information. The commerce corporation shall determine the  
8 composition of the fellowship committee or committees and the selection procedures it will use in  
9 consultation with the state's chambers of commerce.

10 (c) The credits awarded under this chapter shall not exceed one hundred percent (100%)  
11 of the education loan repayment expenses ~~incurred~~ paid by such taxpayer during each service  
12 period completed for up to four (4) consecutive service periods. Tax credits shall be issued annually  
13 to the taxpayer upon proof that (i) the taxpayer has actually incurred and paid such education loan  
14 repayment expenses; (ii) the taxpayer continues to meet the eligibility requirements throughout the  
15 service period; (iii) The award shall not exceed the original loan amount plus any capitalized  
16 interest less award previously claimed under this section; and (iv) that the taxpayer claiming an  
17 award is current on his or her student loan repayment obligations.

18 (d) The commerce corporation shall not commit to overall awards in excess of the amount  
19 contained in the fund.

20 (e) The commerce corporation shall reserve seventy percent (70%) of the awards issued in  
21 a calendar year to applicants who are permanent residents of the state of Rhode Island or who  
22 attended an institution of higher education located in Rhode Island when they incurred the  
23 education loan expenses to be repaid.

24 (f) In administering awards, the commerce corporation shall:

25 (1) Require suitable proof that an applicant meets the eligibility requirements for award  
26 under this chapter;

27 (2) Determine the contents of applications and other materials to be submitted in support  
28 of an application for award under this chapter; and

29 (3) Collect reports and other information during the eligibility period for each award to  
30 verify that a taxpayer continues to meet the eligibility requirements for an award.

31 **42-64.26-8. Carry forward and redemption of tax credits.**

32 (a) If the amount of the tax credit allowed under this chapter exceeds the taxpayer's total  
33 tax liability for the year in which the credit is allowed, the amount of such credit that exceeds the

1 taxpayer’s tax liability may be carried forward and applied against the taxes imposed for the  
2 succeeding four (4) years, or until the full credit is used, whichever occurs first.

3 (b) The tax credit allowed under this chapter may be used as a credit against personal  
4 income taxes imposed under chapter 30 of title 44.

5 (c) The division of taxation shall at the request of a taxpayer redeem such credits in whole  
6 or in part for one hundred percent (100%) of the value of the tax credit.

7 (d) Any ~~amounts paid to a taxpayer for the redemption of tax credits allowed~~ award issued  
8 pursuant to this chapter after January 1, 2021 ~~pursuant to this section~~ shall be exempt from taxation  
9 under title 44 of the General Laws.

10 **42-64.26-12. Sunset.**

11 No incentives or credits shall be authorized pursuant to this chapter after ~~June 30,~~  
12 ~~2021~~ December 31, 2022.

13 SECTION 9. Section 42-64.27-6 of the General Laws in Chapter 42-64.27 entitled “Main  
14 Street Rhode Island Streetscape Improvement Fund” is hereby amended as follows:

15 **§ 42-64.27-6. Sunset.**

16 No incentives shall be authorized pursuant to this chapter after ~~June 30, 2021~~ December 31,  
17 2022.

18 SECTION 10. Section 42-64.28-10 of the General Laws in Chapter 42-64.28 entitled  
19 “Innovation Initiative” is hereby amended as follows:

20 **42-64.28-10. Sunset.**

21 No vouchers, grants, or incentives shall be authorized pursuant to this chapter after ~~June~~  
22 ~~30, 2021~~ December 31, 2022.

23 SECTION 11. Section 42-64.29-8 of the General Laws in Chapter 42-64.29 entitled  
24 “Industry Cluster Grants” is hereby amended as follows:

25 **42-64.29-8. Sunset.**

26 No grants or incentives shall be authorized to be reserved pursuant to this chapter after  
27 ~~June 30, 2021~~ December 31, 2022.

28 SECTION 12. Section 42-64.31-4 of the General Laws in Chapter 42-64.31 entitled “High  
29 School, College, and Employer Partnerships” is hereby amended as follows:

30 **42-64.31-4. Sunset.**

31 No grants shall be authorized pursuant to this chapter after ~~June 30, 2021~~ December 31,  
32 2022.

33 SECTION 13. Section 42-64.32-6 of the General Laws in Chapter 42-64.32 entitled “Air  
34 Service Development Fund” is hereby amended as follows:

1            42-64.32-6. Sunset.

2            No grants, credits, or incentives shall be authorized or authorized to be reserved pursuant  
3 to this chapter after ~~June 30, 2021~~ December 31, 2022.

4            SECTION 14. Sections 42-64.33-2, 42-64.33-3, 42-64.33-4, 42-64.33-5 and 42-64.33-9  
5 of the General Laws in Chapter 42-64.33 entitled "Small Business Development Loan Fund" are  
6 hereby amended to read as follows:

7            42-64.33-2. Definitions.

8            (a) As used in this chapter:

9            (1) "Affiliate" means an entity that directly, or indirectly, through one or more  
10 intermediaries, controls, or is controlled by, or is under common control with another entity. For  
11 the purposes of this chapter, an entity is "controlled by" another entity if the controlling entity holds,  
12 directly or indirectly, the majority voting or ownership interest in the controlled entity or has control  
13 over the day-to-day operations of the controlled entity by contract or by law.

14            (2) "Applicable percentage" means zero percent (0%) for the first three (3) credit allowance  
15 dates, and up to twenty-one and one-half percent (21.5%) for the fourth, fifth, and sixth credit  
16 allowance dates.

17            (3) "Capital investment" means any equity or debt investment in a small business  
18 development fund by a small business fund investor that:

19            (i) Is acquired after July 5, 2019, at its original issuance solely in exchange for cash;

20            (ii) Has one hundred percent (100%) of its cash purchase price used by the small business  
21 development fund to make qualified investments in eligible businesses located in this state within  
22 three (3) years of the initial credit allowance date; and

23            (iii) Is designated by the small business development fund as a capital investment under  
24 this chapter and is certified by the corporation pursuant to § 42-64.33-4. This term shall include  
25 any capital investment that does not meet the provisions of § 42-64.33-4(a) if the investment was  
26 a capital investment in the hands of a prior holder.

27            (4) "Corporation" means the Rhode Island commerce corporation.

28            (5) "Credit allowance date" means the date on which a capital investment is made and each  
29 of the five (5) anniversary dates of the date thereafter.

30            (6) "Eligible business" means a business that, at the time of the initial qualified investment  
31 in the company:

32            (i) Has less than two hundred fifty (250) employees;

33            (ii) Has not more than fifteen million dollars (\$15,000,000) in net income from the  
34 preceding tax year;



1 (iii) Has its principal business operations in this state; and

2 (iv) Is engaged in industries related to clean energy, biomedical innovation, life sciences,  
3 information technology, software, cyber physical systems, cybersecurity, data analytics, defense,  
4 shipbuilding, maritime, composites, advanced business services, design, food, manufacturing,  
5 transportation, distribution, logistics, arts, education, hospitality, tourism, or, if not engaged in the  
6 industries, the corporation makes a determination that the investment will be beneficial to the  
7 economic growth of the state.

8 (7) "Eligible distribution" means a corporation approved distribution in relation to an  
9 application which is:

10 (i) A distribution of cash to one or more equity owners of a small business fund investor to  
11 fully or partially offset a projected increase in the owner's federal or state tax liability, including  
12 any penalties and interest, related to the owner's ownership, management, or operation of the small  
13 business fund investor;

14 (ii) A distribution of cash as payment of interest and principal on the debt of the small  
15 business fund investor or small business development fund; or

16 (iii) A distribution of cash related to the reasonable costs and expenses of forming,  
17 syndicating, managing, and operating the small business fund investor or the small business  
18 development fund, or a return of equity or debt to affiliates of a small business fund investor or  
19 small business development fund. The distributions may include reasonable and necessary fees paid  
20 for professional services, including legal and accounting services, related to the formation and  
21 operation of the small business development fund.

22 (8) "Jobs created" means a newly created position of employment that was not previously  
23 located in the state at the time of the qualified investment in the eligible business and requiring a  
24 minimum of thirty five (35) hours worked each week, measured each year by subtracting the  
25 number of full-time, thirty-five hours-per-week (35) employment positions at the time of the initial  
26 qualified investment in the eligible business from the monthly average of full-time, thirty-five  
27 hours-per-week (35) employment positions for the applicable year. The number shall not be less  
28 than zero.

29 (9) "Jobs retained" means a position requiring a minimum of thirty five (35) hours worked  
30 each week that existed prior to the initial qualified investment. Retained jobs shall be counted each  
31 year based on the monthly average of full-time, thirty-five hours-per-week (35) employment  
32 positions for the applicable year. The number shall not exceed the initial amount of retained jobs  
33 reported and shall be reduced each year if employment at the eligible business concern drops below  
34 that number.

1 (10) "Minority business enterprise" means an eligible business which is certified by the  
2 Rhode Island office of diversity, equity and opportunity as being a minority or women business  
3 enterprise.

4 (11) "Principal business operations" means the location where at least sixty percent (60%)  
5 of a business's employees work or where employees who are paid at least sixty percent (60%)  
6 percent of the business's payroll work. A business that has agreed to relocate employees using the  
7 proceeds of a qualified investment to establish its principal business operations in a new location  
8 shall be deemed to have its principal business operations in the new location if it satisfies these  
9 requirements no later than one hundred eighty (180) days after receiving a qualified investment.

10 (12) "Purchase price" means the amount paid to the small business development fund that  
11 issues a capital investment that shall not exceed the amount of capital investment authority certified  
12 pursuant to § 42-64.33-4.

13 (13) "Qualified investment" means any investment in an eligible business or any loan to an  
14 eligible business with a stated maturity date of at least one year after the date of issuance, excluding  
15 revolving lines of credit and senior secured debt unless the eligible business has a credit refusal  
16 letter or similar correspondence from a depository institution or a referral letter or similar  
17 correspondence from a depository institution referring the business to a small business development  
18 fund; provided that, with respect to any one eligible business, the maximum amount of investments  
19 made in the business by one or more small business development funds, on a collective basis with  
20 all of the businesses' affiliates, with the proceeds of capital investments shall be twenty percent  
21 (20%) of the small business development fund's capital investment authority, exclusive of  
22 investments made with repaid or redeemed investments or interest or profits realized thereon. An  
23 eligible business, on a collective basis with all of the businesses' affiliates, is prohibited from  
24 receiving more than four million dollars (\$4,000,000) in investments from one or more small  
25 business development funds with the proceeds of capital investments.

26 (14) "Small business development fund" means an entity certified by the corporation under  
27 § 42-64.33-4.

28 (15) "Small business fund investor" means an entity that makes a capital investment in a  
29 small business development fund.

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

31 (17) "State tax liability" means any liability incurred by any entity under [chapters 11, 13,](#)  
32 [14, 17 and 30, of title 44. ~~§ 44-17-1 et seq.~~](#)

33 [42-64.33-3. Tax credit established.](#)

1 (a) Upon making a capital investment in a small business development fund, a small  
2 business fund investor earns a vested right to a credit against the entity's state tax liability that may  
3 be utilized on each credit allowance date of the capital investment in an amount equal to the  
4 applicable percentage for the credit allowance date multiplied by the purchase price paid to the  
5 small business development fund for the capital investment. The amount of the credit claimed by  
6 any entity shall not exceed the amount of the entity's minimum state tax liability for the tax year  
7 for which the credit is claimed. Any amount of credit that an entity is prohibited from claiming in  
8 a taxable year as a result of this section may be carried forward for a period of seven (7) years. It  
9 is the intent of this chapter that an entity claiming a credit under this section is not required to pay  
10 any additional tax that may arise as a result of claiming the credit.

11 (b) No credit claimed under this section shall be refundable ~~or saleable on the open market.~~  
12 Credits earned by or allocated to a partnership, limited liability company, or S corporation may be  
13 allocated to the partners, members, or shareholders of the entity for their direct use for state tax  
14 liability as defined in this chapter in accordance with the provisions of any agreement among the  
15 partners, members, or shareholders, and a small business development fund must notify the  
16 corporation of the names of the entities that are eligible to utilize credits pursuant to an allocation  
17 of credits or a change in allocation of credits or due to a transfer of a capital investment upon the  
18 allocation, change, or transfer. ~~The allocation shall be not considered a sale for purposes of this~~  
19 ~~section.~~ Credits may be assigned, transferred, conveyed or sold by an owner or holder of such  
20 credits.

21 (c) The corporation shall provide copies of issued certificates to the division of taxation;  
22 such certifications to include information deemed necessary by the division of taxation for tax  
23 administration.

#### 24 **42-64.33-4. Application, approval and allocations.**

25 (a) The corporation shall publicly solicit applicants and approve applications through a  
26 selection process. A small business development fund that seeks to have an equity or debt  
27 investment certified as a capital investment and eligible for credits under this chapter shall apply to  
28 the corporation in response to a public solicitation. The corporation shall issue the first public  
29 solicitation for applicants by November 1, 2021. ~~begin accepting applications within ninety (90)~~  
30 ~~days of July 5, 2019.~~ The ~~small business development fund~~ application shall include the following:

- 31 (1) The amount of capital investment requested;
- 32 (2)(A) A copy of the applicant's or an affiliate of the applicant's license as a rural business  
33 investment company under 7 U.S.C. § 2009cc, or as a small business investment company under  
34 15 U.S.C. § 681, and a certificate executed by an executive officer of the applicant attesting that

1 the license remains in effect and has not been revoked; or (B) evidence satisfactory to the  
2 corporation that the applicant is a mission-oriented community financial institution such as a  
3 community development financial institution, minority depository institution, certified  
4 development company, or microloan intermediary, or an organization with demonstrated  
5 experience of making capital investments in small businesses.

6 ~~(3) Evidence that, as of the date the application is submitted, the applicant or affiliates of~~  
7 ~~the applicant have invested at least one hundred million dollars (\$100,000,000) in nonpublic~~  
8 ~~companies;~~

9 ~~(4)~~ An estimate of the number of jobs that will be created or retained in this state as a result of the  
10 applicant's qualified investments;

11 ~~(5)~~ A business plan that includes a strategy for reaching out to and investing in minority  
12 business enterprises and a revenue impact assessment projecting state and local tax revenue to be  
13 generated by the applicant's proposed qualified investment prepared by a nationally recognized,  
14 third-party, independent economic forecasting firm using a dynamic economic forecasting model  
15 that analyzes the applicant's business plan over the ten (10) years following the date the application  
16 is submitted to the corporation; ~~and~~

17 ~~(6)~~ A nonrefundable application fee ~~of five thousand dollars (\$5,000),~~ which fee shall be  
18 set by regulation; and

19 (6) Such other criteria as the corporation deems appropriate.

20 (b) After the close of a public solicitation period, the corporation shall make a  
21 determination based upon the criteria set forth in the application or any supplementary materials or  
22 information requested by the corporation as to which of the qualified applicants, if any, shall receive  
23 an award of tax credits. ~~Within thirty (30) days after receipt of a completed application, the~~  
24 ~~corporation shall grant or deny the application in full or in part.~~ The corporation shall deny the  
25 application if:

26 (1) The applicant does not satisfy all of the criteria described in subsection (a) of this  
27 section;

28 (2) The revenue impact assessment submitted with the application does not demonstrate  
29 that the applicant's business plan will result in a positive economic impact on this state over a ten-  
30 year (10) period that exceeds the cumulative amount of tax credits that would be issued to the  
31 applicant if the application were approved; or

32 (3) The corporation has already approved the maximum amount of capital investment  
33 authority under subsection ~~(e)~~ of this section.

1 (c) If the corporation denies any part of the application, it shall inform the applicant of the  
2 grounds for the denial. ~~If the applicant provides any additional information required by the~~  
3 ~~corporation or otherwise completes its application within fifteen (15) days of the notice of denial,~~  
4 ~~the application shall be considered completed as of the original date of submission. If the applicant~~  
5 ~~fails to provide the information or fails to complete its application within the fifteen day (15)~~  
6 ~~period, the application remains denied and must be resubmitted in full with a new submission date.~~

7 (d) If the application is approved ~~deemed to be complete and the applicant deemed to meet~~  
8 ~~all of the requirements of subsections (a) and (b),~~ the corporation shall certify the proposed equity  
9 or debt investment as a capital investment that is eligible for credits under this chapter, subject to  
10 the limitations contained in subsection (g) of this section. The corporation shall provide written  
11 notice of the certification to the small business development fund.

12 (e) ~~The corporation shall certify capital investments in the order that the applications were~~  
13 ~~received by the corporation. Applications received on the same day shall be deemed to have been~~  
14 ~~received simultaneously.~~

15 (f) ~~For applications that are complete and received on the same day, the corporation shall certify~~  
16 ~~applications in proportionate percentages based upon the ratio of the amount of capital investments~~  
17 ~~requested in an application to the total amount of capital investments requested in all applications.~~

18 (g) The corporation shall certify no more than sixty-five million dollars (\$65,000,000) in capital  
19 investments pursuant to this section; provided that not more than twenty million dollars  
20 (\$20,000,000) may be allocated to any individual small business development fund certified under  
21 this section.

22 (h) Within sixty (60) days of the applicant receiving notice of certification, the small  
23 business development fund shall issue the capital investment to and receive cash in the amount of  
24 the certified amount from a small business fund investor. At least forty-five percent (45%) of the  
25 small business fund investor's capital investment shall be composed of capital raised by the small  
26 business fund investor from sources, including directors, members, employees, officers, and  
27 affiliates of the small business fund investor, other than the amount of capital invested by the  
28 allocatee claiming the tax credits in exchange for the allocation of tax credits; ~~provided that at least~~  
29 ~~ten percent (10%) of the capital investment shall be derived from the small business investment~~  
30 ~~fund's managers.~~ The small business development fund shall provide the corporation with evidence  
31 of the receipt of the cash investment within sixty-five (65) days of the applicant receiving notice of  
32 certification. If the small business development fund does not receive the cash investment and issue  
33 the capital investment within the time period following receipt of the certification notice, the  
34 certification shall lapse and the small business development fund shall not issue the capital

1 investment without reapplying to the corporation for certification. Lapsed certifications revert to  
2 the authority and shall be reissued ~~pro rata to applicants whose capital investment allocations were~~  
3 ~~reduced pursuant to this chapter and then~~ in accordance with the application process.

4 **42-64.33-5. Tax credit recapture and exit.**

5 (a) The corporation, working in coordination with the division of taxation, may recapture,  
6 from ~~any~~ the entity, including partners, members, or shareholders of the entity, that receives a tax  
7 credit certificate as a result of certification ~~claims a credit on a tax return~~, the credit allowed under  
8 this chapter if:

9 (1) The small business development fund does not invest one hundred (100%) percent of  
10 its capital investment authority in qualified investments in this state within three (3) years of the  
11 first credit allowance date;

12 (2) The small business development fund, after satisfying subsection (a)(1) of this section,  
13 fails to maintain qualified investments equal to one hundred (100%) percent of its capital  
14 investment authority until the sixth anniversary of the initial credit allowance date. For the purposes  
15 of this subsection, a qualified investment is considered maintained even if the qualified investment  
16 was sold or repaid so long as the small business development fund reinvests an amount equal to the  
17 capital returned or recovered by the small business development fund from the original investment,  
18 exclusive of any profits realized, in other qualified investments in this state within twelve (12)  
19 months of the receipt of the capital. Amounts received periodically by a small business  
20 development fund shall be treated as continually invested in qualified investments if the amounts  
21 are reinvested in one or more qualified investments by the end of the following calendar year. A  
22 small business development fund shall not be required to reinvest capital returned from qualified  
23 investments after the fifth anniversary of the initial credit allowance date, and the qualified  
24 investments shall be considered held continuously by the small business development fund through  
25 the sixth anniversary of the initial credit allowance date;

26 (3) The small business development fund, before exiting the program in accordance with  
27 subsection (e)f) of this section, makes a distribution or payment that results in the small business  
28 development fund having less than one hundred percent (100%) of its capital investment authority  
29 invested in qualified investments in this state or available for investment in qualified investments  
30 and held in cash and other marketable securities;

31 (4) The small business development fund, before exiting the program in accordance with  
32 subsection (e)f) of this section, fails to make qualified investments in minority business enterprises  
33 that when added together equal at least ten percent (10%) of the small business development fund's  
34 capital investment authority; or

1 (5) The small business development fund violates subsection (de) of this section.

2 (b) Recaptured credits and the related capital investment authority revert to the corporation  
3 and shall be reissued ~~pro-rata to applicants whose capital investment allocations were reduced~~  
4 ~~pursuant to § 42-64.33-4(f) and then~~ in accordance with the application process.

5 (c) Enforcement of each of the recapture provisions of subsection (a) of this section shall  
6 be subject to a six-month (6) cure period. No recapture shall occur until the small business  
7 development fund has been given notice of noncompliance and afforded six (6) months from the  
8 date of the notice to cure the noncompliance.

9 (d) In the event that tax credits, or a portion of tax credits, have been transferred or assigned  
10 in an arms-length transaction, for value, and without notice of violation, fraud, or  
11 misrepresentation, the corporation will pursue its recapture rights and remedies against the  
12 applicant for the tax credits and/or the recipient of the certification who shall be liable to repay to  
13 the corporation the face value of all tax credits assigned or transferred and all fees paid by the  
14 applicant shall be deemed forfeited. No redress shall be sought against assignees or transferees of  
15 such tax credits provided the tax credits were acquired by way of an arms-length transaction, for  
16 value, and without notice of violation, fraud, or misrepresentation.

17 (e) No eligible business that receives a qualified investment under this chapter, or any  
18 affiliates of the eligible business, may directly or indirectly:

19 (1) Own or have the right to acquire an ownership interest in a small business development fund or  
20 member or affiliate of a small business development fund, including, but not limited to, a holder of  
21 a capital investment issued by the small business development fund; or

22 (2) Loan to or invest in a small business development fund or member or affiliate of a small business  
23 development fund, including, but not limited to, a holder of a capital investment issued by a small  
24 business development fund, where the proceeds of the loan or investment are directly or indirectly  
25 used to fund or refinance the purchase of a capital investment under this chapter.

26 (ef) On or after the sixth anniversary of the initial credit allowance date, a small business  
27 development fund may apply to the corporation to exit the program and no longer be subject to  
28 regulation under this chapter. The corporation shall respond to the exit application within thirty  
29 (30) days of receipt. In evaluating the exit application, the fact that no credits have been recaptured  
30 and that the small business development fund has not received a notice of recapture that has not  
31 been cured pursuant to subsection (c) of this section shall be sufficient evidence to prove that the  
32 small business development fund is eligible for exit. The corporation shall not unreasonably deny  
33 an exit application submitted under this subsection. If the exit application is denied, the notice shall  
34 include the reasons for the determination.

1 (fg) If the number of jobs created or retained by the eligible businesses that received  
2 qualified investments from the small business development fund, calculated pursuant to reports  
3 filed by the small business development fund pursuant to § 42-64.33-7, is:

4 (1) Less than sixty percent (60%) of the amount projected in the approved small business  
5 development fund's business plan filed as part of its application for certification under § 42-64.33-  
6 4, then the state shall receive thirty percent (30%) of any distribution or payment to an equity or  
7 debt holder in an approved small business development fund made after its exit from the program  
8 in excess of eligible distributions; or

9 (2) Greater than sixty percent (60%) but less than one hundred percent (100%) of the amount  
10 projected in the approved small business development fund's business plan filed as part of its  
11 application for certification under § 42-64.33-4, then the state shall receive fifteen percent (15%)  
12 of any distribution or payment to an equity or debt holder in an approved small business  
13 development fund made after its exit from the program in excess of eligible distributions.

14 (gh) At the time a small business development fund applies to the corporation to exit the  
15 program, it shall calculate the aggregate internal rate of return of its qualified investments. If the  
16 small business development fund's aggregate internal rate of return on its qualified investments at  
17 exit exceeds ten percent (10%), then, after eligible distributions, the state shall receive ten percent  
18 (10%) of any distribution or payment in excess of the aggregate ten percent (10%) internal rate of  
19 return to an equity or debtholder in an approved small business development fund.

20 (hi) The corporation shall not revoke a tax credit certificate after the small business  
21 development fund's exit from the program.

22 **42-64.33-9. Rules and regulations.**

23 The corporation and the division of taxation shall jointly promulgate and adopt rules and  
24 regulations pursuant to § 42-35-3 of the general laws, as are necessary to implement this chapter,  
25 including, but not limited to: the determination of additional limits; the promulgation of procedures  
26 and forms necessary to apply for a tax credit, including the enumeration of the certification  
27 procedures; the promulgation of procedures and forms relating to the issuance of tax credit  
28 certificates and assignment of credits; and provisions for tax credit applicants to be charged ongoing  
29 service fees, to cover the administrative costs related to the tax credit.

30 ~~The corporation and division of taxation may issue reasonable rules and regulations, consistent~~  
31 ~~with this chapter, as are necessary to carry out the intent and purpose and implementation of the~~  
32 ~~responsibilities under this chapter.~~

33 SECTION 15. Chapter 42-64.33 of the General Laws entitled "Small Business  
34 Development Loan Fund" is hereby amended by adding thereto the following section:



1           **42-64.33-10. Program integrity.**  
2           Program integrity being of paramount importance, the corporation shall establish  
3 procedures to ensure ongoing compliance with the terms and conditions of the program established  
4 herein, including procedures to safeguard the expenditure of public funds and to ensure that the  
5 funds further the objectives of the program.

6           SECTION 16. Section 44-48.3-14 of the General Laws in Chapter 44-48.3 entitled “Rhode  
7 Island Qualified Jobs Incentive Act of 2015” is hereby amended as follows:

8           **44-48.3-14. Sunset.**

9           No credits shall be authorized to be reserved pursuant to this chapter after ~~June 30,~~  
10 ~~2021~~December 31, 2022.

11           SECTION 17. This article shall take effect upon passage.