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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO HEALTH AND SAFETY -- THE RHODE ISLAND LIFE SCIENCE HUB ACT

Introduced By: Senator Dominick J. Ruggiero

Date Introduced: May 26, 2023

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 23 of the General Laws entitled "HEALTH AND SAFETY" is hereby
2 amended by adding thereto the following chapter:

3 CHAPTER 99

4 THE RHODE ISLAND LIFE SCIENCE HUB ACT

5 **23-99-1. Short title.**

6 This act shall be known and may be cited as the "Rhode Island Life Science Hub Act".

7 **23-99-2. Legislative purpose.**

8 The purpose of this chapter shall be to create and lawfully manage a quasi-public corporate
9 body and agency of the state for the express purpose of acting as the central entity and coordinating
10 organization of life science initiatives on behalf of the state that shall:

11 (1) Facilitate the development of medical advances and scientific breakthroughs with
12 companies who specialize in the fields of: medical devices, biomedical technology, medical
13 therapeutic therapies, biogenetics, biomedical engineering, biopharmaceuticals, genomics, and
14 related fields; and,

15 (2) Through targeted investment of grants, tax credits, and incentives, fund and incubate
16 Rhode Island-based life science companies that will promote economic and workforce development
17 within the state and that shall allow the state to successfully compete in the national and
18 international life science industries.

1 **23-99-3. Definitions.**

2 As used in this chapter, the following words shall have the following meanings:

3 (1) “Affiliate” means any business which, or person who, directly or indirectly controls or
4 is controlled by or is under direct or indirect common control of another business including, but not
5 limited to, any business, or person, with which a business is merged or consolidated, or which
6 purchases all or substantially all of the assets of a business.

7 (2) “Board” means the board of directors of the Rhode Island life science hub.

8 (3) “Certification proposal” means a written proposal submitted by a life science company
9 for approval as a certified life sciences company.

10 (4) “Certified life sciences company” means a company that has been certified by the board
11 as being eligible to receive grants and incentives from the investment fund.

12 (5) “Company” means a business corporation, partnership, firm, unincorporated
13 association, or other entity engaged or proposing to engage in economic activity within the state,
14 and any affiliate thereof.

15 (6) “Hub” means the Rhode Island life science hub established by § 23-99-4.

16 (7) “Investment fund” means the hub investment fund established by § 23-99-6.

17 (8) “Life science” means and shall include, but not be limited to: biopharma, medical
18 devices, bio-manufacturing, diagnostics, digital health, and other biotechnological advancements.

19 (9) “Life science company” means a corporation, partnership, firm, unincorporated
20 association, or other entity engaged in life science research, development, manufacturing, or
21 commercialization in Rhode Island, and any affiliate thereof.

22 (10) “Person” means a natural person, corporation, association, partnership, or other legal
23 entity.

24 (11) “State” means the State of Rhode Island.

25 **23-99-4. Rhode Island life science hub established.**

26 (a) There is hereby constituted as an independent public instrumentality and body corporate
27 and politic for the purposes set forth in this chapter with a separate legal existence from the state to
28 be known as the Rhode Island life science hub hereinafter to be referred as the “hub”. The exercise
29 by the hub of the powers conferred by this chapter shall be considered to be the performance of an
30 essential governmental function.

31 (b) The hub shall be governed and its corporate powers exercised by a board of directors
32 consisting of eleven (11) directors: one of whom shall be a senior executive with extensive
33 background in the banking, grant making, and fundraising fields; appointed by the governor; one
34 of whom shall be the secretary of commerce; three (3) of whom shall be the president of Rhode

1 Island college, or designee, the president of the university of Rhode Island, or designee, and the
2 president of Brown university, or designee; one of whom shall be the dean of the Warren Alpert
3 Medical School of Brown university, or designee; one of whom shall be a member of a life science
4 trade association, appointed by the governor; one of whom shall be the president and chief
5 executive officer of the Lifespan Corporation, or designee; and three (3) of whom shall be appointed
6 by the governor, one of whom shall be the president or a senior executive of a Rhode Island life
7 science company, or designee, one of whom shall be a senior executive of Amgen, or designee, and
8 one of whom shall be a member of the public who shall be a certified public accountant and a
9 member of the Rhode Island society of certified public accountants.

10 (c) The chair of the board shall be appointed by the governor and shall be an individual
11 who served in the capacity as a senior executive with extensive background in the banking, grant
12 making, and fundraising fields. The vice-chair of the board shall be the secretary of commerce. Six
13 (6) directors shall constitute a quorum, and any action to be taken by the board under the provisions
14 of this chapter may be authorized by resolution approved by a majority of the directors present and
15 entitled to vote at any regular or special meeting at which a quorum is present. No votes may be
16 taken unless the chair is present and voting, and in the event of a tie, the chair shall have an
17 additional vote. A vacancy in the membership of the board of directors shall not impair the right of
18 a quorum to exercise all of the rights and perform all of the duties of the board. Board members are
19 authorized to participate remotely in open public meetings of the board; provided, however, that:

20 (1) The remote member(s) and all persons present at the meeting location are clearly
21 audible and visible to each other;

22 (2) A quorum of the body is participating;

23 (3) If videoconferencing is used to conduct a meeting, the public notice for the meeting
24 shall inform the public that videoconferencing will be used and include instructions on how the
25 public can access the virtual meeting; and

26 (4) The board shall adopt rules defining the requirements of remote participation including
27 its use for executive session, and the conditions by which a member is authorized to participate
28 remotely.

29 (d) Each board member shall serve a term of four (4) years. In the event that the chair of
30 the board position becomes vacant for any reason, the vice chair shall serve as the interim chair
31 until the appointment of a new chair by the governor. In making this appointment, the governor
32 shall give due consideration in appointing an individual from a list of six (6) candidates, three (3)
33 of whom shall be provided to the governor by the speaker of the house and three (3) of whom shall
34 be provided to the governor by the president of the senate. Any person appointed to fill a vacancy

1 in the office of an appointed director of the board shall be appointed in a like manner and shall
2 serve for the unexpired term of such director. Any director shall be eligible for reappointment.

3 (e) The member of the board who is a member of the public and who is a certified public
4 accountant and a member of the Rhode Island society of certified public accountants shall serve as
5 treasurer and shall be charged with keeping the funds, books of account and accounting records of
6 the hub. No funds shall be transferred by the hub without the approval of the board and the signature
7 of the treasurer. The board shall annually elect one of its members as secretary who shall keep a
8 record of the proceedings of the board and shall be custodian of all books, documents, and papers
9 filed by the board and of its minute book and seal.

10 (f) Members of the board shall serve without compensation, but each member shall be
11 entitled to reimbursement for actual, reasonable, and necessary expenses while engaged in the
12 performance of official duties. Board members, officers, and employees shall not be liable to the
13 state, the hub, or to any other person as a result of their activities except for malfeasance in office
14 or intentional violations of law.

15 (g) The board shall establish an application review committee consisting of not less than
16 three (3) members of the board, which shall review proposals for funding submitted by life sciences
17 companies that shall be supported by independently verifiable information, and the board shall
18 make a record of findings based on the certification proposal, documents submitted therewith, and
19 any additional evidence that the life science company meets all criteria that the hub may prescribe.

20 (h) Certified life science companies shall be eligible to receive funding from the hub, upon
21 a majority vote of the board, for the following benefits which shall be awarded by the board on a
22 competitive basis:

23 (1) Grants, loans or other investments;

24 (2) Assistance from the hub in obtaining federal, state, and nonprofit monies; or

25 (3) Assistance from the hub in facilitating clinical trials.

26 (i) Notwithstanding any other provisions of law in relation to their tenure of office, the
27 governor may remove any board member for the neglect of any duty required by law,
28 incompetence, unprofessional conduct, or willful misconduct.

29 (j) Each director shall make full disclosure, in accordance with §§ 36-14-1 through 36-14-
30 7, of any financial interest, if any, in any matter before the board.

31 (k) The board shall have the power to appoint and employ a president, who shall also serve
32 as the chief executive officer of the hub, and to establish compensation and conditions of
33 employment for the president and chief executive officer.

34 (l) The Rhode Island commerce corporation shall provide operating quarters for the hub

1 for, at a minimum, the first year of the hub's operation.

2 **23-99-5. Hub powers.**

3 (a) The hub shall have the following powers and all powers necessary to carry out and
4 effectuate its purposes, including, without limitation, all powers necessary for the performance of
5 the following:

6 (1) To have perpetual succession as a quasi-public corporate body and agency of the state
7 and to adopt bylaws, rules, regulations, and procedures for its governance and conduct of its
8 business;

9 (2) To act as the central entity and coordinating organization of bio-life science initiatives
10 on behalf of the state and to work in collaboration with governmental entities, bodies, centers, hubs,
11 and facilities to promote life sciences;

12 (3) To engage accountants, architects, attorneys, engineers, planners, real estate experts,
13 and other consultants as may be necessary in its judgment to carry out the purposes of this chapter;

14 (4) To obtain liability insurance for board members, officers, and employees in order to
15 indemnify said persons against the claims of others;

16 (5) To administer the Rhode Island life science investment fund, established pursuant to
17 this chapter for the purposes of making appropriations, allocations, grants, or loans;

18 (6) To apply for and accept contributions of any source of money, property, labor, or any
19 other things of value and to invest, disburse, appropriate, grant, loan, or allocate any funds for the
20 purpose of investing in any life science initiative;

21 (7) To create access to capital, funding, and business support programs;

22 (8) To enter into contracts and agreements to further scientific research in the state, aid in
23 the promotion the health of residents, foster jobs in the life sciences, and promote overall economic
24 growth; and

25 (9) To issue bonds, notes, and any other obligations of the hub, subject to the provisions of
26 chapter 18 of title 35 ("Rhode Island public corporation debt management").

27 **23-99-6. Hub investment fund.**

28 (a) There shall be established and placed within the hub, a fund to be known as the Rhode
29 Island life science investment fund, hereinafter referred to as the "fund", to be held by the hub to
30 finance the operations and initiatives of the hub. The fund shall be credited any appropriations,
31 bond proceeds, federal grants or loans, or other such additional funds as are subject to the direction
32 and control of the hub, which may properly be applied in furtherance of the objectives of the hub.

33 (b) The fund shall be held and applied by the hub to make qualified investments, grants,
34 research and other funding, and loans designed to advance public purposes for the life science

1 industry in the state and shall use the fund for such purposes.

2 (c) The state shall not be liable for the payment of the principal of, or interest on, any bonds
3 or notes of the hub, or for the performance of any pledge, mortgage, obligation, or agreement of
4 any kind whatsoever which may be undertaken by the hub, and none of the bonds or notes of the
5 hub nor any of its agreements or obligations shall be construed to constitute an indebtedness of the
6 state. Payments related to any transaction involving, or investment by, the hub shall be payable
7 solely from the fund.

8 (d) The board shall promulgate rules, regulations or guidelines necessary to carry out the
9 provisions of this section.

10 **23-99-7. Annual reports.**

11 (a) The hub shall submit a report, beginning on or before October 1, 2024, and annually
12 thereafter, to the governor, the speaker of the house, and the president of the senate. This report
13 shall include:

14 (1) The hub's receipts and expenditures during such fiscal year;

15 (2) The hub's assets and liabilities at the end of its fiscal year;

16 (3) A list of all certified life sciences companies;

17 (4) A complete list of grants awarded by the hub and any other funding activities;

18 (5) Reports of patents or products resulting from funded activities;

19 (6) The status of construction of any real estate project resulting from certification,
20 including whether construction is on-time and on-budget;

21 (7) Any federal initiatives that have an impact on life science companies doing business in
22 the state; and

23 (8) Any concerns surrounding pending or threatened litigation, pending legislation both
24 state and federal, or any other known material risks.

25 **23-99-8. Accountability and audit.**

26 (a) The board shall be responsible for establishing accountability standards, reporting
27 standards, and outcome measurements for all of its expenditures, including all investments and
28 grants.

29 (b) The board and the hub shall comply with provisions of chapter 155 of title 42, the
30 ("quasi-public corporations accountability and transparency act.")

31 (c) In addition to the requirements pursuant to the provisions of subsection (b) of this
32 section and § 42-155-7, the books and records of the hub shall be audited by the Rhode Island
33 auditor general, at least on an annual basis, in accordance with generally accepted accounting
34 principles and generally accepted government auditing standards.

1 **23-99-9. Severability.**

2 If any section, clause, provision, or portion of this chapter is held to be invalid or
3 unconstitutional by any court of competent jurisdiction, that holding shall not affect any other
4 section, clause, or provision of this chapter which is not in and of itself unconstitutional.

5 SECTION 2. This act shall take effect on September 1, 2023.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO HEALTH AND SAFETY -- THE RHODE ISLAND LIFE SCIENCE HUB
ACT

- 1 This act would create the Rhode Island life science hub, a quasi-public corporate body and
- 2 agency of the state to coordinate life science initiatives on behalf of Rhode Island.
- 3 This act would take effect on September 1, 2023.

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